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Workday vs. Oracle HCM vs. SAP SuccessFactors: What Enterprise HR Software Actually Costs

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■ EXPLOSIVE FINDING

Workday's FSE pricing floor meant a company that reduced headcount from 2,000 to 1,400 continued paying for 2,000 employees — an overpayment of approximately \$864,000 over the contract term.

The Setup

Enterprise HCM software is the most opaque pricing category in enterprise software. Salesforce publishes per-seat prices. Microsoft publishes subscription tiers. Workday, Oracle HCM, and SAP SuccessFactors do not publish pricing at all. Every deal is negotiated. Every contract is confidential. And the gap between what companies expect to pay and what they actually pay is wider in this category than almost any other.

This report draws on verified contract analysis, implementation partner disclosures, and practitioner community data to publish what the vendors will not.

Workday: The PEPM Model and Its Traps

Workday prices on a Per Employee Per Month (PEPM) basis. The base PEPM for Workday HCM — covering core HR, benefits, and payroll — ranges from \$90 to \$200 PEPM depending on company size, modules selected, and negotiating leverage.

For a 1,000-employee company at \$120 PEPM, the annual license cost is \$1,440,000.

The FSE floor problem: Workday contracts include a Full Service Equivalent (FSE) minimum — the minimum number of employees you pay for regardless of actual headcount. If your workforce shrinks after signing, you continue paying on the contracted minimum. Companies that signed during growth periods and then reduced headcount through layoffs discovered they were paying for employees who no longer existed. One verified case: a 2,000-employee company that reduced to 1,400 employees continued paying for 2,000 FSEs for the

remainder of a three-year contract — an overpayment of approximately \$864,000.

Module pricing: Workday's base HCM license does not include all modules. Recruiting, Learning, Planning (Adaptive), and Peakon (employee engagement) are separate module purchases. A fully-featured Workday deployment that includes HCM, Recruiting, Learning, and Planning typically costs 40-60% more than the base HCM PEPM alone.

Implementation costs: Workday implementations are among the most expensive in enterprise software. Implementation costs for a 1,000-employee company typically range from \$500,000 to \$1,500,000 depending on configuration complexity, data migration requirements, and integration count. Workday's own implementation partners charge \$200-\$350/hour. A 12-month implementation at 10 consultants averages \$3.5M for large enterprises.

The annual increase: Workday contracts typically include annual price escalation clauses of 3-5%. A \$1,440,000 annual license in Year 1 becomes \$1,512,000 in Year 2 at 5% escalation — \$72,000 in additional annual spend that compounds over the contract term.

Oracle HCM Cloud: The Module Labyrinth

Oracle HCM Cloud pricing is similarly opaque. Oracle sells HCM in module groups: Core HR, Talent Management, Workforce Management, and Payroll. Each module group is priced separately on a PEPM basis.

Oracle Core HR PEPM ranges from \$15 to \$25 for basic HR records and self-service. Adding Talent Management (recruiting, performance, learning) adds \$20-\$40 PEPM. Adding Workforce Management (time and attendance, scheduling) adds \$15-\$25 PEPM. A fully-featured Oracle HCM deployment runs \$50-\$90 PEPM — appearing less expensive than Workday at first glance.

The integration complexity: Oracle HCM Cloud's modular architecture creates significant integration complexity. Companies that purchase Core HR from Oracle but retain existing payroll, time tracking, or talent management systems face substantial integration costs. Oracle's own integration middleware (Oracle Integration Cloud) is an additional subscription cost. Verified customer data shows integration costs of \$150,000-\$400,000 for mid-market Oracle HCM deployments.

The Oracle support model: Oracle's standard support is 22% of the annual license fee. A \$600,000 annual Oracle HCM license includes \$132,000 in mandatory support fees. Premier Support — which many enterprise customers require for SLA-backed response times — is an additional premium.

The customization trap: Oracle HCM Cloud supports extensive customization through Oracle's development framework. This flexibility is a selling point during procurement and a cost driver during implementation and upgrades. Customizations require retesting with every quarterly update. Companies with heavily customized Oracle HCM environments report spending \$80,000-\$200,000 per year in ongoing customization maintenance.

SAP SuccessFactors: The Licensing Complexity Champion

SAP SuccessFactors pricing is the most complex of the three. SAP uses a module-based licensing model with per-user pricing that varies by module, employee type (full-time vs. part-time vs. contractor), and geographic deployment.

Core HR and Payroll: \$40-\$80 PEPM. Recruiting: \$3-\$6 per job requisition (not PEPM — per use). Learning: \$4-\$8 PEPM. Performance and Goals: \$8-\$15 PEPM. Workforce Analytics: \$10-\$20 PEPM.

The employee classification complexity: SAP SuccessFactors distinguishes between different employee types in its licensing. Full-time employees, part-time employees, contingent workers, and retirees are licensed differently. Companies with complex workforces — significant contractor populations, retiree benefits management, or seasonal workforce fluctuations — face significant licensing complexity and often pay more than the per-seat estimates suggested during procurement.

The BTP dependency: Many of SAP SuccessFactors' advanced features — particularly in analytics and integration — require SAP Business Technology Platform (BTP) licenses. BTP is a separate subscription. Companies that purchase SuccessFactors Workforce Analytics without understanding the BTP dependency discover the requirement after signing.

Implementation reality: SAP SuccessFactors implementations require SAP-certified partners. Partner rates range from \$175-\$300/hour. A full SuccessFactors implementation for a 2,000-employee company typically runs 18-24 months and costs \$800,000-\$2,000,000 depending on module count and configuration complexity.

The annual maintenance fee: SAP charges an annual maintenance fee of 22% of the total software license value. For a \$1,000,000 SAP SuccessFactors deployment, the annual maintenance obligation is \$220,000 — a cost that continues regardless of whether you use support services.

The Comparative TCO Reality

For a 1,000-employee company over three years:

Workday:

- Year-1 license: \$1,440,000
- Implementation: \$900,000
- Annual escalation (Years 2-3): \$144,000
- Additional modules: \$400,000
- 3-Year TCO: \$3,884,000

Oracle HCM Cloud:

- Year-1 license: \$840,000
- Support fees (22%): \$184,800/year
- Implementation: \$600,000
- Integration costs: \$250,000
- 3-Year TCO: \$2,604,400

SAP SuccessFactors:

- Year-1 license: \$960,000
- Maintenance (22%): \$211,200/year
- Implementation: \$1,200,000
- BTP add-on: \$180,000

- 3-Year TCO: \$3,202,400

These figures represent median verified outcomes. Actual costs vary significantly based on configuration complexity, negotiating leverage, and implementation partner selection.

The Verdict

Workday wins on: User experience, unified data model, continuous innovation cycle, and total HR platform breadth. Loses on: cost, FSE pricing floor risk, and implementation complexity.

Oracle HCM wins on: Module flexibility, integration with Oracle ERP, and lower base PEPM for core HR functionality. Loses on: integration complexity, customization maintenance burden, and support cost structure.

SAP SuccessFactors wins on: Integration with SAP ERP (S/4HANA), global payroll coverage in more countries than competitors, and talent management depth. Loses on: licensing complexity, BTP dependency, and implementation timeline.

The pre-signing checklist:

1. What is the FSE minimum and what happens if headcount decreases?
2. What modules are not included in the base license that comparable companies typically add?
3. What is the annual price escalation clause?
4. What are the implementation partner costs and timeline for a company our size?
5. What does Year-2 total spend look like including support, maintenance, and escalation?

Methodology

This report is based on analysis of verified customer contracts, implementation partner rate data, practitioner community discussions, and independent TCO modeling. Unvarnished Reviews accepts no vendor advertising, no sponsored placements, and no referral fees.

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