

eBusiness - HR Challenge

e-Business: the HR challenge

- by Al Doran, CHRP

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(Mr. Al Doran, CHRP, of Toronto, Canada, made the key note speech to the large audience in attendance at the official release of UFSOft e-HR version 1.0 on March 21, 2003 in Beijing China.)

Distinguished guests, ladies and gentlemen, it is a great pleasure to speak to you this afternoon about the "HR challenge in e-Business".

First I would like to thank Mr. Brett Ho, the CEO of UFSOft for inviting me here today to speak to you, and Mr. Thomas Zheng, who organized today's very exciting event. I feel greatly honored in speaking with you today on this special occasion that UFSOft is unveiling their new e-HR product as an addition to their ERP suites.

Before I start on my topic today. I want you to see the commonality of the following items: the bank teller, the 8-track machine, the beta-format videotape, the IBM selectric typewriter, and the switchboard operator. Have you notice what these items have in common for change? They have all been changed or replaced by new technology.

Today, I will speak on four areas of e-Human Resource System (e-HR):

1. Brief overview of the new technology.
2. What is e-HR?
3. Why bother with e-HR?
4. How do I leverage my investment in HRMS?

1. First of all, you may have already heard much from the fine speakers about the state of e-HR in china today. I like to highlight the "Global Perspectives" which relates more to the North American and the Canadian companies using their e-HR system in certain degrees.

2. What is the e-HR?

It is providing HR Content and Transaction Delivery to all stakeholder groups (internal & external) using a common delivery interface, on an interoperable open system using standard network transport. It incorporates the best of breed software supported by an ERP backbone HR system.

3. Why bother with e-HR and what is the new technology involved?

*The new e-HR responses to changing needs of employees with 24/7 access anywhere across different computing platforms. Advance technologies include **automation and workflow, Imaging and call centers and best practices in HRMS** using web as interfaces.*

4. Why Do Clients Want e-HR Anyway?

These eHR work systems can achieve total 25% to 30% cost reductions such as headcounts, printing and distribution cost. Some respondents have reported the 100% ROI within 12 to 18 months, along with improved services, better decision-making, and employee satisfaction.

The areas of impact using this e-Technology are shown in table 1.

Table 1. Areas of impact from e-HR work systems

	"Value added" features	Competitive Advantages
1	HR metrics / headcount	HR is being asked to do more with less these days.
2	Reduce costs	Both within HR and many other places in the company - people cost money
3	24/7 "Real time"	Managers/Employees want the access from work and at home at any time and place whenever they need it
4	Empowerment	Employees have grown to expect Employee Self Service - your competition offers it to them!
5	Global economy	Your scope of competitors and customers lies all over the world. You need global capabilities to compete.
6	Business decisions and communications	Management needs right information to make the right business decisions anywhere anytime.
7	Data integrity	Your company's future depends on it.
8	Customer service	Who are your customers and what are you doing for them?

Some benchmarking figures to support the above high performance HR work system are listed in table 2..

Table 2. Performance Benchmarking

Task	Manual Cost	Self Service Cost	% Saved
View benefit profile	\$6.00	\$.50	92%
Access policy handbook	\$4.00	\$1.00	75%
Change home address	\$10.00	\$2.00	80%
Provide 401(k) statement	\$50.00	\$.60	99%
View paycheck	\$3.00	\$.50	83%
Job posting	\$8.00	\$.50	94%
View skill profile	\$1.50	\$.50	67%
Employee change action	\$12.00	\$4.00	67%

Source: The Hunter Group's 1998-1999 Human Resources Self-Service Survey

The e-Technology has revolutionized the workplace. The traditional clerical workers like data entry, typist or pure "secretary" are well gone. It is replaced by basic skill set of knowledge workers. Nowadays, traditional college training may not be compatible with the turbulent workplace demand. A continuous lifelong learning is expected as change accelerates.

The employee empowerment or the shift to end user service has been the main driving force in moving the right information to the right people which is enable by the e-technology.

To give you a proper perspective, a brief historical evolution of computing platform versus the HRMS systems till today is shown in table 3.

Table 3. Evolution of HRMS systems

Decade	Computing environment	HRMS system
1950-1960	Batch Data Processing	Payroll
1960-1970	Large Scale Mainframe	Personnel Systems
1970-1980	Mini Computer	DB systems - 4th GL
1980-1990	Personal Computing	Standalone system
1990-2000	Network computing (Lan/Wans)	Client/Server computing
2000-2010	Internet-enabled devices	Web-based Applications with best of breed integration

What is HRMS?

The main feature of HRMS must have the Comprehensive Data with the following functionalities: Unique employee data, staffing issues (vacancy, approvals, hiring dates), skill set and applicant tracking, data access, sharing of data, reporting and data analysis. In addition, there is strict demand for data security and data can feeds to finance, budget, payroll, security and so on with customizable reporting.

The eHR and HRMS industry consists of 2 camps: the Best of Breed versus the ERP Vendor (SAP, Peoplesoft, Oracle) and they lock in a severe tough battle. On the other hand, customers are looking for one-stop and integrated solution for cost and productivity reasons. Will the best-of-breed lose out to integrated solution providers or being bought by ERP vendor? On the other hand, are those ERP vendors are fast enough to enable their huge complex system? They need to penetrate the mid and small markets for sustainability. It has a definite implication to client's eHR and HRMS sourcing.

Other application objectives that customers are looking for in the current and future competitive business environments are listed in table 4.

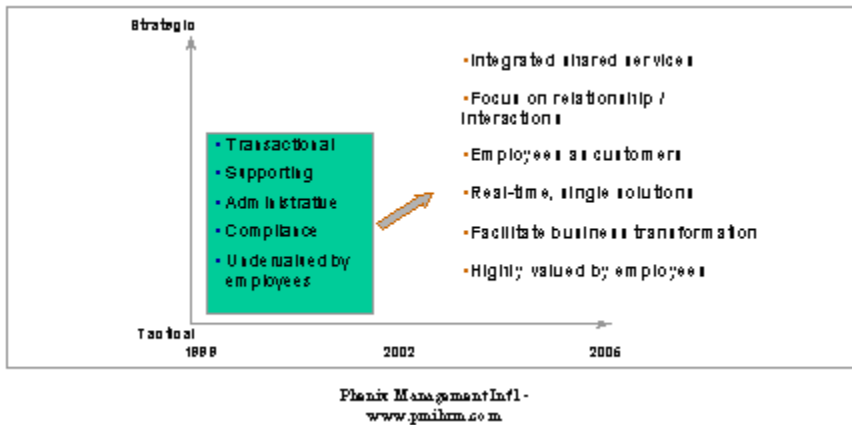
Table 4 Other e-HR deployment Goals

Business Application scenarios	e-HR features
Intranet Applications	Newsletters, Job postings, Training, Policies online, Benefits enrollment, Employee data to managers, Forms, Polls and surveys, Sign up for events,
Extranet Applications	Dedicated connection, not available to public Send or receive information Allows external access to company systems e.g. vendors, suppliers, and customers
Internet Applications	Company web access e.g. web recruiting, Professional association online, Employment

In this new Millennium, the human resource organization has shifted from the tactical to strategic importance with the new paradigm view as shown in figure 1.

Organizations are trying to move from a predominantly transaction-based situation to one of value-added services. HR focuses on relationship & interaction, the system is an integrated global accessible system to facilitate business transformation. This basically affected all areas of operations such as staffing, training, legal and so on.

Figure 1. Paradigm shift of an HR organization



For vendors who have or about to build this second generation eHR and HRMS system, the following critical success factors must be considered as shown in table 5.

Table 5 The critical success factors for second generation of eHR and HRMS system

Critical Success factors	Requirements
Web based open architecture (Multiple vendor products)	User friendly and used anywhere anytime Employee self-service and workflow enabled (Modular & integrated solutions)
"Killer Applications" features Employee Self Service (ESS) & Manager Self Service (MSS)	MSS requires workflow and position management more than straight ESS (remove unnecessary approval) Huge Paybacks (e.g. Ford, GM & Chrysler, Delta) Drives data integrity and responsibility

The general configuration of e-HR and HRMS is depicted in figure 2.

Fig 2. Components Of e-HR

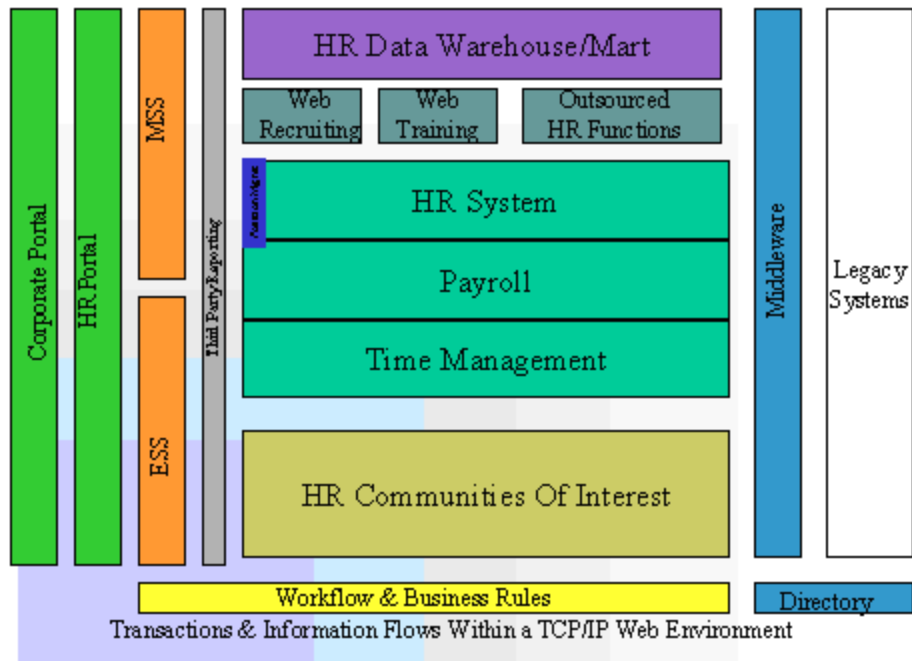


Table6 The capabilities of 2nd generation system

Capabilities	Features
e-Learning and e-training	Flexible, consistent across locations, fits into workday and avoids transportation costs & lost productivity in travel, Training is easily accessible be adapted to different learning styles, Pre-post testing, ongoing learning, Immediate feedback, On line course enrollment, Education / Skill set tracking on HRMS, Maximize software / systems investment with training.
e-recruiting	Electronic job posting and internal applications Testing, Applicants filing out job applications on terminals, Applicant flow and tracking, Skill set tracking, Electronic resumes, Resume scanning, Employment verification, Employee orientation.
e-benefits e.g. Automate submissions of pay changes, Measuring performance evaluation impact, Electronic paychecks, Specialized software for stock option tracking, incentive pay, etc.	Online systems offer additional products and services such as plan finders, etc Touch screen kiosks offer access to employees without a desktop, Compliance issues, Cost analysis, Demographic data Trend projection Model cost changes, Transfer funds, Account balances, Retirement projections and estimates, Claim submission, Selection & Eligibility tracking Annual benefit statements, Market analysis, Salary surveys,
Employee Self Service (ESS) e.g. Birth, death, new hire, promotion, marriage Transaction based events (Open enrollment) Send question to HR Benefit statements Pension changes and balance inquiry Opinion survey, Complete Survey Check on Policy Change of Address	75-80% of all data is "employee owned", Employee is responsible for data accuracy, Employee has access to information and can change fields, Use IVR, Intranet and Internet to access "Error proof" it, Graphics, Make it interesting and easy to use Call Center options,
Manager Self Service (MSS) Employee actions - hiring, transfers, terminations	Allows access control by person, position or span of control Automated performance review notification Promotion Pay increase
Call Centers:	One stop shopping, HR help desk function, On line access, Pop up screens, Pre-pops Use of IVR or Toll Free Calling

As the world is becoming a global market, the eHR and HRMS system is a strategic system for managing its global employees of diverse backgrounds such as culture, language, currency and benefit issues. The management concept of self-service (empowerment) will bring numerous benefits. A significant return on investment (ROI) has been achieved with some of these systems in less than 2 year payback.

The basic requirements of these system must address the following critical areas: e-learning/e-teaching, bring the information to the right people at the right time in the right place to make the right decision, the system can be deployed across different computer platform or devices.

To sum up, this eHR and HRMS system is greater the sum of its parts(Gestalt) with each contributing independently, HR is a custodian of data and not an owner. The eHR requires a paradigm shift: i.e. re-design the process, management change, organization re-alignment and a

"big picture" view. HR as the champion of change with more employees working anywhere anytime with work/life issues as prominent in highly customized communications

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some reference sites:

IHRIM	http://www.ihrim.org/
Phenix	http://www.pmihrm.com/
HRMS Book	http://www.hrmsbook.com/
HR Reporter	http://www.hrreporter.com/
Workforce	http://www.workforcetools.com/
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