

The background features several stylized clouds in shades of blue and white, with small green dots scattered around. The main title is centered within a large, light blue cloud shape with a dark blue outline.

Buyers Guide to Modern Cloud HR Software

Contents

Introduction	3
What we can learn from Henry Ford. Why Cloud-first HR software costs less.	4
Key advantages of Cloud-first technologies.	7
Winning a budget for HR software. Leading independent industry expert Denis Bernard, shares his experience.	8
Five tips for successful HR software selection	13

Introduction

As far back as 2015 Deloitte noted that the HR technology landscape was “exploding with growth and innovation” across virtually every area of employee management, from core HR systems to employee communication and recognition.

The pace of change has, if anything, accelerated, and poses a significant challenge to HR professionals looking to select the HR solutions that are fit for today, and will carry them into the future.

Dig beneath the “Cloud” hype, and you’ll find that the HR software market is effectively split into two: HR systems based on the older technology platforms re-purposed for the Cloud, and the newer Cloud-first systems developed to take full advantage of Cloud and mobile technologies.

Selecting an older system may be the right choice for your business. These ‘legacy’ systems have been around longer, so typically offer a wider range of features, especially around more traditional HR administrative processes. The downside is that they are rarely as cost-effective, agile or evolving as quickly to meet new workforce expectations as newer Cloud-first HR solutions.

Leading analysts, the Gartner Group, sees the shift to Cloud-first solutions as inevitable, and warn that companies with older technologies are likely to invest less in resourcing or updating older platforms.

The next article looks at what has really changed in the way that HR software is developed and delivered, and why just moving a solution online, to be hosted in the Cloud, is not enough.



What we can learn from Henry Ford.

THE CHANGING REALITY OF HR SOFTWARE

Between 1908 and 1925 the price of the touring version of the Model T-Ford fell from \$850 to \$300, and started a revolution in car ownership. In part this was due to introduction of the moving assembly line, which reduced the time it took to build the car from more than 12 hours to just 2 hours and 30 minutes.

But, of even more significance was the introduction of new materials and standardized components that allowed for mass manufacturing, and a different attitude to ongoing maintenance. For example, the engine was specifically built with a detachable cylinder head for easy access and repair, and interchangeable parts simplified assembly and reduced waste.



Something similar has happened in the HR software industry. A new way of putting business software together, and delivering and supporting it, has dramatically changed how much companies need to pay to acquire and maintain HR software. Powerful, time-saving HR functionality that in older systems costs tens of thousands of pounds (and more) to implement, manage and maintain, is now available in newer HR solutions for a fraction of the cost.

This change is partly due to the economies of hosting in the Cloud, but that's available to the older vendors too. The true revolution has come about because newer HR systems have been re-thought and re-written to take full advantage of a more agile Cloud technology infrastructure, and to deliver a more streamlined and cost-effective approach to software implementation and maintenance.

There are three key areas where older HR systems can't match their Cloud-first counterparts when it comes to keeping costs down, and future investments protected.

1. SMART USE OF CLOUD COMPUTING ENVIRONMENTS

Older HR systems were built to fit the computing architecture of the time, where server resources were effectively preallocated, perhaps with one server handling the data, and another the application processing. If more memory or processing power was needed - perhaps to deal with the annual performance review - bigger and more expensive servers had to be put in place and software migrated.

Server virtualisation has gone some way to reducing costs and improving flexibility, but traditional software lacks the agility needed to capitalize on the newer, more cost-effective and resilient Cloud infrastructures.

These are made up of networks of smaller, closely connected servers, able to dynamically share loads and provide specialist services - such as document storage - when needed. Vendors are therefore able to make use of elastic load-balancing, where appropriate, additional computing power can be automatically called in to play based on demand.

However, to take advantage of this, HR software has to be designed so that it:

- can be “split” seamlessly over not just one or two servers, but many, at any time;
- ‘knows’ what kind of server resource it needs. For example, every-day self-service will require a high-availability environment that is frequently backed up, whereas document storage may only need to serve up documents occasionally, so can use a cheaper resource.

With older HR software, load balancing of this kind can’t just happen automatically. So suppliers have to play safe, and charge in advance for capacity that may only be needed once or twice a year.

What to ask your HR supplier

Is your HR system Cloud aware?

Has the system been developed to automatically benefit from the most effective and cost-efficient utilisation of Cloud computing resources

2. LOWER DEVELOPMENT OVERHEADS AND SEAMLESS UPDATES

Modern Cloud HR systems make use of an architecture known as multi-tenanted. Instead of each customer having their own installation of the software, with the underlying code base customised to fit their specific requirements, all customers

are on the same version of the software, but can configure the system to fit their way of working.

With just one code base to develop and maintain, Cloud-first vendors have significantly lower costs, can develop new features faster, and can apply updates seamlessly. Customers automatically get new features as soon as they are released, no-one gets left on out of date solutions. It's an approach that's been adopted by the leading Cloud-first software companies, from the pioneer Salesforce to Workday and Cezanne HR

What to ask your HR supplier

Is your system multi-tenanted?

Are updates delivered seamlessly, at no cost and with no disruption, and are all customers always on the latest release?

3. FASTER, LESS EXPENSIVE IMPLEMENTATIONS

Take a look at the financial accounts for many of the older-style HR software providers and you'll see that a big chunk of their money comes from professional services. It's not uncommon for companies to pay two or three times as much for implementation as they do for the software licence – and pay again when updates need to be installed.

These HR systems were designed for an era when every customer had their own unique 'instance' of the software. It didn't matter if the system was customised or configured for different customers in different ways – in fact, it was positively encouraged as a way of generating revenue.

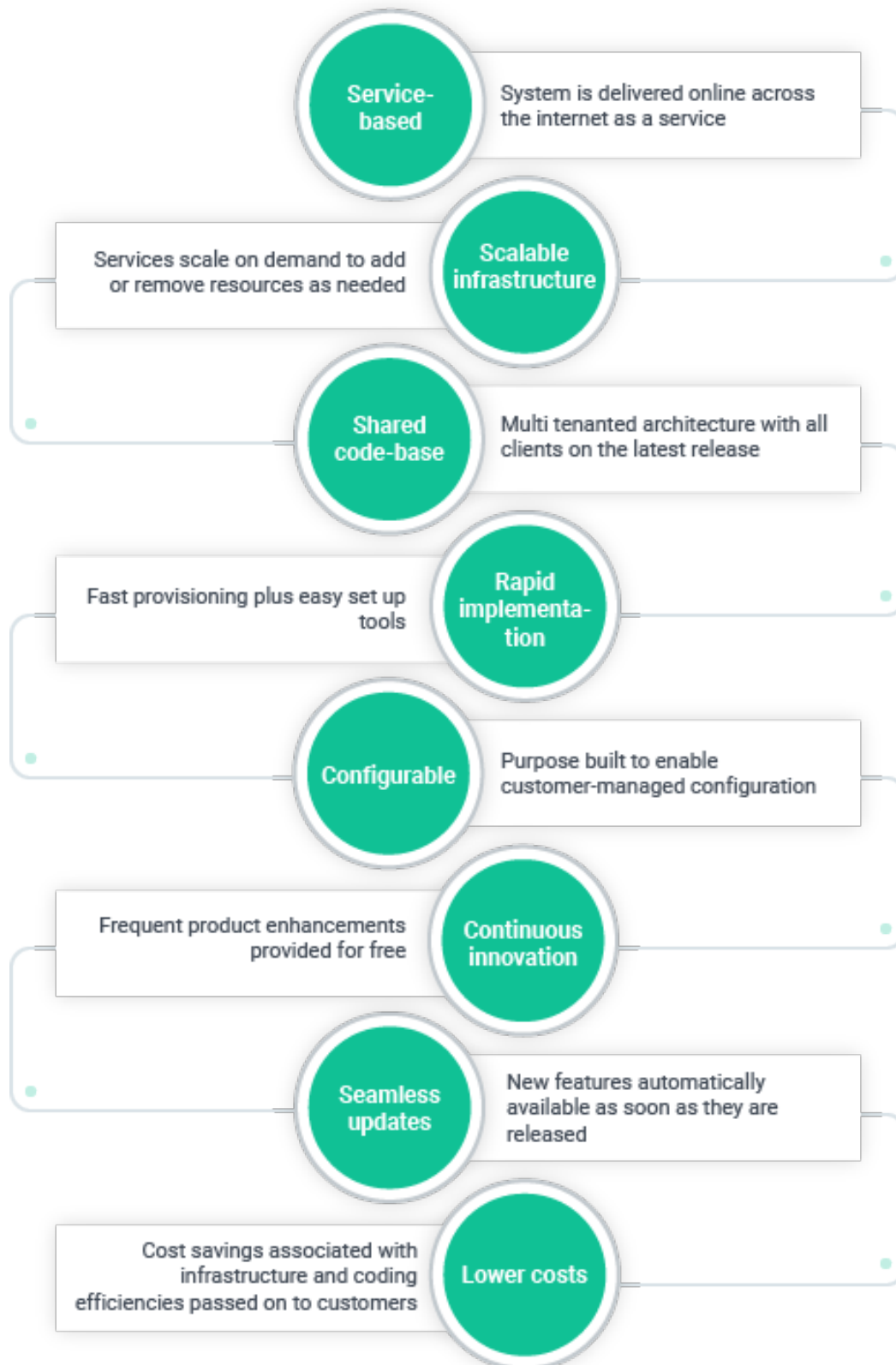
With multi-tenanted HR software, all customers share the same core code – but have the freedom to flex the system to fit their way of working. This has led to a re-think in system design. New HR systems are typically more complete, so can be deployed and rolled out across the organization pretty much 'as is' (for example, with pre-configured security roles and approval work flows already in place), but have tools that make them simple to configure by the HR user, so they can modify standard security roles, or route work flows differently, if they want to. Data is generally easier to upload, and most offer open APIs (or application interfaces) that make integrations far simpler and more cost effective than in the past.

What to ask your HR supplier

How quickly can the system be deployed

And what can I configure for myself?

Key advantages of Cloud-first technologies



Getting sign off. How to win budget approval



Denis Barnard

Independent expert in HR software selection and implementation, Denis Barnard, looks at which factors can help you win budget approval for your new HR system.

One of the perennial problems presenting to HR professionals is that of getting approval for new software. Whether you have a current system or are looking to secure your first one, there seem to be barriers to winning the necessary support and getting sign-off.

Why is this? Part of the problem has been that we in HR have failed to make a convincing case for the acquisition, so here I aim to set out the ways we can overcome this.

To start with, we need to understand the reasons for having the software. What pain is it going to solve? What administration is it going to save? What benefits is it going to deliver to the organisation, as a whole?

To win budget sign off, HR needs to put together a convincing business case.

Another thing to consider is the project sponsor. Do they have enough political clout to carry the day if there is opposition encountered? Are they committed 100%?

It is also important to know if there are any legacy holdovers from previous failed or botched HR software programs; you will need to overcome the inevitable objections or reservations based on those events.

As finance heads or other senior business directors are the ones most likely to be scrutinising your business case, it needs to be predicated upon these factors:



SOURCING NEW SOFTWARE WILL SAVE MONEY; NEWER TECHNOLOGY MEANS REDUCED IT RESOURCE REQUIRED

There are savings to be achieved by switching to modern Cloud HR software, as costs of acquisition and maintenance have come down significantly over the past few years.

If you are hosting your current software on servers based on your premises, then you need to calculate the costs of having those servers, the time spent by IT people who look after them, and any time that IT may use supporting HR in troubleshooting.

Having your software vendor host the application is initially more expensive than using your existing IT infrastructure, but you need to balance that against the on-going IT costs shown above, plus:

- Software security, system availability and disaster recovery is the responsibility of the vendor;
- Upgrades are performed at the vendor's end, therefore eliminating the need for your IT staff to be involved;
- Troubleshooting is more easily handled by the vendor.

Using a system that's hosted by your vendor in the Cloud frees up IT time for more core activities. They'll just need to ensure that:

- Compatible browsers and versions of Word, Excel and so on are enabled;
- The vendor complies with your company's security requirements: which, alongside GDPR compliance, could include hosting within the EEA, single sign on, dual authentication, advanced password security, penetration testing, etc.

Even if you are making do with spreadsheets and manual processes, there's likely to be an IT overhead associated with fixing formulas that don't work, compiling data from multiple sources to provide management reporting, chasing up overdue forms or simply running essential reports for payroll. Apart from the obvious savings, IT staff time is freed up for other projects and we need to calculate the value of that time.



THE INVESTMENT WILL RESULT IN FEWER ERRORS

Most errors in data occur at the point of input, and in situations where the same data is input more than once. If the data is entered by people

who cannot readily sense check what is being input, for example, temps taken on to help catch up with a data entry backlog, the risk escalates. Centralising the data in a single system avoids duplicated data entry and is part of the solution. As importantly, self-service gives more ownership of data to the individual who has more of an interest in getting it right, and automation stops things “falling down the cracks”, which is inevitable with manual diaries and other written records such as authorisations. Try to work out how much current errors are costing in terms of time and administration.



MANAGEMENT WILL HAVE ACCESS TO BETTER QUALITY INFORMATION

The deployment of self-service will bring about better “real time” reporting, especially in Absence, Training & Development and Performance. Better information should bring about better decision-making; and faster, more-accurate reporting for statutory compliance such as diversity reporting. There is a value in this, and you will need to talk to management colleagues to get the basis for this calculation.



NEW SOFTWARE SAVES TIME – LITERALLY

Modern software is quicker to use, due to slicker navigation and fewer keystrokes and will shave time off transactional postings on older systems or Excel spreadsheets. Tests I have run have shown speed differences of up to 45 seconds per posting. Relate that back to the volume of transactions per month/per annum, even for a relatively simple process, like approving a holiday request, and you will arrive at a time-saving.



INBUILT WORK FLOWS AND NOTIFICATIONS HELP ENSURE PROCESSES RUN SMOOTHLY

Automatic triggers – which send reminder emails for a whole host of events such as upcoming appraisals, work permit expiration and starter or leaver processes – and work flows, which effectively move documents for approval around the system – have, together with self-service, led to a dramatic reduction in the amount of administration in HR departments. Do the calculation to arrive at a time figure that will be saved by so doing.

Over a period of some years, our HRmeansbusiness Ltd consultancy has looked at the effect of changes in HR (and in some cases, payroll) software on some of our clients, by observation and empirical evidence, and our findings are as follows: The figures are considered by us to be conservative,

and are based on an average organisation of 1000 employees, showing the time savings (expressed in FTE) achievable over a 5-year period by introducing the following features:

- Self-Service 5.00
- Work Flow 1.25
- Triggered (automated) actions 2.00
- Organisation Charts 1.25

(Derived from empirical studies by HRmeansbusiness Ltd. Copyright ©HRmeansbusiness Ltd 2017)

For smaller businesses, with fewer HR and IT resources to call on, the benefits of freeing up HR and management time, and providing immediate access to accurate information, is just as significant.

So, if you aren't currently able to use the above, which are features of good quality modern HR software, you can see economies which should be within your grasp.

OTHER CONSIDERATIONS

Depending on your business, there may be other HR-related activities that, if not managed appropriately, could either cost the business money or lead to sub-optimal performance. For example:

- not being able to demonstrate you are managing the right to work of overseas nationals in an appropriate way, or keeping appropriate health and safety and other compliance records;
- missing key dates for delivering mandatory training;
- allowing days off to go unrecorded, and unchecked;
- failing to ensure employees understand their performance objectives, or
- making sub-optimal use of training budgets by not having a clear picture of development needs, attendance or overall costs.

It's important to take the time to identify what the risks are for your business, and how new software could help mitigate them.

KEY GUIDELINES

Making the business case and getting it accepted is the cornerstone of your project, so it's worth remembering these guidelines:



IT MUST BE RIGHT THE FIRST TIME

It is important to make sure you put forward a credible business case first time. Fall at this fence, and you may not even get a second chance at it.



EVERYTHING IN THE PROPOSAL MUST BE ALIGNED WITH THE ORGANISATIONAL AIMS

If you can't demonstrate that it will help your business and its aims, it is an irrelevance (for them, if not for you).



IT MUST BE IN SCOPE WITH THE SIZE AND RESOURCES OF THE ORGANISATION

Don't pitch for an oversized or overpriced system; make sure it is scalable both ways and as future-proofed as one can reasonably assess.



BE SPECIFIC IN YOUR REQUIREMENTS

Build the key assertions in your case on solid facts and figures. If you don't have internal data, you may be able to benchmark against other organisations. But be grounded, don't over promise.



FOCUS ON THE COMPELLING ASPECTS OF YOUR CASE

And those that be defined as a business priority. Otherwise, your project can be cancelled or put on hold because of higher prioritisation of other issues requiring resources.



DON'T FORGET THE POLITICS!

Be very careful to get all onside, even those who would appear not to be directly affected but may have influence. This is where your project sponsor should be wheeled out to smooth the way for you.

When you have the system in and running, remember the promises you made about savings and efficiencies. Otherwise, all those good things in the business case will come back to haunt you.

I wish you every success with your project!

Five tips for successful HR software selection

The demos have been completed, functional fit confirmed, outline budgets approved, time lines agreed and everything looks good to go. But, before you sign the contract, it's worth taking a step back and making sure you've addressed these key issues:

1 DEFINE EXPECTED OUTCOMES

It's far too easy during an implementation to lose sight of the original objectives for your HR software implementation. Of course, needs change and priorities shift, but having a clear view of your objectives from the very start not only makes selection simpler, but gives you a benchmark for success. Ideally, include some quick wins alongside the longer-term goals, so you can demonstrate to the business that the system is delivering results within the first few months.

For example, a quick win could be to make sickness absences more visible and holiday requests easier to manage, whereas longer-term goals might be focused on increasing retention or developing future-facing talent pools.

2 BE SURE ON COSTS

Generally, there are two aspects to HR software costs: the licence or subscription fees, and the professional services, including training and set up cost. Make sure you really understand what is included in each, and what the on-going costs are likely to be. Is unlimited data storage part of the package, or might you end up paying more once you've exceed your initial limit? Can you write your own reports, or might the supplier have to do it for you? If you pay for customisations, will they automatically be upgraded in-line with new product releases, or might you have to pay again? Are language translations included and if not, how much do they cost?

3 SPEAK TO OTHER USERS

If you aren't convinced by the answers you are getting from your supplier, ask for one or two reference calls, or visit one of the independent review sites - like Software Advice or Capterra. The review sites may not give you the same degree of detail as a one-to-one call with a current user, but they'll give you a much broader perspective on how the supplier performs overall.

4 CHECK CANCELLATION TERMS

It sounds counter-intuitive to be thinking about cancellation before you even begin, but if things do go wrong for any reason, you want to be sure you've the freedom to move on. Check the minimum contract period, how much notice you are required to give, whether there are any financial penalties, and how you get your data back should you decide to move on. Some suppliers have been known to hold their customers' data to ransom, and that's not a position you want to be in.

5 PLAN FOR SUCCESS

Of course, your supplier will be on hand to help you with set up and training. However, preparation on your part is essential, not least because it's your data and your processes that will drive the success or failure of your project. Take a look at your existing HR data, is it ready to upload, or does it need validation or cleaning first? There is only so much checking an HR system can do for you. Think through your processes, and document them if needed so they can be mapped against the workflows in your new system. Consider roles and responsibilities; who should have access to what information, or be responsible for tasks, such as adding a new joiner, or approving an absence request?

Other HR guides you may be interested in...



Five features no HR system should be with out



Improving Employee Performance



Solving the Absence Management Challenge

About Cezanne HR

We've built something special at Cezanne HR; a powerful, configurable HR software solution that's simple to deploy, easy to manage and remarkably cost-effective, whatever the size of your business. As a team, we've a long track record of delivering successful HR solutions to businesses worldwide. We've worked with companies of every size and across every business sector. That's why we decided from the very start to build an exceptionally robust and scalable SaaS platform for human resources management which, like our customer community, is growing all the time.

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