




HR/Payroll Software Selection

Navigating the marketplace and
choosing the right solution

Challenges facing HR/Payroll

The 2012 IBM CEO Survey found three imperatives that are essential for high performing organisations:

-  Empowering employees through values
-  Engaging customers as individuals
-  Amplifying innovation with partnerships

Two out of the above three require organisations to leverage their most important asset - people. Not surprisingly, 71% of CEOs see their people as a key source of sustained economic value.

Being able to successfully leverage an organisation workforce is key to the success of an HR Executive.

In its 2013 report on HR Strategic Effectiveness, the UK's Institute for Employment Studies found that 85% of all organisations experienced difficulties in quantifying HR's business impact. With only 43% able to forecast future workforce needs!

Unfortunately the rest of the organisation is noticing HR's inability to meet the needs of the business. A recent report by the Economist Intelligence Unit, co-sponsored by Oracle and IBM, found only 67% of CEOs were confident in the ability of HR Directors to lead their function, and only 42% of CFOs felt the same.

Using Technology to do more

Over the last few years our surveys have found a decrease in the ratio of HR personnel to employees - HR needs to do more with less and its technology platforms must adapt.

HR needs to minimise back office administration and successfully leverage the talent in their organisations. They cannot stop there. This focus needs to extend beyond just improving the efficiency to also include the effectiveness of the organisation and its workforce.

Creating this efficiency and effectiveness in the back office will support delivery on the CEOs expectations of HR leaders.

A key factor to achieving this outcome is to have the right tools and processes – including the right technology.

HR professionals understand this need - with over 30% citing 'Improved Operational Efficiency' as the main driver for investing in HR Technology.

Choosing a technology platform that will not only pay your employees but also attract, develop, and retain the best is the foundation of this success.

Nearly 60%
of HR
Systems in
Australia
have been
in use for
over 5 years

HR Investment in Technology

HR practitioners are telling us their primary motivation for investing in HR Technology is improved operational efficiency and reducing operational costs/headcount.

Unfortunately these same HR professionals are reporting that gaining access to the appropriate budget is the number one roadblock for utilising better solutions.

Today's HR/Payroll departments need technology solutions that deliver a functional, sustainable and compliant environment to meet both the current and future business growth.

Many of today's systems in use in Australia are unable to help HR deliver streamlined processes in an efficient and effective manner.



*When it comes to HR Technology investments
HR/Payroll teams are in the “perfect storm”.*

Navigating the HR Tech market

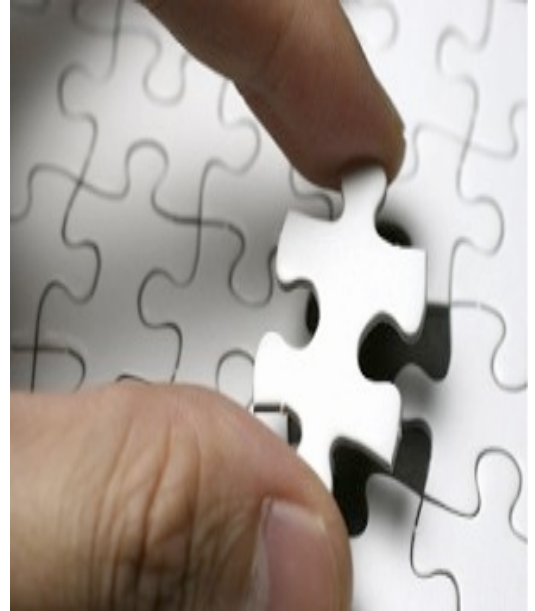
Navigo Research currently tracks over 200 vendors who deliver services to the Australian marketplace.

With so many vendors - many offering similar features - it is hard for organisations to determine which vendors are the perfect fit.

It is common for the person placed in charge of this selection process to have not done it before.

Today's HR professional are not technologists. There is a lot of marketing hype, with confusing terminology and various options. To be successful you need to get through to the heart of the solution - how will the technology platform help you.

For many HR organisations the purchasing of a new HR/Payroll solution is one of the largest expenses they undertake, other than managing the organisation's payroll! This last fact will ensure oversight from your CFO on any purchase.



If you look at the various strategies available for dealing with new technology, sticking your head in the sand is not the most plausible strategy.

Ralph Merkle

The Software Selection Process

Navigo Research recommends organisations follow a five step process for software selection.

A formal **project kick off** is a good project management practice to establish terms of reference, governance, key resources and a plan.

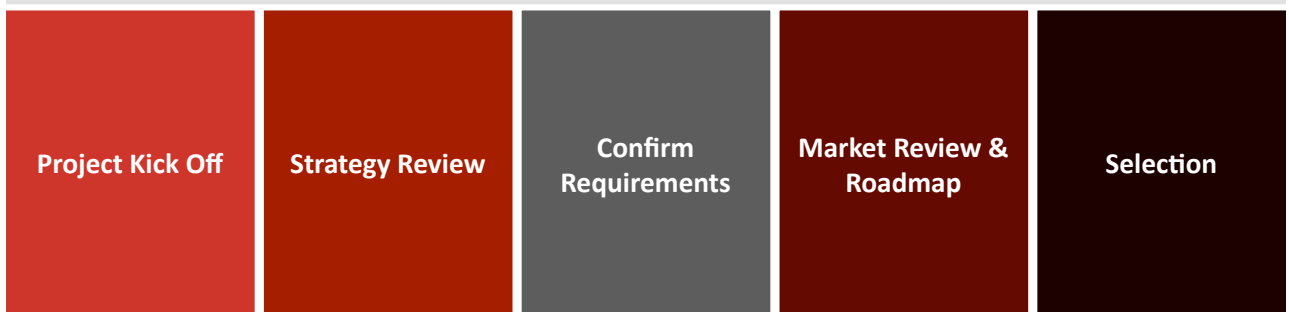
The critical key to success begins with the **Strategy Review**.

A strategic review needs to look at understanding your Business and HR strategic plans while at the same time looking to your current and planned HR Technology landscape and its alignment with the business strategy.

Understanding and linking an organisation's business strategy to the "why" of purchasing software is critical. A clear and detailed understanding of the business strategy and its drivers is a must.

This not only provides a clear roadmap but it also helps build a rock solid business case.

Software Selection



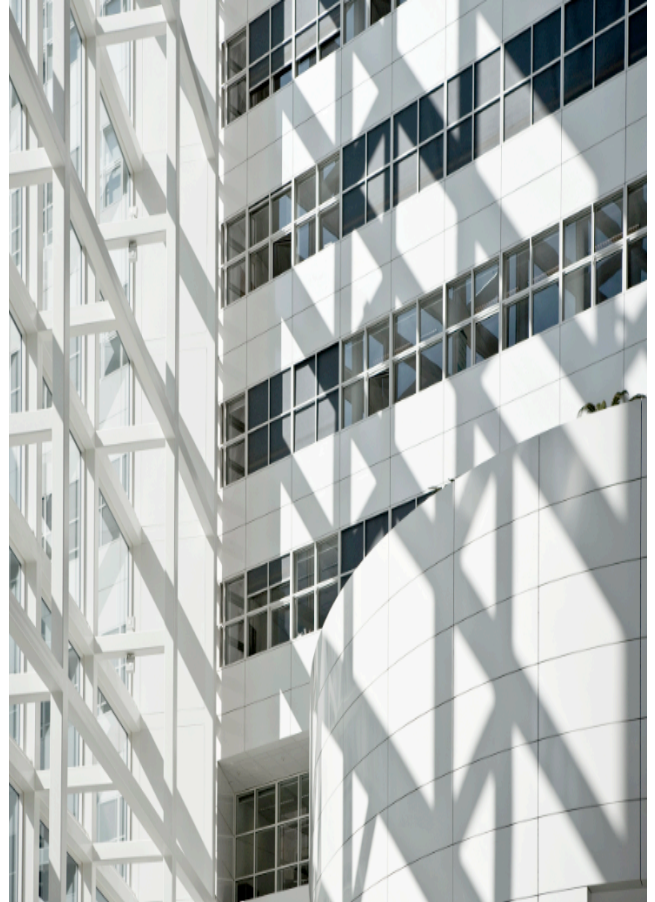
Understanding Requirements

The **requirements review** looks at what your organisation wants from a software solution.

As well as creating a “laundry list” of requirements, articulate the high-level requirements - the ones that support your organisation’s unique value proposition.

Remember most vendors who have been in the Australian marketplace for a few years have a solid payroll engine. Don’t focus on general requirements - look for unique requirements.

If you are in doubt about the vendor capabilities conduct customer reference checks.



Market Review & Roadmap

The **market review** needs to identify suitable vendors for your organisation to review in more detail.

Navigo Research has a full list of vendors offerings for the Australian market.

Many times this can only be accomplished through an RFI allowing a comparison of how well their solutions will address your mandatory and key business requirements.

Your **roadmap** needs to show not just what your organisation will be implementing but when and how. This can be difficult but is critical as these activities extend over multiple years.



Selection Process

The **selection process** is the final phase. The main tool used to manage the final selection is a typical RFP process with one significant variation – prototyping and scripted demonstrations.

There is only so much the RFP response and marketing demonstrations can show you.

The ability to "see through" the demonstration is paramount to understanding how well the solution and the vendor will fit your organisation.

By conducting detailed demonstrations the reliance on assumptions is removed. You can see and feel how the solution will operate.

About Navigo Research

Navigo Research is an independent research and advisory operating under the Navigo Group.

Navigo Research provides HR technology advisory services that are tightly integrated with industry based research data. This research data is sourced and maintained by us, from our own field activities and is specifically focused on the Australia and New Zealand market.

We proudly maintain our independence from all HR related solutions vendors, ensuring a totally unbiased reputable view of the industry.

Our purpose is to provide advice and guidance to customers regarding the best possible use of HR technology and how to leverage investments to create great organisations.

Our team consists of research analysts and consultants who are experts in HR related technology solutions in the Australian market. Our research covers technology relating to all areas of the employee life-cycle, with particular focus on HRIS (payroll, core HR) and Talent Management.

navigoresearch.com.au