

# 5 Questions to Ask HCM Vendors Before Selecting HR Technology

Choosing the right strategic partner is critical to business success

Selecting a new HR solution from among the many options on the market can be a daunting task. HR leaders need a way to sort through the choices available to them and identify a solution that will best meet their needs. The question is, how do you wade through the clutter of HCM vendor features and functionality — which all sound the same — and make the right choice?

It can be difficult to differentiate between strategic and tactical tools designed to simplify and streamline core HR tasks. And it may feel impossible to determine which solution will deliver better insight into what is going on in your workforce. Core functionality to meet your specific requirements is a must, but there are likely many systems that can address your core needs in one form or another. Vendors advise that immediate access to employee information for simplified reporting and data-driven decisions is important. And the buzz at every tradeshow suggests the benefit of having your entire HR system on one platform.

When evaluating solutions, you should also be looking for a trusted partner who understands your unique business needs. So how can you evaluate whether an HCM vendor is the right strategic partner for your organization? Five simple questions can help you uncover the DNA of the solutions you're evaluating and determine a shortlist of vendors who can offer you the level of service you require today and grow with you in the future:

1. Is the technology platform built to meet your current and future needs?
2. Can the solution enhance the employee experience and support data-driven HR decisions?
3. Does the vendor understand the specific needs of your organization and its employees?
4. What is the vendor's approach to customer success?
5. What resources are available to help HR reduce compliance risk?

Ultimately, you want to choose a vendor who not only has the technical ability to support you, but who is strategically focused on customer success. In other words, a vendor who believes your success is their success.

## **QUESTION #1: IS THE TECHNOLOGY PLATFORM BUILT TO MEET YOUR CURRENT AND FUTURE NEEDS?**

Innovative features within any HCM application are only as good as the platform they're built on. So before getting dizzy from software demonstrations, ask the vendors you're evaluating to describe the software platform. If you don't want to make a new investment in old technology, you'll want to choose a unified cloud HCM solution. Vendors may throw out variations of industry jargon to talk around this point, so let's break down the terminology into two simple parts: cloud delivery and unified platform.

## Why choose a cloud-based solution?

- Reduces capital outlay and financial risk
- Provides faster deployment and time to value
- Delivers anytime, anywhere access
- Scales easily as your organization grows
- Offers timely and efficient upgrades and innovation: With a cloud-based solution, every customer is always on the latest version of the HR application
- Ensures all technical issues are handled by the vendor so your solutions always run smoothly, reliably, and cost-effectively

## Cloud delivery

Modern software has moved to a software-as-a-service (SaaS) cloud-based delivery model, and the cloud has become the new normal for business applications. In fact, most new HR applications sold today are delivered as a cloud solution rather than as traditional, on-premises licenses.<sup>1</sup> With a cloud delivery model, the application is subscribed to and accessed over the internet. Customers can license the software and support they want without installing or maintaining any software or hardware. There are no upfront capital expenses, no on-premises hardware, and no burden of managing the database or applications, so working in the cloud allows your company to be nimble, efficient, and cost-effective.

The HR solution you choose should be built from the ground up as a native, multi-tenant database with a single codebase across all customers. According to analysts at Gartner, it is the quality of being cloud-native that distinguishes between past/legacy and present/future platforms: “A cloud-native platform is designed from the outset to be deployed and used in a cloud environment, whereas noncloud-native platforms originally were designed to be deployed on-premises and then were brought to the cloud typically via a single tenant architecture.”<sup>2</sup> Multi-tenancy is an architecture where a single instance of a software application serves multiple customers.

With multi-tenancy, new capabilities are rolled out to existing customers on a periodic basis, and new features are rolled into existing subscriptions automatically. Although updates are more frequent, they’re faster and take considerably less effort. Limited user acceptance testing by the customer is required with each update to ensure stability and minimize risk for disruption of service. This is the reason why organizations with a SaaS HR application are reaping the benefits of the latest technology advances with little to no upgrade pains.

But multi-tenancy doesn’t mean that the system isn’t highly configurable. SaaS applications can allow customers to tailor business processes and adapt the system to meet their individual needs without changing the data structure or underlying code of the application, so there is no upgrade impact. Changes to the underlying application are delivered without disrupting customer business, system configurations, or integrations—and without calling the IT department or bringing in a consultant.

## Unified platform

The second, equally important component of the platform discussion with your potential vendor is to determine whether the solution delivers a unified HCM platform, which can be defined as a single application for HR, payroll, time, talent, and benefits. Why? Research has proven that maintaining multiple, disparate sources of employee information can result in data inconsistencies and increased administrative effort.<sup>3</sup> To find and keep the best people, HR professionals need a solution that blends the talent acquisition functions of recruiting, hiring, and onboarding with the talent management functions of benefits, compensation, and performance management.

<sup>1</sup> Paul D. Hamerman, *The Forrester Wave™: SaaS Human Resource Management Systems, Q3 2017*, Forrester Research, Inc., August 28, 2017, at 4.

<sup>2</sup> Gartner Report, *Prepare Yourself for the Future of Workforce Management*, Gartner Inc. (February 23, 2018), at 11.

<sup>3</sup> Christa Degnan Manning, *No Duct Tape Allowed!: Managing HCM Application Integration* (May 26, 2015), found at <http://blog.berstein.com/no-duct-tape-allowed-managing-hcm-application-integration/>.

## A unified HCM platform

- **A single employee record from which all applications in the product suite pull information.** Rather than entering data multiple times across different applications, you enter an employee's data once and the system automatically populates all the applications in the suite, reducing data entry errors and ensuring up-to-date information for all apps.
- **The single employee record reduces reporting complexities.** By using a common reporting engine across all the applications, you draw from a single source of employee information. Data is updated in real time, so you're making decisions based on accurate information.
- **A single platform means a single user interface across all applications, which helps minimize user training and boost efficiency.** Even security profiles can be customized by users, with varying levels of data access privileges based on permissions you specify and that are then applied once for all data sources.

With a unified HCM platform, you can store and track employee information in one paperless system that will make your processes faster and easier — and allow you to focus on providing more strategic value to your organization. A single database for your entire workforce — regardless of whether employees are salaried, hourly, full time, or part time — gives you immediate access to tools and functions that can help managers streamline processes and increase employee productivity and engagement across the entire organization.

All too often, HCM vendors offer solutions that have been cobbled together through a combination of legacy code, bolt-on acquisitions, partner products, and a thinly veiled “single” user interface to create the illusion of a single platform. What's not always easy to see is that this approach requires complex, behind-the-scenes integration that increases the risk of errors and results in an inconsistent user experience that changes as users move from one module to the next. So how can you determine whether a solution is built on a unified platform or is simply pieced together from disparate systems acquired over time?

Start by asking whether the solution offers a single employee record shared across all applications. This means that all employee data is maintained in a single database, with a single user interface to pull reports and launch workflows for the entire organization. Rather than data being entered multiple times across different applications, employee information only needs to be entered once and then automatically populates every application in the suite, which saves time, reduces entry errors, and streamlines reporting. Ensure that the platform you're considering offers a single reporting tool across all product modules and the data is updated in real time, so managers can make decisions based on the latest, most accurate information.

With an integrated solution, you get a holistic view of your employees across HR, time and attendance, and payroll. What's more, a common user interface (including a mobile application) should offer a consistent experience for all employees in any location or on the go. Offering your employees and managers single-source access to real-time employee data helps drive productivity, increase employee engagement, and generate more-informed business decisions.

## QUESTION #2: CAN THE SOLUTION ENHANCE THE EMPLOYEE EXPERIENCE AND SUPPORT DATA-DRIVEN HR DECISIONS?

The application you select to manage your workforce can either strengthen or damage the employee experience your organization delivers. Unmatched functionality and industry expertise will win fans among the tech-savvy, but features will be meaningless if they're not intuitive and easy to use. Powerful reporting and analytics capabilities can help frontline managers and executives make better decisions, but only if the data is accurate and presented in a way that is easy to understand.

Successful HR organizations **engage employees** with an intuitive user experience that is informative, collaborative, social, and mobile.

— Forrester Research

## Employee experience

At its core, the HCM solution you select should be designed to delight and built to engage the modern mobile workforce. Vendors should offer a responsive, intuitive user interface that begins with talent acquisition and continues across the employee lifecycle. The user interface (UI) should simplify job searches and streamline the job application process by enabling applicants to quickly and easily apply online. And modern technology, such as chatbots, should be used to enhance the applicant experience without alienating candidates.

Intuitive self-service tools let employees and managers address common HR, time keeping, and payroll tasks as quickly and easily on mobile devices as they can on their desktops. The ability to perform routine tasks like changing an address, requesting time off, or swapping shifts from the convenience of home or on a mobile device can significantly impact the employee experience. Research indicates that when employees feel empowered and have a sense of ownership in their jobs — in other words, when their employee experience is a positive one — their engagement is significantly higher.<sup>4</sup> With self-service tools, employees are empowered, processes are streamlined, and managers have more time to focus on employee development and satisfaction.

According to analysts at Forrester, successful HR organizations engage employees “with an intuitive user experience that is informative, collaborative, social, and mobile.”<sup>5</sup> Your solution should include configurable dashboards, ad hoc reports, and decision-support tools that provide organizationwide visibility and insights. Intuitive navigation features will help employees and managers alike find critical information quickly and easily, and accomplish common tasks in as few steps as possible from any device.

## Data visualization tools

Your solution should be able to tailor system tools and reports to reflect the way you do business. You’ll also want to be able to configure standard reports to meet your content and formatting needs — without involving the vendor’s services team for every formatting change. Plus, you’ll want to give your managers visibility into important employee information and empower employees to access their information through convenient self-service and mobile tools. During demonstrations, evaluate how quickly and easily you can visualize data and understand employee information and dive deeper as needed.

You’ll be collecting volumes of employee data within your system, but can managers access that data when they need it? Ask vendors whether you’ll have access to actionable information that has historically been trapped within disparate systems across your organization. Your frontline managers and executives need to make decisions based on accurate, real-time data, but if they can’t tap into their data sources, decisions will still be based on guesses or gut instincts. The solution you choose should deliver the data managers need to make decisions, conveniently packaged in a format that clearly helps them do that. In addition, ask vendors to demonstrate predictive analytics tools that will help you anticipate trends and proactively engage employees with targeted data.

<sup>4</sup> Kathy Gurchiek, *Survey: Respect at Work Boosts Job Satisfaction* (April 18, 2016), found at <https://www.shrm.org/ResourcesAndTools/hr-topics/employee-relations/Pages/2016-Job-Satisfaction-and-Engagement-Survey.aspx>.

<sup>5</sup> Forrester Webinar, *Adapt HR Practices to the Digital Age* (September 28, 2016), Slide 29, found at <https://www.hr.com/en?t=/network/event/attachment.supply&fileID=1486668123276>.

### **QUESTION #3: DOES THE VENDOR UNDERSTAND THE SPECIFIC NEEDS OF YOUR ORGANIZATION AND ITS EMPLOYEES?**

The ideal HCM vendor elevates HR to become a better business partner within your organization. While all organizations share some common needs, there is a clear distinction when workforce solutions are purpose-built for your industry and your employees. The performance of your workforce has many dimensions, including productivity, compliance, cost, and employee engagement — all of which are complicated by needs and objectives specific to your industry. An HCM vendor that understands the unique challenges within your industry is better equipped to elevate HR performance in your organization. For example, recruiting nurses is far different than recruiting store associates or a machine tool cutting operator. Onboarding and scheduling your workforce also requires adhering to industry-specific rules that go beyond operational efficiency and labor-cost optimization. Rather than choose a vendor that may take a one-size-fits-all approach, choose one with industry-specific expertise who can ensure your solution is built to meet the complex, industry-specific requirements of your organization.

You want your HCM vendor to be a partner who can present solutions to needs that haven't yet been identified and who can advise you on the best practice methods for running a project. Ideally, you'll want a partner who will take the time to get to know your company, its employees, and the specific business needs of your organization during the evaluation process. Ask yourself whether it would also be helpful to have a partner with a global community of customers who might be available for ongoing networking and collaboration. Selecting the best vendor for your company can be a challenging process, but the right choice can be transformational.

Your vendor of choice should offer a proven platform that is designed for the complex needs of your industry. In addition to core HR automation, you'll need timekeeping and scheduling capabilities to simplify the tedious process of monitoring employee time and attendance and ensure that your organization's pay policies and work rules are accurately and consistently being enforced. Flexible scheduling tools should allow your managers to easily build schedules that align the skills of their employees with anticipated demand while adhering to all company and regulatory policies. Robust absence management functionality should automate the application of your attendance and leave policies, regardless of complexity.

During demonstrations, probe to determine how the vendor will help you meet the needs of your entire workforce. Some vendors focus only on the needs of salaried workers, failing to provide an engaging experience for the hourly workforce. Ensure that reporting and analytics tools provide a single view into the performance, reliability, and employee KPIs of the entire workforce.

Can your HCM vendor work with you to build an implementation plan based on best practices that reduce the time, cost, and complexity of the deployment? Confirm that your implementation plan is based on a proven model that:

- Reflects your organization size, industry, and business needs
- Outlines your contributions to project success, including executive sponsorship, project team responsibilities, and resource commitments
- Allows you to manage resource and timeline expectations within your organization
- Incorporates quality checkpoints to ensure your ongoing satisfaction and minimize the risk of missteps or schedule delays

## QUESTION #4: WHAT IS THE VENDOR'S APPROACH TO CUSTOMER SUCCESS?

A customer-first business approach extends beyond deep experience and expertise in a specific industry and innovative product features. A focus on customer success is reflected in the vendor's approach to implementation, technical support, and customer service. But such a focus also reflects the vendor's ability to help organizations make the most of their people strategy and the vendor's commitment to serve as your business advocate.

### Implementation

Customer success of even the most innovative HR tools won't be possible if your vendor doesn't effectively implement and support your solution. As you begin your HCM implementation, you want to maximize your investment by getting up and running as quickly and efficiently as possible, with minimal disruption to your organization. A well-managed implementation — completed on time and within budget — gets you off to a strong start and lays the foundation for early success. While process and software functionality are important elements of a successful implementation, your implementation goal should be more broadly focused on the ability to reach full, effective user adoption.

In addition to end-user adoption, your implementation approach should be designed for maximum deployment speed and rapid return on investment. Find out what the starting point is for your implementation. Is the vendor starting from scratch each time a customer is deployed? Or does the vendor start with a model company that leverages common practices, with industry-specific tools, screens, metrics, or core functionality? Use of a model company provides your implementation with a running start to reduce deployment time.

Ask your shortlist vendors to describe the implementation process for your project. For example:

- How long will it take to kick off the project?
- How will the vendor incorporate industry-specific common practices into your solution?
- Will the vendor regularly assess your level of satisfaction with the process and make sure your expectations are being met?
- How will the vendor measure whether your goals are being achieved and ensure that all phases of the process are progressing smoothly?

The project plan for your implementation should include specific goals and milestones. These milestones can be defined throughout the project, enabling your vendor partner to review scope and quality prior to progressing to the project's next phase.

## End-user training

According to Aberdeen research, 76 percent of organizations with a formal training program in place are satisfied with their technology, compared with 50 percent of organizations with no formal training in place. In other words, when employees are trained to use HR, timekeeping, and payroll tools (particularly if those tools easily share the same UI), organizations are more satisfied with their technology investments.<sup>6</sup>

How will your vendor partner provide project team training and end-user training? Project team training builds in-house expertise to address any future concerns, while end-user training is the key to accelerating end-user adoption. Aberdeen stresses that the true value of a training program is not in the basic training during deployment, but rather in an ongoing program that will help employees with varying skill sets feel comfortable learning over an extended period.

You can get your project off to a strong start by empowering your project team and end-users with the training and information they need to unlock the value of your HCM system from day one. Individual, role-based learning will prepare your project team for implementation so you get up and running quickly. And comprehensive end-user training will increase user adoption and drive early success.

## Support

You should expect your vendor's support team to guide you to informed decisions and connect you to product experts and peers. Immediately after implementation, your support team should coach you to thrive after your go-live date and then empower you with a wide range of self-service options. Quality customer support requires product experts as well as a dedicated team of HR and payroll experts. Ensure your vendor's support team has the breadth and depth of IT experience, technical skills, and application expertise required to manage, support, and maintain your cloud application.

Don't be fooled by promises of a single point of contact in support. Your internal structure has functional teams and departments rooted in deep expertise around HR, payroll, and workforce management disciplines. Don't assume that a single vendor contact can fully understand each area and provide value to each of your internal experts. Expect the vendor to provide a dedicated cross-functional team of support contacts to offer expertise in each area.

Support should also include tools that help you manage activities prior to month-end, quarter-end, and year-end payroll close, and notifications that keep you up to date with key legislative changes and compliance issues. And in addition to offering dedicated product experts and self-service product support via online knowledge tools, your vendor should also provide product update webinars, blogs, and training videos.

<sup>6</sup> Analyst Insight, *Learning for Long-Term Success: Investing in Workforce Management Training and Education*, Aberdeen Group (October 2012), at 3.



### Customer community

As a business partner, your HCM vendor can sponsor and support an online group where you can share common practices, submit ideas, and get questions answered by community members and product developers. This may include being part of a community of customers that share common practices based on your industry-specific needs or role-specific tasks. In this case, you might choose to work with other customers on customer advisory boards to guide future product direction, and attend local and national customer events where customers and prospective customers gather with the vendor to generate new ideas.

### QUESTION #5: WHAT RESOURCES ARE AVAILABLE TO HELP HR REDUCE COMPLIANCE RISK?

If you're running an organization, chances are you don't have time to chase after information on the ever-changing legislative landscape. But when critical HR and payroll laws and regulations have a real impact on your business, there's no way around it: If you don't keep up, you risk costly compliance issues.

When optimizing the people part of your business, the goal is to automate the mundane and routine tasks that keep you focused on compliance requirements rather than your people. HR executives may aspire to more ambitious and exceptional pursuits, but everyday challenges and core duties often preclude much straying from the beaten path. How prepared would you be for an audit or investigation? What about the additional regulations and policies that require compliance within your organization, like EEOC, OSHA, FMLA, the Affordable Care Act, and I-9 forms? No matter what the compliance issue, when an employee files a claim or an auditor shows up, you need to respond with speed and confidence. The HCM solution you choose should provide you with the reporting tools and visibility you need to avoid costly noncompliance fines and litigation through proactive compliance management with regard to changing labor laws and regulations.

This can be accomplished in a variety of ways, from alerts set for when scheduling violations are expected to occur to overtime warnings within the scheduling interface. The system should automatically update state and local tax jurisdictions when employees change their home or work locations without having to wait for period-end, evaluate benefits eligibility in real time, and calculate tax liabilities for both employer and employee. This level of automation allows HR to focus on people rather than on processes.

If you've decided to process payroll in-house for greater flexibility and control, you may still benefit from outsourcing some of the more tedious and complex payroll-related tasks, such as tax filing, garnishment processing, and check printing. In fact, more and more organizations are choosing this option. A recent American Payroll Association survey showed that 92 percent of respondents outsource tax filing and 71 percent outsource check printing.<sup>7</sup> Tax compliance is often the single most difficult and expensive task associated with payroll, especially for organizations operating in multiple states and localities. In addition to preparing and filing taxes, you need to keep up with constantly changing tax laws and regulations. After all, failure to do all this — and do it right — puts your organization at risk for potential penalties.

<sup>7</sup> American Payroll Association, *APA Payroll Trendline Survey* (commissioned by Kronos) (2014), at 7.

The solution you choose should offer a variety of people-analytics options that all connect within a single unified platform, the single source of truth and employee data. From foundational reporting to advanced options like predictive analytics and curated dashboard services, your solution should expose the right data at the points where decisions are made in your organization.

Your HCM vendor should provide optional payroll services that draw on experienced professionals and tested software tools to increase payroll efficiencies, reduce operating expenses, minimize tax reporting administration, and free staff resources to focus on strategic priorities.

Beyond core product capabilities, there is more your vendor can do to help you reduce compliance risk and reduce time spent on administrative tasks to manage compliance. For example, ask your shortlist vendors whether they offer resources for up-to-date law, regulation, and industry trend summaries. How do they provide access to the relevant, timely information that affects your HR and payroll practices? Your vendor can help minimize compliance risk by providing access to up-to-date state and federal laws in a searchable library database. Your vendor should also provide comprehensive compliance information in easy-to-understand summaries. And this compliance information should be delivered to your inbox through daily or weekly email updates that provide everything you need to stay on top of the ever-changing landscape of federal and state laws.

## CONCLUSION

The HR solution you choose is a critical step toward boosting your organization's success — but selecting the right HCM vendor to implement that system and support your employee-facing HR processes is equally important. The process of choosing a vendor who will also be a trusted partner can be simplified by asking five very specific questions that get at the heart of what you need to know to ensure your vendor and organization are well-matched.

You want to select a partner with technology designed to meet your current and future needs, who has the technical know-how to support you through implementation and beyond, who understands the specific needs of your industry and organization, and who is truly focused on customer success. With a vendor who truly believes your success is also their success, all the other pieces of the HR solutions puzzle fall into place.

By supplying a single, unified platform with a full suite of applications that embraces the needs of your diverse workforce, your vendor partner can give you access to real-time employee data that helps managers drive productivity, provide a strong foundation for the employee experience, and make more-informed decisions for better business outcomes.

## HCM VENDOR CHECKLIST

RFP templates for HCM solutions are often composed of hundreds of questions. But what are some of the fundamental questions to ask during your preliminary search? Use the following checklist to guide your initial HCM vendor evaluation.

### Is the technology platform built to meet your current and future needs?

- Provide an overview of your system architecture. Is your solution built on a native, multi-tenant platform?
- Describe the product upgrade process.
- Does the solution offer a single employee record shared across all applications?
- What separates your product from your competition?
- Provide a brief description of your recruiting and applicant management system. How is talent acquisition and new hire onboarding integrated with core HR functionality?
- Is HR functionality, including benefits administration, integrated with the payroll system?
- Provide a brief overview of your succession management and performance management functionality.
- How are compensation features integrated with talent management and payroll functions?
- Describe the process, steps, and time required for running payroll.

### Can the solution enhance the employee experience and support data-driven HR decisions?

- Describe your application's employee self-service functionality. What types of information can be made available to employees? How can it be used to improve the employee experience?
- Provide a brief overview of your reporting tools and how they are integrated with your HR and payroll system. Discuss how a nontechnical user can obtain reports from the system without assistance.
- How does the solution present employee information that has historically been tracked in silos across the organization, making it easier for managers to make more informed business decisions?

### Does the vendor understand the specific needs of your organization and its employees?

- Explain how employee timesheets can be entered online. How are these timesheets approved?
- Describe how the proposed system handles employees with multiple rates of pay and department or cost center assignments. How would employees with multiple jobs or positions be handled?
- What data visualization tools are available to illustrate key workforce KPIs — including industry common practices — across the entire workforce?
- Can the proposed system handle multiple levels of authorization for processes such as timesheet approval, time-off requests, job requisitions, etc.?
- How can your system meet the needs of both salaried and hourly workers?

### What resources are available to help HR reduce compliance risk?

- As HR regulations change, how do you ensure your clients stay in compliance?
- How are leaves of absence identified and processed in the system (i.e. personal leave and Family and Medical Leave Act [FMLA])?
- Describe tax resources provided to your customers on tax regulations at the federal, state, and local levels. How do your customers access this information? What tax updates, if any, are provided and how are these updates received?
- Does the solution provide all relevant end-of-year payroll processing reports, including W-2, 941, 1099, state, SUI, and worksite reporting? How do you support clients with preparing tax deposits and filings internally?

### What is the vendor's approach to customer success?

- What is your process for effectively managing the implementation process? What is the starting point for implementation, and how long will the process take? How will you incorporate industry-specific common practices?
- What is your process for moving from implementation to customer maintenance?
- Provide an overview of your training programs and delivery methods. What ongoing customer training is available?
- Provide an overview of your technical support services.