



Looking for the LBD* of Human Capital Management Software

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The boom is back. The software acquisition boom, that is. More organizations are looking at investing in human capital management (HCM) software – and putting their money where their proverbial mouth is. Fifty-four percent of organizations are considering purchasing a new HRIS or talent management technology in the next 18 months; ninety percent of those are replacing the existing solutions used today.¹

And, like the need for a little black dress* in every woman's wardrobe, organizations would be hard-pressed to manage without solid HCM technology in their environments. It's basic.

Why now? There are many reasons. Human Resources investments slid to a virtual standstill during the recession; installed software is getting long in the tooth (47 percent of participating companies in my research have used their current HRMS/HRIS for more than seven years)² and newer technology is on the market that can meet HR's two top goals of a better user experience and providing the analytics needed to drive business decisions. Fortunately, we are moving into fall – the time of HR technology conferences, which allow potential buyers to see many of the newest, shiniest objects in the HR tech world.

Despite the much-hyped “consumerization” movement (making business applications as easy to use and delightful as online shopping experiences), the products that are used to manage talent today – no matter their origins – look far more alike than they are differentiated. Functionally, they virtually all do the same things, many in the same ways – demonstrating the commoditization of HR and talent management, as it were.

But, let's start with that very point – the user experience – and look at the differentiators in HCM software today.

1. It Ain't Easy 'til it's Easy:

2014 is the year of cleaner, simpler interfaces in that widgets morphed into “tiles” – primarily used for navigation. All of this leads to the possibility of creating a more personalized work environment with one-click movements to relevant data that has replaced icons, tabs, and drop-down menus as a means to move users to the functions of choice. The distance (in clicks) to get to the functions is increasingly shorter (a key feature in usability). Meanwhile, tablet interfaces supporting swiping and pinching as navigational means have changed the way in which users interact with the software environment. With the increased number of mobile devices now in the workplace, vendors are addressing (some at a furious pace) the consistency of the interfaces that they are presenting across business functions, often designing for mobile first.

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2. Integration Matters:

Many of the solution providers created their talent management suites through acquisitions. The combined “suite” is often not as integrated as most buyers would like; it is often apparent when the user moves from one module to the next – some, in fact, still have the prior solution's names in them. Today, the smoothest user experience is often provided by companies that created their products indigenously from the ground-up (they call this “unified”), although those providers may not have the total solution set in terms of modules delivered, and are hustling to catch up. Some companies, however, that acquired key functionality immediately invested in developing that commonality of experience and data representation throughout all of the different applications, no matter what their origins were.

The greatest software on earth won't do a thing if it cannot be implemented to deliver the functionality that you expected when you bought it.

3. The Depth and Breadth of Embedded Analytics:

We see three tiers of analytics solutions in talent management software today. One is the module-by-module provision of the data that you would expect – time-to-hire, counts of likely successors by position, numbers enrolling in courses, etc. – plus the capability for ad-hoc reporting. Second, we see solutions that have an additional module specifically for reporting or analytics. In this case, the buyer needs a separate product, and that product collects data from the other modules to provide synthesized reporting, generally through dashboards. Third, and becoming far more widely accepted as the norm, is the provision of embedded analytics in each module with rich cross-functional reporting and predictive capabilities. Some companies provide all of these, some blessedly few. You need analytic capabilities. Shop wisely.

So, let's do a bit of assessment here – a lexical “try before you buy” perhaps. We have basically the same functionality in different skin tones, vendors' differentiators leap-frogging on a daily basis, while organizations face the very real business requirement of improved business productivity of the workforce, likely globally. The prettiest, most feature-rich, most integrated software in the world won't do a thing if your employees won't use it. The greatest software on earth won't do a thing if it cannot be implemented to deliver the functionality that you expected when you bought it. (The dress may be darling, but it has to fit.)

Let's look at the software conundrum differently. Buyers told us what their criteria for software replacement is (see Figure 1).

HRIS/HRMS
1. Improved analytics and reporting
2. Improved end-user experience
3. Integration with or consolidation with other business management products
4. Cloud-based technology
5. Cost efficiencies/savings
Talent Management Applications
1. Improved end-user experience
2. Integration with or consolidation with other business management products
3. Improved analytics and reporting
4. Cloud-based technology
5. Adaptability, customization or ease of configuration

Figure 1. Top-5 Buyers' Criteria for New Software Purchases: HRIS and Talent Management Applications. Source: Bersin by Deloitte, 2014.

Consistent, aren't they? What might HCM solutions look like in order to meet this wish list? Let's take those criteria and look at software through another filter (see Figure 2). Rather like the requirements for that little black dress, last year's styles are outmoded. Human capital management software, still managing all the functional necessities, has moved from a static system of record-keeping, transactions and tactical support, to an employee-centric system of engagement and agility.

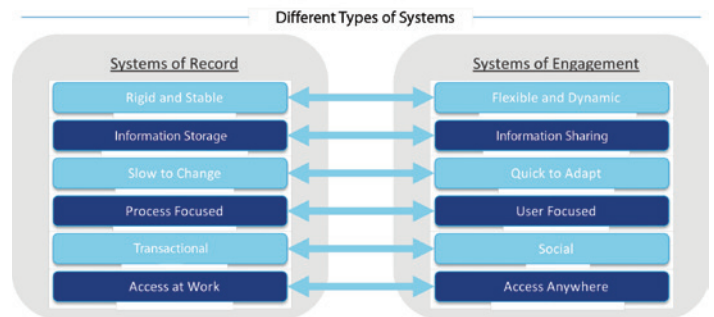


Figure 2. Upping the Ante to Systems of Engagement. Source: Bersin by Deloitte, 2014.

As you look around at the major HCM software events in the next few months, look beyond the functions and even the cloud (as a given, it almost goes without saying). Look for flexibility and agility, look for enhanced user experiences. Look for the software equivalent of that classy little black dress – basic black, in style, and always engaging.

Hanging the dress in the closet is not the answer . . . it has to be used to get the value out of the investment.

Now, let's look beyond shopping for new HCM attire. Software, like many wardrobe purchases, may never get the use anticipated. With little use, the expected business impacts won't occur. Preparing for and managing the "people" change is foremost; careful planning for implementation and rollout is critical. Training on the new software cannot be ignored – and needs to be ongoing as new employees continually get introduced to the software over time. Organizations we talked to say user adoption is the measure of success for them, but often fail to ascertain the extent of real use within the organization as a whole. High-performing organizations avoid this through thorough planning, continual employee communication, timely training, and early identification of the criteria they will use to measure the success of the project.³

Hanging the dress in the closet is not the answer (remember when unused software was called "shelfware"); it has to be used to get the value out of the investment.

The most successful implementations are those in which all of the business, project management, and change management issues are addressed in the early stages, and often readdressed throughout the project. In many cases, the changes being made in the organization will likely not happen again for close to a decade, because organizations simply do not have the appetite to make technology changes any more frequently.

Like the LBD, select wisely, accessorize carefully, and wear it well.

Endnotes

- 1 Katherine Jones, Ph.D., "Investments in Human Capital Management Systems 2014: What Technology Users Have and What They Will Buy in the Year Ahead," Bersin by Deloitte, Deloitte Consulting LLP, April 2014.
- 2 Ibid.
- 3 Katherine Jones, "Deploying HCM Technologies: Making Change Work," Bersin by Deloitte, June 2014.

About the Author



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