THE HR TECHNOLOGY SUITE SELECTION GUIDE

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INTRODUCTION

Selecting human resources technology and human capital management software is no easy task. There are nearly as many solutions out there as there are minutes in the day. This can make the research and selection process time consuming, confusing and overwhelming for the human capital professional charged with the task. I do not envy you.

When researching and narrowing down potential HR technology software and service vendors, it is important to consider and discuss the priorities and features that are most important to you. This will allow you to better support your organization through increased automation, better reporting, and a seamless backend process, which covers applicant tracking, data storage, payroll and human resources information systems. Talk with your front line managers and end users who will be accessing and leveraging the software daily. I recommend working with a company that has a focus on employee self service to help lessen the amount of time managers and human resources are spending updating employee profile changes, such as contact information, tax deductions, and employee expenses. A special focus must be placed on ease of use for these individuals as time management and workplace productivity are important for all members of the organization. Employee payroll, benefits, and other associated costs with human capital are one of the largest company expenses, accounting for an average of 26 percent of company revenues.[1] The less time spent managing software and inputting data, the more time your team can spend training and developing team members, meeting production or sales goals and tackling special projects.

Maybe you are toying with the idea of leaving your current HR technology provider or maybe as a small business you are looking to work with your first true HR technology suite product. The question is does a solution meet all of your company's backend human capital needs? Next, research the vendor's financial stability and find out if they are truly a software as a service (SaaS) technology. In this fast moving HR technology space, it is important to know how your potential vendors are funded, whether through public trading, private funding or venture capital. This is important. The human capital technology market is increasingly competitive with new companies launching every single day, which means that it's more important than ever to know who you're working with and whether or not the company is reliable.

What solutions should a full HR technology suite provide? For me, there are a handful of essential services my HR technology suite must include in their offerings to be considered a true HR and recruiting technology suite.

1 Strong reporting features – A complete system must have the ability to generate reports quickly to suit my specific needs by department, location, or position. These analytics features should be intuitive. The less complex they are and the less training time they require, the better. I need my report to analyze employee travel expense spending, and I need it now.

2 A focus on automated processes - I cannot and should not be logging into multiple sites to process a termination The termination should seamlessly alert the IT department to disable email and systems access, disable employee access into a secure company facility or location, and trigger COBRA paperwork and immediate options for the terminated employee's hours worked and vacation payout options.

3 Integrated and automated new hire information and data - From triggering specific system security access to integrating the employee application throughout the system, new employee data should only need to be entered once. You'll find that small things like background check integration, tax credit programs and I-9 verification in a single sign-on software are important time-saving features.

4 Financial stable and reliable service provider - The human resources technology is a popular one especially among venture capitalists looking to make a good investment, and as HR professionals we know better than anyone else at our organization that our people are our biggest investment. A solid HR technology vendor should have a history of financial success and track record that supports their marketing and slaes efforts.

5 Focus on client data and security protection - While financial stability and security should matter, it is also imperative that your company data is secure and protected with a third party provider.This starts with asking if your prospective vendor is ISO 27001 Certificated[2]. This certification is considered the gold standard in financial and data security. A company focused on this can provide you insights into their own internal data and information security and the measures they take to ensure that your data is in fact protected from external access and internally within their company.

After you have created a short list of potential vendors, there are five key areas of importance to consider:
Contracts, costs, and fees
Financial security
Information integration & data security
Onboarding and offboarding
End user support and ease of use

The questions listed in this technology guide will also be available in checklist form allowing you to take notes, ask questions, and organize your thoughts and research as you move to purchase a new human capital technology.

CONTRACTS, COSTS, AND FEES

It is no secret that the human resources technology industry is booming. International Data Corporation's 2012 human capital technology report predicts that technology spending in the human capital industry will eclipse $8.1 billion by 2015.[3] Information, data storage, and system integration for your workplace is imperative to the success of your operation, especially as we become a more mobile workforce. Service providers that offer fully integrated systems that truly integrate with all systems and services are in short supply. I recommend product suites operating from a single database system that does not require integration. When a system is fully integrated, tedious tasks such as producing COBRA letters upon termination and processing payroll taxes, hours, and vacation time payouts are automatically calculated as soon as the termination is submitted.

> # "INFORMATION, DATA STORAGE, AND SYSTEM INTEGRATION FOR YOUR WORKPLACE IS IMPERATIVE TO THE SUCCESS OF YOUR OPERATION ESPECIALLY AS WE BECOME A MORE MOBILE WORKFORCE."

When talking with your short list of human resources technology provider vendors, it is important to discuss the terms of the contract from the beginning. Here are some recommended questions to ask during the evaluation process:

- Does the contract state who owns the data?
- Some companies have been known to take ownership of candidate databases after the relationship is terminated with the vendor. Obviously, it is your data and includes private company and candidate data you need to protect.
- How many clients do they currently serve and is the company regional, national or global?
- What is the contract length and will it automatically be renewed?
- Does the contract allow for you to cancel the contract 30, 60, or 90 days after onboarding the software without penalty?

Asking questions like this is not only essential, but also important when making a purchase of this magnitude. Just like a return policy at your local big box retailer, it is important to know what happens if you are not satisfied with their technology service. Do not forget to inquire about what the penalties are for early contract cancellation. Additionally, Your purchasing department will be interested in knowing specific financial information, such as:

- Does the contract have a price guarantee?
- What are the setup fees?
- Is training included in the setup cost?
- Is the company billed per employee for the software?

Many HR technology companies are moving to the cloud, offering their services not on a standard flat fee but by user or employee. This type of service, refered to as a SaaS, is typically accessed using an online client login. The data and information is stored in a central location on a network rather than on your own company servers. This on-demand access allows for paperless human capital management where employee information, workforce reporting, and candidate information can be accessed immediately from almost anywhere with an Internet connection.

Another benefit of SaaS HR technologies is that your software is always up to date. Companies no longer pay for upgrade fees as HR technology providers release new tools, reports, features, or enhancements on a routine basis. Another benefit is that systems do not experience downtimes for maintenance since your security and information technology teams do not need to back up and update software.

When evaluating service providers who claim to be SaaS based, ask questions to verify that this is true. Initiate the conversation by asking how long they have been in the cloud and whether or not they offer non-SaaS services to clients. Understanding their SaaS and non-SaaS product offerings will give you a better idea of integration, current company product focuses and whether or not separate applications are being truly integrated.

> "UNDERSTANDING THEIR PRODUCT OFFERINGS SAAS AND NON-SAAS BASED WILL GIVE YOU A BETTER IDEA OF INTEGRATION, CURRENT COMPANY PRODUCT FOCUSES AND IF SEPARATE APPLICATIONS ARE BEING TRULY INTEGRATED."

FINANCIAL SECURITY

The world of human resources technology is booming and our industry is finally coming into its own. Respect and understanding is being developed for what we do, and upper level management is beginning to see the importance of tools and technology that assists us in doing our jobs even better. Because of the IPO success stories like WorkDay[4] and well respected organizations like IBM acquiring companies like Kenexa, HR and its technology is finally getting the appreciation it deserves.

Because of the increased visibility and success of a growing number of companies in our industry, venture capitalist firms are investing billions of dollars into companies that aim to solve problems and provide innovative solutions in our space. When determining which HR technology suite to purchase, it is vital that the vendor you select is financially secure and stable. Verify their stability by requesting a copy of the company's financials, a timeline of the funding secured and a list of the board of directors if it isn't available on their website. When viewing financial formulas, statements, and ratio information[5], special attention should be paid to their debt to equity ratio, cash flow, the P/L and balance sheet. I recommend sitting down with your CFO or CEO to discuss the vendor's financial documents with him/her directly.

- How is the HR technology suite funded? Are they private, publically traded or venture backed?

> **"BECAUSE OF THE IPO SUCCESS STORIES LIKE WORKDAY AND WELL RESPECTED COMPANIES LIKE IBM ACQUIRING COMPANIES LIKE KENEXA, HR AND ITS TECHNOLOGY IS FINALLY GETTING ITS DUE."**

INFORMATION INTEGRATION & DATA SECURITY

Data drives our business world. From expense management to budgeting to candidate information, the process must be seamless so that we are able to appropriately serve our customers , which are our organization's leaders and their employees. Transferring data will be your first step towards integration, so it's important that old data can easily be integrated into new systems. You'll want to keep this previous data as it is an important part of forecasting staffing needs and candidate databases. Human resources technology service providers should make a smooth transition from old to new a priority.

Beyond the initial integration, security will be an immediate concern because sensitive information such as social security numbers , employee data, client payroll and financial records and information will be transferred and stored. One way to ensure that a human capital management technology suite will keep your data secure is by asking potential HR technology service providers if they are ISO 27001 Certified. An ISO 27001 Certification mandates that a company must adhere to specific requirements with regard to data security, auditing and protecting the company and its clients from accounts of threat, vulnerabilities and impacts. Your provider should have a plan in place to protect data under all circumstances. This can be accomplished by creating various access levels for different user types within the organization, by tracking audit trails and by using change history reports to research and identify potential risks. Ask specific questions such as:

- Can you provide references and contact information from clients?
- Is your organization ISO 27001 Certified?
- What type of features does your technology provide to protect data internally?
- What types of security and restricted access measures are in place to protect data and information either by position type or user?

> "SECURITY IS PARTICULARLY IMPORTANT BECAUSE OF SENSITIVE INFORMATION LIKE SOCIAL SECURITY NUMBERS AND OTHER EMPLOYEE DATA AS WELL AS CLIENT PAYROLL AND FINANCIAL RECORDS AND INFORMATION."

The best way to determine whether or not an HR technology company is focused on seamless information integration is to speak with their most recent clients. Obtaining references and contact information from clients goes a long way in determining the right fit for your organization. Ask them about their data security, if there is a seamless data workflow, what the transition process was like, and how much downtime they experienced, if any.

ONBOARDING & OFFBOARDING

Onboarding and new customer training is key to successful adoption and utilization of an HR technology and software. The more intuitive the human resources technology is, the smaller your learning curve will be. This means less stress and less time learning the system and training employees. Require that your vendor outlines their plan for training your end users, either in person or through remote learning, so that the software launch will be successful. Ask questions before integration so you'll know what training services are available. Here are a few suggestions:

- Does my contract include training for users? If so, how much training?
- Are there consulting caps for hours or maintenance fees?
- What is the timeline of support provided when onboarding a new customer like me?

Understanding these additional fees and costs for training your staff, users and continued support personnel is important to help plan for a successful launch and will need to be considered in your budget. Products that are out of the box require little set up, consulting fees, or maintenance fees, which is a definite benefit if you are looking for the benefits of a full service HR technology suite without the customized bells and whistles that drive up technology and product expenses. If you are looking for a low-cost system, find out if the product is ready for use right out of the box and how intuitive it is, which will reduce necessary training time.

Equally important to consider is the offboarding process. Does your potential vendor provide offboarding support or do they make themselves unavailable when you decide not to renew your contract?

> **"ONBOARDING AND NEW CUSTOMER TRAINING IS THE KEY IN MANY CASES TO SUCCESSFUL ADOPTION AND UTILIZATION OF AN HR TECHNOLOGY AND SOFTWARE."**

Because the offboarding process can be difficult, ensure that they will provide service even as the contract ends. Once again, I recommend contacting previous customers who have left for greener pastures. What was the offboarding process like? Did they receive the support throughout the duration of their contract? Tap into your network and speak with other practitioners to find out how your short list of possible vendors stacks up.

END USER SUPPORT AND USE

In my opinion, nothing is more important after the launch of new software than the end user support and ease of use.

- Are online tutorials and trouble shooting tools available? Do they include video?
- Do I have an assigned agent or contact to provide support for all areas of my HR product suite?
- What type of support is included in the contract?

"BECAUSE THE SOFTWARE CHANGES AND UPGRADES QUICKLY, HR PROFESSIONALS SHOULD ASK QUESTIONS CONCERNING TRAINING AND WHAT TYPE OF END USER SUPPORT IS AVAILABLE WHEN NEW FEATURES ARE ADDED."

I recommend having a number of knowledge users and pre-identified super-users or trainers to participate in a product demo. Encourage them to ask questions. Discuss features and talk about different must-haves they cannot live without.

Because software changes and upgrades quickly, HR professionals should ask questions concerning training and what type of end user support is available when new features are added. A good question to ask is how users are able to access the help desk, whether it be phone, live chat or email. You'll also want to find out what their hours of operation are so you'll know when they're reachable. As an HR professional, I am going to need help when I experience downtime, even if I am processing payroll early Sunday morning. Effective problem solving is crucial when it comes to dealing with technical issues. When speaking to previous clients, ask if the company was helpful, communicative, and able to provide quality troubleshooting.

CLOSING

Selecting your HR technology suite of products is an arduous task that can help take your organization to the next level. This guide is intended to help you navigate the ever-changing HR technology space and make the most informed decision for you, your team, and your employees. Weigh your options carefully, select the technology that best suits your current and projected needs while offering the best data and financial security. An HR technology suite provider should provide great customer service and support to help your department and organization reach their goals. The attached HR Technology Selection Suite Guide Checklist can help you compare your options side by side to determine which product is best for you.

[1] PwC Saratoga Institute, "PwC Saratoga 2010/2011 US Human Capital Effectiveness Report Executive Summary," PwC, 2010 (http://www.pwc.com/us/en/hr-saratoga/assets/human-capital-effectivenessreport-2010.pdf).

[2] Kosutic, Dejan. (2010). ISO 27001 implementation checklist. http://blog.iso27001standard.com/2010/09/28/iso-27001-implementation-checklist/

[3] Rowan, L. & Guinn, S. (2012). Worldwide human capital applications 2012-2016 forecast: market continues strong. International data corporation. http://www.idc.com/getdoc.jsp?containerId=235156.

[4] Miller-Merrell. (2012). A brief history of HR tech trends & technology acquisitions. Retrieved from www.blogging4jobs.com/hr/hr-tech-trends-technology-acquistisitions/.

[5] Phillips, Larry. (2006). Understanding the organization. In C. Cleveland, P. Kanouse, M. Frank, M. Henry, R. Prescott (Eds.), SPHR Exam Prep: senior professional in human resources. (pp. 78, 82-84, 80, 81). Pearson Education.

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