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Automatic Data Processing Inc Innovation Day

EVENT DATE/TIME: FEBRUARY 10, 2020 / 3:00PM GMT

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PRESENTATION

Unidentified Participant

Ladies and gentlemen, please welcome ADP's Vice President, Investor Relations, Danyal Hussain.

Danyal Hussain ***Automatic Data Processing, Inc. - VP Investor Relations***

Thank you. Thank you and welcome to the 2020 ADP Innovation Day. Thank you to our analysts. You guys are the best. Thank you to our shareholders and thanks to those of you joining online as well.

At ADP, we're excited about a number of things. We're excited about our industry, of course. But we're also excited about the changes that we've been making as an organization as well as the products that we've been working on. And we want to share that excitement with you, which is what today is really all about.

Our agenda for the day is going to be packed, but it's fairly straightforward. Carlos is going to open us up. Then we'll have Matt Levin, our Chief Strategy Officer, and he will talk us through some of the changes in the industry and how those inform our innovations and technology. Don Weinstein, our Head of Global Product and Technology, and members of his team will take us through some of the changes that we've been making on the technology front as well as the product that we've been working on. And then we'll have some members from our service organization, Dianne Greene as well as Vipul Nagrath, our Global CIO, who will talk us through some of the changes that we've been making from service standpoint as well in terms of how we interact with our clients.

One last thing, we'll be making some forward-looking statements today. These statements come with risks, and we encourage you to view our Form 10-K filed with the SEC for more information on these risk factors. And with that, let's begin.

(presentation)

Unidentified Participant

Please welcome ADP's President and Chief Executive Officer, Carlos Rodriguez.

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

Thank you, everybody. Let me add my welcome also and thanks for being here. Thanks to all of you for being here, but also thanks to my team for being here. We have many members of our team, both technology and also from service and other parts of the organization to hopefully answer some questions that you might have towards the end of the day. So thanks for being here.

We've been talking a lot for several years now about being a technology-first company, and I think today, we're going to show you what that looks like, besides telling you our story. At the end, we've also left some time to answer any questions because I'm sure that we won't cover all the things that you have on your minds.

Before we get into the presentation, I only have a couple of minutes, but one of the things I wanted to talk about is the fact that ADP, obviously, is now 70 years old. We just started a new decade, so it would be nice to spend just 2 minutes talking about some of our history and how our innovation and technology focus has evolved throughout the years.

I had -- I showed a recent example. Recently, I shared an example with our senior leadership meeting, and you'll see a little picture up here of our prospectus from when we went public in 1961. And yes, that is 1961. And in the prospectus, it said that we were raising capital to purchase a IBM 1401 computer. And so it's incredible that all the way back that far, at the time of our IPO, ADP was already thinking about technology and innovation. The 1401 at the time was the hot technology. Just like today, AI, machine learning, public cloud, graph database, the 1401 was all those things back there, and we were leading the pack at the time.

We've also talked a lot over the years about our focus on technology supported by service rather than the other way around. And today, you're also going to hear a lot about how we're transforming our service organization to make that a reality. And one of the messages that I want to leave you with is, and hopefully, you'll have it by the end of the day, if not through the Q&A, is that clearly, we have a great financial model. ADP has recurring revenues. We have robust margins. We have great retention rates. We have a growing dividend, 45 years in growing our dividend. So a lot of great things about our business model. That tends to be what we focus on and what you focus on, and that's appropriate as investors.

But core to that is our focus on innovation and technology. We wouldn't be here 70 years later if we hadn't been able to reinvent and disrupt ourselves multiple times over multiple economic cycles and multiple changes in technology. So today, I'm hoping that you will see that we are out to reclaim our rightful place as an innovative company that's also focused on technology, not just having a great business model.

And I'll just leave you with, again, one last little time line here, just a little evidence of how ADP has been able to adapt throughout the years. We've made it through many changes in technology. We're the first to embrace many new technologies along the way. Not only did Henry Taub, our founder, invent payroll, but then he and Frank and some of the other founders of ADP were the first to actually use automation in the payroll industry.

But fast forward, we're also -- we're the first in the cloud as an HCM company. We also were the first to build a marketplace. We're also the first to use big data not just for our clients to help them solve business problems but also to help society like our National Employment Report and some of the things you've heard coming out of our Research Institute.

We also were the first to have mobile HCM solutions and make it easy for the employees of our clients to access our products and get the information they need for their work lives and in some cases, for their personal lives. We're also the first to build an integrated card platform. And here in Chelsea at this lab and the other ones that you saw on the video is where you see our commitment to innovation, to technology. And here is where we've built one of the platforms you'll hear more about today, which is our first public cloud native HCM, the first public cloud native HCM platform in the industry.

And one of the other things that we'll cover today is not just to focus on the product itself but also an important differentiator for ADP, which is the service component. We're committed to being technology first and that requires also that we transform service, and you'll hear more about what we're doing there so that we can keep our strength in compliance and also on solutions orientation to solve problems for clients and provide outcomes to them, not just to provide the technology itself.

So I know you're here to listen to the team and to talk about -- to hear about the products and ask questions about that. So without further ado, I will introduce our Chief Strategy Officer, Matt Levin.

Matthew C. Levin *Automatic Data Processing, Inc. - Chief Strategy Officer*

So thank you, Carlos. What I'd like to do today is 3 things. I'd like to talk a little bit about what's going on in the industry, some trends we're seeing. I'd like to spend some time talking about how we view ourselves in that landscape and then finally, set the stage for the presentations that are going to come after where we're really excited to have some of our product leaders come up and show you what they're up to.

So with that, why don't we dive in? Okay. So it's a great time to be in the HCM industry. We very much view rising tides across the spaces that we play in, and this is for a couple of different reasons. We're particularly excited about how technology, when combined with the right service experience, can lead to breakthrough outcomes for our clients. This is in terms of their own productivity, how they're deploying their workforces domestically and internationally and as Carlo said, how they're maintaining compliance. And we're excited about this rising tide both domestically where we've been at this for 7 decades as well as internationally where over the past decade, we've made some very deliberate investments to become an industry leader.

In terms of secular trends, the 5 that we put up here are by no means exhaustive nor are the bullet points that are underneath each of them. But what I'd like to do is just talk about a couple each, and it will give you a sense for how we're spending time and resources.

So first, in terms of how the world of work is changing, 2 things that I want to briefly mention. We printed an article for you all that we published last week called The Shadow Workforce, and it's all about the gig economy. So what did we tell the world last week that they didn't know before? First, 1 in 6 workers in mid to large-sized companies are gig workers, and that number is growing. That matters because it presents an opportunity but also a challenge for our clients to deploy those workers in a way that makes sense but also doing it in a compliant manner.

Another theme we're chasing is around teams, and you've heard us talk about this before. So why are teams important? Teams are important because as some of our research has shown, teams can be the most important variable in defining employee engagement. But how teams actually work is insufficiently captured historically with the HCM products in market. And we're going to show you today what we're doing about that.

If we go left to right, you would naturally imagine, we have a point of view on what's going -- or what's changing in the world of pay. And here, it's less about the one-off things that you probably hear about like real-time pay or card business, et cetera. And it's what we like to think of as the personalization of pay.

So how does the pay experience for the employees of our clients become more meaningful, number one. But number two, how do we meet our clients at their own point in their own personal pay journeys, knowing that all clients are not alike. And we're going to show you what we're doing about that.

In terms of HR, a big theme you'll see today, and you saw it in the video, is all about data analytics and machine learning. We sit in a fairly privileged position in that we have one of the largest data sets in the industry. So why is that important? It's important because our machine learning algorithms can learn faster and more effectively to come up with use cases that our clients find valuable. And today, we're going to share with you what some of those are all about.

In terms of the business climate that our clients are living in, a couple of important themes. Number one, they're becoming increasingly global. Skill shortages are real and regulatory pressure is as intense as it's ever been. So what does this mean in terms of tech? And the team is going to spend a decent amount of time today talking about this, and Carlos mentioned a couple of it. 3 important points: first is our commitment to open architecture; second is how we serve our clients by working with other best-of-breed providers and providing an integration experience that works for them; and then finally is our commitment to public cloud, which we'll spend some time on today.

Okay. So let me say a couple of things before we dive into this slide as background. For some of you who followed ADP for a while, you know that we have a very strong and very unique culture. I think that this is one of our most important competitive advantages. And I know that may sound cliché, but I really happen to believe it.

One of the most defining characteristics of our culture is humility. We're a very humble place. We don't pound our chest. We don't get too wrapped up in our own press. We kind of just get on with it. So a slide like this is fairly countercultural because I'm going to spend no more than a minute before I get looks, but I'm going to spend no more than a minute telling you how we think about ourselves in the industry. And at the risk of being very blunt, we are the industry leaders in HCM.

From left to right, we are first or second in almost every category that we play in. We serve over 800,000 clients globally. I was talking to Don last week. We're in the middle of tax preparation season. This year, we processed over 68 million W-2s. I think that's a fairly remarkable statistic. When I talk about it with my colleagues, they say, "Yes, get back to work." In terms of our HRO solutions where we, too, are the industry leader, let me share a statistic that kind of sums it up. In our PEO business, which we've been building over 20 years, if you were to aggregate all of the employees of all of the clients we serve in our PEO business, it would make ADP the third biggest employer in the country next to Walmart and Amazon.

And then finally, in global -- in our international business, and I mentioned this before, where we pay over 15 million people annually, we cover 140 countries and territories, which is pretty unheard of in our industry. And that's all on the back of some very deliberate decisions over the past 10 years. Okay. I think I held that to under a minute.

All right. So how -- what are we doing to continue to position ourselves to be industry leaders? And here, too, I'm just going to make a couple of comments and not go into too much depth. But in terms of thought leadership, we spend a lot of time on things like research. Why do we do that? Number one, it allows us to have a pretty good sense for what's going on in the industry. And second, it impacts our product design.

So Carlos mentioned, last week, we published our National Employment Report, which we do every month on CNBC. I'm sure many of you follow it because it's well followed in the financial community as well as with policymakers. In addition to things like the NER, which gives us a view on how wages and employment are moving, we publish additional research that dives deep into what's going on in the world of work.

Last year, we published a research piece called State of the Workforce, which, for the first time, quantified income inequality, gender income inequality in ways that the world hadn't seen before, first, in terms of absolute dollars, the importance of variable pay in driving income inequality. But for the first time, it also quantified the glass ceiling, which we got a lot of attention for.

On the people and performance side, and I think there's another article that we printed for you, is around things like feedback and how performance management programs have historically been suboptimal. The article you're seeing here called The Feedback Fallacy, which was written in part by Marcus Buckingham, was the #1 most downloaded article in HBR last year.

Moving along, you are catching us during our annual strat plan process. So we are spending a lot of time in Roseland right now thinking about the future, debating the merits of different investments. As Carlos mentioned, we have a very attractive business model, recurring revenue, highly cash-generative, so we can put dollars to work for the long term. Here are some examples that we're going to cover today around where we're putting dollars to work for the long term -- for our long-term strategic advantage.

And then finally, a topic that is very near and dear to my heart is our M&A program. A couple of things to mention about our M&A program. Number one, it is thematic; and two, it's deliberate. We spend a ton of time doing extensive market mapping of our space. The people on our acquisitions team spend a ton of time -- I personally do this as well -- in the field with our sales force, with clients, et cetera. And what we try -- what we're trying to do is figure out where are there businesses that we can own better than they are currently owned today that will also help accelerate a category or a business that we have particular conviction and enthusiasm about. And what you've seen, to demonstrate that over the past couple of years, are a few acquisitions that we've put on the board here. Celergo helped give us a push internationally and get to market faster, WorkMarket for gig, Global Cash Card for personalization of pay and TMBC in talent.

Okay. A couple of comments to round it out and to set the stage for today. We're going to try to do 3 things, starting in the upper right. I know that there is a ton of enthusiasm about hearing about our Next Gen HCM platform, and we're going to spend plenty of time on that today. You're going to see the team who is working on it, and I'm sure it'll come up in Q&A, but we're going to spend plenty of time on that. But we're also going to do 2 other things that are really important as well.

First, in terms of our market-leading platforms. We're going to spend a decent amount of time today talking to you about things like our payroll engines, our tax platforms and our money movement capabilities. And why is this important? Because every year, we move over $2 trillion of client funds across over 40 million employees and a bunch of different tax agencies. And it's all on the backs of these platforms.

Finally, we're going to spend some time on what is probably my favorite part of the presentation, and Carlos alluded to this a little bit, is on what we're doing in terms of technology investments in service, and these take twofold. These are twofold. First, we're putting technology to work to make the self-service experience for our clients more impactful. And then secondly, we're investing in technology and machine learning to do 2 things.

First, we anticipate the needs of our clients, but secondly, to create tools for our service professionals to interact better, which improves their own work experience as well as the client service experience. And this is all really important because it impacts things like our retention rates, NPS, et cetera, which, as you can imagine, we track rather religiously. So that's what we're going to try to do today.

So with that, it's my great pleasure to hand it over to my friend and colleague, Don Weinstein, and we'll see you at Q&A.

Donald Weinstein ***Automatic Data Processing, Inc. - Corporate VP of Global Product & Technology***

All right. Thank you, Matt, for that great overview of the key trends shaping our industry as well as some of our strategic initiatives.

First off, before diving into the details, I'd actually like to take a moment today to just talk about the thriving technology organization that we've built up here at ADP. Today, we're a global technology powerhouse with technologists in over a dozen countries across the globe, fully aligned on the latest agile development methodologies and technology frameworks, including the 7 global innovation labs that you saw in the video, like this one right here in Chelsea, which is our flagship. And this is where our engineers, our product managers, our data scientists are hard at work every day delivering the innovations that we're going to be showing you on our next generation of products.

Our labs have a very successful track record. We've already incubated such notable and award-winning products as our ADP mobile application, our data cloud, our marketplace and many more. And this talented group of people has grown as we've been infusing fresh talent from the outside. More than 1/3 of our global technology team was hired in the past 5 years, over 10% of those coming from our campus hiring programs. And we've brought on board entirely new and different types of people into our labs, including behavioral economists and business anthropologists as we're branching it out into entirely new and innovative applications in the world of HCM technology.

Before diving into our next-gen products, I do want to start off with how our current portfolio is differentiated in the market today and creating real value for our clients.

Let's start with ADP RUN, our highly successful platform for the domestic small business market, with over 640,000 live clients and 20,000 channel partners all running on a single multi-tenant SaaS platform, making it one of the most successful and scaled SaaS platforms in the industry. It's an easy-to-use product that has HR, time and attendance, retirement and insurance solutions all integrated in. And on average, our small business clients today use about 2 modules giving RUN ample opportunity to grow.

And as small business preferences shift towards digital channels, we're developing an end-to-end e-commerce and digital buying experience for both the end user and the accountant channel. So now small business owners can digitally purchase and get started on payroll immediately without ever talking to a sales rep or an implementation specialist.

And through ADP's Accountant Connect platform, accountants can also digitally purchase, onboard and manage and serve their clients on a single platform. We've gained a lot of traction and recognition with this platform in the accountant community, including winning Accountant Today's Top New Product of the Year award on 2 separate occasions.

Now it is extremely rare for the same product to win a new product award twice. The first time was when it was first launched, obviously, and then, again, this past year, when we incorporated ADP's DataCloud into the platform, leveraging the power of ADP's data to help accountants provide more insight and value-added service to their clients by working with ADP.

ADP Workforce Now is the market-leading platform for human capital management in North America with over 70,000 live clients. So what is driving this rapid client adoption? It's how the platform has achieved what we consider a superior product market fit. ADP Workforce Now is a fully integrated HCM suite, which combines pay, HR, time, talent and benefits all in a single database with a consistent and compelling user experience throughout.

It also leverages our key strategic differentiators, including the ADP DataCloud, the Marketplace, Wisely Pay and ADP Mobile, and yet it is very easy to implement and very easy to use with full suite implementations taking less than 12 weeks and some as fast as 2 to 4 weeks. We are starting over 100 new clients every week in the mid-market alone. And we've gained so much market momentum with it that we recently extended the platform into Canada, into our PEO business, and we're seeing more and more traction now in the lower end of national accounts. The platform has been recognized as the 2019 NelsonHall NEAT Leader for Next Generation Payroll Services and Ventana Research's 2019 Value Index Leader for overall payroll software.

We're also excited to announce that ADP's Partner Access platform just last month received an award from the Business Innovation Group. And we continue investing in Workforce Now. We recently completed a refresh of the entire technology stack into a modern API and metadata-driven architecture with large-scale use of micro services and containers.

Part of our tech refresh includes moving Workforce Now to the public cloud. And next, we integrated it with our Next Gen Payroll engine that is also in the public cloud. So now we have Workforce Now, the most successful HCM application in the industry, with an entirely new architecture and payroll engine all running natively in the public cloud. And I think that's pretty big news. It speaks to the types of technology evolutions that Carlos raised up before.

We continue our momentum in the upmarket with client growth on both ADP Vantage and Workforce Now, which, as I just mentioned, we've been selling successfully in the lower end of the upmarket for the past few years, and this has been accelerating in particular because of the advantages I just articulated, a robust HCM solution with key strategic differentiators that is just faster to implement and easier to use than other products in this segment.

And we have advanced, enhanced both Vantage and Workforce Now with our ecosystem of strategic innovations such as ADP Mobile, DataCloud, Marketplace and also our key acquisitions that Matt was describing like WorkMarket for managing freelance workers, the Marcus Buckingham Company for a 21st century approach to talent management, and Global Cash Card, our digital platform for managing employee pay.

Our recent enhancements with data insights empowers our clients by providing predictive intelligence for things like candidate screening directly embedded inside the flow of the user's journey. And we are also continuing to transform and differentiate our service with a deep focus on client success where our named account executives are backed by dedicated teams acting as strategic partners while also proactively addressing our clients' HCM needs. This combination of Vantage plus Workforce Now, together with our key differentiators of enhanced service, organic innovations and acquisitions, give us a very competitive position in the market for large accounts.

As Matt shared earlier, global growth is a key pillar of our overall strategy. The global market, especially the multinational market, continues to be very attractive, growing at up to 3x the rate of single-country markets. But it is still highly fragmented and largely underpenetrated as clients use a patchwork of solutions to manage their global pay and human capital management.

ADP is by far the leader in multi-country payroll. We are uniquely positioned with our market-leading solutions and our global compliance expertise. Our recent acquisition of Celergo has only accelerated our momentum in this space. We now serve more than 60,000 international clients in 140 countries around the world. We have 27 locations across the globe to serve our clients wherever they do business. And we've also been recognized by the Everest Group as the 2019 Peak Multi-Country Payroll and Platform Leader. That's 2 separate award categories.

Our Celergo acquisition demonstrates ADP's commitment to investing substantially in order to help our clients navigate this global workforce. By incorporating Celergo's robust cloud integration platform into our offerings, we can further simplify the management of our clients' end-to-end global payroll across geographies while delivering a seamless experience across all their countries. Bringing Celergo into the ADP family has also enabled us to expand not only our country coverage footprint but also the types of services we can offer our clients like expat payrolls and international money movement.

Let me share an example of how these capabilities come together to uniquely serve the needs of our clients. Here, we have the case of a Fortune 100 global technology company. They have over 100,000 employees scattered across more than 100 countries around the globe. Prior to partnering with ADP, they use 50 different local payroll providers and had over 400 people touching the payroll process. There were no standard processes. There were very few controls and very low transparency of data. So they wanted to simplify their operations, and they chose to partner with ADP to enable this.

By adopting ADP for their global payroll, they were able to consolidate all of those local payrolls into a unified global operation with clear processes. They reduced from 400 people touching sensitive payroll data down to just 7 global payroll subject matter experts with consistent controls that significantly reduced risk in areas like compliance and privacy. And ADP was the only provider who could manage their entire global population in both very large but also very small countries in the long tail.

As Carlos mentioned, ADP Mobile is the pioneer and leader in mobile experience in the human capital management industry. ADP Mobile was the first HCM mobile app of its kind, and it is still the #1 mobile app for human capital management. In fact, it consistently ranks in the top 5 business apps in the App Store. That's across all business apps, not just HCM apps. Our clients and their employees can access information and insights wherever, whenever and however they choose, be it on desktop, mobile or even the Apple Watch. Our ongoing advancements ensure that clients and their employees continue to utilize it.

Pay, of course, was the first experience to be mobile-enabled, but we've expanded well beyond that with things like onboarding, benefits enrollment, retirement and more, all delivered via a mobile interface. We're also enabling mobile applications not only for employees but also for managers and practitioners.

A great example on ADP Mobile is Things To Do that is prominently displayed at the top of the app, so clients and managers of our clients can just knock off their to-dos like approving time or schedules right from the mobile app. They can do anything they need to do on the mobile experience. It's just a great example of how ADP is digitizing HR and automating work. And it's just the beginning. We continue to invest in our mobile technologies that continue to wow not only our clients but also their employees.

The workforce management business at ADP is large and growing. We have more than 80,000 clients and serve more than 14 million employees with our workforce management solutions. We register over 750 million time entries every single month. That's over 9 billion time transactions a year.

Our solutions span the gamut from simple time cards in the small business segment to complex scheduling and analytics in the large employer segment. And we're also leveraging the power of our data platform to enable analytics and insights right in the flow of work. The screenshot that you see on the right is an analytics-powered dashboard that generates real-time insights for managers and supervisors, including operational metrics, like how many people are late, who are the repeat offenders, who are the most punctual. These are important operating statistics that are all delivered via a simple mobile dashboard, again, right in the flow of work.

And we're also investing in unlocking choices for our clients such as time capture applications that are powered by facial recognition and can be embedded directly inside point-of-sale or other systems. Coupled with our next-generation payroll and HCM solutions, we believe ADP's workforce management solutions differentiate us in the market and provide our clients with a holistic and a consistent experience that is impossible to replicate.

Talent is one of the most important topics in human capital management today, and we all know the importance of hiring the right talent quickly in today's hypercompetitive labor market. What's also interesting is that the new labor pool of millennials expects flexibility and work options and don't necessarily want to be bound by traditional notions of full-time work. That's why we're seeing companies rapidly adapting and providing flexible work options to attract and retain the best employees.

ADP has always been a leader in talent acquisition technologies. Our platforms enable the processing of more than 40 million applications and 15 million background checks. That volume of talent acquisition transactions that are enabled by ADP gives us vast amounts of data that are now flowing through our algorithms to better match candidates to open positions and digitize the entire end-to-end recruiting process.

And on the freelancer side, our acquisition of WorkMarket enables us to provide a comprehensive set of solutions for our clients for both permanent and contingent labor pools. Our clients have posted more than 10 million assignments on WorkMarket with a total value of $1.5 billion. While WorkMarket is impressive on its own, the combined power of freelancer technology integrated with our traditional recruiting gives us the unique ability to offer our clients a truly global talent solution that is unmatched in the industry and differentiates ADP from our competitors.

Let's talk about data. It's literally our middle name. And we are harnessing the power of data to drive better insights and decisions for our clients at a scale that only ADP can. With over 740,000 companies in our database and over 90 million unique employees who we've served over the last 10 years, we've got over 5,000 normalized job types, and that gives ADP the largest and most accurate data set in the industry.

This scale gives us a significant position of strength in the application of AI and machine learning that competitors are simply unable to match. It's been recognized by the Brandon Hall Group and HR Executive Magazine for its innovation technology, including a 2-time award winner for Product of the Year. It also powers the groundbreaking research that we've shared with you here today.

And we've applied machine learning across our ecosystem from pushing valuable insights to clients to providing intelligent support. We built solutions that clients can use right out of the gate but also customize in ways that make it more valuable for their company. Our executive and manager insights has been a huge breakthrough. These are contextual role-based insights that we push to managers and executives through our ADP Mobile application.

So we've moved from analytics to predictive insights to now prescriptive insights that harness the power of our data to not only highlight a potential issue but also recommend a solution. In less than 1 year, the platform has grown to over 120,000 unique managers visiting multiple times each month. They keep returning because of insights that are generated from over 94 million headlines and our over 3 petabytes' worth of data on HCM. We're also leveraging the power of our machine learning to drive better candidate experiences. For example, our machine learning algorithms process millions of resumes every year for candidate screening resumes.

And again, other competitors may claim to have machine learning capabilities. But what they don't have is the scale of ADP's data on which to train their algorithms. And without that, they are many times committing data malpractice. So we are leveraging the power of our data to drive real ROI for our clients.

Here is just one of many customer success stories showcasing the power of ADP's data. This is a client with a complex operating environment. They have about 1,000 locations and 20,000 employees. Using ADP's data -- ADP DataCloud's benchmarking, they found their turnover was 5 points higher than our industry benchmark, and that's significant in an operation of this scale. By partnering with ADP, the client rolled out our DataCloud to all locations and quickly saw over 99% of their managers actively utilizing the ADP Mobile app to provide them with real-time visibility into their turnover.

Now these are retail store and department managers. These are not HR people, but they're using our data and our apps every day to actually help them run and optimize their business. They analyze exit reasons. They saw some recurring patterns. And with these findings and the data provided to them by DataCloud, they were able to revamp some of their key processes. That, coupled with active monitoring of turnover data, enabled this client to reduce their turnover rate by 5 points, and that resulted in a $10 million savings to them in the course of the first year. So this is real ROI from the power of leveraging ADP's data and analytics capabilities.

ADP was the first to launch a truly open HCM marketplace, and that has propelled our industry leadership in this category. Our Marketplace has gone on to win numerous awards. We've seen many competitors attempt to copy us, but these are mostly small static directories. They don't have the dynamic integration capabilities or digital commerce that we have in ADP's Marketplace. No other competitor has anything approaching the depth or scale of ADP's open ecosystem.

Let me review some stats. We have more than 400 apps live on our site. We have almost 3,000 in the pipeline, and our clients are taking advantage of these fully integrated capabilities. They make more than 1,600 API calls every single minute. That is approximately 900 million API calls a year. That's real value that clients are getting by syncing their ecosystem solutions with ADP. And that kind of scale is impossible to replicate for our competitors. But it unlocks so much value for our clients. And it also increases our stickiness as we become the hub of their entire HCM solution landscape.

So how do you grow something that's already growing so rapidly? Well, we took it a step further by making -- adding apps as easy as adding apps on your phone. And that's what we did with our embeddable technology. So now you can take an application like Workforce Now and you can see the Marketplace apps embedded right inside. You can sign up for a free trial or click to install and then you're all set. You don't have to leave your page. You don't have to sign in to another website. It's this level of customization that is enabling our clients to build an experience that is uniquely suited for them.

So that was kind of a whirlwind tour through how our current portfolio of products is differentiated in the market today. Our innovations like Mobile, DataCloud, WorkMarket, Wisely Pay, they're being used every day by our clients in the real world, and they're integrated with our market-leading HCM solutions and one-of-a-kind global capabilities to bring unique value for clients and differentiation for ADP.

But now I want to turn our attention to where we believe the market is moving in the future, including the rapid evolution of how people work, get paid and use technology to drive their business and how we are positioning ourselves to stay at the forefront of innovation going forward.

We see change is the new normal in organizations of all types adopting new models to compete in today's rapidly changing environment. So in response, we've adopted and established a set of 5 guiding principles to drive our award-winning next-gen technology solutions and that can uniquely respond to this uncertainty.

And these are dynamic teams powering the agile organizations of the future, extreme personalization and the way people work and get paid, the ability to maintain compliance globally in the face of a growing regulatory onslaught at every level, intelligence threaded everywhere throughout the flow of work and all of which are powered by our HCM domain-specific, next-gen technology platform. So let's dive into each of these, and we'll actually show you how we're bringing them to life.

So our first guiding principle is dynamic teams. According to our recent ADP Research Institute Global Engagement Study, nearly all work is teamwork. 83% of respondents stated that they are on a team, 64% are on 2 or more teams and 75% stated that at least one team that they're on is not reflected in their company's org chart.

We think of teams in a few different ways. Most of us are familiar with cross-functional or SWAT teams where people from different parts of the organization come together around a common objective. We have that. We also think of hidden populations or a criteria-based team where work happens but is incredibly hard to track in today's world.

In my own organization, I have a traditional hierarchy of product management, product development, engineering, architecture and user experience. But that's not how we build products and that's not how I manage. Instead, we have our next-gen solutions team, our future of pay team, our digital service team and more. And many of the people on these teams are in other units or our global delivery centers. They don't even report to me on the formal org chart, but they're critical for how we get work done. And yet none of today's human capital management solutions can capture how work is really happening in the real world.

By supporting multiple types of teams, we can empower leaders to track and measure work as it actually happens. We can provide critical insights to drive engagement and performance at the team and team leader level where it actually matters. And our flexible next-generation org model is built on a graph database. That's the same technology that Facebook pioneers to model social relationships in the consumer world. And so whereas other HCM solutions use a traditional relational database that models formal hierarchies that exist only on the company org chart but not in the real world of work itself, we have instead taken a person-centric approach to modeling the workforce.

So again, every other HCM solution built on this concept of an org hierarchy and then you map people to positions in the org chart. What we've done is we flipped that upside down. Our Next Gen HCM data model, we start with the person first. And that's why ours is the only HCM solution that can encompass all different types of workers, including freelancers, alumni, retirees. And this eliminates a major blind spot in today's HCM world, right, hidden workers on hidden teams, by bringing together dynamic teams of employees, freelancers and more into a real-world view of work.

So now what I want to do is walk you through how a team-centric organization really works, and you'll see how a team leader is able to view all of their teams and team members inside their core human capital management application and how insights at a team level can help leaders as well as leaders of leaders take important action. And finally, you'll see how we've incorporated our research findings from the ADP Research Institute to offer targeted coaching to team leaders.

And for that, I'd like to introduce Harish Peri. Harish is one of the founding members of our Next Gen HCM team, and he's going to come on up and show us a demo of a team-based app in action. So Harish?

Harish Peri ***Automatic Data Processing, Inc. - VP Next Gen HCM Go-To-Market***

Thank you, Don. Excellent. So what you're seeing here is our next-gen home page. And one of the things that you won't see here is a complex series of mega menus or complex navigation. Everything about this is based on getting the user to where they want to go fast and take action fast.

You can think of the screen in 3 ways. At the very top, you have the things that you want to do. This is powered by our industry-leading semantic search. In the middle, you have the things that you have to do. These are the actions, the notifications, the workflows that, again, guide your attention where you need to be working. And then finally, you have the things that you can do. Now this is, of course, the constellation of apps that me and my role in this organization has access to.

So now let me dive into teams and what you'll see is a couple of important things. You'll see search results related to actions around teams, apps-related teams. Of course, I don't have any people named teams, but most importantly, I have the teams themselves that I am leading in this case. So let me dive into that now.

Now I want to pause here for a second because in a team-first organization, as a team leader, this is probably the most important screen in our Next Gen HCM. This is my team dashboard, my cockpit from which I can get a pulse on how every single team in my organization is doing.

Right off the bat, what you can see is I'm leading multiple types of teams, and I'm able to see all those in one place. I have my global extended team, I have a specific client team, I have an incident response team and multiple other types of teams, all of which are aggregated in one place. I have teams that I'm leading, of course, and I also have teams that I'm watching, which could be initiatives that I'm not directly leading but I'm interested in.

I can toggle metrics like high flight risks directly within this view, and I can get access to important insights like in this case, my global extended team has 2 vacant positions, which is an important insight because if this is the team that's getting my work done, 2 vacant positions there could be a direct impact to my team's productivity. Speaking of which, let's actually dive into that team itself.

Now what you're going to see here is I have people from across the globe for multiple locations and from multiple functions that are all coming together in one place. Now this is important. This is very important because in a normal HCM system, in an HCM system, for example, that isn't graph database built or that isn't teams first, getting this kind of view of who is actually doing the work is close to impossible. But thanks to our Next Gen HCM, I can get that entire view right at my fingertips where the work is happening.

But to take it a level further, we've actually integrated apps, like in this case, the engagement pulse, directly at the team level where work is happening. Now this engagement pulse is actually based on our science-backed StandOut methodology. These questions such as, do I feel like my teammates have my back or do I feel like I'm connected to the mission of the company, these questions give me, as a team leader, a direct view into how my team is feeling and how they're doing. And I can take the action on the results of this survey to, again, drive engagement and drive productivity and get a view of that right where the work is actually happening.

Of course, there's always one more thing. And in this case, we believe in synchronizing and harmonizing these teams across the entire enterprise ecosystem. Of course, what we've shown you here are Slack or e-mail distribution lists, but we are integrating across anywhere in the entire enterprise ecosystem where teams are organically forming and where work is actually happening.

So now let me zoom out for a second. What you saw there was a view for a single team leader. What if I'm a leader of leaders? What if I have people in my own org that have their own teams? Well, this is the view for me. What this is telling me is how engaged each one of my leader's teams are. This is showing me who's most engaged. It's showing me who's least engaged. And most importantly, it's giving me access to another science-backed metric, which is the attention score. This is telling me what percent of time my team leaders are spending with their teams. And as a leader of leaders, this is directly telling me the conversations I need to have with those leaders to, again, help them get their teams to be more engaged and more productive.

With that, back to you, Don.

Donald Weinstein ***Automatic Data Processing, Inc. - Corporate VP of Global Product & Technology***

All right. Thank you, Harish. So what did we just see? Our next-gen data model is built for the future of work. It supports all types of workers, including freelancers and all types of teams, dynamic teams, special populations, you name it. It empowers team leaders with analytics and actions at the team level to drive performance and productivity. It provides leaders of leaders with a window into the hidden structure of the organization like how many teams do I have, which ones are the most productive and which leaders are the best leaders. And these are critical insights that nobody else delivers.

So now let's get to our next guiding principle, extreme personalization and the way people work and get paid. The need to provide flexible pay options for the workplace is an undeniable trend. According to our own ADP Research Institute study, about 50% of hourly workers would want early access to their pay. 36% of workers stated having this option would impact their choice of employer. And at the same time, companies are recognizing this trend with 78% of employers agreeing that customizable pay options are key for them to remain competitive in the talent marketplace of the future.

So our next-generation smart payroll and tax engines are built to enable this future. This includes a global policy-based continuous payroll calculation engine with the ability to provide full payroll calculations in real time at the individual worker or gig level as often as daily or even more frequently with all the correct earnings, the necessary tax withholdings, and that's -- again, that's differentiated from a simple pay advance or early access that some of our other competitors are offering. We are providing an unprecedented level of transparency and simplicity for practitioners and employees alike.

By utilizing natural language rules, we call them policies, HR and payroll teams can pick and choose from our predefined library or easily customize to fit their exact global business needs. And all of this connects to our digital financial wellness and pay solution, Wisely Pay. Wisely Pay is extending on the Global Cash Card acquisition we did a little while ago, and it has the flexibility to offer simple money management tools that help workers enhance their financial well-being today while also leading the way people get paid in the future with innovative new services like pay anytime that are better aligned to how the workforce is evolving.

We think it's the most exciting thing to happen in payroll since direct deposit. Hopefully, you will as well. And in this next demo, we're going to show you how an individual can get paid when they want for earned wages, fully compliant gross to net calculations all in real time.

And for that, I'd like to introduce Belinda Reany, our Division Vice President of ADP Ventures.

Belinda Reany ***Automatic Data Processing, Inc. - DVP ADP Ventures***

Thank you, Don. Now let's firstly look at how Lawrence, a new employee going through the onboarding experience in our Next Gen HCM system, discovers Wisely as a payment option and seamlessly and securely enrolls to this account. He clicks on Continue Your Onboarding. It shows all these onboarding tasks and which ones he still needs to complete. As you can see, the next outstanding task is for Lawrence to select how he'd like to get paid. He selects Payment Options.

At the top, he'll see the Wisely debit card account. He doesn't have a bank account so this piques his interest. He taps on Learn More. He reads what the product has to offer, and he decides to get an account. The Wisely account is accompanied by a virtual and physical debit card. The virtual card enables Lawrence to provision his card to third-party digital wallets such as Apple Pay, Samsung Pay and Google Pay. There is no cost for Lawrence to sign up, no active monthly account fees. He can draw money at the ATM. He can shop in-store and online, and he can even load money from other jobs onto this account. Ultimately an alternative to a traditional banking account without the hassle of having to go into a branch and complete all sorts of forms to get an account.

He clicks Enroll Now, and this is where ADP sits in a great and unique position in the payments ecosystem. Lawrence does not have to fill in any details to register for this account. As you can see, we can seamlessly pre-populate his personal details from our Next Gen HCM system as he just completed this step in the prior onboarding step. We simply pre-populate all of these data, and all he has to do is confirm its accuracy. 2 clicks and he is enrolled.

He then decides whether it wants to put all of his paycheck or only a portion of this paycheck onto this account. He selects 100% of his paycheck. Literally, 3 clicks and no typing in of any data and Lawrence is enrolled for this account. There was nothing Lawrence had to do. He did not have to go to his HR practitioner and give them the account and routing number associated with this card to enter into the portal on his behalf. He did not have to go into the portal himself and manually type in the information, which, by the way, leaves room for human error.

We did all of that through our secure technology in the back end. An account and routing number was created by our digital payments platform for Lawrence and through secure API technology, pushed to our Next Gen HCM system. So the next time Lawrence's paycheck is due, the money will simply be on his account. At the same time, this created a delightful user experience for Lawrence. This is the beauty of our digital payments platform and the GCC acquisition right there.

Now let's see how Lawrence can make some decision based on some personalized pay insights we are able to share with him. As you will see, Wisely is much more than just another method by which to receive your pay. Here, Lawrence receives a notification on his mobile phone that he earned a spot bonus. Note, this is an off-cycle spot bonus, not his normal paycheck. But thanks to the power of our cloud-based, real-time, rule-based payroll engine, we are able to do compliant gross-to-net calculations of this bonus in real time.

Lawrence clicks on the notification. He sees the full gross-to-net of this spot bonus he just received. The first pay insight that we share with him is around how we could optimize his 401(k) contributions. It tells him that if he increase his contribution by 3%, he would be taking full advantage of this benefit and pay less in taxes.

So he taps on Tell Me More. Again, the same real-time engine that showed him his compliant gross-to-net for that spot bonus can also serve up this what-if scenario that shows Lawrence the impact if he was to increase his 401(k) contribution. This is the power of our real-time engine, showing the impact to Lawrence in real time, enabling him to make informed decisions based on the personalized pay insights we shared with him.

Lawrence, however, decides to keep his contribution the same for now. When he closes the chat, the next pay insight we share with Lawrence is suggesting that he puts his spot bonus to his rainy day envelope. As Lawrence is a lower-income worker and more often than we would like to, has to turn to expensive alternatives when an unexpected expense arises, he decides to save this unexpected bonus for a rainy day. He taps on Save More Money.

The chat bot shows him his current Wisely account balance and asks him where he wants to add the whole amount of the spot bonus to his Wisely account or only a portion. He selects to deposit the full amount. The chat ends with confirmation that the money was transferred in real time to his Wisely account. And it shows not only the amount of $162 of the spot bonus but also his updated Wisely account balance of $286. We instantly deposit this bonus to his Wisely account.

The My Wisely app sends a real-time push notification to Lawrence. You just saw pay your way in action where a lower-income worker was able to get an off-cycle bonus in real time with compliant gross-to-net where the money was moved instantly at the speed that people want, not the next day, not a few hours later, but on demand, in real time, when he requested it.

Lawrence taps on the notification, and this is the home page of the My Wisely app. My Wisely, winner of the 2018 Awesome New Technology Award, is the banking and financial wellness app for our Wisely program and is available free of charge to all Wisely account holders. This app was designed using extensive consumer research and shaped by our behavioral economists. The resulting user experience helps drive the right behaviors to put users like Lawrence on the path to financial wellness. As you'll see, especially for workers who don't have a typical bank account, the capabilities equip them with bank-like benefits, and it lets them participate in the digital economy with ease.

The app is divided into 3 easy parts: today, history and future. On the today screen, in the middle of the page, he can see a quick account summary. And there, he sees his current balance of $286 as well as the $162 that was deposited onto his account. He also sees the transfer to the rainy day envelope of $162. He quickly taps on the History tab where he can see the big buckets of where he is spending his money. This visibility will help him with planning and budgeting.

Lawrence really now wants to go to the Future tab where he can have a look at how he's doing on his future savings given that he added this unexpected bonus to his rainy day envelope. This is where Lawrence sees the details. He had created a rainy day envelope and set a goal for himself of $450 to be achieved by September 2020. This unexpected bonus, where we paid the full amount of $162 to this envelope, helped him to reach 36% to achieving that goal. In this case, we are able to help Lawrence. Should an emergency arise, he simply can go his rainy day envelope to cover that unexpected expense.

Similarly, the Move Money tab gives Lawrence easy options to load a check, to transfer money, to pay bills from within the application. This reflects the reality of how consumers are using their Wisely accounts today.

So you can see there are 4 simple steps to get on the path to financial wellness: track your spending, keep more of your money, start saving for a rainy day and make smarter decisions about your money. Wisely offers these simple steps in an easy, convenient package for every user, whether they have a bank account or not. Back to you, Don.

Donald Weinstein ***Automatic Data Processing, Inc. - Corporate VP of Global Product & Technology***

All right. Thank you, Belinda. So as you just saw, we're completely rethinking the pay experience by making it highly personalized. Everything from how the workers got paid to the financial recommendations that they receive is tailored for their unique situation. And we're the only provider in the market who can combine the advanced features of this smart payroll engine with a digital and financial wellness platform.

So as Belinda showed you, we were able to capture the pay transaction all the way upstream as soon as the notification happened and helped the user make a smart decision, ultimately guiding them towards a deposit on our Wisely account card. That's the key differentiator there.

So now let's move on to our next principle, global compliance. As the world's largest global HCM provider, we have thousands of experts in regulatory compliance all over the world, including 40 countries that we provide local support for and over 140 worldwide. And this is increasingly critical as our clients are now facing an unprecedented regulatory onslaught at the national, at the state, even the individual municipality level.

Our next-gen solution support local country business and compliance practices. And they're built in such a way that our functional experts can swiftly introduce modifications to the policies and make them available immediately to all clients in that particular country. So in this next demo, we're going to show you how ADP experts can localize payroll for a particular country and how client practitioners can get informed of important changes in compliance rules that are coming their way.

We are going to demo global payroll policy because that's the most complicated, but -- our next-gen platforms and smart engine support, all kinds of global statutory policies like leave of absence, records retention, statutory reporting and more. So for this next demo, I would like to bring up Raul Duque Sanchez, who is our Chief Product Owner for Next Gen HCM.

Raul Sanchez ***Automatic Data Processing, Inc. - VP Product Development Next Gen HCM***

Thank you, Don. So ADP has developed one of the coolest tools for our functional experts to localize the requirements for every single country. It's a cloud-based development environment, what is -- what you're seeing right here that is being used by our developers to localize in parallel all the payrolls of the world.

It's a collaborative environment where the users, they are automatically notified of any policies that need to be approved. What they can see in the policy catalog, all the policies that have been created all over the world, in the United States, in Canada, all the countries that we currently support, so they are already available for them to use and to leverage where they can also see a taxonomy with all the different type of policies.

So we have created this global taxonomy where, for example, we have all the income tax, payroll tax categories. We have also for perks. We have also for pay for your work with premium pay, with base pay, overtime pay. So all the policy, all these different policies have been created in advance. This will enable consistency and easier and better cross-country insight.

In this case, the functional expert is going to localize the Indian payroll. One of the policies that he needs to create is the overtime policy. So he clicks on the policy catalog and browses which other countries have implemented overtime policy. So we're going to browse for overtime.

So he sees that 2 countries, Canada and United States, have already localized their payrolls and decides to take a look to the U.S. policy to see if it can be leveraged for what he needs to do in India. He decides to reuse the U.S. one, but he's going to need to add some additional validation that is required in India.

In India, the employees cannot work more than 48 hours, combining the regular hours with the overtime hours. So he has created a copy. He decided that this is going to be applicable for India, clicks on next, reuses that global taxonomy that I was referring to before, so he's already the overtime global taxonomy policy created and then gives a name. It's going to be the same name, overtime.

And then one of the important things is that we can effectively date this policy. So this policy is going to be kind of effective, let's say, March 1. And what we just need to do is to look for the method that it was created for the U.S. to calculate the particular overtime policy, it's this one. And here, you can see that the method is already there. It's basically multiplying the hours worked in overtime times the rate.

And right here is where he had the additional validation that is required in India. So regular hours worked per week plus overtime hours worked per week. This has to be less or equal to 48. This is the power of reusability on how policies are built. This saves time and accelerates the localization of payroll in new countries. Unlike some of our competitors, we don't start from scratch every time a new country payroll is developed. And we use our functional experts, not hard-core developers.

So let's see how this way to create the policies is going to help our clients. ADP Next Gen Pay allows client payroll practitioners not only to be notified of changes in statutory policies but to receive a projection of the financial implications of a statutory change for the company and for their employees.

In this case, the client practitioner sees in the dashboard that there's a new Oregon tax that is called paid family and medical leave deduction. So he clicks to view it. And when he clicks to view it, he can read that this is a change that is becoming effective on January 1, 2022, that is going to be 1% of the eligible payroll earnings. And he can see also that there are 52 employees that are going to be impacted by this change for a total amount of $30,200. 60% of it is going to be paid by the employees and 40% of it is going to be paid by the company.

So unlike some of our competitors that deliver bulletins just with these changes, ADP Next Gen Pay projects the taxes, leveraging the actual workforce data to measure the impact in the baseline. Practitioners can even click to see the details of the employees impacted. So you see that for every single employee that is located in the offices of Portland, Oregon, they have been projected the amounts that they will have to pay -- the annual amounts that they would have to pay in their taxes and also the employer contribution amounts.

Payroll practitioners can also see in a map all the different locations all over the world, and they will be able to have insights for each of them from a new tax perspective. In this case, for the Portland offices, there are 52 employees there, and the state income tax that is going to be paid is $110,000 and also, the state unemployment insurance is $45,973. Back to you, Don.

Donald Weinstein ***Automatic Data Processing, Inc. - Corporate VP of Global Product & Technology***

All right. Thank you, Raul. Sorry for geeking out on payroll with you guys there for a second, but it was really important to show. We thought it was important at least to show you the kind of the gut -- that's the nerve center of the global payroll engine. And what we want you to take away from that is not necessarily to say, "Hey, I'd love to be a developer on the global payroll team," but maybe a sense of -- yes, that would seem pretty straightforward.

Raul went in there and in like a minute, created a new policy for a new country. And that gives you a sense of how we're able to rapidly scale and add countries but not just the initial scale out, but it's also just the ongoing maintenance of it, that was where the work is done. But that's the power of global compliance with all that information in the hands of our practitioners right down to the individual employee level, thanks to our flexible and compliant Next Gen Payroll and tax engine.

And as you saw, again, we're using plain language to make the rules easily understandable by our compliance experts, by clients, even by employees themselves. You also saw an intelligent pay experience where we use machine learning to model and alert the client as well as individual employees on upcoming statutory changes.

So speaking of intelligent experiences, our fourth guiding principle is intelligence everywhere in the flow of work. So we believe that having pervasive intelligence threaded throughout the entire HCM life cycle is the key to making all interactions intelligent and actionable. AI-driven insights can be served up in the flow of work when and where executives and managers need them, and this data is the foundation. As data is a foundation for all of our ML capabilities, obviously, as we said before, no one else in the HCM space has ADP's treasure trove of over 740,000 clients in the data cloud, records on over 90 million employees who've worked with us over the past 10 years, all anonymized, all aggregated and all available for use inside our applications.

In our next demo, we're going to show you how data-driven insights can be tied to real business actions and get a sense of how our AI is embedded in the flow of work seamlessly to drive meaningful outcomes. And finally, you'll see how we can help clients push insights to executives and managers so that they can make intelligent decisions that move their business forward.

And for that, let me introduce Jack Berkowitz, who joined our team not too long ago as the Head of ADP's DataCloud. Jack?

Jack Berkowitz ***Automatic Data Processing, Inc. - SVP Product Development DataCloud***

Thanks, Don. So look, I've been in this industry for quite a while, both in startups and some of the larger -- one of the larger tech companies in The Valley. And at all these places, we could build algorithms, had really intelligent teams. We build really intelligent products. But at the end of the day, those algorithms would fall short, unless we have the data to power them. And without that data, without that data to train the algorithms, without that data to understand, we couldn't give customers the types of results that we saw earlier with that retail store, using our executive manager insights to literally drive $10 million in first year of savings. And so what we want to talk about to you today is how we can use our talent and our data APIs together to really show these intelligent experiences, let you understand how they come to life.

So let's take a look. Let's take a look at the demo. There we go. So what you see here is this is our EMI system. This is an insight that's being pushed to me as a manager. In this case, I'm not an HR manager. I'm actually a sales manager. My number is dependent on the number of salespeople that I have selling, right? And if I don't have people that can get out there and sell, I'm not going to make my operational objective. And so what the system is telling to me right now is that my engagement in my sales operation team is dropping, and that's a turnover risk to me.

What it also tells me, by just a simple tap, is it's telling me the impact that I'm not going to make that number. In this case, this engagement is really threatening. Now how is that possible? Well, we've just introduced a new capability in terms of data match-up. And that data match-up allows us to take sales data and, on the fly, combine it with our HR data. In fact, it lets us take a whole bunch of different types of operational data. But instead of a side process or off to the edge, it's actually right in line to our main system. So the results are able to bubble up, not just for an HR analyst to see, but for me, as a salesperson to see or a sales leader to see right there in line. I've got an operational problem. I need to get my people back or I need to get enough people to cover the situation, so I'm going to dive in and see what's going on. And I do just that.

What you see here is that I've driven in, and now I'm inside the application deeper, and I can see that turnover risk. And I can also see that team engagement. Simple tap, I can see some other factors involved in turnover as well, compensation risk. So some of my top performers are actually being paid less than some of the other people in the organization. And mobility risk, in other words, these people have been in the same job for a while, and that tends to lead to dissatisfaction. It's important that we move people throughout the organization. So I've definitely got some issues I need to investigate.

But the system goes one step further. It actually alerts to me a couple of high potential turnover risk people. These people are in my team. I better take a look at what's going on. I can see Samantha and I can see [Reese]. Let's go ahead and take -- excuse me, [Joanne]. Let's go ahead and take a look at [Samantha]. What I see here is that attention score. Again, this is her managers, her direct line not engaging with her frequently enough. I can see here compensation gap below our top quartile. She's a top performer, but she's still below our top quarter tile, and I can see the fact that she's been in the same job for a while. But the most important thing about this screen is the recommendation. What does ADP recommend I do? And this is fundamentally different than anybody else in the industry.

What we're doing in ADP is we're not just giving you the numbers. We're giving you some actions or give you some advice about what to do in reaction to that. And that's perfect for me because what am I? I'm a sales operation -- I'm a sales leader. I may know some things about HR. I may know some things about sales but without that advice, I may not know what to do about it. And if I go in and I see even deeper, you'll see some information, some more recommendations. Now where is that information coming from? Where are these recommendations coming from? Well, quite frankly, it's based on those 58,000 associates that work here at ADP, and that's 70 years of experience in solving HR problems. We can take the analytics, we can take that experience, we can bring it together and give me something -- some actions for me to follow.

Some of these actions are broader. Some of them are more focused, but that's okay. I've got a vector. I know what I can go do. If I go back and I take a look at Joanne, what you'll see is, again, similar trend, attention score, time since my last promotion, but something different. In her case, the model has actually changed. In her case, it's about a compensation gap below the benchmark. These -- this benchmark is the industry benchmark. This is that processing of those 30 million pay records that we do every month, and allows us to see right here, not only is that she is below what other people in the company are, but what she's below what people -- what she might be able to get out in the open industry. So I've definitely got a problem here that I need to go solve, and I have actions at my fingertips that I can take. But I still have a problem meeting my number. Even if I try to keep these 2, I've still got some issues. And in fact, I've had somebody who's recently left. And this person is [Jolene], and she was great, a member of my team. Unfortunately, we weren't able to keep her. But unlike sort of all the other situations, I don't want to sit down. I don't want to have to write a job description. I'm not even sure if I were to write a job description, if I could capture the essence of somebody like Jolene. And this is where our technology really starts to shine.

Over the past year, we've been building a skills graph, a skills cloud by using all that information, we've been talking about, the 40 million applicants, all of the pay data, all of that other information. And we can use that skills graph and have it come together to answer the most important question, find me someone just like Jolene, because that's what I need. And I can ask the system that exactly that, "Find me someone like Jolene." At this point, I drop into a chat experience, and the system goes out and does a few things on my behalf. The first thing it does is it goes out and sources out on the boards for some possible candidates that match someone like Jolene.

It also has gone ahead and found somebody in WorkMarket, our freelancer community. This is a person who may not have applied for the job, may not even know. But at the same time, his skills -- he's registered in the system, we can see him from the pool, somebody we might want to take a look at. And it also finds somebody internally, in this case, [Cheryl], who works inside of our company and the skills graph is making a match saying that she might be somebody that we want to consider. Now I happen to know, Cheryl. She's doing a great job in the job that she's doing. We need her there. We're going to go back and let's take a look at some of the other people to begin with.

And let's drive into Jane. And what we see here is pretty interesting. The first thing we see is the declared skills. And we can actually see the overlap between Jane's declared skills and Jolene's. In other words, the darker pills are those pieces, which they both have, whether it's on their talent profile or on their resume or in their qualifications. And the gray one is one where they don't have a direct overlap. And that's interesting. But more interesting are the implied skills. These are the skills that they haven't announced, but these are the skills where the skills graph really comes to play. We can infer this based on their job titles, based on other people that have worked at the companies that they've worked at. We can -- by just knowing the industry overall, we can infer that these are the skills they should have to be in their current positions. And then we can also see the overlap between those 2.

Right in line as well, those benchmarks, again. I can see the anticipated salary. I can also see the anticipated total compensation that somebody like her should get if we were to hire her. That's in line with our expectations as well. This is somebody that I can take immediate action with and so tell you what, let's go back and let's select her. And also while we're at it, let's go ahead and select John. John's a freelancer, might be able to fit the role either in a short or long term, or better yet, I might be a great recruiter. I don't know. I'm a sales guy. So maybe I'll be able to convince John to come in full-time as well. It's just simple -- to get them all scheduled, it's as simple as me just asking the system to schedule the interviews, and it goes out, starts to reach out to get them to come in to meet.

So what did I just show you? We showed how EMI take the information and then matches it up to solve an operational problem. We can see our skills graph in our skills cloud being used proactively to find people that match different situations. More importantly, we see advice, actionable advice right in line with the analytics, so that I can take an action. I can resolve my situation right away. And I can go make my number, which at the end of the day, it's my job to do.

So thank you very much. Don, back to you.

Donald Weinstein ***Automatic Data Processing, Inc. - Corporate VP of Global Product & Technology***

All right. Thank you, Jack. So as you just saw, we are leveraging our best-in-class dataset to create and deliver meaningful insights directly in the flow of work, all with the sole purpose of helping our clients drive their business forward by taking real action and putting real data directly in the hands of their managers and executives who are making decisions day to day.

We were pioneers in leveraging big data for things like compensation benchmarking and turnover modeling. We took it a step further by pushing insights directly to executives and managers, and now we're driving even further leveraging our treasure trove of worker data to build new machine learning capabilities like the skills taxonomy and putting it again into real-world use, in this case, to find qualified candidates, a very tough challenge -- internal, external, active as well as passive, even freelancers -- and again, all provided in a mobile format with a conversational chat-based experience.

So now let's move on to our final principle, the adaptable Next Gen HCM platform. This is our low-code, flexible, rapid innovation platform that enables our product teams to create rich HCM apps without writing a single line of code. It is fully cloud native. It has all the benefits of a cloud-native architecture such as continuous deployments that eliminate maintenance windows and yield best-in-class levels of system reliability and performance.

We have already have third-party system integrators, partners building their own apps on the platform. Eventually, we plan to open it up to other partners such as marketplace ISV partners. We can even have clients develop their own mini apps right on the platform. We developed our Next Gen HCM platform around a revolutionary concept that we call mini apps. This is one of the most powerful innovations in the platform where we have decomposed traditional HCM modules like HR, payroll, benefits into many more smaller, lightweight, discrete mini apps that you can configure by company, by team, even by individual worker and enable them to change them at will as they seek to digitize their functions. The metaphor we like to think of is the iPhone, where everyone has the same base iOS platform, but you've totally customized it by configuring a unique constellation of apps on your phones. You can have multiple apps for similar functions, and that enables an unprecedented level of personalization. So we should expect the same level of personalization from our enterprise technology.

Let's take a look at how we can use the platform to go from idea to execution rapidly with clicks, not code. And so in our next demo, we're going to show you a tale of 2 teams and understand how the platform can power vastly different experiences for different teams in the same company. You also get a sense for how easy it is for a nontechnical user to modify an existing application and deploy changes for business users. And for this part, I'd like to welcome up Jason Lovelace, who is a Product Manager in our next-generation HCM team.

Jason Lovelace ***Automatic Data Processing, Inc. - Senior Director Client Success & Implementation***

Thank you, Don. All right. So as Don said, I'm going to start off by showing you the experiences of a couple of different teams and the different applications that serve those teams. But before I get started, Harish earlier walked through the Next Gen HCM desktop, and I want to orient you guys to the Next Gen HCM mobile experience.

So the same thing at the top, our powerful semantic search, it lets people quickly get to the things they know they want to do. In the middle, the apps and actions that are most important to them and their role and for their teams. And at the bottom, our ability to surface through our machine learning, the people and teams that are most relevant to them in terms of the work they do day to day.

So we're going to focus on 2 different kinds of teams today. So team number one, this is a manufacturing company, is my big box client team. So this is a team that serves one of our largest clients, and it's a cross-functional team of people from sales, manufacturing, engineering and logistics, and we need to deliver a set of apps that allow this team to achieve the goals that it's set for it by the company.

So first and foremost, we're going to start with onboarding. Onboarding is always a big topic with HCM software, onboarding people into traditional org structures. But when companies make this pivot transition to teams, you also want to onboard people to the mission and goals of the teams that they're going to be working on, so they could be most effective soonest. So in this case, as a team leader, I can see members who are onboarding my team, tasks that I have in relation to that. And I also can see their overall onboarding tasks, not only as an employee, but also the things they need to do specifically to start contributing with the team.

Another kind of app we could deliver is our goals app. So as we were talking about earlier, the team leader concept is new in companies. Leaders need to not lead through traditional hierarchical methods, but they need to lead through influence and goal setting. So what we need to do here is have an app that allows a team leader to set and manage and view goals with their team and have the team give feedback, so they're all aligned around what the goals of this particular team are.

And the third kind of app, not every app has to be native functionality in our platform. We can also have integrated apps. In this case, a Salesforce app. And this app allows the client service team to see critical data coming out of the client Salesforce instance or key client contacts, so bringing data in from other critical enterprise systems to the team's fingertips.

So that's one kind of team, but a team with a radically different mission would be a team like an incident response team. This team has a very simple purpose. When incidents around health or safety occur in our manufacturing facilities, they need to be able to react to that as a group and manage them from start to resolution. So in this case, we'd start with a simple act like an OSHA app. So here, a company can file OSHA incidents that occurred, and this team can be in a position to respond to them. I see that I have a new event here that has occurred at my plant. And I know that Peter is in charge of that. The trick is though is that as the team leader, I suspect that Peter is not in the office. I think he's out on vacation, and I need a way to figure that out. So if I go back here, I can see, you know what, I think there's a way for me to figure out if Peter's out, but I don't see that here. And what I need to do is actually purchase the app that will allow me to figure out the answer to my question.

So I can go into the team settings, I can go to manage apps, and here, I see the power of our platform in terms of the ability to deliver different apps that have been enabled by the company where team leaders can pick the things that are relevant to them and not use the things that are not relevant to them. And if you understand how legacy monolithic enterprise systems work and how difficult it is to turn functionality on and off for different users through really Byzantine application of security groups and stuff like that, we want this to be more like, as Don said, an iPhone approach, right, where people are in power to pick the things quickly that are relevant to them.

So here, I'm going to go ahead and turn on the team availability app. I now have that app available and can go in and see, in fact, Peter is on vacation. And I need to go ahead and reassign that activity. So if I go back out and go to the OSHA app, I can go and pick Peter. And again, showing the powerful interaction pattern that we've shown you before, we've built this simple workflow that allows Peter's work to be reassigned to another member of his team.

Again, teams aren't a bolt-on data thing that we've added. They're a core feature of our platform. It's a core data construct that any app can use for functionality like this. So I'll go ahead and assign that to myself, and that work is done.

So you can see here that what I've done is I've actually allowed 2 different teams to have 2 completely different experiences to meet the goals that they have as an organization. And we think that's really critical. But it's not just teams that work differently. It's actually companies that work differently. When we go out and talk to client after client, the message we hear over and over is that clients view the experience and the enablement of their associates as their differentiator. They want their HCM software to reflect the individual culture of their companies. And the trick is that means that they want functionality that's relevant to them, not just stuff that's built by a "one size fits all" legacy systems.

So the refrain we hear is "if only there was an app or a set of apps that did that for our particular company." The trick is, is that's a really scary proposition to legacy monolithic systems. But it's not for Next Gen HCM because not only are we built with a powerful data and workflow processes that mimic that of like an ERP, but we also have that consumer-grade, cloud-native micro-service architecture that lets clients quickly and rapidly build secure, scalable applications and deliver those to their associates.

So what I'm going to do in this next demo is actually jump in and show you an example of one kind of app like that, and then I'm going to lift up the covers and show you how we would build an app like that in our platform.

So in this case, the app that we've built is a report the hazard app. So as I said before, I have the incident response team at my manufacturing company. And the client said, "We'd really like to be able to build something that allows our folks to capture and assign work when we spot a hazard at one of our facilities." So if only I had a hazard -- fantastic, so now I have a hazard to report. So what I'm going to do is what type of safety incidents do I want to report? I'm going to report a critical incident because there's something here that could affect worker safety right now.

So to give a brief description of this, I'm going to say this looks dangerous. And one of the really amazing things about our platform, and I'm going to show you in a second all the designers that we've built is that we're able to build really powerful functionality directly in that is truly consumer-grade into our applications so people can do the exact kind of things they would expect using the technology they use every day.

So I'm going to go ahead and upload an image of my hazard. I'm going to take a photo. Again, zoom in. And there's my photo. So I've got my hazard reported. Again, like I said, teams are a fundamental part of everything we do. So I can go ahead and assign this to the appropriate team, and that team will now get a notification that they've got an issue that they need to resolve. So while I'm jumping over -- so this is an example of the kind of apps that we can build. And now what I want to do is pull back the covers a little bit and show you what that actually looks like on our platform.

So this is our mobile workflow designer. So the app you actually saw, that's actually what that app is. On the left-hand side, we have the inputs where we were asking users to take action. And on the right-hand side, we have the inputs where -- or the outputs, where we're telling people to make a particular choice and do a thing like put the photo in or pick, is it critical, or what team does it go to? And developing on the platform is just as simple as dragging on a stage. So in this case, one of the things I didn't do before was create a mobile notification card that would be sent to all the members of the team. So I can drag that on and link things together. With just a few minutes of configuration, I could modify this app and then kind of imagine we're on a cooking show on the cooking TV as I could put this in 15 minutes, push it up to production and have the app purchased back on my phone and show you the enhanced functionality of this.

And we think that this is the real game changer as it's not just the companies, of course, want powerful HCM software that allows them to model and deal with their organization to what practitioners want, but it's this ability to deliver consumer-grade, purpose-built applications that enable them to roll out applications that meet the cultural needs and the engagement needs of their specific employees that we think is a real game changer for Next Gen HCM.

So Don, with that, I'm going to hand it back to you. I'm going to pick this up. Don't go down.

Donald Weinstein ***Automatic Data Processing, Inc. - Corporate VP of Global Product & Technology***

That's going to be a real hazard right there. So thank you, Jason. I think just to reiterate, he used the term game changer. It's just -- it's hard to put it into words. But this is a completely different rethink on enterprise software. Everybody else is sitting there thinking how do I make bigger modules, how do I add more and more functionality. And we've gone completely in the opposite direction, which is how do I chop these things up, make them very discrete, very lightweight, I can get in, I can get out. I need to do -- I can do what I need to do. And again, the metaphor, it's no different than adding and customizing apps on your iPhone.

And that's just a great example of how our next-gen platform unlocks innovation and drives that extreme level of personalization and how people work at the individual level, at the team level. You saw 2 different teams that had 2 different sets of apps. Nobody else is doing that in our space. And in this case, we also had a pseudo-technical user who was able to add a mobile chat flow to an existing app with some sophisticated business logic, all without writing any code. And so now we can have clients and partners that can empower -- they can be empowered. Their own citizen developers can code on the platform, customize the apps to their heart's content. They will only be constrained by their own imaginations.

And because the platform has a human capital management domain-specific model, those mini apps get deployed automatically to those HCM criteria based teams. That's the tie-in between the platform and the apps and the data model so that I can assign them at that level. And so then as people onboard or off-board to teams, the apps can be assigned and reassigned using those data model tie-ins, and that drives connectivity to actions. It ties connectivity to workflow and my own personal favorite, to those team-based analytics.

So now what we'd like to do is show you a scenario where we bring everything together and show how our next-gen solutions can work in a cohesive end-to-end fashion to drive real business outcomes for our clients. So in this scenario, we're going to show you a manufacturing company that has plants in multiple locations, some in the U.S., some across the border. And we're in a bit of a fourth quarter crunch, we need to bring overtime expenses down while driving up productivity. And I'm going to ask my friend Harish to come back and help me a little bit with this demo.

So to start with, we get notified of an overtime issue in my Juarez location, all right? Specifically, that they have higher-than-average overtime in the last month. And again, this is the power of that real data powering AI everywhere in the flow of work, sending that insight to me, the production supervisor who's responsible for that, not siloed away, tucked away in some HR data silo.

So through this executive insight, I'd immediately see that the problem is somewhere in my Juarez location, it looks like in the third shift that's trending above the company average and also above my budget. And I also get meaningful suggestions on how I should address this issue ranging from working with the members of the team, hiring more staff. Normally in most HCM systems, finding just all the members of that population would be nearly impossible. There are a hidden population that we talked about because they span multiple organizations. But our HCM system is able to pinpoint them because we have our next-gen team's first graph database. We can easily set up a dynamic criteria based team to go ahead and do just that. We're going to choose their profile. In this case, we're going to pick what shift they're working on. I can choose their -- I can choose -- after I choose third shift, I can choose their location, and that's under the org structure. So I'll pick the Juarez location. And then with a few clicks, I'm just able to create this new dynamic team out of the thin air, and that captures all the members of the Juarez third shift.

So now I can dive into it, and I can see the membership of the group. But I can see, again, thanks to the power of our Next Gen HCM, I've got visibility into the nature of this team, right? I can see they span multiple functions. They span multiple countries. Some of them are based locally. Some of them are commuting in from U.S. locations. So now let's dive in and see what's going on. I can -- first thing I want to do maybe is send out an engagement pulse to the team members. And again, rather than some ad hoc questions that we make up on the fly, this survey is based on our research-backed standout methodology. These questions have been scientifically researched to help a team leader like me truly understand how my team is doing and what can be done to drive real productivity.

So with one click, I can deploy the survey and the preferred languages of the team members. Again, thanks to the localization that's powered by the platform. And then I can take a look at the results of the survey after we fired it out there, and we get our responses back. And right off the bat, I can see a problem that only 18 -- only 13% are fully engaged. That's well below our ADP industry benchmark, and that's a warning sign. Looking further down, one number that really sticks out to me is this one here. My teammates have my back at 2.9. That's quite low. And that certainly indicates that there's a problem between the third shift and the second shift.

So one of the things that we can do is actually go ahead and build a custom app using the platform that Jason just showed. And here, we've built one called the Shift Handoff checklist so that we can try enforce better communication between the 2 shifts. And again, unlike other HCM systems, we're not constrained by any "out of the box" capabilities. We're able to extend far beyond that and develop functionality that we need and create an entire app specific to my unique needs. And once again, the app is rendered in the preferred location and language of the members of the team. And so when I go ahead and deploy this app to the second and third shifts, over a period of weeks, they start to see where there's some disconnect and drive some communication. We drill into the logs here. And we can see the desired behavior starting to happen, right? The delta between things that are marked complete and things that are verified complete starts to close.

And as some more time passes, I can get a wonderful notification that I'm back. Overtime is trending. We're back on track. The insight shows me that the third shift is back in line with budget. And this is a perfect time for me to go ahead and launch another engagement pulse which, again, as a team leader, the platform empowers me to do. I can define who is the team, who the team members when to pulse them and what sequence. And when I do that, I can see that the engagement has improved quite a lot. And in particular, we find that the teams are working much better together, as indicated by the positive spread on teammates having our back.

So overall, we're focusing on teams, the engagement, the productivity. We're focusing on team leaders. We're giving them tools on how to run their business. And we're focusing on overall business outcomes, which I think is a great rethink in terms of the power of human capital management applications to actually add value to the business and the business users themselves.

So again, what did we just see? We saw the dynamic teams. We saw work your way. We saw the platform. We saw the global compliance, and we saw the artificial intelligence all coming together very seamlessly in what was actually a very complicated kind of scenario.

And we're making meaningful investments to bring all this together in our next-gen technology, and they're starting to come to life. So here's some feedback we've been getting from industry leaders, recognizing the power of our innovative value of our next-gen solutions. From consistently bullish feedback from industry analysts to the clean sweep of the 2 most prestigious awards at this past year's HR Technology Conference, that was the fifth year in a row that ADP was recognized for innovation. You can actually see the quote from Steve Boese, who said it was the first time ever in the history of the conference that a company -- that the same company was recognized 5 years in a row. And he called it a testament to ADP's drive to address key pain points with major tech innovations. And on the industry analyst side, lots of great quotes out. We put this one from Josh Bersin, who we think is one of the leading analysts in the space, who called our new ADP platform "a force to be reckoned with," right?

And so while industry recognition is great. What we really care about is making a real impact for our clients. We have a growing base of clients who are live or in implementation. And one of our early adopters was Gold's Gym. They selected ADP's Next Gen HCM solution for the flexibility of their platform, the team-based dynamic data model and the consumer-grade experience. We already built a couple of mini apps specifically for their needs. And actually, now what we're finding is that there are other clients who likewise want to take advantage of those mini apps that we built for them. They actually joined us here on this stage at our Industry Analyst Conference this past fall to share their story. So let's hear from them directly.

Unidentified Participant

Hi, I'm [Joan Dash], and I'm the Senior Vice President for Gold's Gym.

Unidentified Participant

I'm [Ross Aron], Director of Compensation and Benefits.

Unidentified Participant

We do not make it easy. We have people that have multiple jobs, all at different pay rates. They work in multiple locations. They get -- can earn commissions and bonuses, and so we did not make it easy on Lifion when we do joined their team. We just went live last week.

Unidentified Participant

We had our first payroll. Thank you.

Unidentified Participant

We just had our first payroll. It's really great.

Unidentified Participant

We have already heard from our practitioners and even myself and our Payroll Director were like, "This is great. It's easy. It's saving us time."

Unidentified Participant

This platform is just amazing. It's very user friendly. It's very sleek, it's very slick. Everybody loves being a part of it. And so this has been about a year-long journey. And I have to say, I've been involved with quite a few integrations in my career, and this is the best one I've ever been involved with. What it comes down to is the people. The people were bright and capable and, most importantly, collaborative. And we really feel like this was a partnership.

Donald Weinstein ***Automatic Data Processing, Inc. - Corporate VP of Global Product & Technology***

So hopefully, you just saw how we're partnering closely with clients like Gold's Gym to drive meaningful change across their employee and practitioner experiences and help them transform themselves into a truly next-gen organization. And we're continuing to gain traction in the market.

Here's just a small sample of some recent client wins, including 15,000 employee multi-location retailer. They selected Next Gen HCM for our flexible data model for our global capabilities and to give their associates a modern user experience. We have a 3,000 employees specialty chemical manufacturer. They want to leverage that dynamic team-based structure. They wanted to roll out advanced talent functionality and again, leverage the global capabilities.

And lastly, we had a 65,000-employee transportation company who's excited to take advantage of the platform and that mini app architecture. And again, the global footprint, which is a common theme in these 3.

So where are we? Okay. Well, I'm happy to say that for us, the next gen is now. This is the time line that we published back in 2018. And in fiscal '19, we ended up meeting and, in some cases, exceeding our milestones. We now have a growing base of clients who are live or in implementation on both our Next Gen HCM and payroll solutions. And in FY '21, we expect these efforts to scale up further with sales ramping up in North America while we are expanding into other geographies. This is an exciting time for us at ADP and for certainly for those of us in the technology organization. We feel we're continuing to push the envelope and innovation across the entire industry and putting our competitors in a position of having to play catch-up.

So now I'm delighted to introduce our next 2 speakers who are going to explain how we're leveraging advances in technology to not only revolutionize our products but also how we service and support our clients. So let me welcome up Dianne Greene, who is our General Manager of one of our -- 2 of our One ADP locations. I didn't mean to short you there, Dianne; and Vipul Nagrath, who is the Global Chief Information Officer. Thank you, Dianne.

Dianne Greene ***Automatic Data Processing, Inc. - DVP/GM OneADP Norfolk & Louisville***

Thank you. As Matt mentioned earlier, we are the industry leader in global HCM, everything from recruitment to retirement, and our leading-edge technology sets us ahead of our competitors and client success and in innovation. But when we say client success, what do we mean? And how does it fit into the client life cycle?

At ADP, client success means focusing on our clients' biggest investment: their challenge, their opportunity, their people. We do this by simplifying and organizing the work, innovating and taking out the work, and we help our clients concentrate on growing their business and becoming better at what they do. What's also really important is through our tools and technology, we service clients across multiple channels how they want to be serviced. Meaning, we meet them where they want to be met, and we provide insightful expertise to keep them compliant, efficient and scalable.

Our service organization supports over 40 million employees globally through our worksite interactions and our client relationships. We process over 68 million tax statements each year. And when it comes to keeping our clients compliant and out of trouble, we make over 1,000 U.S. compliance changes annually and countless in-country changes internationally. Last year alone, there were over 4,000 U.S. regulations affecting employers. And we had to ensure compliance on tax rate adjustments, jurisdiction changes and garnishment changes, for example. And these can be really complex and daunting tasks for our clients. They're also time-consuming.

And so I think about the S Corp and how the S Corp is set up, understanding how to report earnings and deductions, taxes and losses can be extremely challenging for a business owner. Recently, I observed, how through a few brief questions, our chat service helped to guide an owner on his earnings entry, provided him with infill on applicable tax withholdings and help them to think ahead by guiding him on how we would handle any shortfall to cover wages and taxes in his payroll. In summary, we organized the work for him. We eliminated the complexity, and we kept him compliant, so that he could focus on the future of his business.

Finally, through our rich data, we provide actionable insights in our client interactions, more than our competitors can offer. That's what client success means to us at ADP.

Now you may be curious about how we've done it, what we've done and how our service methodology is evolving with the new innovation. Here's how. Back in 2016, we started our service alignment initiative to deploy a team-based agile culture or what we call in tech teams in strategic locations globally. You'll see there are 4 international hubs and 7 domestic hubs are shown on the map. We established cross-collaboration opportunities in traditional service functions, increased associate competencies and improved overall operational efficiencies. The results were a higher-quality client interaction and higher productivity, particularly in the One ADP locations.

Now I realize that One ADP is probably a new term for some of you, so let me explain. One ADP is the bringing together of different businesses, functions and disciplines in one strategic location so that we can collaborate, ideate and innovate faster for ourselves and for our clients. In One ADP, our service strategy required us to, first, hire the right people and create agile teams of diverse backgrounds and experiences; promote collaboration across traditional functions to, as I just mentioned, ideate, innovate and execute faster; employee self-service in our products and reduce our clients' perceived effort, empower associates with better tools, actionable data and insights, plus career growth and development opportunities; and last but definitely not least, what I personally think is our secret sauce: our service strategy defines a culture based on trust and inclusion, where associates feel valued, and their unique differences and their diverse perspectives are appreciated, celebrated and upheld.

The results have been very impactful. Based on our ADP research data, we are achieving top quartile associate engagement in One ADP. We've seen increased quality and productivity and service delivery, and our overall client satisfaction scores have improved. And we've nurtured a consultative, predictive and analytical approach to supporting our clients.

We also target about 30% of our One ADP associates with industry certifications, similar to the Series 7 in the financial services industry. This allows for a deeper practice and a higher performance around HCM support. One ADP continues to grow in FPC, or Fundamentals of Payroll Certification; CPP, Certified Payroll Professional; and SHRM, Society of Human Resource Management to provide higher value professional services to our clients and to their employees.

So what kind of ROI have we seen? Well, first, we've unlocked opportunities to execute quickly on new innovation. Second, we're realizing stronger associate performance. And third, we're delivering higher quality HCM support. Fourth, we're also creating rapid solutions for our clients and for their employees.

And now I'd like to turn this over to Vipul Nagrath, Global Chief Information Officer, for a look at some of our service innovation.

Vipul Nagrath ***Automatic Data Processing, Inc. - Global Chief Information Officer***

Thank you, Dianne. So when we think about service, we use the expertise of our employees, and we boost that expertise with technology. Specifically, we use a perspective that is both beneficial for our employees and our clients, and we've established these 4 pillars of eliminating work, automating work, working smarter and enabling growth as our north stars.

Now today, I'd like to show you a few examples of how we've used our service expertise that we've gathered over the years, and now we're boosting that expertise with technology. So we've deployed solutions in all parts of the client journey, from onboarding, which is an initial stage to ongoing service, which continues through all of our stages. I'll talk to you about onboarding clients through intelligent automation. I'll also show you how we're using natural language processing and machine learning for extracting and classifying data from forms, documents and files. And finally, I'll show you how we're enhancing our client service experience with our chat bot.

So this first example, what I'm going to talk to you about is from our downmarket division or also known as our small businesses division, where we have high volumes. So let me first take a moment and explain to you what we're looking at over here. The process of onboarding a client entails generally 3 stages. First, we gather and review forms from our client. That can be a combination of both paper and digital. Second, we load these -- we load the data from these forms, and we set up that customer inside RUN. Third, we expect and validate that setup inside RUN and get our customer onboarded.

Now we're on a journey with intelligent automation. In our downmarket division, we've implemented optical character recognition with robotics process automation. And we've set up the customers setup stage. This automation works very robustly for our simple clients. These are the ones with low complexity, which usually means they're setting up payroll in a single U.S. state, and they're not loading any previous history. We've been able to considerably reduce -- let me step over here. We've been able to considerably reduce the work versus yesterday -- yesteryear's all manual processes on -- by first focusing on the setup stage. Soon, we'll be addressing all of these stages, where we still have manual steps, and we'll thoughtfully automate those out too.

Now in addition to onboarding, there are other moments we need to collect large sets of data and files from our clients. The data may be a large set as from a client's previous system or it may be a diverse set such as wage garnishments for specific employees. Now as a first step, we provide capability for our clients to upload files, forms and documents. Then we use image classification, and we automatically identify and classify these documents and files by type. Now this is an area where we've leveraged our decades of experience with multiple types of forms, as one example, our state tax filings. We train our system to make our unsupervised classification, very robust.

Now after a given file is classified, that data is extracted from that file or with -- from that form within seconds, and we give a confidence score on a field-by-field basis. Once that data has been extracted, both our clients and our associates have the ability to view that extracted data to verify it for accuracy.

Finally, using natural language processing and smart mapping, which is a process of translating the client's data into our ADP data structures and ADP taxonomy, we configure and set up the client into one of our systems.

Now what you'll see here is the system actually in action. First one on the dashboard, where an ADP associate can see multiple extraction workflows and their progress. Now we're going to 0 in on a specific form.

In this case, it's a Form 941, which is a quarterly Federal tax form. Our client has uploaded this form as a PDF. Our system has identified and classified this PDF and has extracted data. As each data element is extracted, a confidence score is given on an individual basis, as you can see here with the EIM score, okay? Now when we do have fields that fall below a preset threshold, we further review those documents before completing the workflow. In this case, over here, all the fields were at 100%, so the workflow completes successfully.

Now we're always providing great service for our clients, and we're constantly working to meet our clients where they want to be met. So now let's take a look at our chatbot over here. We've been actively deploying chatbots as part of our digital client service channel. What you see on this slide is the successes we've had with AVA, our ADP virtual assistant in our downmarket division where we first deployed AVA In just the last 18 months, there have been over 900,000 chats handled by AVA, and AVA understands over 150 topics today. And with AVA, we've seen a satisfaction rate that is traditionally higher than other handle channels. Now through constant feedback, AVA gets trained on and learns more topics continually.

Let me show you AVA in action. So AVA is capable of handling complex topics as well as simple ones. Let's show you one of the topics AVA does know quite well. Here, AVA is helping our client with a transaction that this client does not do on a regular basis, specifically, it's a onetime bonus for one of his employees. Now as you can see here, Abishek wants the instructions on how to get -- how to perform a onetime bonus, and AVA provides the detailed steps to get this done. Now in this interaction, you can see here, AVA knows exactly how to help our client Abishek, and AVA confirms that all of Abishek's questions have been answered. Now if AVA had not been able to answer a question or AVA is not trained on a given topic or is having any difficulty, AVA transfers this chat seamlessly over to an ADP representative with the entire conversation history so we can help our client get their job done. Now as AVA matures, the topics and the capabilities will continue to advance and continue to get more powerful. We're very excited on AVA's progress to date, and we're looking forward to seeing AVA learn more and able to grow.

Thank you, and now Dianne, I'll turn it back to you.

Dianne Greene ***Automatic Data Processing, Inc. - DVP/GM OneADP Norfolk & Louisville***

Thank you, Vipul. So in summary, our lower cost do-it-yourself digital channels empower our associates with better tools and actionable data insights, to significantly reduce transactional interactions and to form consultative touch points with our clients. This is our service differentiator, and it allows us to drive a personalized client experience by influencing client behaviors when and how they need us. As our technology advances, we are committed to an ever-evolving agile strategy that has, at its very foundation, a culture focused on empowering our associates and delivering exceptional service by keeping our clients as our North Star.

Thank you, and I'll turn this back over to Danyal Hussain, VP of Investor Relations.

Danyal Hussain ***Automatic Data Processing, Inc. - VP Investor Relations***

Thank you, Dianne. I know, I know, that was a lot. It was dense, we'll give you a few minutes now as a break to let that to distill, settle down, you can commit it to long-term memory. And then our favorite part, of course, coming up next we have Q&A. So we're about 3 minutes over, but I think just in the spirit of sticking to schedule, we'll regroup at exactly 12:15. And for those of you on the webcast, we'll start back then. Thank you.

(Break)

QUESTIONS AND ANSWERS

Danyal Hussain ***Automatic Data Processing, Inc. - VP Investor Relations***

All right. Thank you, everyone, for tuning back in, and happy to have Carlos, Matt and Don here for Q&A. Just one quick housekeeping. In the interest of time and given the number of folks we have here in the audience, it would be good to limit to one question. Obviously, we'll come back around if there's any further questions and we'd like to start it that way. So with that, we'll open it up. David?

David Mark Togut ***Evercore ISI Institutional Equities, Research Division - Senior MD***

Thank you, David Togut with Evercore ISI. In one of the initial slides that Matthew Levin put up, he highlighted $150 billion global TAM for your products, growing at about 5% to 6% compound annually. How do you think about what your growth rate should be against the TAM that you highlighted, and the slate of innovation that you talked about today?

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

More than 5%. Matt?

Matthew C. Levin ***Automatic Data Processing, Inc. - Chief Strategy Officer***

You got to remember that we have a bunch of different segments with a bunch of different underlying growth rates. So it's sort of an algebra equation that gets you to a, an overall growth rate, but I think Carlos is right, it should be in excess of 5%.

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

Yes, I mean, we clearly want to -- we want to gain market share. I think the sign of a strong and vibrant organization is market share growth. And so if we have a healthy industry, it's all contextual, right? If you're an industry that's shrinking and you can grow a little bit, you're a hero. If you're an industry that's growing 5% and you're growing 3%, you're a 0. So I think it's important -- the context is important. I think we would -- our aspiration would be that we grow faster than the market and gain share.

Bryan C. Bergin ***Cowen and Company, LLC, Research Division - Director***

Bryan Bergin from Cowen. I wanted to ask on the (inaudible) pay solution. Can you talk about how the company is monetizing that? How the anticipated client penetration is expected to progress? And maybe give us a sense on client size, and maybe hourly versus salary, just the different cuts across that?

Donald Weinstein ***Automatic Data Processing, Inc. - Corporate VP of Global Product & Technology***

Let me take that.

Danyal Hussain ***Automatic Data Processing, Inc. - VP Investor Relations***

Go ahead.

Donald Weinstein ***Automatic Data Processing, Inc. - Corporate VP of Global Product & Technology***

So let's start with the last part first. Certainly, we see the hourly being a much stronger uptake on it. Right now, we're in pilot mode on it. We've actually been pleasantly pleased and surprised with some of the early response and reaction rates. I would say we're still experimenting with monetization models. For us, at the end of the day, what we really care about is driving penetration of Wisely Pay into the market. We think that this is an incredibly powerful tool that will make it -- the on-demand capability will make the Wisely Pay solution, that much more valuable to an end user. We're looking at their different fee-based models that are out there. We're very -- we take a very employee-friendly and client-friendly approach, so we're always very cautious about not trying to extract a lot of fee-based revenue for our clients versus a solution like Wisely Pay, where if we can get the deposits on the account card, it's free to the employee. It's free to the employer, and we can still monetize it on the back end. So that's our preferred approach, as we go down the path. Carlos, anything to add?

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

I would just add that there are also, as usual, anything that involves payments and wages and taxes and so forth, the regulatory landscape, let's just say, is evolving. And so I think there has to be a lot of work done with Federal state and other authorities in terms of making sure that they're satisfied with the way these fees are being handled and also the way that the taxes and the money movement is being handled. So one example would be, I think in some of these solutions that are potentially giving people early access to their pay, to the extent there's a fee, that fee might be interpreted by a regulator as something other than a simple fee, i.e. as a payday advance or some kind of payday loan. And then you can imagine that's a rabbit hole in terms of -- there's a lot of rules or state-by-state rules around payday advances and so forth. So as usual, we are -- we want to be at the forefront of technology, but we also want to be at the forefront of doing the right thing, both for employees, for clients, but also for regulators, and I think for all the stakeholders that are involved. So I think this is a place where the good news is that we have solutions, and we have the capability technologically to execute, but we're going to be, I think, careful and work with all the stakeholders to make sure that I think everything is done the right way into people's satisfaction.

Danyal Hussain ***Automatic Data Processing, Inc. - VP Investor Relations***

Steve?

Steven Matthew Wald ***Morgan Stanley, Research Division - Equity Analyst***

Steven Wald, Morgan Stanley. Maybe just philosophically, coming back to that $150 billion TAM and how you're attacking it. Could you talk about the different presentations we saw, sort of the end user, the employee versus the employer. If you had to force stack rank where you want to spend your dollars in investing, is it more about getting a higher ROI out of the employer side? Or do you think there's better returns or ability to grow by targeting the end users?

Matthew C. Levin ***Automatic Data Processing, Inc. - Chief Strategy Officer***

We're primarily a B2B company, so you sort of start there. And then as you look in terms of the employees of our clients, you then say, where there are opportunities to serve them better today. Don talked a lot about the personalization of pay. The better we do that, the better we make the B2B client happier, it's sort of a virtuous cycle.

We do have some things that we're piloting that would be more direct-to-consumer, but for the foreseeable future, this is a B2B company. And we -- I don't think we see that changing.

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

Yes, I think -- I don't think in the $150 billion, we necessarily have assumed a lot of the potential other avenues, if you ended up having a relationship, which we obviously now have with the individual employees of our clients. So there's probably some assumption in there around payments. But you can just envision, it's not in the next couple of years, as Matt is saying, but I think it does open up a new avenue for ADP that -- and when I joined ADP I came from the -- through an acquisition of a PEO business where we were accustomed to talking to employees and actually solving employee problems. That was just part of the value proposition. But I remember when I joined ADP, I said to somebody something about answering an employee question. And they said, "No, no, you can't do anything with the employees, because we don't really get paid to do that," and it's true. Like we -- our relationship was really with the client and with the practitioners, and the employees needed to work with the practitioners or the clients themselves. But now when you look at what's happening with technology, just the blurring of that, like we handle so many things now, open enrollment, if you want, employment verification, you want a question about your W4, all those things you can do on your own without having to go to a practitioner, and it's really done through our technology. So in theory, that's already creating a relationship between us whether it's through mobile or otherwise, and the employees of our clients. So I do envision a future in maybe 5, 10 years down the road where there will be a bigger relationship between us and the employees, and those employees are obviously consumers of things. And so there might be a monetization opportunity at some point down the road. And it's a big one because we have a relationship -- a very deep relationship with a lot of workers.

Danyal Hussain ***Automatic Data Processing, Inc. - VP Investor Relations***

Lisa?

Lisa Ann Dejong Ellis ***MoffettNathanson LLC - Partner***

Lisa Ellis from MoffetNathanson. I had a question about your global partnerships with the big ERP vendors. You highlighted today Celergo, which are getting a huge amount of traction with big MNCs and internationally. And then also, obviously, the long-awaited and very exciting rollout of Lifion globally. Those partnerships with Workday, SAP Oracle have been a really important part of that market business and global business. Just how are those partnerships going to evolve as you're rolling out these new products? Is it -- become more competitive, or actually is this an opportunity to work more deeply with those partners?

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

I mean, I -- Matt I'm sure, has a view and Don has a view. I would say that it's an opportunity to work more deeply with them. And I would hope that they would see it the same way because if you really put -- what's become clear over the last 10 to 20 years is, because of the --

how information spreads throughout practitioners, clients, consumers, everyone, like trying to create a closed system where you force clients to do things just doesn't, just doesn't work. And so if you put the client at the center and you recognize that we want to do what's best for them, we're going to have to work more closely together. And we are, and we have been so far. So the question is, as some of the lines get blurred between us in terms of the things that we do, will we be able to keep the client at the center? And if we do, I'm confident that, at least that's our intention, like we want to be open and figure out a way to have the client get the solutions that they want. And we want to win on the competitive battlefield with the best solutions and not try to force a client into a closed ecosystem that we dictate.

Donald Weinstein ***Automatic Data Processing, Inc. - Corporate VP of Global Product & Technology***

I'd just say, at the end of the day, I think our -- the investments that we're making, make us a more valuable partner to them. We've always been comfortable in this world of coopetition, as you described it, and we think the best partners are the ones that are continuing to invest, and they would clearly want to partner with us, and we've always been open to doing so, as you pointed out, quite successfully, so no reason why that would change. I would just think it would make it more interesting going forward.

Matthew C. Levin ***Automatic Data Processing, Inc. - Chief Strategy Officer***

Yes, the only thing I would add, there's things that we do uniquely well that they don't, and we all sort of recognize that.

Kartik Mehta ***Northcoast Research Partners, LLC - Executive MD, Director of Research, Principal & Equity Research Analyst***

Kartik Mehta with Northcoast Research. You gave a lot of examples of how you're using data for your customers. Now I'm wondering is the pricing algorithm you want to use is selling of that data, or is it that just makes the product better and you can price at a premium? How do you see data evolving in terms of revenue for these products?

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

It's a combination of both, and I think and Don, I know, has a point of view because he helped build that business in its infancy, and we have, as usual, companies have their own plans about how you're going to do things, how are you going to roll them out, how you're going to monetize, et cetera, and then the market maybe has a different view of it. So I think what we're finding is that, clearly some -- there's a kind of minimal expectation, if you will, call it reporting, like in the old world, it would have been called reporting, but there's a kind of basic level of functionality that you need from the data. Now when you get into things that are uniquely proprietary or differentiated, then there are opportunities to create additional monetization opportunities for the company. But I think that is probably a goalpost that is going to be moving over time. Like we're happy as long as we're selling more -- gaining market share and driving new bookings, driving revenue. In theory, we don't care whether it's a separate charge or it's embedded, right? If it helps you have more pricing power, for example, if our Lifion solution has greater pricing power because it has a strong analytics solution embedded in it, charging separately for that is not as important to selling more Lifion or more Next Gen HCM platform. So I'm agnostic on that topic. Our CFO is here in the front, so I have to be careful what I say, because Kathleen probably has a different view because to some extent, when we invest in things, we want to see an ROI, and it's -- from our perspective, it's easier to see those ROIs if we have kind of neat stacks of revenues and costs and so forth. But the market and the clients don't always fit into our neat little boxes, and so we think we have to be somewhat open-minded about how we drive value from some of the investments we've made.

Donald Weinstein ***Automatic Data Processing, Inc. - Corporate VP of Global Product & Technology***

Yes, I -- very well said. I would just take it to -- elaborate on Carlos' point. The virtual cycle here, the virtuous cycle is, we have the most clients. Because we have the most clients, we have the most data. Because we have the most data, we have the most insights that we can generate, and that allows us to retain and attract more clients. Like we have to stay focused on that. And the primary purpose here is a self-feeding cycle of more data, more insights, more clients, and not get too wrapped up in, can I micro optimize some data monetization opportunities on the side. That being said, yes, there's opportunity out there, and we certainly already have some pricing, some SKUs in the market. We're able to price and charge for data. I think if nothing else, that proves the value and the uniqueness of the data set, which is something we're constantly interested in testing. Are we truly moving the industry forward? Are we pushing the envelope to such an extent that we have a unique, billable value-added feature? But with the end result always being, how do we leverage that in a way to build out the core business and continually grow the underlying data set.

Danyal Hussain ***Automatic Data Processing, Inc. - VP Investor Relations***

Tien-Tsin?

Tien-Tsin Huang ***JP Morgan Chase & Co, Research Division - Senior Analyst***

If you don't mind, I have 2 questions. Just the first one, thinking about retention -- and it's Tien-Tsin Huang from JPMorgan, sorry. Retention of new sales and the impact from Lifion and Next Gen HCM. Is the best parallel or a case study to look at Workforce now? Or is it with Ceridian and Dayforce? Just trying to think about how that could play out. And if you don't mind on Wisely, I want to ask also if we want to benchmark that app, and I like how you showed it, should we look at Chime and even [in balance]? Are those the benchmarks on tech there to try and engage the users and grow the user base? So I do think you have an advantage on the top of the funnel, sitting with the employers. So how do you engage with the user, if you don't mind? Sorry for 2 questions, Danny.

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

I'm going to try -- I'll try the first part. I think that as we've said a couple of times on some of our calls -- our earnings calls, the Workforce Now example, there are some parallels to it, but it is, I think, slightly different in the sense that we had a very clear time line that we ended up actually, eventually sharing with all of you, I think, and externally in terms of what that transition was going to look like. And we also shared it with our clients. Now part of that is because of the nature of the work that needed to be done to transition those clients onto our current -- what we call our current version of Workforce Now, which is really a Next Gen platform in of itself. And so I think it's a little different in the up market in the sense that we don't have -- because of the nature of the work, the complexity of the clients and the scale, we don't have a firm, I think, time line to make that transition. I personally think that's okay because our #1 goal is to gain market share and to grow our revenues, but also to keep our clients happy. And many of the clients in our upmarket are not -- unlike in the mid-market, are not ready for a transition. Now not all of our clients were ready in the mid-market and you saw some of that because we did have some turbulence in our retention rates. But the effort and the time it takes to make that kind of transition in the mid-market is just fundamentally different than what it takes in the upmarket. And so even if we thought we could have a time line and we thought we could force all of our clients to be off of one platform or on to another one, I believe that, that would be the right thing to do to them because that's not the commitment we made to them when we put them on the platform that they're on today. So we're currently pretty happy with what we have in terms of the clients on Vantage and how the retention rates are looking there, how the NPS scores are going there. You heard a lot of optimism about Workforce Now in the lower end of the upmarket, which has had step change increases in new sales -- new unit sales in the last 2 or 3 years. So we kind of like our current situation. And what we hope is the Next Gen -- Lifion Next Gen HCM is on top of that. It helps us grow and accelerate at a faster rate -- not necessarily an excuse to try to migrate all of those clients overnight onto that platform. So I think it is a little different.

And in terms of the example you gave, you asked about -- in terms of Ceridian, I'm not -- I don't know enough about internal Ceridian workings to make a comparison, but I think it's fair to say it's different from the Workforce Now comparison.

Donald Weinstein ***Automatic Data Processing, Inc. - Corporate VP of Global Product & Technology***

And then on the second part of the question about how do we think about Wisely Pay, I would say you're thinking about it exactly right. We certainly look at the fintechs as the benchmark in that space, that when we look at our internal metrics, that's obviously who we compare ourselves against. Quite frankly, that's what we have to do because there's nobody else in the industry who has an underlying digital pay and financial wellness platform. Some of our competitors out there, I see that they've done some partnerships but they don't have the true underlying tech capability. And the second part of your statement there is 100% correct, that what do we think gives us right to play in that market, it's that unique position, right? We think of it as a privileged position at the source of pay. If I compare myself to the fintechs, and we spent a lot of time talking to them. By the way, there's some really fabulous companies out there, so they do a wonderful job. But their #1 issue is, how do I get the direct deposit into the card or on the platform? That's like the biggest problem they're trying to solve. And we walk into it day 1, and we've already got that solved, and we just have to work on the experience and optimize. And I think that's a massive differentiator for us. But in that case, not just against the fintechs, but to provide this more cohesive end-to-end experience to the earlier question about how do we think about the market opportunity from the employer versus the employee side. Clearly, there's a monetization play on the employee side. But what we're really focused on is how do we help our clients as employers be a better employer of choice in the market and showing them a differentiated -- by partnering with ADP, you can give a differentiated experience to your employees. That is a wonderful thing for us to be able to offer. And so we're really excited about, in particular, as you rightfully pointed out, kind of that unique value proposition that we have.

Danyal Hussain ***Automatic Data Processing, Inc. - VP Investor Relations***

Jason?

Jason Alan Kupferberg ***BofA Merrill Lynch, Research Division - MD in US Equity Research & Senior Analyst***

Jason Kupferberg from Bank of America. So I wanted to ask about the slide where you guys talked about, I think, 100-plus Lifion customers in fiscal '21. Is that exclusively expected to be migrations of existing ADP clients, or do you account for some potential new logos in there?

And then can you just make any at least directional comments about R&D spend going forward now that you've got Next Gen HCM is in market. You've got back end payroll and tax engine obviously done as well?

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

Don, do you want to handle the R&D spend, or...

Donald Weinstein ***Automatic Data Processing, Inc. - Corporate VP of Global Product & Technology***

Yes, I would love to handle that. But somebody...

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

I'll take care of that one.

Donald Weinstein ***Automatic Data Processing, Inc. - Corporate VP of Global Product & Technology***

You'd love to.

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

I think that -- and on the spend, obviously, it's a slightly different topic, but I think on the issue of units and so forth, I mean, our expectation would be that, frankly, our hope would be that the majority of those are actually new. We built and invested in the platform for sure, in part to -- as a defensive mechanism to make sure that clients have what they need. If they're on existing platforms, they have a needs that we can't meet on those platforms. That was one goal, but we feel good about Vantage. We feel good about Workforce Now. So we -- the intention here was this was going to be additive, at least for the time being. And again, over time, I'm sure that some clients -- some combination of clients from some of our other platforms will end up on Lifion. To date, we've had a lot of existing clients move on to Lifion because we're trying to exercise the platform and learn. And that was, I think an obvious thing for us to do, is to take existing, existing clients. So -- but the idea is really, again, gain share, grow the top line and really get, hopefully, the return that we're expecting, driven by new share and new revenue. So I'm hoping that the majority of our future sales are actually new logo, but clearly, we'll have some migrations also. I think when we envisioned that number, I may be wrong because I'm sure the two of them will correct me, but I think that's what we had in mind, was that was all net new because we've been doing movement of clients to different platforms for a long time at ADP. And in particular, in the upmarket as well. So we've moved clients from certain platforms onto Vantage, from other platforms onto Workforce Now, and that will continue into the future, including some clients being moved on to the Lifion platform onto our Next Gen platform. But our goal here is to actually grow net new. And again, remember that 100 is one element. Besides the issue of movement of existing clients, we still have Workforce Now and we still have Vantages as well. And the number of units that we're selling on Workforce Now is, let's just say, close to the number that we are talking about in future Lifion sales. And I think it was '21?

Donald Weinstein ***Automatic Data Processing, Inc. - Corporate VP of Global Product & Technology***

One. '21.

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

In '21. So -- and that doesn't include a couple of other solutions that we have, Vantage and a few other solutions in the upmarket. So I think kind of as a goal to be over a couple of hundred new units per year at this point.

Donald Weinstein ***Automatic Data Processing, Inc. - Corporate VP of Global Product & Technology***

Just to clarify, that did include both new and migrated. But for instance, we are already getting new logos in the market today. The slide that I shared that had the 3 examples, it was a mix. It included some that were -- if you think about -- we had the original client goals than the 3 new wins. It's a combination of a couple of those who would come in from base clients who wanted to up -- effectively upgrade to the capabilities and brand-new logo wins to ADP. But even in the case where we're doing the migration of the existing base, there's always opportunity for us as we show them a much bigger, more robust solution set to be able to upsell additional capability.

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

What we should have mentioned also, sorry, in the upmarket, we kind of left off our kind of global view solutions, which those clients are all upmarket clients. So without getting into specific numbers, that's another category, if you will, in the upmarket. Those would be more multinational, global sales, but that's something they have to kind of factor in, in terms of the unit number.

Mark Steven Marcon ***Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst***

Mark Marcon, Baird. Got a question with regards to expenses and leverage. Specifically, when we take a look at some of the new technologies, whether it's chatbots and AVA, and the number of responses that you're getting or RPA and onboarding. Can you talk a little bit about the margin implications? And how we should think about the scaling of the percentage of incoming inquiries that end up getting handled digitally and automatically, particularly as you apply machine learning and all of the interactions that you have to build on that, how should we think about that? And then how should we think about the client satisfaction scores? And how that ultimately ends up translating not only into better margins but market share gains?

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

That's a great question. Before we get into the details of that answer, when I heard you start with a question by asking about expenses, I thought you were going to do a follow up on because I ignored the question on R&D spend, which was unintentional, because we got onto another topic.

So before we answer that question on the R&D spend, we don't currently see in the, kind of the foreseeable horizon, a -- I think the implication was, there are probably some big decrease in R&D spend because we've got all these things. That's not really the way we're operating today. We think that there's plenty of opportunity for us to continue to invest in our business, whether it's -- it might not necessarily be -- for example, Workforce Now, we feel very good about. We feel good about Next Gen Payroll, we feel good about Next Gen HCM upmarket, as we just talked about, but we have opportunities, I think, globally, I think, to invest and to solidify our position there. So our position is that we are -- we want to be a growing, vibrant organization, and that requires investment. And we feel like we've done a pretty good job of trying to create opportunities even within our existing dollars by getting off of, for example, old platforms, so that every time we shut down an old platform or consolidate, like we did in the mid-market with Workforce Now, that frees up investment dollars to invest in next-generation technologies. Vipul was up here today. He's done a nice job in terms of our back-office infrastructure in terms of creating real savings there that can also be reinvested back into the business. But that's not the place where we're looking for to drive margin improvement. But where we would be looking for to drive margin improvement is in the area that I think you are alluding to here, which is kind of on the expense, both at the client interaction level, at the implementation level and also in the back office, kind of deep in the organization. And I think you saw some examples, and I'll let, maybe Matt and Don talk about some of the things that they've seen in the organization. But the size -- because of the size of our organization, each individual action that we take is hard to then get on a conference call and say, this is what drove 100 basis points of margin improvement. So it's a series of things, but we're seeing real results now. So some of the stuff that you saw here, like I was visiting some of our Win as One locations or One ADP locations, as Dianne talked about, back in November, and actually met with the group who actually supports chat in the chatbots. And like what's happened there is pretty remarkable, right, with higher client satisfaction scores, lower cost to serve and frankly, better engagement from our associates because they're focusing on higher value-added tasks that need -- still, clients still needs help with, rather than things that AVA or -- that could be handled in automated fashion. So we're seeing real results in terms of the service transformation that translate into real cost reduction. But we're a big organization with a lot of cost, and it's a global organization. But clearly, that's a part of what we're -- that's part of our expectation around margin improvement I think that we've guided to over the next, let's call it, 2 years. Next couple of years. I don't know if you guys have any...

Donald Weinstein ***Automatic Data Processing, Inc. - Corporate VP of Global Product & Technology***

Just -- yes, I mean, certainly, a couple of thoughts. One is, Carlos hit the nail on the head, but I'd be remiss if I didn't reiterate. The #1 thing that we look at is the satisfaction of the clients, right? If AVA was helpful in driving productivity, but the clients didn't like it, that would be bad. We wouldn't do it. But in fact, as Carlo said, as Vipul and Dianne said, actually, when clients come in through that channel, we find the overall satisfaction rate is higher. And that includes, as we said, everything initiates. Everything starts through AVA. And then, of course, we look at our capture rate versus your escape rate but even if something escapes, I think Vipul did a nice job of pointing out, when it does move over to the -- to our client service teams, you have the whole record of the chat of everything that had been gone on up until that point. And so two things really happen: one is, you don't have to waste a lot of time getting the basics. That makes our associates more productive and helps them get to that higher-value service; the other thing that I think is just interesting is, how willingly and easily the uptake has been in the channel. As Vipul said we're pushing close to 1 million chats now since we launched the program not that long ago. So it kind of proves our thesis that these digital communication channels are very popular, and the clients like them and they like using them. The phone number's still there. They could still call, and some do, but they're showing a real interest in these digital channels. And of course, the beauty of it is the way the machine works. The more use they get, the more you train the algorithm, the better they get. It's another one of those kind of virtuous cycles along -- similar as we were talking about the data cloud before. And that's just -- we showed you a few examples. We probably -- I think we have like 100 digital projects we're working on in the portfolio because there's so many opportunities out there. And we picked a couple because we thought they would resonate. But I wouldn't want you to walk away thinking, okay, ADP is doing some stuff with chat bots and some NLP. Those are just really easy-to-explain examples that it can be replicated in many other parts of the organization. But we're still early-ish days on it, as we showed.

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

And if it's not obvious, the other -- besides the actual interactions with clients when they have questions or challenges or so forth, that's one category of expense. There's also another very large category of expenses, the onboarding of a client. So we call it implementation. And that's a place where we're doing some things, as Don alluded to, that really kind of change the landscape in the sense that we have the potential, from what we're seeing so far, to really speed up the implementation in a fairly significant way through automation. And some of that is about ingesting data, but also most important thing is being able to interpret that data, right? So some of the new -- newer technology that's available allows us to learn from the data. So as an example, if we have a client that we are bringing onboard from a competitor, that competitor has known formats of information. So you can train the machine to understand what those formats are and automate the ingestion of that data to speed up the implementation. And it's not just about competitors, it's also about other third parties. So in the case of a lot of our businesses, we bring in information about our clients' benefits or their 401(k) or whatever category it might be, there's an endless variety of benefits in theory, but it is kind of finite. So to a computer it's actually easily learned in terms of -- there's only so many plans that Blue Cross Blue Shield has in Massachusetts. There's a lot of them, but it's a finite number. And once you've learned all of them, I think you can automate that implementation process, not just for payroll, but also for benefits and potentially for other parts of the HCM ecosystem.

Danyal Hussain ***Automatic Data Processing, Inc. - VP Investor Relations***

Gordon?

Unidentified Analyst

Earlier on in the presentation, you had made reference to this is available in the public cloud. Did you mean through the usual public clouds, the AWSs, the Azures, the Google Clouds? Or did you mean ADP's version of the public cloud?

Donald Weinstein ***Automatic Data Processing, Inc. - Corporate VP of Global Product & Technology***

So I'm talking about, when I say public cloud, we're talking about AWS, Azure, Google Cloud. Of course, our own data centers, we refer to that as the private cloud, right? That's how we distinguish between a private cloud and a public cloud. And of course, we still have a mix of both. So to drop more industry jargon on you, that puts us into a hybrid cloud situation. Some in the data center, some in the public cloud. But everything net new that we're building, we're deploying public cloud, and in particular, that helps us as we globalize, deal with data privacy, among other things, so we can keep the data resonant in the locales that it's at. But also enables us to take advantage of more native services that are being offered by the public cloud providers so that we can be faster in innovation.

Unidentified Analyst

Just a quick follow-on. Does this signal that ADP might be migrating more and more over time, and that you're going to kind of get out of the data management or data center business on your own and migrate more of your operation to the cloud, thereby saving costs?

Donald Weinstein ***Automatic Data Processing, Inc. - Corporate VP of Global Product & Technology***

Yes, ideally, at the end of the day, and we still anticipate there'll be a chunk of work that sits in our own private cloud. Directionally, if you just read the tea leaves, since all the new stuff that we're building, we're building public cloud native. And as those scale and grow, then by definition, yes, we will see more and more activity. But again, even a solution -- so I made a couple of examples, like Workforce Now, we migrated that to the public cloud recently. But even when it was sitting in our data center, it was still a multi-tenant SaaS application, running 70,000 clients on a single instance, single database. It's just a question of whose infrastructure do you run it on. And there are some aspects of the public cloud model that we like. Some of the things that Carlos had talked about. Benefits is a great example. If you look at usage patterns of benefits, it's a fairly low-utilized application for 10 months of the year, and then you have peak enrollment experience season. And then even within that 2 months, you have these spikes, I always find it interesting. You can learn a lot about human behavior when you look at patterns of tens of millions of people enrolling in benefits. You have the people like me who enroll on the first day, and then it goes quiet. And then you have this other peak on the last day. And so those kinds of variable processing loads, we've been dealing with for years. But we think, on an application-by-application basis where it makes sense, we're able to migrate those into a public cloud environment and just be more efficient with our infrastructure.

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

I think this is a place, again, back to -- going back to the transition and just the context of us versus maybe, as an example, a start-up. Many start-ups start in public cloud, so they literally build themselves on AWS or Azure or whoever it might be. We're in a slightly different situation. So we do have to make a transition. But the answer to your question was yes. There is no question that we have a business case that would tell us that we would be more efficient and more effective in the end state in public cloud. When that end state is, is not beyond -- it's probably within your time horizon as an investor, which we appreciate. But not every investor's time horizon. And to Don's benefit, just to be completely clear, even though we used words like hybrid and so forth, it's hybrid because some newer products, our public cloud, others are not. Everything you saw today, I think most of what you saw today is all operating on AWS. So it's all public cloud. Real -- like real stuff working on AWS. But our -- the speed with which we move existing products that aren't built cloud-native is going to depend on whether that makes sense, not because we want to put out a press release or impress someone. Some of these technologies, some of our existing platforms, honestly, it's better for us to retire them than to try to move them to public cloud.

Kevin Damien McVeigh ***Crédit Suisse AG, Research Division - MD***

Kevin McVeigh, Crédit Suisse. Given the success you've had with Wisely and the PEO, do you see the mix of kind of the client mix shifting more towards mid-market as opposed to enterprise and then downmarket? And then ultimately, what can that mean for the margins longer term?

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

I'm sorry. Could you repeat the first part?

Kevin Damien McVeigh ***Crédit Suisse AG, Research Division - MD***

Sure. Just with the success you've had with Wisely and leveraging the PEO, that feels more kind of mid- to smaller client size as opposed to enterprise. Any thoughts as, does that continue to kind of mix more towards mid-market? And ultimately, what that can mean for margins longer term?

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

So let me -- Wisely is actually, I think, a solution really for all parts of our business. It's really more aimed at the individual employee. And we still have a lot of employees in the upmarket as well. Although admittedly, we have many in the mid-market and many in the down market. So I think that -- I wouldn't interpret -- we may have said something that may have made it sound like Wisely's more of a downmarket solution, but it's not. It's really intended to solve a problem for employees that work in every size, every size company. It's really more of a consumer type of solution.

The PEO question is a good one though, because that's been a business that's been growing faster than the average ADP business for a long time, and it's naturally skewed now the company. If you go for 20 years with something growing faster than the line average, it clearly has an impact on margins. And I think we've talked about this over the last several years that because of the pass-throughs that are part of the PEO bundle and part of the PEO business, that puts natural downward pressure on our margins, overall ADP from a mix standpoint. But the good news is that the PEO itself has been able to drive improvements in margin, notwithstanding those pass-throughs. And ADP overall has also been able to drive efficiency improvements, expense controls and reductions in order to also drive overall margin improvement. So we've been able to kind of deliver that in the face of what's a changing mix of business, with one of those businesses clearly having -- if you look at our 10-K, it's kind of laid out there. They definitely have different margin profiles. One is growing faster than the other. As usual, we have a very big portfolio, and so there's a lot of things happening at once. That's one factor. But our downmarket business, excluding the PEOs or SBS business, which includes insurance services, retirement services has also been growing very fast, and that business has also been driving substantial margin improvement over the last, call it 5 to 7 years. So that's helped the overall margin for ADP as well. And all the other members of the family are contributing as well, probably shouldn't go in business by business. But I think that gives you maybe a little bit of a flavor that, yes, we keep an eye on that. But we think that driving some of these businesses that we now -- and some of these opportunities we have now through our Next Generation HCM platform and also the global opportunities, leveraging those platforms, I think, will allow -- give us continued help on the clinical margin on the margin side, if not on the top line growth side.

Danyal Hussain ***Automatic Data Processing, Inc. - VP Investor Relations***

Nandan?

Nandan Girish Amladi ***Guggenheim Securities, LLC, Research Division - Senior Analyst***

Nandan Amladi, Guggenheim Partners. Sort of on the previous question about platform evolution, let's say, in 3 to 5 years, how much of your own data centers do you think will still be in operation versus having moved to the public cloud? And sort of a North American view versus an international view? If you could give us a sense of that mix?

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

So to be clear, we already have co-locations of data centers, particularly outside of the U.S., where we don't necessarily own physical property. In the U.S., we do own 2 large data centers. And I think that trying to give you -- let's just say, I think the best way to put it is that we have a plan, and that plan has a time line on it. And unfortunately, it's probably not a plan that we would want to talk about just yet. And it's not because we're trying to hide anything. It's just there's multiple stakeholders involved. But I think we are -- we have a plan for a future where there is a more of a hybrid -- in the medium term, more of a hybrid situation where a portion of our revenues are using public cloud as an infrastructure and a portion is still in our data centers. And then longer term, there is a vision that at some point down the way, if public cloud goes the way of a typical utility, if you will, then clearly, we would be 100% in public cloud. But that feels a little -- I don't know what people went through when utilities became dominant, when people just used to have their own power plants and then everybody had a public utility eventually that they used. I'm not sure how quickly that transition happened, but I don't think we're any different than a large bank or other complex airlines, credit card companies, et cetera. I think we all have the same vision and share the same future. And our time lines are all going to be unique to our circumstances.

Danyal Hussain ***Automatic Data Processing, Inc. - VP Investor Relations***

Time for two more questions. Mark?

Mark Husson

Mark Husson at Cedar Rock. Just on the upmarket business. You remember where you had to transition Workforce Now and sunset some things and bring in enhancements and so on. And you gave your clients an opportunity to rethink? Or do we really want this? And do we want a competitive product. And as you bring in Next Gen and you've got an existing Vantage product, which can be a bit clunky, and you haven't spent so much time and money on it in the recent past, that's my impression. And are you giving people an excuse to rethink, is that what they really want? Is that the best thing for their organization?

And so -- and then the second part of the question is, is the competitive advantage you get with Next Gen so massive right now that you really need to be incredibly intensive in the sales process? And are you then going to precipitate these questions as a result of the intensive sales process that you're putting in to make the most of this advantage, which may be a year or 2 or 3, I don't know how long.

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

It's a great question. We're obviously spending a lot of time thinking about that because it is the -- it's an important question. I would just say, starting off on the question about Vantage. Just to be clear, like, we are still investing in Vantage. That may not be what everybody wants to hear, whether it's internally or externally, but we have more than 500 clients on Vantage. And we've made a commitment -- I made a commitment to those clients. And it's just not ADP's style to stop investing in something that we've -- in some case, some of these clients have been on that platform for 2 or 3 years. So it may not be the answer everybody wants to hear, but we will continue to invest and support Vantage for some time to come. And most of the clients that are on Vantage are not anxious to get off of Vantage because most of them were sold, frankly fairly recently, and they are happy with what they got and the solution that they got. And most of these companies have a natural cycle that is not every other couple of years. So I think the difference between that and the mid-market is the complexity and the size of the decision, right? The involvement in the decision. Will we -- as we balance, like, obviously, trying to get new share and drive new business bookings and drive growth, are we going to potentially run into some situations where we precipitate a client potentially looking at other options? I think that's probably fair to say. But frankly, that's been true every time we've made any of these transitions as a company. The example you used of Workforce Now is not the one that I expect and hope will be replicated. In this case, because in Workforce Now, we migrated and moved. Probably we have to go check the facts later. But I would say 60% to 70% of the clients before we ran into any trouble. And when we ran into trouble, it was a combination of factors that -- there's always the benefit of hindsight. So the ACA Law came into effect, which forced clients into a cycle of potentially making a decision. We decided at the time, which with the benefit of hindsight, was probably a mistake, that we were going to build our ACA solution only on our newer platform. And so we basically accelerated a bunch of decisions without preparing properly from a capacity standpoint. And so I think I've said this before, and I have fallen on my sword, I probably will do for the rest of my career, but that was a mistake, like we have a self-inflicted damage to us, and it's -- it wasn't -- it's easy to paint that picture as we put all those clients into play, and that's why they all ended up leaving. By the way, they didn't all end up leaving; our retention went down a couple of hundred basis points. It wasn't like our retention, we lost half of our clients or anything like that. So I think that there is a different approach, which is the one that we're following now. Barring external shocks like ACA or something like that, I think we can manage the transition through a series of incentives to clients, incentives to our sales force. And just by "doing the right thing" for our clients. Like, frankly, if we went to our existing Vantage clients now -- and by the way, it's not just Vantage. We have clients on a couple of other current-gen platforms, we would call them, in our upmarket business. We went to those clients today and told them, we're going to move you in the next 2 or 3 years, that would be not only a problem for us, but it's also a problem for them. That's not what they signed up for with ADP. So I think there's a way of managing carefully this process so that it's a win-win for us and hopefully, for the clients as well. But it's an absolutely fair question, and it's something that we realistically need to spend a lot of time thinking about and potentially making adjustments on. We have a plan, we're going to execute on that plan. And if we need to make adjustments, I think we'll make those adjustments as necessary, hopefully keeping the client at the center.

Matthew C. Levin ***Automatic Data Processing, Inc. - Chief Strategy Officer***

Yes, the only thing I would add to this, and I've spent most of my career in the upmarket, in the enterprise space. And I can tell you, the team is doing a -- this is one client at a time, one solutioning at a time. And as Carlos said, these are long decision cycles and very consultative. And I can tell you that the folks in our nationals business literally have every client map to every platform and they're thinking through all these questions in the right way.

Danyal Hussain ***Automatic Data Processing, Inc. - VP Investor Relations***

And Mark, if I can add just one point. On your second question, if I understood the nature in terms of an intense selling process. And one of the points that I've had a question about myself, and I've asked Don and Carlos about is, with the fact that there's so many leapfrog improvements in the Next Gen HCM product, does it make for a challenging sales process if, for example, the prospect does not want dynamic teams, functionality on day 1 or does not necessarily want the ability to deploy globally in the same self-serve manner. And what's really cool, I think about the platform, one of the differentiators is that it's all backwards compatible to your existing processes. So if you don't want dynamic teams on day 1, but you do find a lot of value in some of the other differentiators, you can do that. And then later, you can turn on the dynamic teams functionality. And I think that's a point that we tried to convey with the different wins that we showed on the slide is that not all the clients valued all of those 5 guiding principles, but they all valued some of them.

Okay. One final question. Pete, I'm going to put you on the spot.

Peter Corwin Christiansen ***Citigroup Inc, Research Division - VP and Analyst***

I think the biggest question that we get is, it's obviously the migration on the upmarket and looking at the typical time frame that your customers have at that level in viewing a migration pattern. And could you frame that in terms of like are there issues that your clients have been upgrading to other software programs? Are there issues about their own infrastructure architecture that is guiding their migration principles and those thoughts?

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

Well, I think -- again, I'll let Don maybe talk a little bit more about why it matters. But I think having an open system and being able to allow the client to even potentially at some point when we open the platform up to build their own apps, so we can build apps for them, they can build their own apps. But this comes off as being open is a completely different way of thinking than what we've done historically and also frankly, and most of our competitors do. So I think that's the #1 enabler in overcoming some of these challenges that there might -- that people might have around what are they going to do with this product that they use or this other third-party vendor that they use. Our party -- our plan is not to force clients to use a set of monolithic solutions that we develop and deploy to them. We do hope, of course, through having better solutions, to win their business and win additional pieces of the pie of their business, whether it's benefits administration or workforce management. But it's going to be relatively easy for them to integrate with whatever those solutions are. That's not historically the way large ERP deployments have gone, and that's where we hope to have an advantage and create some differentiation for ourselves. So that's our plan in terms of enabling clients to move to us.

Now -- and on the question of migrations, I think that people tend to generally underestimate the advantage that an incumbent has, in the sense that, that's not -- now I think incumbent is complacent and doesn't have the best solution in the marketplace, then I think you have a potential problem. But I would like to think that our strategy is going to be more of a pull strategy rather than a push strategy, right, in the sense that we believe that what you saw is better than what anyone else has in the marketplace and addresses the future needs of work and pay and AI and all the things that Don went through. And the plan is that we're going to have -- our clients -- our existing clients are going to move with us onto that platform. What I'm planning on, and I'm hopeful of, is that not all of them want to move at once. It would be nice if I could snap my fingers and wake up tomorrow and pretend that we don't have the 500-plus clients on Vantage. And by the way, 1,000 other clients on other upmarket platforms and clients on Workforce Now, et cetera. I don't feel like I need to do that. Our clients are happy and satisfied with the solutions they have today. So this is about thinking ahead, and this is the point of today's session, right, in terms of focusing on innovation and technologies. We're trying to go to the future. Somebody taught me about skating to the puck, right, in hockey. So you're trying to make sure that we have the right solutions for clients to be able to grow and build on. But the fortunate good news for us is, we're not going to have all of our clients wanting to move all at once, which is why we have to continue to invest in Vantage and continue to invest in Workforce Now. And over time, those clients will move, but more importantly, hopefully, we will also bring in new clients that are net new to ADP from the outside. I don't know if you want to...

Donald Weinstein ***Automatic Data Processing, Inc. - Corporate VP of Global Product & Technology***

Just to add a teeny bit of color to what Carlos said, we've done our own research. There have been multiple third-party studies, that would say the average client in the large enterprise space uses, on average, 100-plus different vendors for HCM. So I share that for two reasons: one is that to provide some color to what Carlos described as our open system strategy. You can see why that's such an advantage to the client; it also speaks to why some of these migrations are more challenging, because you're moving not just the core HCM system, but the connections and the data movements, those 100 other applications that the client has invested in and built workflow around. That's where a lot of the bodies are buried, so to speak, in these types of transitions. And so we're hopeful with our next generation -- that was the marketplace strategy. We both standardize connectors. We actually -- some of our early adopter clients took advantage of the API integrations on the marketplace through the Next Gen HCM platform to facilitate some of those implementations and migrations. But I just want to paint a picture about the complexity of some of the client situations you're walking into.

Danyal Hussain ***Automatic Data Processing, Inc. - VP Investor Relations***

And that takes us to the end of our time. Thank you so much for joining us. If you have more questions, and I'm sure you do, I highly recommend you go and catch Christian Greyenbuhl before he slips away to Milan. And for the rest of you. Thank you very much.

Carlos A. Rodriguez ***Automatic Data Processing, Inc. - CEO, President & Director***

Thank you.