HR & PAYROLL 2.0 RESEARCH: NOVEMBER 2026

AI PRICING IN HR TECH: NOW, NEAR, & NEXT

A MARKET OVERVIEW AND COMMERCIAL GUIDE FOR HR TECHNOLOGY BUYERS AND PROVIDERS

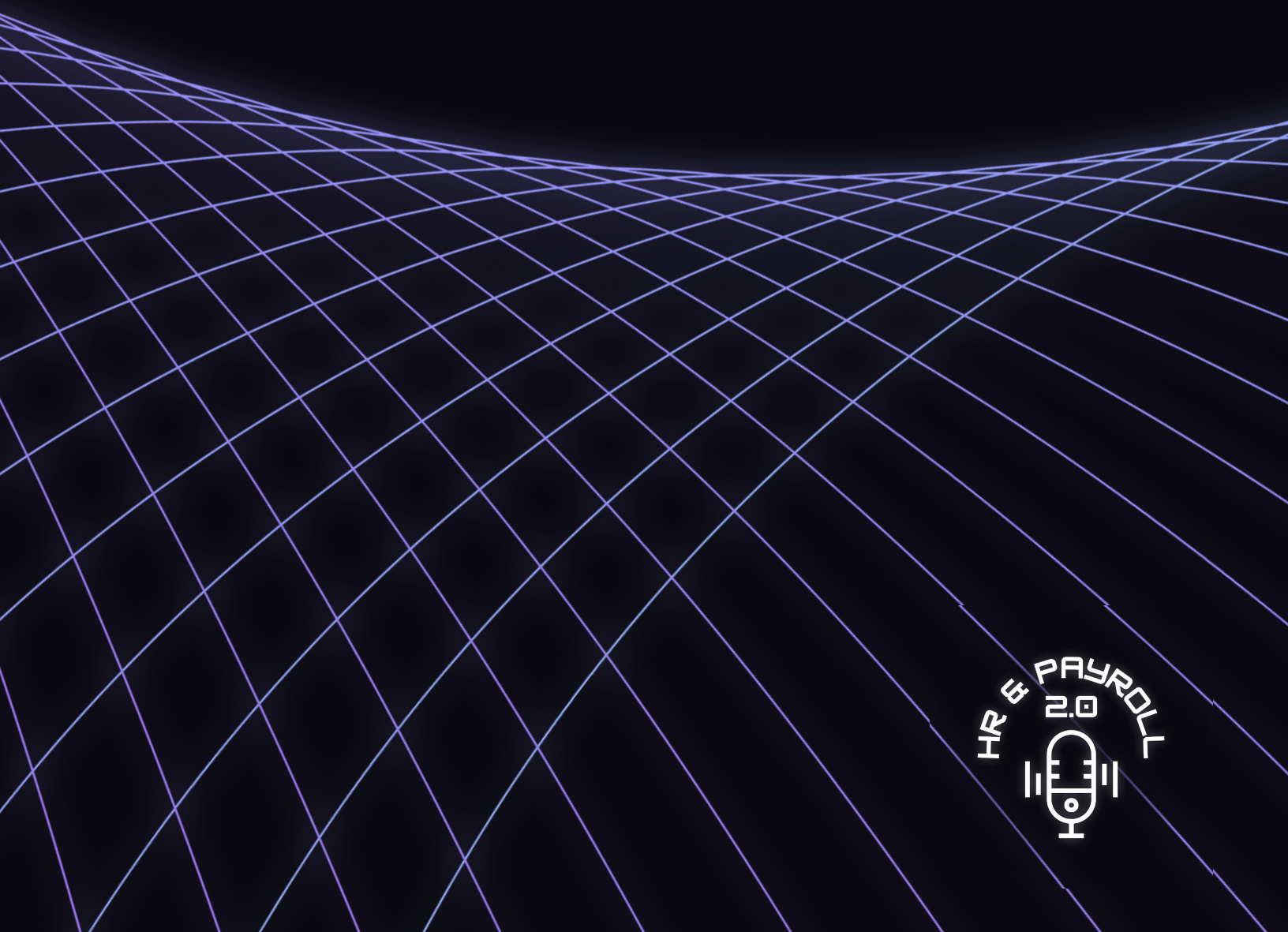


TABLE OF CONTENTS

01	Research Methodology and Approach	3
02	Executive Summary	5
03	The Now: Current State of AI Pricing Philosophies in HR Tech	8
04	The Near: Commercial Models Taking Shape	13
05	The Next: Likely Pricing Architecture	16
06	Signals Shaping the Near and Next	18
07	Deep-Dive: HR Category-Specific Signals	22
08	Provider Guidance and Action Plan	27
09	Buyer Guidance and Action Plan	31

RESEARCH METHODOLOGY AND APPROACH

This report synthesizes the qualitative input collected in Summer of 2026 (July to September) from more than two dozen HR technology providers across a diverse set of HR disciplines. The result is a normalized market perspective on AI pricing in HR technology. All inputs and findings are anonymized, with no provider-specific pricing, product details, or strategies disclosed.

Participating HR technology providers were asked to complete a five-question qualitative questionnaire that focused on a 'Now, Near, Next' framing.

Now: current pricing philosophy, packaging, and the boundary between included and separately monetized AI.

Near & Next (12 to 24 months): identifies both the providers' expectations for how their AI pricing model and mechanisms will evolve and the commercial, operating, and buyer-maturity constraints that will determine how quickly the market can/will adapt to AI pricing methods.

HR provider responses were analyzed at the market level, followed by a deep dive into the AI pricing in place now and the expectations for future AI pricing in the 'Near' and 'Next' timelines. By compiling results across the market and further reviewing them by category (ERP, HCM, global payroll, HR services, etc.) we identified the top ten (10) trends and signals that point to the future of AI pricing in HR technology. A further sort by HR category gives some insights to key trends and signals for each unique discipline or focus area.

Final sections summarize the survey findings and our collective guidance and action plans, first for providers who have expressed great interest in comparing their own responses to that of their peers; and second, for buyers (and HR leaders) who increasingly embrace AI but are less familiar with the maturity of pricing and commercial constructs.

TERMS AND DEFINITIONS USED IN THIS REPORT

Embedded Intelligence:

AI that improves an existing experience or supports delivery of an already ontracted result.

Assistive AI:

AI that answers, drafts, analyzes, recommends, or helps a person complete work.

Agentic AI:

AI that takes actions, invokes tools, resolves tasks, or orchestrates multi-step work with reduced human involvement.

Included:

Available through an existing product, service, subscription, or paid tier without a distinct AI charge.

Separately Monetized:

Subject to an add-on, separate product, premium tier, credit or consumption requirement, capacity limit, overage, transaction fee, or outcome/service premium.

Consumption-Based Pricing:

Pricing tied to usage or metrics, reported with a stated included volume and additional charges (stated as currency or tokens) for next-level usage/volumes.

Outcome-Aligned Pricing:

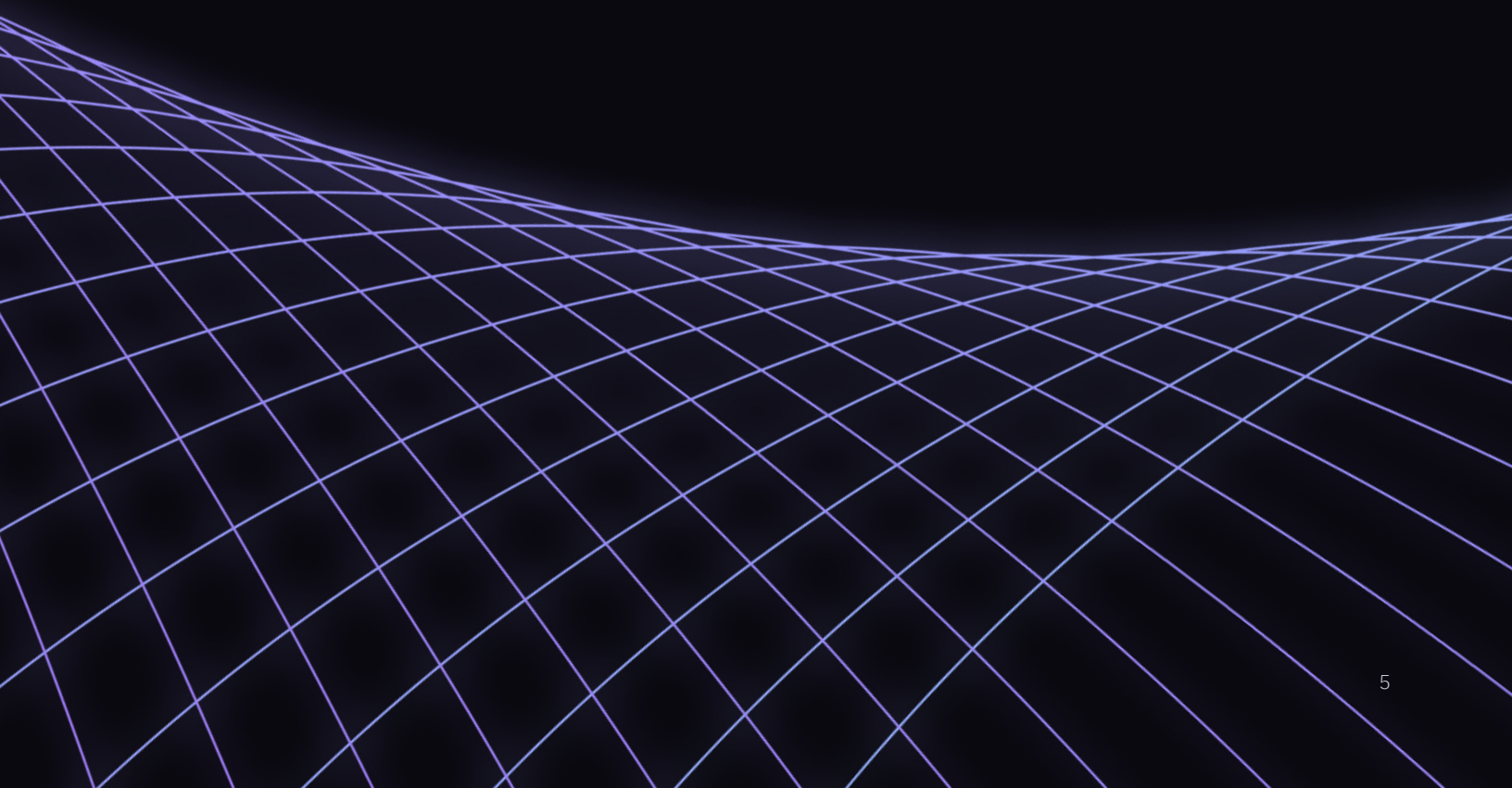
Pricing influenced by measurable business results. This is distinct from true outcome settlement, where the invoice itself depends on an agreed result.

EXECUTIVE SUMMARY

AI pricing is one of the biggest challenges the HR technology marketplace is grappling with and has dominated our inquiries among providers and buyers alike. With AI proliferating at a compounding rate and outpacing HR buyer readiness and engagement, pricing and contracting anxiety abounds. 'What to price' and 'what to pay' continue to spark debate and confusion, with no absolutes or right/wrong answers at this stage. Both buyers and providers are learning as they go.

> AI pricing in HR technology is becoming a test of commercial design and governance, not simply a test of model cost or allocation of fees. Pricing for AI should be read as a commercial architecture, not a single line item or amount.

There is no single "best" AI pricing approach. The best arrangements will give buyers permission to adopt, providers protection against runaway cost, and both parties an auditable connection between work consumed and value created. The durable model is a progression from included intelligence to premium assistance, controlled consumption, and selectively priced autonomous work.



NOW

Current market

Embedded AI becomes the baseline; differentiated assistance and early agents are priced selectively.

Buyers have adopted HR SaaS for the two-fold promise of being kept current with technology at a predictable cost, expecting it to be embedded and included.

NEAR

Next 12 months

Fixed subscriptions absorb bounded allowances, premium tiers, business-readable meters, and stronger controls.

Buyers and providers need evidence, observability, and migration rules to establish meaningful baselines and identify opportunities to scale.

NEXT

12-24 months

Autonomous work creates a second meter based on actions, workflows, capacity, risk, or selective outcomes.

Commercial models must connect work to value, allocating risk and shared gains explicitly with a methodology for change that is fluid.

The essential questions are which layer of AI is being priced, what unit appears on the invoice, what business value supports that unit, and who carries the risk when usage, cost, and outcomes do not move together. Credits, actions, and transactions can be audited; time, quality, risk, and outcomes justify the price. Mature agreements connect the two without pretending they are identical.

Across the HR technology marketplace, the normalized market view is consistent: **AI should not command a surcharge merely because AI is present.**

Buyers want predictable budgets and they expect intelligence that improves an already licensed product to be part of the offer along with updated features and innovation. As AI costs and adoption become variable, buyers will be required to make the business case.
Funding will compete with broader corporate workforce AI tools like Copilot and Claude.

Providers want alignment to consumption, recognizing that value is difficult to attribute. Credits and 'AI units' can be quantified as tokens but without a clear link to value, these can become abstract measures that obscure the relationship between an interaction and a useful result. They recognize that separate monetization becomes more defensible when AI creates net-new scope, serves additional user populations, performs discrete work, orchestrates workflows, consumes material resources, or changes the service outcome or risk allocation.

Outcome-aligned pricing sounds intuitive, yet it becomes difficult when value is counterfactual or shaped by factors outside the provider's control. Buyers struggle to link AI usage and outcomes to predictable hard- or soft-dollar values needed to get funding approvals.

WHERE WE'RE HEADING NEXT

The most likely 12-to-24-month end state is a marked shift from included AI to separately priced AI, **not pure consumption and not pure outcome pricing.**

It is a governed hybrid with six key components:



A core subscription or service fee



A prepaid allowance or entitlement



Meaningful AI included for adoption and product quality



Caps, alerts, grace periods, and reallocation rights for predictability



Transparent meters for high-cost or high-value work



A value framework that connects metered work to business outcomes

The path to industry-accepted norms in AI pricing will be paved with trial and error. Providers are already testing buy-side appetite with a variety of pricing mechanics and measures established by early adopter use cases or value statements that seem to resonate before having established repeatable proof points.

THE NOW:
CURRENT STATE OF AI PRICING PHILOSOPHIES

BUYER CONTEXT / MINDSET:

It is important to understand the buyer context for moving from legacy HR technology to subscription-based cloud HCM software.

Major migration to the cloud for HR began in the early-to-mid 2010s, when subscription-based pricing for always-current technology was a critical part of the business case. The average large organization using cloud HCM today has likely been operating on a cloud-based HR platform for roughly 7-10 years, the length of time it would take to sign your first cloud HCM contract, and complete one renewal to update the modules (scope), headcount, and pricing.

Just when it seems technology innovation can drive quantifiable reductions in employee work effort, providers are designing commercial models that shift cost away from predictable per-employee pricing for evergreen technology, looking for ways to redesign pricing that increases with usage instead of decreasing as employees and technology become more efficient.

Buyer Value #1. Subscription fees were based on employee headcount which moves predictably up and down, while cloud software was “pay for what you use” with pricing adjusted both higher and lower with employee counts.

Renewals in recent years have changed subscription fees to eliminate reductions below an agreed number of employees. Subscription fees go up, but they may never go down without specially negotiated minimums or carve outs for divestiture.

Buyer Value #2. The move from legacy systems to HR cloud technology smoothed the cost of technology innovation from major upgrades costing millions of dollars every 7-10 years to a more methodical yearly increase that could be a set amount or fixed to a CPI-like index. Cloud software promised all customers would be on the same (recent) version, with access to the latest features and innovations.

Renewals have seen some incremental uplift to their purchased modules (SKUs); however, new features are often bundled and sold as an entirely new module with its own new price tag. Meanwhile, the practice of bundling fees to obscure the cost of any particular module/SKU disadvantages HR leaders who may seek to reduce or swap modules for a better fit or needed budget reduction.

WHAT PROVIDERS TELL US

The current market philosophy is to price incremental customer value rather than the mere presence of AI. Providers broadly reject a universal AI surcharge. Instead, they distinguish the value of AI with one or more of these four questions:

1. Is AI improving functionality or service delivery the customer already purchased?
2. Is AI enabling a genuinely new product, user population, workflow, or level of autonomy?
3. Does the capability create material variable cost or measurable customer value that scales with use?
4. Is the value created for the customer, through the provider's delivery efficiency, or jointly for both?

THE MARKET NORM CAN BE SUMMARIZED AS A FOUR-LAYER COMMERCIALIZATION LADDER:

AI Layer	Typical Customer Value	Current Market Treatment	Direction of Travel
Embedded Intelligence	Better search, navigation, recommendations, prediction, product usability	Usually included	Expands as table stakes
Assistive Intelligence	Content, analysis, conversational support, decision acceleration	Mixed: included, bundled, or add-on	Packaging becomes more selective
Agentic Work	Executes tasks, resolves cases, orchestrates multi-step workflows	Usually premium	Metered by action, workflow, capacity, or credits
Consumption and Digital Labor	Completed processes, service resolution, prevention, cost avoidance	Emerging	Hybrid subscription plus work/metric-based economics

For the providers, the commercial challenge is to monetize differentiated value without turning every product improvement into a new tollbooth. For the buyers, the principal risk is no longer just the AI unit price.

The stacked economic architecture of the future may contain base software or service fees, AI add-ons, minimum commitments, non-rollover credits, API or platform overages, premium model usage, implementation, governance, and change-management costs. Until both parties can establish measures that produce definitive and client-specific outcomes, HR leaders will struggle to make a business case for the stacked commercial model that is taking form in provider fee proposals and contract schedules.

The language of 'value-based pricing' is now widespread, but the market has not yet achieved true value settlement. Most providers still use conventional SaaS or service packaging to collect the price. Value determines where the line is drawn and how the rate is justified - seats, employees, modules, credits, actions, and transactions still determine what appears on the invoice.

However, buyers should not accept 'value-based' as a complete explanation. They should ask what is actually metered, how the rate was derived, and whether payment changes when the promised value does not materialize.

NOW GUIDANCE TO BUYERS AND PROVIDERS:

BUY-SIDE HR LEADERS

Buy incrementally, focused on the base fees while laying the foundation for the complete economic architecture that includes: entitlements, variable units, adjacent dependencies, controls, and remedies added later or with a described "burn in".

Use bounded pilots to observe adoption, quality, oversight, and value before making multi-year contractual commitments.

HR TECHNOLOGY PROVIDERS

Create commercial legibility: include expected product quality, price differentiated work, and expose the rules governing variable use.

Use the familiar subscription as the wrapper; meter only where cost, work, or accountability genuinely scales.

WHAT PROVIDERS ACHIEVE IN TODAY'S PRICING:

The market is forming a 'table stakes floor' with an 'autonomy premium.'
The most commercially unstable zone is the middle: premium assistance.

Buyers increasingly expect conversational and generative functionality to be standard, while vendors see real model costs and productivity value. Over the next two years, many of today's assistive add-ons will either move down into the core or move up into clearly bounded agentic packages.



Raw tokens remain a back-end cost measure;
customer-facing units increasingly describe recognizable work.



Outcome evidence supports willingness to pay,
but most invoices still rely on subscriptions, tiers, credits, actions, or transactions.



In services, AI used to fulfill an unchanged obligation is generally a delivery method;
incremental scope, service levels, or accountability create the stronger premium case.

THE INCLUSION TEST

Use the following five questions to predict whether a capability is likely to be separately charged:

1. **Does it improve a function already licensed, or create a new function?**
2. **Does it answer or recommend, or does it execute and resolve?**
3. **Is it essential to the provider's delivery obligation, or optional work selected by the customer?**
4. **Does variable use create material third-party, compute, model, or support cost?**
5. **Can the provider define a measurable unit of work or differentiated outcome?**

THE NEAR: COMMERCIAL MODELS TAKING SHAPE

Commercial models are becoming easier to enter, and safer to scale. Over the next 12 months, expect providers to use bounded access to learn which use cases earn a premium while buyers demand clearer controls before moving from experimentation to commitment. AI pricing is likely to become more differentiated, more measurable, and more closely tied to work performed.

THE MARKET IS MOVING IN FIVE DIRECTIONS AT ONCE:

1. **More embedded AI will become base product value.**

   Capabilities that are novel today will be absorbed into standard subscriptions as buyers treat them as required product quality and competitive pressure makes a surcharge difficult to sustain. We will continue to see variety by functional category in how much feature/function is embedded vs separately priced.

2. **Agentic work will create a new commercial layer.**

   Actions, tasks, cases, workflows, documents, records, transactions, and completed processes are emerging as more intelligible units than seats or raw tokens. Agents called from within the HR technology will vie for attention and use as workforce AI proficiency brings greater choice of AI tool selection (e.g., Copilot, Claude).

3 **Hybrid subscription-consumption structures will expand.**

Base fees, included entitlements, pooled credits, fair-use bands, and overage will coexist. Pure variable billing is unlikely to dominate HR in the near term because budget predictability remains essential.

4 **Outcome evidence will influence pricing before outcome settlement becomes common.**

Providers will increasingly show time saved, cases deflected, errors reduced, cycles shortened, compliance improved, or external spend avoided. However, invoices will more often remain tied to measurable activity or tiers because outcome baselines and attribution are hard to agree on.

5 **Commercial observability will become part of the product.**

Usage consoles, adoption reporting, alerts, estimators, controls, and value dashboards will become necessary to support buyer confidence and vendor governance. Maturity to adapt or configure this reporting to match client-specific outcomes will follow despite it being a critical link to measurable HR buyer outcomes.

WHAT WILL PERSIST FROM NOW TO NEXT

PEPM, PEPY, PEPA, seat, module, and service-tier pricing will remain important. These units are already embedded in HR budgets, procurement systems, and vendor sales motions. The market is more likely to add a variable layer to them than replace them entirely. Midmarket and function-specific buyers are especially likely to favor familiar fixed metrics, while large suites and platform ecosystems will move faster toward pooled credits and action-level rate cards.

The likely destination envisaged by providers is value-informed consumption, not pure outcome pricing that grows as a percentage of the total subscription pricing with mechanics and measures evolving as trial-and-error until a defensible foundation is decided. A work unit will be designed to approximate customer value, while the contract provides enough commitment and control to make the model financeable for both parties. True outcome settlement will grow most readily where the provider controls the workflow, accepts responsibility for the result, and can establish a credible baseline. These conditions are more common in services than in standalone software.



THE NEXT: LIKELY PRICING ARCHITECTURE

The ‘Next’ (12 to 24 months) will not eliminate subscription pricing but will likely add a more explicit commercial layer for autonomous work, resource-intensive execution, differentiated service accountability, and selectively measurable outcomes. The prevailing commercial model is likely to be a predictable base wrapped around observable work and supported by value evidence.

EXPECTED DIRECTION FOR FUTURE COMMERCIAL MODELS

Over the coming 12 to 24 months, expect the marketplace to standardize around a few recurring patterns rather than one universal model:

Embedded-plus-premium:	core intelligence included; standalone assistance and agents sold as add-ons.
Subscription-plus-allowance:	fixed PEPM, seat, or platform fee with included work units and overage.
Fungible credit portfolio:	prepaid annual pool across agents, models, APIs, or platform innovations.
Work-unit pricing:	actions, transactions, documents, cases, workflows, or capacity.
Service outcome hybrid:	PEPM or base service fee combined with automation bands, gainshare, or premium outcomes.

Regardless of the commercial model(s) that evolve, all parties need to re-think the role of yearly fee increases. Unlike labor, which typically increases 3-5% annually, the underlying economics of computing and software are deflationary by an estimated 5-10% or more per year. In other words, software firms can deliver that much more capability for the same dollar each year. Early HR cloud adopters understood that with few services, the annual increase was for continuous product enhancements. Buyers presented with separately priced AI should revisit any year-over-year (YoY) automatic increase whether it is applied at each new year or accumulates silently until the next renewal period.

Pure token pass-through will remain a niche or back-end mechanism. Pure outcome pricing will remain selective to clients or use cases. The mainstream will sit between them: a predictable commercial wrapper around observable work, supported by consumption/usage with established outcome evidence.

PRICING ARCHITECTURE

Architecture Layer	What It Prices	Likely Unit	Required Guardrail
Predictable Wrapper	Access, platform, workforce, or service relationship	**PEPM, seat, module, platform, or base service fee**	Stable entitlement and renewal logic
Observable Work	Autonomous or resource-intensive execution	**Action, transaction, workflow, document, case, capacity, or pooled credits**	Counting rules, visibility, caps, and audit rights
Value and Accountability	Quality, service, risk, prevention, or measurable result	**Tier premium, SLA, risk transfer, selective gainshare or outcome element**	Baseline, attribution, quality threshold, liability, audit, and dispute process

SIGNALS SHAPING THE NEAR AND NEXT

The following ‘signals’ were present in our analysis of provider responses and show cross-market implications that become visible when current packaging, buyer behavior, provider economics, and emerging agentic models are considered together.

Overall, commercial observability is becoming a product feature. Forecasts, usage dashboards, rate-card transparency, quality measures, and value reporting will increasingly determine adoption at scale.

1 **‘Free’ AI is often a market-learning investment**

No-charge access does more than remove buyer friction. It lets providers gather real usage data, identify valuable workflows, improve models, and build the evidence required for future packaging. Buyers should treat included AI as beneficial but avoid assuming that the same scope, volume, or terms will remain free indefinitely or rushing into multi-year pricing that doesn’t yet have proven value, established metrics, and related outcomes.

2 **The market is building a pricing staircase, not selecting a single model**

The evidence does not point to a winner among PEPM, seats, credits, actions, or outcomes. It points to a progression: subscription at the base, allowances in the middle, consumption for above-average resource usage, work units for autonomy, and outcome evidence at the top. Commercial maturity will mean moving customers between steps without repeated renegotiation or surprise.

3 The unit of invoice and the unit of value are separating

Credits, actions, and transactions are auditable invoice units. Time saved, quality improved, risk reduced, or work completed are value units. They will rarely be identical. A robust model explicitly connects them instead of pretending the meter is the outcome.

HR subject matter expertise moves to the center of the value equation just as happened with HR process knowledge needed to address cloud upgrades – deep HR domain knowledge is required to understand the business impact of new features and configurations. The same will be true of the link between invoice units and business value/outcomes. Watch for HR to take on more responsibility for supplier governance just as it has become more involved in updating business processes and data feeds.

4 Agentic AI weakens the economic logic of seat pricing

When AI performs work, the number of human users may decline or remain flat while system activity grows. This creates a structural move from paying for access to paying for work. PEPM will persist because it is predictable, but agentic value and cost will increasingly sit in a second meter.

5 A pooled credit model is also an operating model

Fungible credits can accelerate innovation, but they require activation rights, allocation decisions, usage monitoring, chargeback rules, and executive prioritization. The commercial construct creates organizational work that must be designed before broad deployment.

6 **‘Included’ can still produce stacked total cost**

Base AI may be included while APIs, premium models, custom agents, partner tools, data services, implementation, and oversight are not. The hidden commercial risk is not always an AI surcharge; it is the set of adjacent dependencies required to make the AI useful at scale.

7 **Commercial observability will become a competitive feature**

Usage dashboards, estimators, rate-card transparency, alerts, quality measures, and value reporting are not administrative extras. They are prerequisites for scaled adoption. Providers that cannot explain consumption and outcomes will face buyer resistance regardless of technical capability.

8 **HR and IT budget convergence is becoming a pricing catalyst**

HR favors predictable workforce-based fees; IT is more accustomed to consumption. As AI interfaces, data, and budgets cross those functions, procurement will demand a common governance and cost-allocation model. This may accelerate hybrid pricing more than improvements in the AI technology itself.

9 Risk transfer may drive more value than the ROI of Separately Priced AI

Where AI prevents errors or compliance failures, neither party can observe the counterfactual. Contractual risk allocation, liability caps, warranties, auditability, and service credits may create a more credible exchange of value than a spreadsheet of avoided disasters. In managed payroll and other high-consequence services, established SLA mechanisms may be a more mature bridge to value than a novel outcome-pricing formula.

10 Services and software will diverge, and shared value needs an allocation rule

Software providers are moving toward credits and work units. Service providers can embed AI in a result, differentiate service levels, change the economics of manual intervention, or share savings. HR transformation is a journey that can require business case cost and savings aligned to each stage or identifiable component.

Buyers should not apply the same commercial test to both: a tool performing extra work is different from a provider using AI to fulfill the work it already promised. When automation simultaneously lowers cost-to-serve and improves the customer outcome, a mature model will distinguish provider-retained efficiency, customer benefit, and any jointly shared savings.

DEEP DIVE: AI SIGNALS BY HR CATEGORY

By grouping and analyzing survey responses by similar provider markets, we were able to glean some insights to AI pricing for broad solutions, services, and point solutions may evolve on different timelines and the top features being considered for separate pricing.

The following HR category findings are inherently directional, as providers often span multiple segments and some segments offer limited or less mature evidence. For each category below, Now describes the current commercial pattern reported by providers, while Near and Next identify the emerging direction.

These observations are intended to guide commercial inquiry, not establish benchmarks.

ERP and broad HCM suites

Now. Large suites are the most likely to formalize a three-layer structure: embedded intelligence included, premium assistance sold through add-ons or entitlements, and autonomous agents or platform consumption governed by credits, action rate cards, or pooled units. These providers are also more likely to connect AI economics to APIs, data services, developer tooling, or platform extensibility.

Near and Next. The suite is becoming both an application subscription and a consumption platform. A common currency or "token" can make a broad agent portfolio easier to buy, but it can also turn platform policies into a material commercial lever.

HCM and payroll technology

Now. Predictable PEPM, edition, module, and add-on pricing remains the commercial anchor. Routine employee assistance, policy discovery, intelligent search, payroll quality control, anomaly detection, and intelligence embedded in an existing workflow are natural candidates for inclusion. Predictive dashboards, role-specific assistants, advanced decision support, agentic capabilities, and sophisticated automation support premium tiers. High-intensity generative use is more likely to sit behind a controlled allowance and overage than an unrestricted token pass-through.

Near and Next. HR's budget 'muscle memory' will slow a wholesale move away from PEPM. The likely progression is subscription, then differentiated AI tiers, then selective controlled consumption. Ease of use will be key to agent usage, as employees mature in their use of point solution AI and workforce platforms like copilot and Claude. In core payroll, true outcome pricing remains premature unless attribution, liability, governance, measurement, and dispute resolution are mature.

Compensation technology

Now. Basic chat, training, search, and assistance are likely to be included. New user populations, analyst-level work, modeling, range construction, matching, or agentic workflows are stronger candidates for add-ons, editions, or outcome/work-unit pricing. Buyers strongly favor upfront cost certainty; most AI is included and stands out as a differentiator.

Near and Next. Willingness to pay is constrained not only by budget but also by decision accountability. AI can support compensation work; delegated pay decisions create governance, bias, and liability concerns that may limit autonomous usage.

Global payroll, payments, and employer-of-record services

Now. AI used to validate payroll, classify workers, process documents, route payments, support compliance, retrieve information, summarize insights, or help customers navigate their own payroll data is often embedded in the existing per-worker, per-seat, or per-transaction service fee. The provider is being paid for a result and may carry legal or operational responsibility. Separate monetization becomes more plausible for customer-selected onboarding acceleration, proactive exception management, resolution recommendations, approved actions, standalone compliance intelligence, optional customer-facing agents, or usage beyond an included tier.

Near and Next. Risk-bearing changes the pricing logic. When the provider owns the service outcome, AI is a delivery method. When the customer opts into additional intelligence or autonomous work, AI becomes a product. Because onboarding, case management, compliance monitoring, analytics, workflow automation, and payments have different economics and trust requirements, the durable model is likely to be use-case-led rather than one construct applied across the service. Where value is created jointly, the commercial design must also state which efficiencies remain with the provider and which benefits are shared with the customer.

Talent management

Now. Public evidence suggests embedded AI is generally packaged with licensed talent modules, while advanced agents, agent packs, custom development, and adjacent content or integration capabilities can require separate licensing.

Near and Next. The category is likely to follow the broader suite model: embedded recommendations and intelligence become standard, while autonomous readiness, development, or workflow agents create the premium layer.

Benefits technology

Now. AI is now widely deployed across benefits administration providers, led by embedded search and content support, AI-driven guidance and decision support, virtual assistants, and high-volume work where rules are clear and humans review the output. Strategic intelligence, benchmarking, document synthesis, proactive recommendations, and future orchestration are candidates for premium pricing. A plausible emerging construct is workforce-based subscription plus a premium for extended data access (carrier/claims) or a soft usage cap and overage.

Near and Next. Providers are using no-charge design-partner access to learn which outcomes justify monetization. The premium opportunity is less about employee self-service and more about administrator strategy, operating efficiency, and benefits optimization.

Workforce management

Now. Foundational prediction, optimization, search, and audit capabilities can be included; generative assistance is more likely to be an add-on; advanced operating or autonomous capabilities may use workforce-capacity, usage, workflow, or outcome measures.

Near and Next. Capacity may become a more meaningful unit than PEPM where AI optimizes deployment of labor rather than simply serving individual users. Top value creation is likely to come from features that target frontline complexities related to scheduling, labor optimization, Financial Planning & Analysis, and compliance for people-heavy industries.

Multi-process HR services and PEO-related offerings

Now. PEPM or percentage of gross payroll (PEO) remains the base for the platform and service relationship. Foundational assistance, employee self-service, policy retrieval, intelligent search, payroll quality control, and anomaly detection can be included because they improve the existing experience or delivery obligation. Advanced analytics, predictive intelligence, role-based assistants, and agentic automation are stronger candidates for higher tiers or premium packages. Controlled allowances may be used for high-intensity activities, while managed payroll activity performed by AI is generally treated as a delivery method rather than a separately billable event.

Near and Next. These providers have a strong path to value-aligned economics because they can observe work performed, service quality, and cost-to-serve. That does not automatically make true outcome settlement workable. The most credible bridge is often a hybrid of PEPM or service fees, premium scope, measurable workflow units, and mature service-level commitments. These providers also face the sharpest cannibalization question when AI replaces billable human activity.

PROVIDER GUIDANCE AND ACTION PLAN

The provider's objective is commercial legibility: monetize differentiated work and accountability while keeping adoption easy, spend predictable, and the value claim auditable.

Can a buyer explain the offer to finance in one page, forecast a credible range of spend, see when use approaches a threshold, understand why the unit is valuable, and identify the remedy if the promise fails?

If not, the model is not ready to scale.

Top actions for Providers focused on AI pricing maturity and continued evolution of the commercial model are:

	Action	Design Standard
1	**Price the customer job**	Include expected product quality and existing service delivery; monetize net-new work, expanded access, material resource use, autonomy, or changed accountability.
2	**Wrap variability predictably**	Use a familiar subscription or service anchor, meaningful included capacity, business-readable units, transparent thresholds, estimators, alerts, and caps.

3	**Measure cost and value separately**	Develop measures, dashboards and workflow economics while independently proving success, quality, time, rework, service level, risk, and customer outcome.
4	**Make contract design part of the product**	Publish counting rules and dependencies; provide reciprocal change protections; use SLAs, warranties, credits, and liability where prevention or compliance drives value.
5	**Design for continuous repricing**	Create clear inclusion, entitlement, versioning, migration, and pilot-conversion rules so customers can move between embedded, assistive, and agentic layers without surprise.

The work buyers never see

A scalable offer requires product telemetry (the automatic collection of usage and performance data), cost accounting, entitlement rules, customer estimators, support and dispute processes, migration logic, and sales incentives aligned to adoption and realized value. A credit or action price launched before those capabilities exist pushes ambiguity onto the customer. Providers should optimize for a credible path from trial to durable use, not the largest initial commitment.

BUILD THE COMMERCIAL SYSTEM BEFORE LAUNCHING THE METER

Pricing mechanics alone are not a product strategy. The operating model must connect entitlement, consumption, value, governance, accountability, and migration.

Design Element	Question to Resolve	Minimum Standard
Value Boundary	What new customer job, autonomy, scope, capacity, or accountability earns the premium?	A use-case rule that separates product quality and delivery efficiency from net-new value
Invoice Meter	What event is counted, and can the buyer reconstruct the charge?	A business-readable, auditable unit with examples and stable conversion logic
Commercial Wrapper	How will the customer budget without suppressing adoption?	Fixed anchor plus meaningful allowance, fair-use band, or governed commitment
Observability	How will buyers forecast, approve, allocate, and stop use?	Estimator, dashboard, alerts, caps, allocation controls, and audit history
Value Proof	How does measured work connect to quality, time, service, risk, or outcome?	Baseline and dual reporting for volume and value, including exception and human-review costs
Migration	What happens as capabilities move from embedded to assistive to agentic?	Published version, entitlement, notice, conversion, and customer transition rules
Flexible Adoption	How do you shift or repurpose established metrics and values to adjust AI usage to fit evolving business needs and budgets?	Promote free usage for a meaningful period of time to establish metrics; delay separate fees to a conversation that aligns fees/usage with a methodology for changes.

The shared objective should be a commercial model that makes more valuable use affordable, more expensive use visible, and failed value contestable (and re-deployable).

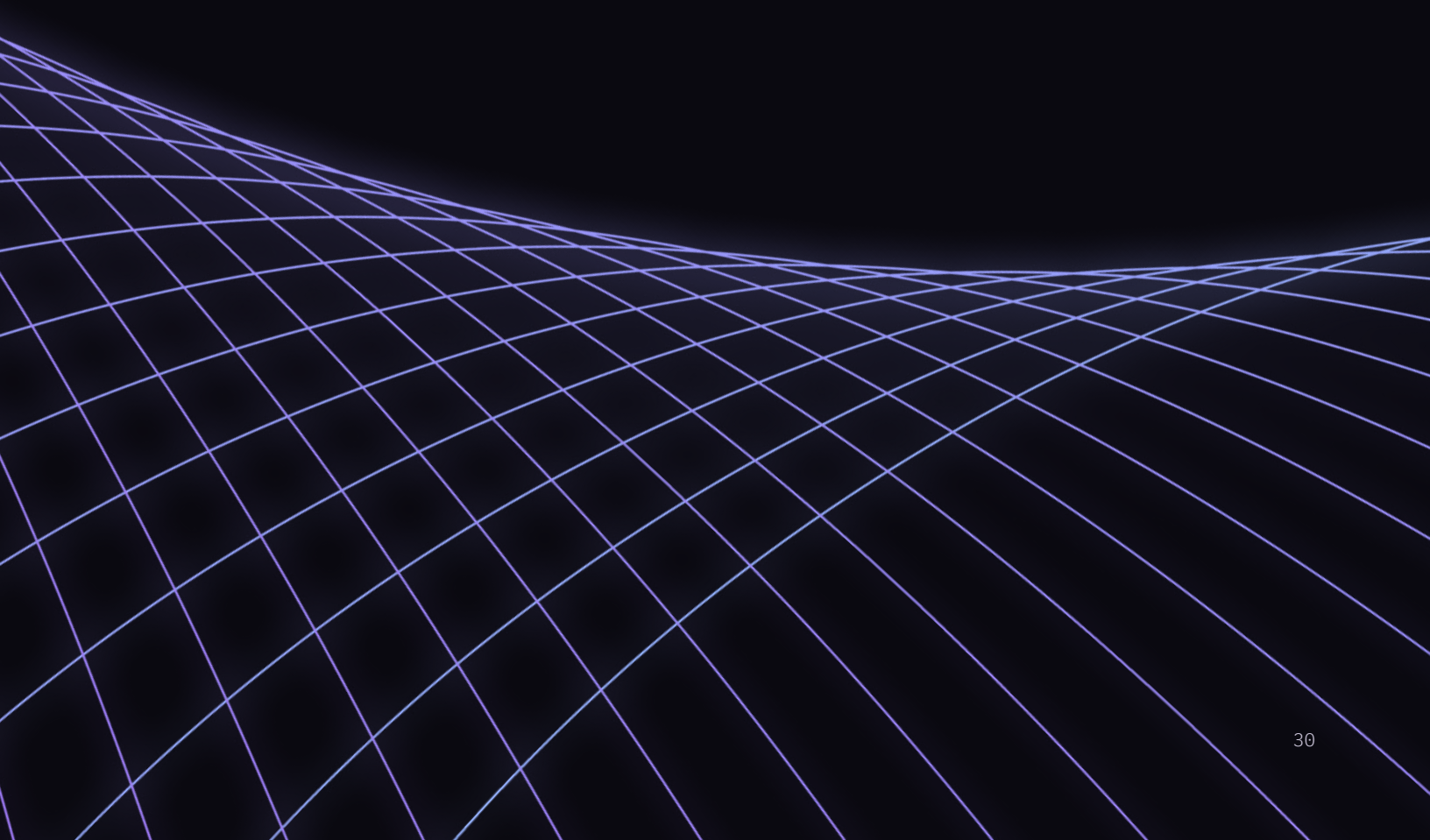
Buyers need disciplined experimentation:

Establish a baseline, test bounded use, observe work and value, then retain the right to scale, reallocate, or stop.

Providers need commercial legibility:

Include expected product quality, charge for differentiated work and accountability, and pair every meter with controls, evidence, and a fair migration path.

NOTE: Suites need coherent currencies and platform transparency. Specialists need simple packaging. Service providers need an explicit rule for shared value and incentives that do not preserve obsolete human-transaction economics.



BUYER GUIDANCE AND ACTION PLAN

The buyer's objective is disciplined experimentation: make valuable use affordable, expensive use visible, and failed value contestable before adoption scales.

Do not trade predictability for innovation. Variable pricing is manageable when the unit is clear, the allowance is meaningful, the controls are operational, and the agreement lets the customer resize, reallocate, or stop when evidence changes.

1 Understand your baseline

Know your current subscription details including modules/SKUs purchased today, used/unused, and desired additions; know your cloud usage, storage, and API call volumes; and, identify metrics for targeted high-volume processes that you hope to impact with functional AI features or agents. Prepare your own baseline to describe what is included in your current subscription pricing.

2 Buy the whole architecture

Model the base fee, AI add-on, entitlement, minimum commitment, overage, APIs, premium models, partner tools, implementation, governance, and change cost as one economic system. Where AI consumption and value are emerging, secure access with a stage gate to agree and finalize new AI pricing constructs.

3 Forecast work, not tokens

Use low, expected, and high-adoption scenarios based on questions, documents, cases, workflows, payrolls, schedules, or decisions - then connect each to a value hypothesis.

4 Pilot before committing

Bound the use case and measure adoption, success, exception, rework, oversight, willingness to delegate, and realized value before sizing the long-term commitment. Early adopters may seek to establish sizing that covers current-state or “standard” consumption or usage, with trial formulas for a soft usage cap and paid overage.

5 Govern activation and spend

Assign budget and business owners; define who can deploy agents, allocate shared credits, approve overage, change workflows, and stop consumption. Seek transparency in consumption pricing and mechanics that allow you to redirect or repurpose AI usage to other areas within an agreed allotment before triggering contract formalities.

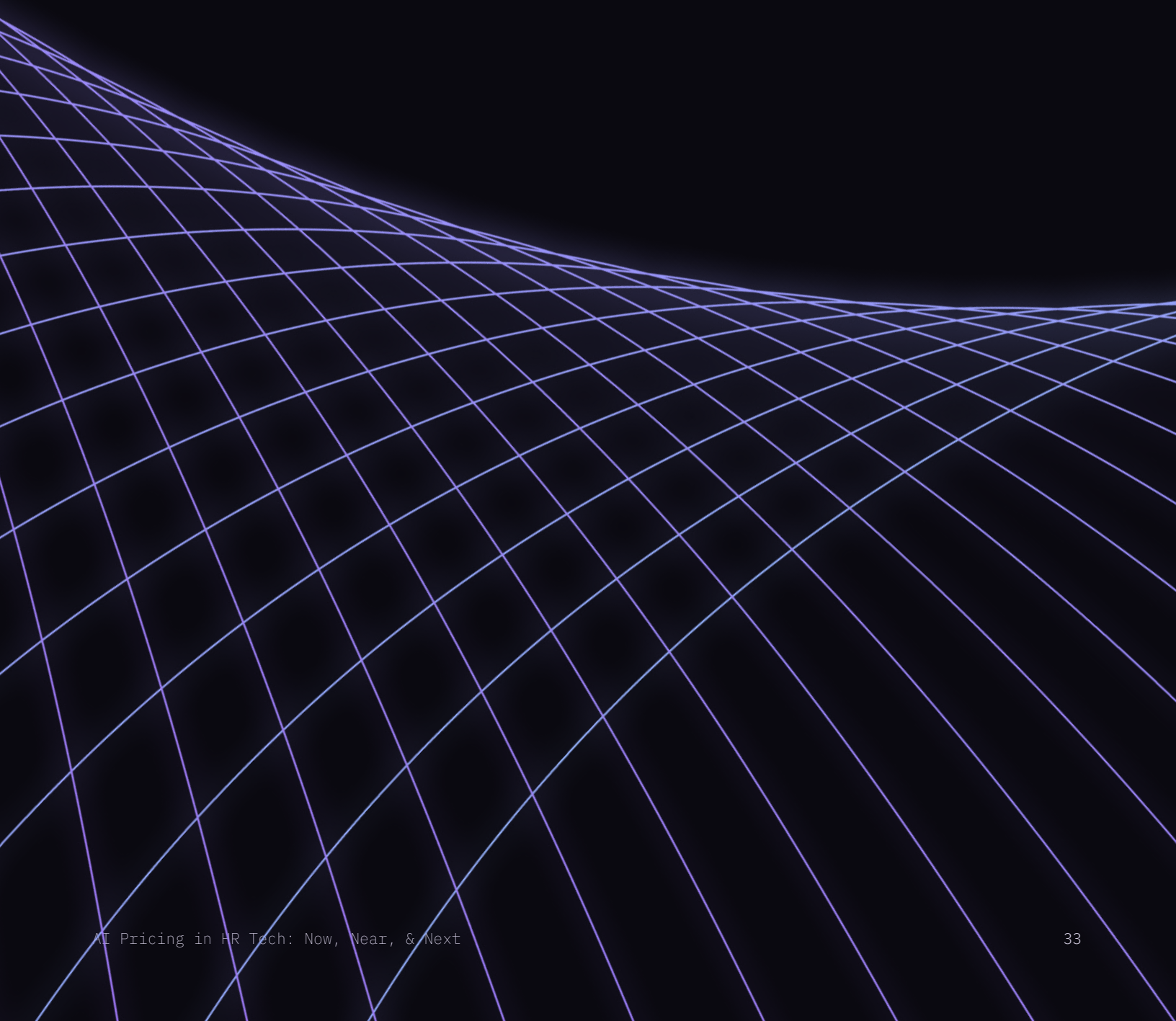
6 Match proof to consequence

Require stronger baselines, auditability, quality thresholds, accountability, and remedies as AI moves from advice to action in payroll, payments, benefits, compensation, and employment.

FOCUS ON TOTAL COST, NOT UNIT PRICE

The visible AI rate can distract from data preparation, integration, security, testing, human oversight, process redesign, change management, and ongoing evaluation. Included AI can still have a meaningful total cost; separately paid AI can be economical when it removes larger operational or external spend. Put every dependency and adoption cost into the same scenario model as the subscription, allowance, and overage.

As pricing is increasingly tied to HR specific consumption and value, procurement will focus more on the project management and company sourcing and legal processes while HR leaders will need to become more involved in governance, renewals, and invoicing that is tied to business processes, agentic AI use cases, and realized (or failed) outcomes.



TURN AN AI PROPOSAL INTO A GOVERNABLE COMMERCIAL AGREEMENT LEVERAGING THE FOLLOWING COMMERCIAL GUARDRAILS:

ISSUE	REQUIRE	AVOID
Inclusion Boundary	A one-page schedule stating what is included, metered, premium, or dependent on another product	A generic claim that AI is included without scope, population, or volume terms
Counting & Rate Cards	A billable-event definition, examples, conversion logic, audit rights, and change protections	Opaque credits, compound consumption, or unilateral rule changes
Commitment Flexibility	Ramps, alerts, caps, grace periods, burn-in, rollover or renewal credit, reallocation, and resizing; ability to deploy selectively by user, by agent/ feature, with separate activation and deactivation controls.	Large non-refundable pools sized from theoretical maximum use; universal on/off with limited controls for usage.
Pilot Conversion	Pre-agreed rules for moving from free or early-adopter access into standard pricing	Automatic conversion before adoption, quality, and oversight are measured and formally agreed
Value & Quality	Baseline, success and exception definitions, rework, human review, service levels, and agreed evidence	Time-saved claims presented as cash savings without operational proof
Risk & Outcomes	Attribution, exclusions, liability, quality thresholds, auditability, remedies, and dispute resolution	Outcome fees for high-consequence work without clear control and accountability

For technology-enabled services, **separate incremental scope from the provider's automation and enhancements** to an existing obligation/domain. When automation improves the customer result and lowers cost-to-serve, document how provider efficiency, buyer benefit, and any shared gain are allocated.

THANK YOU TO THE HR TECHNOLOGY PROVIDERS THAT CONTRIBUTED TO THIS RESEARCH.

We appreciate the partnership and transparency in helping HR & Payroll 2.0 educate the marketplace!

- ADP
- AscentHR
- Benifex
- Bettercomp
- CloudPay
- Cornerstone
- Darwinbox
- Dayforce
- Deel
- G-P
- Hibob
- HRSoft
- isolved
- Neeyamo
- OneSource Virtual
- Papaya Global
- PayFederate
- Paylocity
- Payslip
- Remote
- SAP SuccessFactors
- SD Worx
- Strada Global
- UKG
- Vensure Employer Solutions
- Workday
- Zoho

ABOUT HR & PAYROLL 2.0

In 2022, Pete and Julie teamed up, pairing Pete's industry analyst and strategic GTM advisory lens together with Julie's buy-side sourcing and transformation expertise. Through the HR & Payroll 2.0 podcast's ad-free educational approach, the duo offers listeners access to their 'black book' of HR leaders, industry veterans, innovators, and disrupters who join the show to share insights and explore the key trends, challenges, and opportunities HR and payroll leaders are navigating in the modern workplace. This research demonstrates the insights made possible through our unique collaboration which pairs buy-side and sell-side insights and differentiates the HR & Payroll 2.0 podcast and brand.

ABOUT JULIE FERNANDEZ



Julie brings more than 30 years of experience advising organizations on HR technology, payroll, outsourcing, and workforce transformation. She primarily advises HR leaders (buy-side) and is recognized globally for her deep expertise in HR service delivery, operating models, technology strategy, vendor evaluation, governance, and transformation execution across the HCM, payroll, benefits, and HR services ecosystem. Organizations and solution providers alike rely on her insights and market perspective to navigate complex technology and service delivery decisions. Julie is a frequent speaker, published author, industry contributor, and co-host of the HR & Payroll 2.0 podcast.

ABOUT PETE A. TILIAKOS



Pete leverages unique market expertise from over 30 years in HR and payroll technology, services, and transformation. Pete is globally recognized for his extensive knowledge, coverage, research, and strategic advisory of leading and emerging solution providers across the payroll, employer of record services, payments, and HCM technology marketplaces. Practitioners and providers widely leverage his research and perspectives, as he regularly contributes to industry associations, podcasts, publications, and events, and co-hosts the HR and Payroll 2.0 podcast.

THANK YOU TO OUR MARQUEE SPONSORS FOR POWERING THE HR & PAYROLL 2.0 PODCAST AD-FREE!

onesource VIRTUAL

GP

ZOHO

IF YOU ENJOYED THE INSIGHTS IN THIS REPORT AND WOULD LIKE MORE CONTENT ON THE HR TECH MARKETPLACE ...

JOIN PETE AND JULIE ON THE HR & PAYROLL 2.0 PODCAST!





AVAILABLE ON ALL MAJOR PODCAST PLATFORMS