

White Paper:
Selecting the Right HRMS Partner for You



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Are you (or someone on your staff) spending too much time juggling spreadsheets of employee data and worrying about how well you are administering your organization's Human Resources function? If so, you may benefit from the use of an HR Management System (HRMS). The good news is that there are many options available with a variety of functions to choose from -- and at a wide range of price points.

So how do you begin to determine which option is best for you? It is useful to start by understanding your needs and limitations and then searching for a flexible system that will meet the requirements of your evolving organization. This white paper will help you look beyond the obvious so that you find the right HRMS partner and make a choice that's the best fit for you now and tomorrow.

Historical Overview

Prior to the notion of an integrated set of HR processes and software, tracking the administrative side of human resources largely was a homegrown employee recordkeeping system or, for some companies, an expanded payroll system. Spreadsheets and flat-file databases were sufficient for keeping track of employee data, personnel files contained a manageable number of documents, and regulations were easily addressed and certainly less complex. If you were large enough to justify the purchase of a payroll system or a Human Resources Information System (HRIS), you typically had access to a staff of specialists who could design, build and maintain the system and run reports.

The complex environment in which businesses must now operate is different. Newspaper headlines such as "Layoffs Herald a Heyday for Employee Lawsuits"¹ underscore our current realities. Employees are commonly geographically dispersed — making communications a bigger challenge and creating a need for employee communication hubs. Employees and employers need and expect immediate access to information 24/7. And, we need tools to help us do more with less.

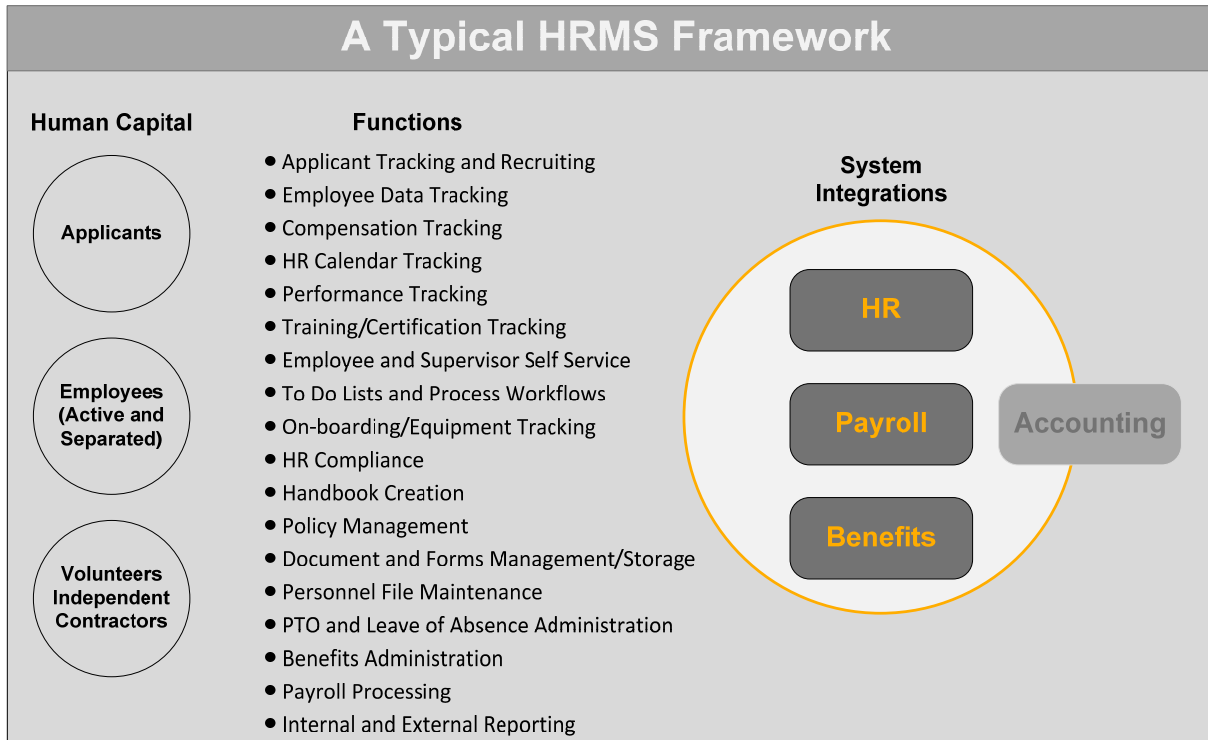
The number of employment regulations is at an all time high; even small companies are struggling to understand all of the requirements that they face as employers. Gerald L. Maatman, Jr., Co-Chair, Complex Discrimination Litigation Practice Group at the law firm Seyfarth, Shaw, recently said it well: "Given the enormous financial stakes, pro-active planning and legal compliance programs — to get ahead of class-action risks — are critically important for businesses in 2010."² As a result, responsible HR administration goes beyond just paying people and keeping track of basic information to a need for an integrated system that can help with compliance and integrate with your benefits, payroll, and applicant and accounting systems. For many companies, it is not so much a question of whether they need a system; it's more a question of what type of system and whether the system can meet the needs for tomorrow.

Basic Selection Criteria: Data and Processes

When selecting a system, most organizations start with these basic questions:

- If you could find the ideal product, what would it do for you?
- Which spreadsheets and manual processes would you replace with the system?
- How can the HRMS alleviate some of your frustrations with current processes and eliminate inefficiencies?
- What new services could you provide to employees to show that you care about their welfare?
- How could you help managers make informed decisions about their employees?
- How would the system improve your HR function and lower your risks?
- What are the must-have features vs. the "nice to have"?

Below is an illustration of a robust HRMS. Certainly, the stage of your organization’s lifecycle, as well as the current business challenges and priorities, will dictate how much or how little of this framework your organization needs.



Additional Factors

The next factors to consider when selecting an HRMS are affected by the realities of your organization:

- What type of internal IT/technical support can you count on?
- If you need help with the system, how would this need be prioritized against other company needs?
- How much time do you (and your staff) have available to use and support this system?
- Can you wait for help to become available or do you need an immediate response?
- Would you prefer a system that has an open architecture — meaning you have the ability to make programming changes to suit your unique needs, or would you prefer more of an “out-of-the box” solution?
- How can the HRMS be expanded to meet the growing needs of your organization?
- How will you address changing compliance issues?

Purchasing Options

Today, your purchasing options for an HRMS typically fall in the categories of:

- **Purchased software packages** that are hosted on your systems. You are responsible for installing and maintaining the software just like any other software program. Costs are contained and normally limited to the initial purchase and annual updates, when available. If the architecture is open, you can make unlimited changes to the system. Probably, the greatest negative with this choice is that any compliance aspects to this type of software could be out-of-date before you make the purchase — and organizations tend not to upgrade their systems if a significant amount of money or effort is involved.
- **Subscription as a Service (SaaS)** systems are hosted and maintained by the provider; the software is licensed to customers for use as a service on demand. Of course there are differences within this category of system in the level and type of customer support provided; however, in general the provider handles all updates and upgrades as part of the subscription. Since these systems are fully hosted Web-based systems, the customer is not required to have any special equipment to use the system.

Other benefits of a SaaS system include:

- Scalable solutions require a lower initial investment since subscription costs are based on headcount and the IT infrastructure is provided by the vendor
 - Recognized best practices are readily incorporated into the software since the community of users influences feature development
 - Faster roll-out and more timely releases of new features since the software is fully hosted by the provider
- **Enterprise Resource Plan (ERP)** systems are hosted and maintained by the client. They are resource-intensive, cross-functional solutions that are best suited for large organizations. ERP systems, while extremely powerful and necessary for complex organizations, typically require significant capital expenditures and large implementation teams of subject matter experts and specialized external consultants.

A Bit About Integration

Since integration between systems is often a key aspect of your HRMS, it is important to understand how integrations work. Even in situations where all parts of the system (payroll, HR, benefits) are supplied by one source, ask how the integration works and talk to references to find out if it will work for your situation. Here are three ways that integrations occur:

1. **Scheduled Web services:** Data from one system is automatically uploaded into another system on a predefined scheduled basis. This works best when information does not have the potential of overwriting existing files.
2. **Manual flat file upload:** This is the most common type of integration. It is important to remember that information is uploaded only when you trigger the event. So, information entered into one system will not be available in the other until you manually upload the data.
3. **Direct and Instantaneous integration:** In this situation, data entered into one system is instantaneously uploaded into another. This type of integration, when built properly for the situation, provides seamless integration.

The Partnership

Finally, it's important to look at the HRMS as more than just a commodity. Price and brand recognition are important, but it is important to look at your decision as the beginning of a business partnership. For some organizations, it can be comforting to feel like there is a team of knowledgeable professionals who are working to help you when you need it. If you are a company that values and appreciates customer service, does your potential HRMS partner demonstrate this same set of values? How have you validated what you have heard in the sales presentation? Have you talked to references? What do they say about the partnership? Is the company responsive when issues come up and how often is the system down? Have you had the opportunity to test drive the system so that you can see if the system is as user friendly as you remember it being?

One Scenario

Let's face it. Selecting and investing in a HRMS system is a big step. Like other many other business decisions, it's important that you select a solution that will address your problems, will adapt to the changes in your business, and will fit your needs and way of doing business. Otherwise, the "solution" can end up being just another expense and/or source of frustration.

Here's an example of what can happen when the solution is not right for your situation. You select an HRMS and sign the contract knowing that you have just selected a great product that does everything that you need it to do. However, you very quickly realize that although the feature set sounded perfect, you don't have the internal resources or support needed to complete your implementation. As a result, your implementation is delayed and you are no closer to your solution.

By going beyond the feature set — considering additional factors and looking at your HRMS provider as a business partner — you can avoid the above scenario. If you are a company that values and expects customer service, it is important that you select an HRMS partner that has a track record of providing the level of customer service that you want. Or, if you need a very robust system and you have control and timely access to internal IT resources, then customer service, while it may be important, will not be the highest priority. Finally, as with any big commitment, talking to references ahead of time is critical. Of course, no solution or vendor is perfect for everyone, but good references will share their experience so that you can have a sense of how this solution will work for you.

Our Solution: Defense and Offense

SharedHR Central provides a centralized data source for your entire HR function including payroll, benefits and HR records. The system is perfect for small to mid-sized employers needing a cost effective and user-friendly solution to today's and tomorrow's HR challenges. SharedHR Central provides employee self-service and manager self-service; replaces paper-based and spreadsheet-intensive processes; and can eliminate duplicative data entry. It also helps make compliance easy with a comprehensive, customizable library of model and legal documents as well as identified best practices. Managers and administrators benefit from easy-to-use data recording and reporting capabilities.

Web Technology

SharedHR's Web-based application is known as a Software as a Service (SaaS) solution. Our human resource information system is a fully hosted, secure application that is accessible 24/7 and does not require any special software or hardware. With the SaaS solution, we take care of all updates, upgrades and backups so that you and your IT resources don't have to.

Employee Database

With SharedHR Central, employee contact information, salary history, performance reviews, benefit selection and payroll information are all in one place, saving you time and effort. In just a few clicks, you can produce reports that will help your organization make well-informed management decisions.

Best Practice Guidelines and HR Policies

Employers can easily and quickly access and retrieve professional, multi-state compliant documents, processes and policies that we provide or that are unique to your organization. If you are looking for an easy solution to creating and updating compliant employee handbooks, our unique wizard helps you produce custom handbooks specific to your state, your organization, and even to your employee group. We work closely with two national law firms to help you reduce your risks and maintain compliance. Built from the HR perspective and used by our HR consultants, SharedHR Central works for you.

Payroll and Applicant Tracking

SharedHR provides options for your payroll and applicant tracking needs. For those looking for a seamless solution, we can provide immediate integration to our payroll and applicant tracking solutions. If you would prefer to use other options, we can provide custom integration to other providers as needed.

Customer Support

We are committed to providing you with HR solutions that work for your organization. SharedHR Central Client Services consultants are seasoned HR consultants who have achieved the highest customer satisfaction ratings for their knowledge of the system and most importantly for the support that they provide to our clients. Our clients value our commitment to customer service and have a need for a solution that is user-friendly, easily customizable and scalable. By offering a flexible, low-overhead approach to HR, our Software as a Service (SaaS) model provides our clients with an immediately useable solution.

For a demonstration of our system or more information about SharedHR Central, please contact a member of our sales team at 1800-866-9478 or at sales@sharedhr.com.

References

¹Glater, J. D. (2009, 30 January). *Layoffs Herald a Heyday for Employee Lawsuits*. NY Times .

²(Seyfarth Shaw, 2010, 16 January) Press Release