#HRWINS REPORT

HR TECHNOLOGY BUYER'S PLAYBOOK

How to Build a Best-in-Class HR Tech Stack

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WHY YOU NEED IT

Buying technology is hard. It's a complex decision with high stakes, and often, high price tags. With myriad options, complex business requirements, and an ever-changing technology market, where should you start? The HR Technology Buyer's Playbook includes the 6 things every HR buyer must keep in mind, based on input from hundreds of buyers and insight from one of the HR tech industry's leading analysts.

Big Changes in HR Require Big Changes in HR Technology

Changing Work.
Changing Requirements.

The way we collaborate and execute in our businesses is changing fast. Whether you're working for a disruptor that's upsetting the status quo or working for an industry leader that's navigating through a transformation, change is happening at breakneck speeds. HR is impacted, just like every other part of the company. To keep up and continue to approach HR strategically, we require better HR technology—not only for ourselves, but also for our employees.

These market trends impact HR in a big way. Every business process that is disrupted inherently alters our approach to managing people and helping them through these changes.

We've captured just a few of the higher-profile disruptions that affect HR. **Take a moment to think through which changes are most impacting your company.**

The changes impacting modern business are well-documented:

- The shift to a *knowledge economy* and the value of the *knowledge worker.*

- Increased *hiring demand*, with a *shrinking supply of talent*.

- A *widening skills gap*, as the speed of innovation outpaces the workforce's readiness.

- Consumer technology experience, impacting *expectations of employee experience*.

- Shorter business cycles, requiring more immediate workforce insights.

- A fluid global regulatory environment, impacting everything from *employee data privacy* to *employee compensation and benefits* strategy.

HR Changes That Require New Technology

- Mid-sized companies competing with global enterprises for business and talent
- Compensation policies that ensure equity
- Practices that improve biases and support diversity and inclusion
- Pay that supports unique needs of emerging independent workforce
- Exodus away from annual performance management cycle
- Employee feedback as a management tool
- Rapid shift from organizational hierarchy to teams and networks
- Perpetually competitive recruiting environment
- Employee data privacy
- L&D that ties to the way employees actually learn
- New benefits strategies that impact employee experience
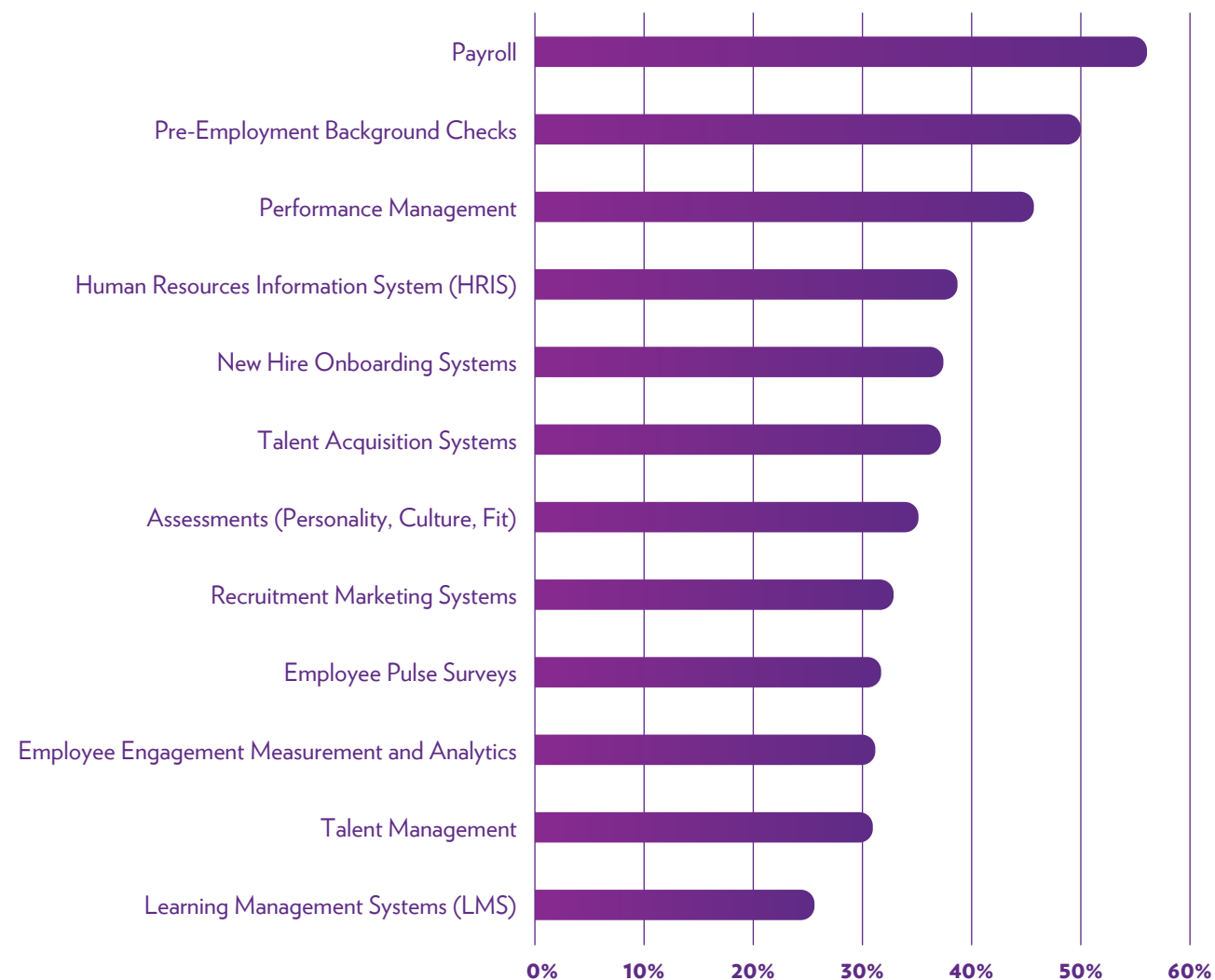- Employee wellness and well-being
- People insights and analytics that support business outcomes
- Employee engagement that can be measured and proactively managed

WE'RE BUYING A LOT OF SOFTWARE

In the HRWins 2018 Future of HR Technology Report, we asked more than 1,100 companies about their plans for buying HR tech. The results are staggering. Business leaders are implementing new HR technologies at incredible rates and across every segment of HR. This supports our notion that employers are leaning on technology to support their teams.

PLANNING TO BUY NEXT 12 MONTHS

Category	
Payroll	~56%
Pre-Employment Background Checks	~50%
Performance Management	~45%
Human Resources Information System (HRIS)	~38%
New Hire Onboarding Systems	~37%
Talent Acquisition Systems	~37%
Assessments (Personality, Culture, Fit)	~35%
Recruitment Marketing Systems	~33%
Employee Pulse Surveys	~32%
Employee Engagement Measurement and Analytics	~31%
Talent Management	~31%
Learning Management Systems (LMS)	~25%

Buying HR Technology is Hard

Buying technology that your team — and possibly every one of your employees — is going to use is a big decision. There are a few factors to consider that will help you decide where to start:

- **Impact on the business** – How will the business (not just HR) measure the success of this technology?

- **Scope** – Is this an app, a point solution, or an enterprise-wide platform? Will employees use this? Or, is it back-office-only?

- **Complexity** – Larger scope doesn't necessarily relate to more complexity, but how will it change process, workflows, and integrate into your user's day-to-day?

- **User Requirements** – Simplicity rules the day, but what are the "must-have" requirements that will impact business success?

- **Relationship to other HR Technology** – How will this work with my other HR tech? Does it need to integrate? And, does it fit in my overall people strategy?

- **Impact on Employees** – Will this improve employee experience, whether or not employees are an end-user?

- **Cost** – What is a reasonable budget, and does this solution maximize value?

These issues shouldn't scare you. Don't let decision paralysis make you tough it out with your current solution. You should consider all these things, in the right measure for your business and culture, to prioritize your HR technology buying plans.

Selecting the Right HR Technology

If you've been following along, you've already set your buying priorities. Now, before you go out and start doing vendor research, establish a team of stakeholders internally. Build a team that can give you perspective on what your feature and technical requirements are, and make sure you fully understand your internal purchasing process. I've had HR leaders in companies of all sizes tell me tales of embarrassment and woe around times that they got to the contract with a tech vendor only to be thwarted by their company's IT or legal mandates. They uncovered too late that there was never a chance of working with their chosen in the first place. Don't let that happen to you. **Include the following roles to understand requirements:**

- **Finance** – How much budget do you have for this project? And, who needs to approve it?

- **Purchasing** – Does your company have a formal process for buying technology? What are the steps, and who manages which parts of it?

- **Legal** – Are there any deal-breaking contract terms that vendors should know about early in the process? What is your process for contract approval? Who signs it?

- **IT** – Are there any requirements around the delivery platform, security, or data integration? How will IT support the implementation? What resources will they provide during the evaluation?

- **Stakeholders** – Based on the scope, get input from anyone that will be touching and/or benefiting from this product.

- **Users** – If they're going to have to use it, they should have some input into what it's like.

1. START INSIDE
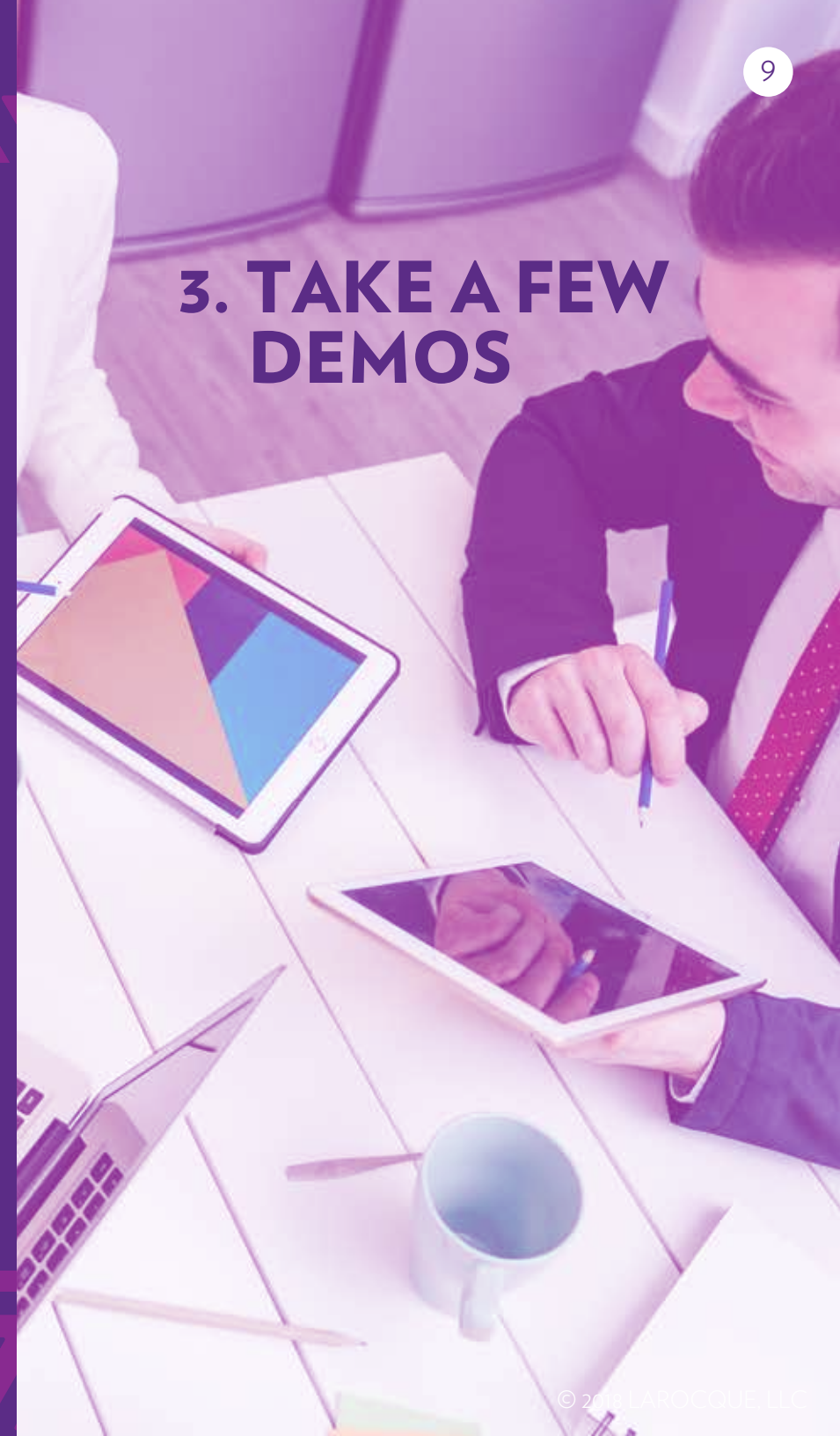
2. DO YOUR RESEARCH

No one likes to be sold to. If you haven't investigated HR technology lately, you're about to discover a seemingly endless queue of vendors, both established and startups, that are lined up to sell you their wares. Before you contact any vendors, leverage the myriad tools to get a feel for what is available and what capabilities are even out there. Consult the following sources before you invest time in demos:

- **Your network:** This is by far the number one source of vendor insight cited by every business leader I talk to. Reach out to your trusted colleagues privately and find out how they have addressed similar issues, what tech they've used, and how it's going for them.

- **Your corporate network:** Put the word out with other leaders or executives in your company. If you have access to your company's board or investors, let them know the path you're on. These sources tend to have perspective and experience addressing similar issues.

- **Tap into your HR networks:** Look at sources like HR Open Source, SHRM, HR groups on LinkedIn and Facebook, and other places where your industry colleagues are.

- **Market Analysts:** Check in with analysts that you trust. Do they have any research on the area you're focused on? Have they mentioned any vendors that you're considering? Most are always open for an email or a call from a practitioner and happy to share insights to what they're seeing in the market.

- **Review Sites:** A search for "HR technology vendor reviews" will bring you to a long list of sites that are capturing user reviews for different software. Be careful what you click on here. While many of these sites are for lead generation, use them to get a feel for vendors you might not know of yet. Trust your networks for reviews.

- **Vendor Websites:** As you compile vendor names, explore their websites to get a sense of their brand and product(s).

3. TAKE A FEW DEMOS

Once your research has helped you create a vendor short list, go ahead and reach out to get a web-based presentation and demonstration. Tell the vendors the preliminary requirements that have guided your early research and that you'd like to learn more about their product and capabilities. The sales people you talk to will have questions about budgets, decision making timelines, and more. They just want to know how "real" the opportunity is. Don't be afraid to be direct with them about where you are in the process. As you take a product demonstrations keep the following in mind:

- **At this stage, you're still forming your requirements.** After you set the stage with what you're looking for, let the vendor introduce you to their company and product in the way that they think works best. Keep an open mind here. Look for approaches to your business issue, and product features that you might not have been aware of.

- **Remind yourself that you're fact-finding and letting the sales team give you their pitch.** Of course, it all sounds amazing, perfect, and easy. You want that feeling again later when you get into mapping their features to your must-have requirements

- **Bring a small team to these demonstrations and take notes that you can share with the larger group on any insights you've gleaned.**

4. EVALUATE THE PARTNERSHIP

Now that you've got an updated list of requirements, it's time to kick off your formal buying process. Nearly 100% of HR technology is hosted "in the cloud" these days. You are subscribing to access the technology, you're not taking "ownership" of a license. This means that you are entering a partnership with the vendor you choose. It starts during the buying process where expectations are set on both sides, extends through the implementation and configuration of your technology, and then goes on until you decide to stop working together. Our buying tips for you at this stage are based on that reality.

If you're in an environment where your company requires you to release an Request for Proposal (RFP) to vendors, this is the time to engage in that process with purchasing, IT, or finance. The number one piece of advice we hear from other business leaders in those environments is to do your absolute best – *to the point of escalation* – to ensure that you remain in connection with the vendors through the process. Try your best not to let purchasing get between you and your potential partner. It's like trying to buy technology through the "telephone game."

For everyone else, once you get that initial formal demo that is based on requirements you have delivered to the vendor, the best piece of advice we've ever heard here is *"push through the sales rep."* Vendor sales people serve a valuable purpose: to establish your initial expectations of the vendor, their brand, product, and culture, and then they are there to marshal resources through the process and get a deal done. Use them in that way. After that first demo, consider asking to connect with others—like product advisors who can deep dive into tools and speak to the roadmap, the tech team who can understand your IT requirements, or even to the professional services people that will manage your account.

How the vendor responds to this request is a signal to how they manage their customer partnerships.

5. DON'T OVER SCRIPT YOUR DEMO

This tip might be tough for those of you in environments where your process is managed by purchasing, but do your best not to over script your vendor demonstrations.

Ideally, if you can provide a flow of transactions, workflows, and business use cases that describe what you're looking for, let the vendors show you how their product and technology best achieves the desired outcome. That will leave you in better shape than having a rigid outline of what the demo needs to look like, click by click.

Most of the rigid demonstration scripts I've seen are normally based on the workflow the customer has now, which is the workflow you are trying to replace. Why would you force a new vendor, that you are bringing in to improve your current state, to demonstrate that they can support your non-ideal state?

If your purchasing department, or the consultant helping you with the process, wants to argue that this is the only way to get an "apples to apples" fair comparison, then provide enough time for the vendor to also show you some alternatives to what you've scripted. You'll appreciate that you did.

Above all, be sure that the entire evaluation team is fully looped in on the process, the demo flow, and the requirements. The demonstration is no time to get on the same page with each other.

6. BE THOUGHTFUL BEFORE GOING LIVE

There's a lot of complexity in business to business (B2B) technology. There are many stakeholders involved. And, with HR technology that every employee may depend on at critical times in their life or their employment, the stakes are pretty high. **It's important to get it right.**

If it makes business sense on your end, once you've made your technology decision, consider phasing the rollout.

When it comes to technical issues like integrating between other systems, make the vendor show you live integrations via those magical application programming interfaces (APIs) that they have. This can be done easily these days. Talk to customers with similar live integrations or similar deployments.

Get your IT rep involved with the vendors, if needed. The key here is that the conversation must happen with you involved. You need to know that the resulting data flow is what you want, not what the vendors think makes the most sense.

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About The Author: George LaRocque, Principal Analyst and Founder of HRWINS has more than 25 years in the HCM industry. A former practitioner in talent acquisition, talent management, and HR, he turned technology vendor executive for some of the market's largest HR technology brands. Now an HCM market analyst and advisor focused on users and developers of HR technology, he is the publisher of HRWins research and reports on workforce trends and related innovation in tech. He helps employers understand the trends that are impacting their workforce today and in the future. He helps HR service providers and technology vendors with a unique perspective on HR and the changing workforce.

Namely

Namely is the first HR platform that employees actually love to use. Namely's powerful, easy-to-use technology allows companies to handle all of their HR, payroll, time management, and benefits in one place. Coupled with dedicated account support, every Namely client gets the software and service they need to deliver great HR and a strong, engaged company culture.

Namely is used by over 1,000 clients with over 175,000 employees globally. Headquartered in New York City, the company has raised **$157.8 MM** from leading investors, including Altimeter Capital, Scale Capital, Sequoia Capital, Matrix Partners, and True Ventures.

For more information, visit **www.Namely.com**
and schedule a free demo today.