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Executive Summary

The capabilities of next-generation HR technology have grown much faster than the capabilities of most HR leaders to leverage that technology to transform HR.

For HR leaders to have a positive impact on their rapidly changing organizations, they must understand the trends and options of HR technology to make critical decisions about selection and implementation.

This tool will help HR leaders build a business case for investing in next-generation HR systems to meet the growing demands of the organization, including interfacing or integrating data, incorporating social and mobile technologies, and providing an employee experience that creates a strong sense of engagement with the organization. It is also intended to help inform HR leaders and strengthen their knowledge of currently available HR technology.

The Agenda

- **Business Impact**: What the research says.
- **Business Need**: What are the top challenges with human resources systems?
- **Solution**: What is a next-generation HR system?
- **Questions to Consider**: What are the questions organizations must ask themselves before making an investment?
- **Building a Business Case**: What are the action steps to gain buy-in?
- **Stakeholder Analysis**: Who are the key stakeholders and what do they need to know?
- **Metrics**: Ideas for correlating your technology with your HR metrics.
Business Impact

Brandon Hall Group’s 2016 Talent Management Technology Study revealed that:

- Organizations that invested in new technology were 10 times more likely to see an increase in revenue.
- 32% of companies with a new HR system saw a significant increase (10%+) in engagement.
- The top two priorities for companies in 2016 were understanding their future-oriented talent requirements (65%) and providing a full employee experience (56%).
- Only 4% of organizations described their TM technology maturity as “innovative.”
- 32% of organizations said they will increase their technology budget for next year; only 4% said they would be decreasing it.
- 47% of organizations said they would be looking for an integrated solution; only 24% were looking for point solutions from multiple vendors.

Business Need

- Organizations have HR and related data but cannot easily integrate it to aid in making business decisions.
- Organizations can no longer rely on manual processes instead of technology-enabled solutions.
- It is critical to invest in solutions that will improve effectiveness, drive business outcomes, and strengthen the employee experience.

HR systems today have evolved from the legacy HRIS platforms, and even from the point solutions of more recent years. The most recent systems are integrated
from multiple functions, often from one provider (ideally) or through strong partnerships between providers. Integration is important, not only for the ability to gather data from related areas of business (thus providing more meaningful insights into how different functions interact with each other), but also to provide a uniform experience for the end-user and administrator, which leads to better employee experiences and greater efficiency.

**Action Plan**

Answering these questions will help you articulate the business need back to business leaders.

- **Challenges**
  What are your greatest challenges related to human capital management?

- **Strategy**
  Can you currently tie business objectives to your current HR systems output?

- **Change**
  Why is now the time to make a change?

**Solution**

**Key Takeaways**

- Cloud-based, instantly updated HR solutions are vastly more adaptive than older systems

- The features of modern HR solutions that are most developed: mobile, social, and analytics.
• These solutions can make a drastic (and provable/trackable) improvement to business outcomes because data is fully integrated and easy to analyze.

Even as recently as three years back, the move to SaaS or cloud-based HR systems was noticeable but slow. In that short period of time, the speed of uptake on cloud-based solutions has increased beyond the point of comparison. Cloud-based systems now account for the majority of new solutions in the market.

The reason for such a profound change in how HR systems are utilized has been driven by an equally profound change in the make-up of the workforce, as millennials now outnumber all other generations, and they expect the same – or similar – technology in the workplace as they have outside it. This has forced workplace technology providers to quickly evolve. Simply put, having a cloud-based solution makes it easier to have a great user experience at work, and also allows for easier integration.

**Action Plan**

Answering these questions will help you articulate the business need back to business leaders.

**Existing Technology**

What value does a new or upgraded HR system provide that our existing technology does not?

**Capabilities**

What are the key capabilities and functionalities we need? How will this system support a positive end-to-end employee experience?
Questions to Consider

Resource considerations are paramount in any upgrade or purchase of new HR systems. Below are some questions to consider as you go through the planning process.

**Budget**

- What is our budget for HR-related technology?
- What are we currently invested in and how do we plan to invest in the future?
- How do our needs rank in order of priority?

The first step is determining your organizational budget for HR technology. Will you be handling implementation, or will that be handled by the provider (and is there a separate cost)? Some cloud solutions require no implementation so that should be considered, as well as a time cost (or savings). Other considerations include cost for support, expansion, and scalability. All of these will be explored in the following sections.

**Pricing Options and Other Internal Costs**

- What is the cost of various types of HR systems and what pricing models are available?
- What happens if the price escalates after the first year? How does that factor into the overall budget?
- How many team members will be involved in both implementing and maintaining the new system?
- How many hours will each team member contribute to these tasks and what is the value of the time taken away from other projects?
After determining the budget, understanding pricing options and internal costs are critical components for selecting an HR system. Pricing models for HR systems can vary widely. The best approach is to identify critical features required and then research and compare the product capabilities to your list of critical features. Additionally, asking specific questions around implementation costs, training costs, etc., will factor into the overall price. Make sure you have a solid understanding of what happens if the project is delayed and runs longer than expected. Does that change your price?

When thinking about implementation, it’s critical to develop an internal team, ensure members are confident about their roles, and can work closely with the provider. Our research showed that implementation services are the fifth most important vendor competency. (See Figure 1, next page). Implementation is often overlooked and is not usually planned for ahead of time. This initial planning – as well as a communication plan to discuss with leaders how the new solution will change processes or make their HR experience more efficient – is a must. Your vendor can work with you on this and give you examples of how other organizations communicated the value of the new technology.

<table>
<thead>
<tr>
<th>Implementation</th>
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</thead>
<tbody>
<tr>
<td>Do we need third-party support for implementation?</td>
</tr>
<tr>
<td>What is a realistic implementation timeframe?</td>
</tr>
<tr>
<td>Will HR or IT own implementation?</td>
</tr>
<tr>
<td>Do we need training post-implementation?</td>
</tr>
<tr>
<td>Do we need a global implementation strategy?</td>
</tr>
<tr>
<td>Does the provider have a sample communication plan to support the implementation?</td>
</tr>
</tbody>
</table>
Companies look at what options are available and if a new system will be able to meet its individual workforce needs. Considering a timeline will depend on the company’s existing technology and its readiness to change.
Many organizations have a delivery model preference or requirements based on their overarching company strategy and policies. For example, industries with high-security needs require an on-premise or hosted model (though more are beginning to switch to cloud). Almost all next-generation HR system providers offer an on-demand Software as a Service (SaaS) model or a cloud-based solution.

Integration and interfacing are two issues that are critical to success and often overlooked or not thoroughly considered. You will need to talk with your provider and your implementation team to understand which steps are necessary for each type of purchase and which makes most sense for your organization.
Metrics cover a wide array of stakeholders. The HR system can provide data related to headcount and turnover, benefits, scheduling, recruiting, and compensation. The key is knowing the metrics your organization needs and who will be tasked with analyzing and reporting on them. This is an often overlooked question, as it assumes that the more data and analyses available, the better. However, the capabilities of most modern HR systems far outstrip the ability of HR practitioners to glean meaningful insight from the vast amount of data. Some organizations have human resources as the responsible department; others give the managers greater self-service capabilities, and a small but growing percentage have a separate department dedicated to people-data analysis. Knowing your organization’s structure, appetite for – and capabilities with – people data is crucial here.

**Building a Business Case**

Based on qualitative and quantitative research, Brandon Hall Group identified several critical steps for building a business case and moving forward with a next-generation HR system investment.
Identify a Champion: Organizations tend to struggle with clearly articulating and quantifying the value that they will receive from the investment. Organizations should consider including a senior leader outside of Human Resources to champion the initiative and aid in the funding request approval.

Build Your Internal Team: In order to evaluate and select a technology solution, organizations must identify a “selection committee” responsible for creating RFPs, scheduling demos and evaluating providers. For many organizations, IT, procurement, HR, and business leaders are often included in these meetings. But it is important to structure the team based on your organization’s culture and decision-making preferences.

Timeframe for Selection: Ensure that the selection process has a realistic time frame that fits in with overall organizational projects and objectives. Brandon Hall Group recommends that for whatever timeframe you come up with, you increase it by 25-30% to allow for delays and unanticipated complications that almost always occur. It is always better to be ahead of schedule than behind.

Identify a List of “Must-Haves”: Organizations need to consider their unique needs before investing in a system and determine their “must-haves” and “nice-to-haves” when selecting a system. Organizations will typically identify “must-haves” in terms of functionality, technical requirements, and solution provider viability. This is not meant to serve as a list of requirements but rather a general understanding of priorities based on their line of business, size, and geography. It is a good idea to think of the
“must-haves” in terms of both the present and the future. Anticipate what you may need two or five years down the road and make sure that the system has it, or the provider has the ability to enhance it. And of course, get a sense of the cost involved.

**Measure Effectiveness:** Although most organizations will be able to determine the effectiveness shortly after going live with their system, companies must define the metrics for success prior to selection.

**Develop a Change Management Strategy:** Any technology change typically requires some level of change management. It provides a transition to the future state, and for some organizations this can involve moving from a paper-based process and for others moving off of a legacy system. In most cases, change management begins at the leadership level and requires strong communication to employees expected to use the system. A successful change management program will have a tremendous impact on adoption rates. In all of Brandon Hall Group’s technology research over the last five years, the most frequent answer given when respondents are asked what they would do differently is, “develop a change management plan.”

**Begin Communication:** A communication strategy should be developed to articulate the need for the technology investment with key stakeholders and overall business leaders. This communication strategy should be revisited regularly through the selection process as well as implementation. It then can be revised and used to communicate to the intended user community. Don’t surprise users with a new system. Let them know it is coming and communicate how it will help them. Done correctly, this can have a tremendous positive impact on adoption.
Stakeholder Analysis

The human resource ecosystem includes key players both inside and outside of an organization. Managing these relationships and understanding their interaction across key practices is a critical part of any HR technology strategy. More importantly, it is critical when investing in an HR system. These different stakeholders evaluate the impact of human resources in different ways, and communicating with them requires a focus on different metrics. The following is a list of key players within the organization, their role in use of the HR system, and the critical metrics that must be tracked in order to help them see progress.

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Interests</th>
<th>Concerns</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR Professionals</td>
<td>Integration, Analytics &amp; Reporting</td>
<td>Benefits, employee costs, headcount, merit pay, overtime pay, general compensation, employee relations, ethics, labor, safety</td>
</tr>
<tr>
<td>IT Professionals</td>
<td>Integration</td>
<td>User adoption rates</td>
</tr>
<tr>
<td>Managers</td>
<td>Analytics &amp; Reporting, Ease of Use, Mobile and Social</td>
<td>Headcount, turnover (voluntary and involuntary)</td>
</tr>
<tr>
<td>C-Suite</td>
<td>Analytics &amp; Reporting</td>
<td>Headcount, Turnover, Benefit Costs, Profitability, Related to FTE, Revenue per FTE, Ethics, Labor, and Safety</td>
</tr>
<tr>
<td>Employees</td>
<td>Ease of Use, Mobile and Social</td>
<td>Ability to change personal information easily</td>
</tr>
</tbody>
</table>

Source: Brandon Hall Group 2016
## Critical Metrics for Key Players

<table>
<thead>
<tr>
<th>Interests</th>
<th>Translating Metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR Professionals</td>
<td>HR needs the ability to track and report on data required by federal and state agencies. It also needs the ability to report to senior leadership, managers, and employees in a way that recommends specific actions.</td>
</tr>
<tr>
<td>IT Professionals</td>
<td>IT departments are often responsible for training users on adopting these systems, and will need to plan accordingly.</td>
</tr>
<tr>
<td>Managers</td>
<td>Managers are concerned with HR metrics related to managing their workforce. They will also want to invest in a system that is easy to use, social-capable, and mobile-accessible.</td>
</tr>
<tr>
<td>C-Suite</td>
<td>The CEO, COO, CFO, and others are going to be price motivated, but understand the ROI regardless of initial investment. They will be keenly interested in high-level reporting on all federal- and state-mandated requirements. In addition, the ability to see big-picture reporting on profitability and revenue metrics is key.</td>
</tr>
<tr>
<td>Employees</td>
<td>Employees need to be able to make personal changes to their employee record, view timesheets, view pay statements, and similar activities in a way that is easy and intuitive.</td>
</tr>
</tbody>
</table>

Source: Brandon Hall Group 2016

### Metrics

Defining metrics to evaluate technology is a challenge. It may seem clear why cost, time, and quality are important, but how can organizations ensure their solutions are improving these areas? On the next page are a few ideas for correlating your technology with your human resource metrics.
## Measuring the Impact of Technology

<table>
<thead>
<tr>
<th>Metrics</th>
<th>Business Impact</th>
<th>Impact of Technology</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Onboarding Cost</strong></td>
<td>Measuring a reduction in costs in onboarding, absences, and offboarding</td>
<td>Tactical-level metrics are cost savings by eliminating paper-based processing.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Operational-level metrics include increased efficiency by eliminating the number of staff needed for data entry since much of the data flows from the technology solution.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Companies can also save on costs associated with leave of absence tracking and the efficiencies of automating onboarding.</td>
</tr>
<tr>
<td><strong>Benefits</strong></td>
<td>Measuring effectiveness and use of a benefits program</td>
<td>Tactical-level metrics: Time reduction in completing enrollment and better benefit selection more targeted to specific employee needs.</td>
</tr>
<tr>
<td><strong>Headcount</strong></td>
<td>Measuring the exact number of employees as well as those leaving both voluntarily and involuntarily in real time.</td>
<td>By using HCM technology, companies now have real-time visibility into their workforce. This is especially important when managing and tracking employees in multiple states or countries.</td>
</tr>
<tr>
<td><strong>Turnover</strong></td>
<td>Real-time insight into current turnover percentages as well as trends in voluntary and non-voluntary turnover</td>
<td>Automated systems can provide both up-to-the-minute turnover numbers broken out by type (e.g., voluntary, regrettable, critical role, etc.) but also trends to alert when turnover reaches historic highs/lows.</td>
</tr>
<tr>
<td><strong>Profitability/Revenue</strong></td>
<td>Ability to measure profitability per employee or revenue per employee</td>
<td>Enabling top leadership to have visibility to the profitability or revenue per employee is important for board discussions as well as leadership discussions around future workforce planning.</td>
</tr>
<tr>
<td><strong>Safety</strong></td>
<td>Measuring accidents and incidents for federal and state reporting.</td>
<td>Updated HR systems now enable companies to know, at any given time, how many safety issues they have. This is critical for federal and state reporting and will help provide interventions to create measurable savings and increased effectiveness.</td>
</tr>
</tbody>
</table>

Source: Brandon Hall Group 2016
About Brandon Hall Group

Brandon Hall Group is a HCM research and advisory services firm that provides insights around key performance areas, including Learning and Development, Talent Management, Leadership Development, Talent Acquisition, and HR/Workforce Management.

With more than 10,000 clients globally and 20 years of delivering world-class research and advisory services, Brandon Hall Group is focused on developing research that drives performance in emerging and large organizations, and provides strategic insights for executives and practitioners responsible for growth and business results.

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