

New Millennium HRMS

## **“HRMS in the New Millennium: What will the next 10 years bring us and what is the international perspective?”**

["From IHRIM' Millennium book: 21 Tomorrows: HR Systems in the Emerging Workplace of the 21st Century"](#)

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While I may very well get into big trouble with the very vendors I work with day in and day out in my own consulting practice, just possibly the message I am sending today will be a small wake-up call for those vendors out there who plan to service clients in places outside of the United States of America.

This will not be a new stand for me, but let me back up and explain my position on why I do not think that the HRMS vendors have been doing a great job so far for all of their clients. Later on in this essay, I will take an even stronger stand on the failings of the human resource (HR) community to take advantage of the tools that are available to them.

About six years ago at the Fall IHRIM Conference in Toronto, five former presidents of the then Canadian Association of Human Resource Systems Professionals (CHRSP) were invited to sit on a panel and discuss how HRMS industry had evolved and to predict where it was going. I am not sure if it was luck (bad or otherwise) or if it was by design, but I drew the straw that put me last on the program of the five "wise men." Strange, since I was the only HRMS practitioner of the bunch, with all four of the others, and the moderator, all coming from the consulting ranks.

My four colleagues waxed eloquent about how well the industry was doing, how technology had evolved to the point where we now had easy to use and productive HR management systems and, in fact, we had even better things to look forward to as we approached the mid-point of the 90s and moved towards the new millennium. They did a very good job of it, however one could not help but notice that they were dwelling on the positive and not managing to fit too many of the negatives into their allotted time at the podium. By the time they were through, I suspect that they thought the audience was about ready to say "Let me out of here, I want to run out to the Vendor Expo next door and buy, buy software!"

When my turn came, the moderator indicated we were almost out of time and asked me to kindly keep my remarks to about 20 percent of the time originally allocated. (After all, what could I, a lowly practitioner bring to the table)? Well, I thought I had read this large audience to be comprised mainly of HRMS, HR and payroll managers so I took a shot at it. I said, "Sorry Mr. Moderator, but I think these kind folks have come here today to hear a balanced view of what is happening in our industry and I hope they will bear with us while they hear from at least one practitioner." About that time my pager went off and I held it up and said "There folks, that's the reality of OUR world, we have a payroll problem back at the office so let's quickly visit the facts as a practitioner sees them!" That was the closest I ever came to getting a standing ovation. The moderator got the message and sat down.

At that time, I took a poll of the audience to see who had recently implemented or was implementing a new HRMS and many were. Then, I asked if they were finding these systems difficult, time consuming and expensive to install, and they all agreed. Then, I asked if those who had gone live had harvested any major increase in productivity or if any savings had been achieved and the results were discouraging. We could have had a one-hour "bitch session" right then and there as these folks were very unhappy.

I reviewed the promise of the early 90s, the "great lie" that client/server software was going to change our lives, it was going to put productivity tools on our desktops. It was going to enable line managers and functional HR managers to finally have access to the information they needed to manage successfully. At that time in the 90s, very few companies had implemented a new HRMS and seen proof of any of the benefits promised by their vendors. The HRMS remained a "black box" that was only accessed by a few trained technical resources. Paper flow had neither been reduced nor streamlined. On top of that, we could have had another session on just how difficult and expensive it had become to migrate business systems from a mainframe to a distributed client/server environment. Many in the audience related that they were now spending many times more on technical support as they had computers everywhere in the company versus the previous centralized mainframe environment.

One must remember that at that time in our HRMS evolution, we were just starting to hear about workflow as well the Internet, which was just a toy the nerds were using to chat globally. So, the client/server systems available to us then had very little to offer in the way of facilitating how we do our work and how we manage HR information. But, let's be clear, that did not stop the vendors from trying to tell/sell us on the idea that these new systems would change our lives. In reflection, the vendors did a poor job of communicating the facts about their new technology and an even worse job of making sure that we had some tools to work with that would enable us to achieve some degree of success in finding those promised improvements in our business processes.

So, what has happened since the mid-90s? A lot, but in a word, "Internet." The Internet has enabled us to finally gain some advantage from use of the new HRMS the vendors were turning out. Finally, we are able to put reasonably easy-to-use systems on the desks of the people who are entering the information and those who need to access it to make business decisions. Do I think the vendors played a large role in this evolution? NO! They have basically followed along with others who developed solutions and then tacked them onto their systems.

Almost everyone has attended these one, two and three day sessions on Corporate HR Internets/intranets put on by IHRIM, IQPC, Insight, Canadian Institute, Linkage, Strategy Institute, et al., and heard great case studies and success stories from companies that have developed their Internet/intranet to facilitate employee/manager self service, give access to corporate HR policies, management reporting, etc. But, strangely enough when the speaker reaches the Q&A part of their presentation, they have very strange responses when asked "What HRMS are you using and how have you integrated it with your HR Internet/intranet?" Almost all of the guest speakers relate that they had to go ahead with the HR Intranet/intranet as a separate project as they could not wait for the vendor. This generally means that the vendor does not yet have the "hooks" to integrate or interface with the Net yet, or they are building their own. Sometimes its because the HRMS project has already set the scope of their implementation project and there is no time or resources to integrate/interface with or to develop Internet/intranet solutions as part of the project.

HRMS projects have tended to be large, lengthy, costly and very inflexible in scope. Intranet projects on the other hand have been shorter, cheaper, flexible, and have often produced astounding results in productivity with very low investment.

These responses from companies that have successfully implemented HR Internet/intranet solutions without making the full connect to their HRMS indicate that a) the vendors have not kept up, and b) that the solutions they are providing are still too complex and labour intensive to implement.

### **HRMS Development -Outlook**

Vendors developing new HRMS solutions are going to have to be much more aggressive in developing integrated solutions that combine the latest technologies and bundle those solutions for the client so that large complex systems can be implemented in an integrated fashion. Vendors will be required to spend considerably more time researching the actual business needs of their clients in order to provide the best solutions.

Let's talk about the cost of implementing an HRMS today. Most texts today give a rough guide of "three to eight times the cost of the software license" for implementation costs. It often goes many times more than this. There are claims now that this vendor or this implementation partner can install product X at less than one times the cost of the software license. They are making this claim because they are developing new implementation techniques such as "rapid implementations" which are little more than vanilla implementations where the delivered product is set up as-is and populated with corporate data. There is little history, as yet, to confirm that these claims can be lived up to, and even less follow-up research to track what the costs are after the implementation to tweak the system to work to the point where the client is fully satisfied. The good news is that the vendors and implementation partners are listening; the client is not going to take it any more.

Another ray of hope is also shining through for those clients who are unhappy with the trend towards long and costly implementations. Some of the vendors who have traditionally sold to the smaller companies are now marketing solutions that can be a good fit for the larger ones. With

the advances in technology, the former LAN-based system for 2,000 employees can easily handle 20,000 employees in a three-tier client/server and Web-based environment. And, they can do it for much less (for the software license) than the competition and they can install the product at a fraction of the cost of the larger systems.

### **HRMS Implementation Costs -Outlook**

Vendors are going to be facing a much more competitive arena in both the time it takes and the effort it takes to implement their products. The customer is not going to take as a given that one must pay many times the cost of the software to implement their chosen product. With all the experience gained so far, it's high time both the vendors and the implementation partners have found faster and cheaper ways to implement new systems. Their clients are going to be looking for a positive return on investment (ROI).

### **HR's Role in HRMS**

I know, I know, the high cost of implementing these systems is not all the fault of the vendors or of their implementation partners. The client deserves a great portion of the blame due to the fact so many of them are ill-prepared to take on such a major task as implementing an HRMS. Recognition that information management is an important function within human resources has been a long time coming as it's been all too easy for the HR manager to say "let the techies look after it."

An HRMS is one of the most, if not the most, important business systems within a company. People are often the most expensive resource within a company, and therefore, how we manage the information related to them can drastically affect the corporate bottom line. HR managers for the most part are aware of their various disciplines but many of them have not had a great track record when it comes to being able to translate their information needs into business requirements. This is changing slowly as most new employees coming into the HR profession are computer literate and are used to translating their HR business needs into systems solutions. The Internet is also playing a major role in how HR managers are entering the 21st century. Literally every HR manager these days is using e-mail and surfing the Net. There is a new awareness of the need for rapid information and of the many options for obtaining the right information, fast.

As we enter into the new millennium, we are seeing more and more challenges for the HR manager:

- a) mergers and acquisitions,
- b) globalization,
- c) outsourcing,
- d) call centres,
- e) new legislation, and
- f) constant change.

You thought you saw change in the 90s, wait till you see the next 10 years!

The HR manager of today is faced with change on an almost daily basis. HR is still struggling for a voice at the corporate boardroom table, but with an absolute certainty, they will be playing a more critical role in regards to organizational change. The HR manager of the first decade of the new millennium will be faced with providing information to the decision makers that may make or break the company. "Information is power" will be the watchwords for this upcoming decade.

To be able to ensure that Human Resources has the information it needs to manage with, the HR manager will need to know the business of the company and what HR's role is within the company. That has been the weak link for HR through the 90s, with HR not knowing or caring enough to find out what is really needed by the corporation to successfully manage its HR information. Too many HR systems have been "thrown together" without the care and attention to detail that would have assured its success. The HR manager of today cannot afford to say "leave it to the Techies." They are going to have to take the time to be able to understand and articulate their business needs to ensure that the technology solutions chosen are implemented to their best advantage.

### **The Role of Human Resources in HRMS -Outlook**

The HR manager of the new millennium is going to have to be much more computer literate than the manager of the 90s to survive. Every HR manager is going to have to be able to translate business needs into automated solutions. The HR manager who is not computer literate will be long gone before we reach 2010.

### **The Canadian Perspective**

As a consultant in the business, and one who has participated in many IHRIM and similar vendor shows and expos in Canada and the USA, I have to observe that Canada is short changed when it comes to the number of choices available to us in comparison to businesses in the USA. There are far more options for core HRMS solutions available in the USA than there are in Canada. Canada has a few of its own vendors, companies that do not as yet market into the USA, however, even these are few in number and none of them have major market share even in their own country.

On a positive note, not all of the USA vendors sell their product line in Canada. Most of them realize that Canadian requirements differ significantly in certain areas from USA needs, so they tend to stay away from Canadian sales. I say this is positive, as there are also a few USA vendors who sell in Canada in spite of the fact that they have not made a significant investment in making sure that their products meet Canadian requirements.

There are a number of USA vendors who sell their product lines in Canada and do so very successfully. These companies tend to have large market share in Canada and this is due to the fact they have invested the resources necessary to make their products work in Canada. To keep the business, they also have set up Canadian research and development (R&D) here and they provide a solid base of Canadian support to their clients.

One must be careful to not confuse the above "successful vendors" in Canada with those that just have a "store front" operation here. Some USA software vendors have sales offices in Canada with little or no R&D or customer support. Those Canadian clients who do not do their due diligence and fail to fully investigate these vendors do so at their own risk. If the vendor has not fully Canadianized the product, their clients are in for major disappointments. If that vendor has not committed to major Canadian R&D and support, then the client is going to be disappointed sooner rather than later.

A word of caution to those vendors who open up shop in Canada without making sure their product is ready for the Canadian market, and for those that have no plans to keep involved and get support from a Canadian knowledge base, "you're not going to last long."

### **HRMS Solutions for Canadian Clients -Outlook**

To be competitive in Canada, HRMS vendors are going to have to work with Canadians to ensure their products are ready for this market. A Canadian storefront office will no longer fool the Canadian client; there must be solid R&D in the back room and there must be strong Canadian support available.

### **International HRMS Scene**

For certain countries, the prospect of finding a good HRMS, with adequate support, is even more of a challenge than it is in Canada. In Eastern Europe, for example, it's almost impossible to find good, mature HRMS solutions that are fully developed and supported locally. I have recently been involved in projects in Eastern Europe and it was extremely difficult to find more than a small handful of vendors who were interested in even bidding on projects there. Ultimately, a couple of vendors were found who wanted to establish business in Eastern Europe, however, at that time they had no client base at all and support was originating from other countries such as Germany and Great Britain.

### **Eastern Europe -Outlook**

This is an area that is seeing a large number of multi-national companies setting up shop and they are starved for good HRMS solutions. Those vendors who go into this area with software that can be modified to suit local requirements will quite possibly be riding a wave of growth that will last for many years to come.

### **HRMS Globally**

With the communications and technology advances greeting us almost daily, we are moving towards a business world where it's going to be expected that we will have to share information in the corporate sense. Those vendors specializing in products that service just one country are going to have a limited audience to sell to in the next few years. Customers are going to want solutions that have the flexibility to manage HR information globally.