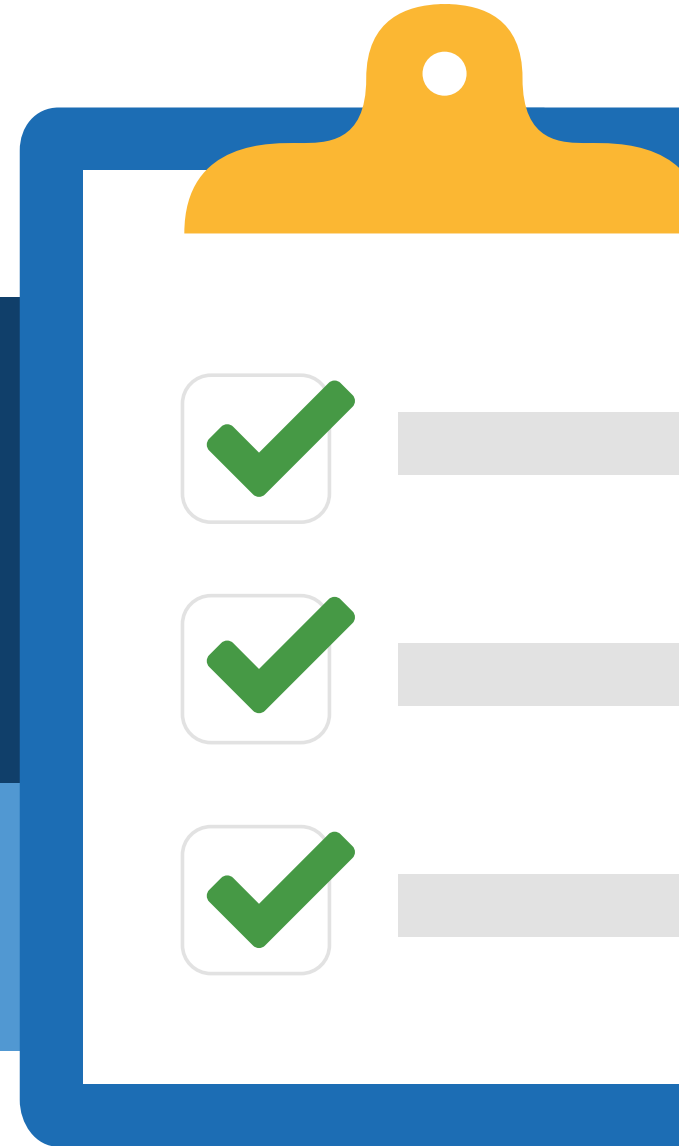




# The Ultimate Guide to Buying HR Software for your Growing Business

Get your decision right with  
this step-by-step guide!





## Ward Christman

### Chief Advisor, HR Tech Advisor



Ward Christman's career in HR technology began in 1992 when he launched one of the first online job boards. Since then he has been coaching buyers of HR Technology and Services on key ways to better leverage tech tools to help HR and IT professionals deliver better business results for their employers. Today he's assisting employers with best practices in the selection and use of HR technology vendor solutions.



### HR, Payroll & Benefits for Growing Companies

Namely is a modern, all-in-one HR platform, chosen by the world's most innovative companies. We make your HR simple and scalable, so you can focus on the important stuff, like growing your business!

Learn more: [www.namely.com/demo](http://www.namely.com/demo)



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# Introduction

## Introduction

### In this guide, you'll learn:

- How to determine if you're ready for an HR platform
- How to prepare internally for the buying process
- What type of HR platform fits your company best
- The top 3 questions to ask vendors about each HR module

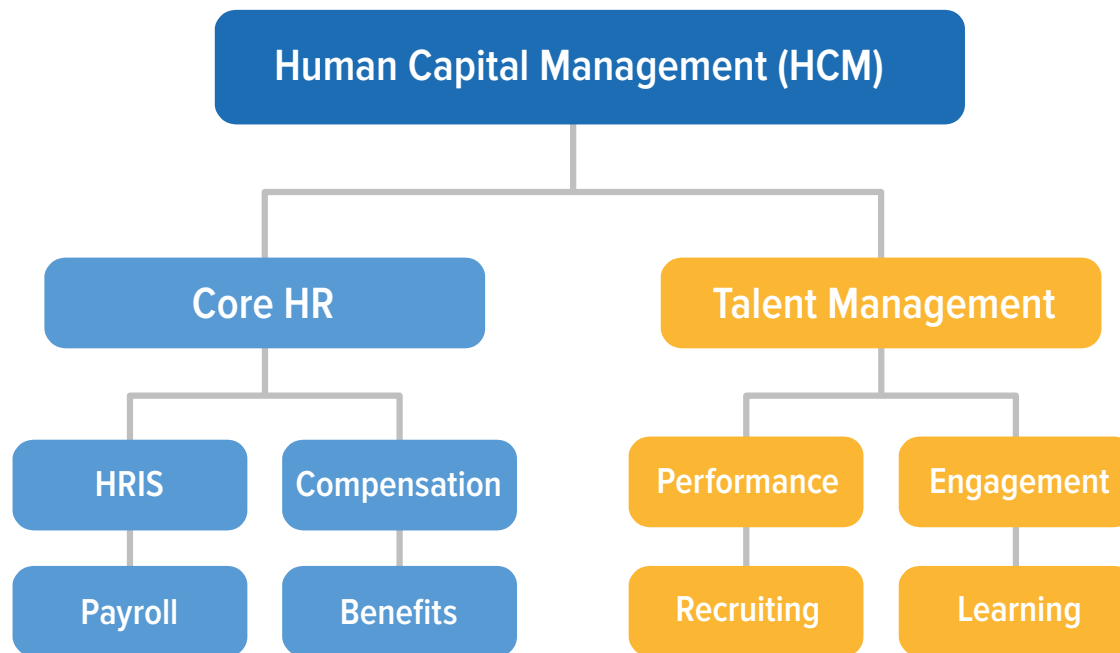


### Why read this eBook?

This eBook is a guide on how to buy HR software for your growing business. If your job is to drive the effectiveness of the people that make your business successful, then this guide is for you. Chances are your company's human capital is its most critical resource, and leveraging new technology to grow and nurture your team could be the biggest contribution you can make to boost the success of your company.

## What is HR Software?

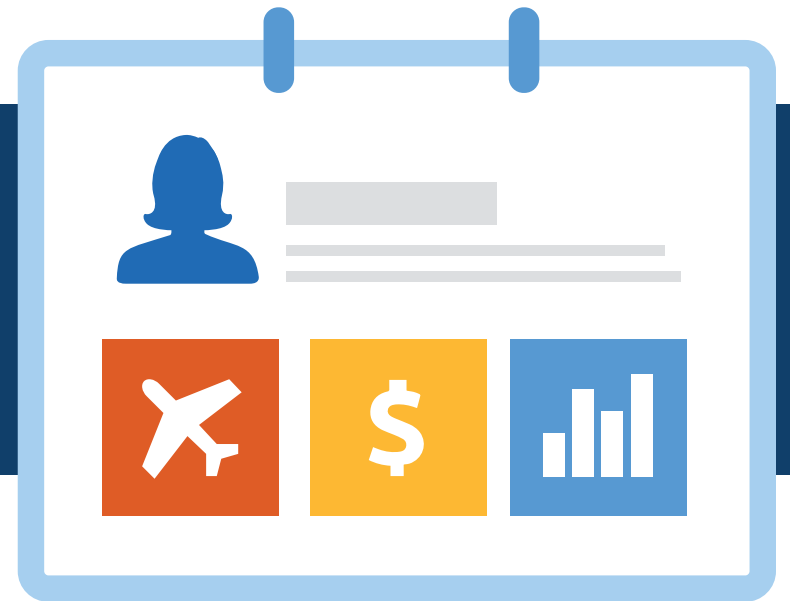
HR software includes all systems designed to help you manage your human capital, which is why the category is sometimes called Human Capital Management, or HCM. Within the larger category, systems divide into two categories. Core HR software, which manages the back office data related to employees, and Talent Management software, which enables the organization to recruit, manage, and develop its people.



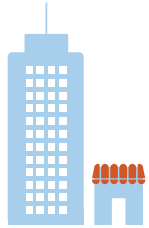
Within Core HR, companies need to manage HRIS (the employee's basic data), payroll, benefits, and compensation. Within Talent Management, companies need to manage recruiting, performance, engagement, and learning.

# 2

Do I Need an  
HR Platform?



## Answers to Common Questions



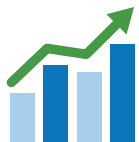
Are we too small to have our own system?

There are many one employee companies who buy their own payroll software! However, most companies outsource their HR until they hit 20 employees; at this point it typically becomes more cost effective for growing companies to bring their HR needs in-house.



I already have different systems to manage all of HR.

As companies grow they tend to consolidate their manual and vendor supplied HR systems to better provide management with strategic visibility of their human capital. Most companies start with a core HRIS and add modules as their growth and strategic priorities dictate.



I currently outsource HR. Why should I invest in software?

Most growing companies return their investment on HR software in two to five months. How? They save time and money, but more importantly they gain a system that helps organize, manage, and measure their most important asset - their people.



Can we save money doing our own payroll or benefits?

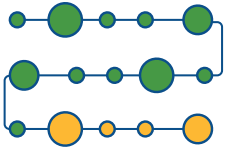
Yes. Many companies cut their costs by 30-50%! With the right software you gain control, flexibility, and eliminate high fees from outsourcing.

# 3

## Assess Your Readiness







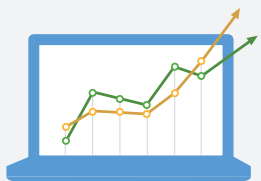
## Four Criteria to Assess Your Readiness



**Size and growth:** Do you have at least 20 employees and big plans for growth? If so, the timing could be right. If not, it'll probably be more cost effective to keep doing what you are doing today.

**Tech savviness:** Are most of your employees comfortable with technology? If so, you'd be a good candidate for getting your own system in-house. If not, an HR system could still be a huge help to the staff who manages the various HR functions.

**Staff capacity to manage HR function:** Do you have an HR professional on staff? If so, you should be reasonably equipped to leverage an HR platform to fully manage HR in-house. If not, your company would be well served to have an HR pro on the team to support managed growth.



**Budget / ROI:** Are your executives typically willing to invest in software to help your employees become more productive? If so, your company is ready for a solid HR platform that can deliver a quick ROI. If not, you'll need to secure executive support before contacting vendors. To help create a business case, look for industry thought leaders who often publish on this key topic.

# 4

## Determine Requirements



**Users:** Most vendors charge by user, some vary the rates by user type, so it's helpful to collect this information prior to starting vendor selection. Don't forget to account for growth!

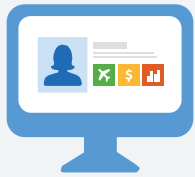


Today	Number of employees	<input type="text"/>	<input type="text"/>	Number of contractors	<input type="text"/>	Number of HR users	<input type="text"/>
12 months	Number of employees	<input type="text"/>	<input type="text"/>	Number of contractors	<input type="text"/>	Number of HR users	<input type="text"/>
24-36 months	Number of employees	<input type="text"/>	<input type="text"/>	Number of contractors	<input type="text"/>	Number of HR users	<input type="text"/>



## Desired Modules and Features

If you're like most growing companies, you have lots of needs but limited resources. So where do you start?



We recommend starting with a core HR system as your platform for growth. With a good HR system in place, your company will be able to add new employees, run payroll, manage benefits, and answer basic people questions - all in an efficient manner. That means your HR team can support a larger number of employees without becoming buried in a mountain of paperwork, data entry, and error correction.



Once you've got your HR platform in place, you're ready to add Talent Management modules. Here, you can address your biggest strategic priorities. For some companies it's recruiting and attempting to acquire more talent. For others it's performance as they seek to develop their people, or engagement as they try to maintain their corporate culture through growth.



Regardless of which modules you choose, you'll want to look for some features and attributes that will help ensure this software fits well with your company. We highlight key modules & attributes in the following worksheet.

**Requirements Worksheet:** Use this worksheet to scope your HR software needs

### Typical company progression

#### Building Blocks

##### Core HR

HR Information

Payroll

Benefits

Compensation

Time and attendance

HR Communication

#### Strategic Investments

##### Talent Management

Engagement

Performance

Learning

Recruiting

Rewards and recognition

Succession planning

Onboarding

#### System Attributes

Modern user interface

Mobile/Tablet ready

Reporting engine

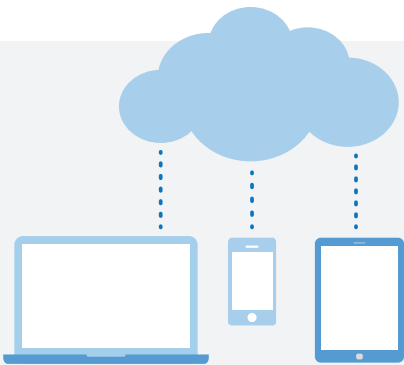
Manager self-service

Employee self-service

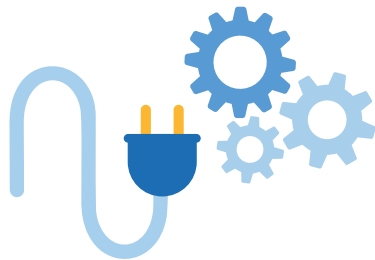
Socially connected

## Software Options

The great thing about the HR software industry is you will find multiple choices available. Almost all of them fall into two basic types:



**Cloud-based:** This modern approach is favored by most companies today. The software is fully hosted by the vendor, and it's accessible wherever you have an internet connection. No hardware or software maintenance is required, and you benefit from software updates and upgrades as soon as the vendor deploys them.



**On Premise:** You may be able to achieve a low total cost of ownership; however, this option also requires a long term commitment to one system, typically five years or more. Also, you'll likely need to do all of the maintenance and software updates yourself. Most growing companies prefer to dedicate their resources to more strategic tasks, which explains the shift towards cloud solutions in the last decade.

### Support Needs



**Selection:** During the sales process, think about how much you'll need the vendors support to understand their product via demos, follow-up question and answer sessions, and of course, working through contract pricing and terms.

**Delivery:** Although modern software is designed with self-service in mind, you'll need support to help configure the product for your company. Determine how much expertise you have in-house, or how much you will need from the vendor or a third-party consultant, to assist in configuration, customization, training, and roll-out.

**Ongoing:** Even after your system has gone live, you'll need support from time to time as issues arise or your business needs change. Top vendors will provide you with a dedicated account manager who can help you address questions and issues when they pop up. The better vendors will also offer access to a knowledge base and/or online help guides that are context aware.

**Channels:** Be sure to capture, based on your typical user, what support channels work best for your company. Common ones for HR software include interactive solutions such as phone, email, chat or on-site. Alternative support methods include: self-service via instructional videos, online help guides and tutorials, dedicated Twitter accounts, Facebook Messenger, or online customer forums.

## Inventory your organization's location-based needs

Note the states and counties where you have employees, along with the time, currency, and language requirements for each.

Employee locations	Time zones	Languages	Currencies



# 5

## Vendor Selection





## Establish Review Team

No matter how much experience you have buying HR software, you can't do it alone - get a review team together to share the work and to help ensure adoption.



Select a team to represent the critical parts of the business that will be affected. HR typically leads the initiative and includes payroll, finance, IT, and operations.



Make sure the team is involved from the outset, getting their buy-in to the needs assessment and business requirements will make the rest of the process much easier.



Include an external consultant, who's an expert in HR software selection, if budget allows. Typical engagements start at \$5,000.

## One Unified Solution or Multiple Best in Class Systems?



### Benefits of a Unified Solution from Single Vendor:

- Better user experience: one login, one interface, all data is together
- Lower overall cost
- Easier to maintain and nurture a relationship with one vendor
- Integrated reporting
- Option to add on complementary modules from other vendors as needed



### Benefits of Multiple Best in Class Systems:

- Deep functionality which could deliver better results for a specific area of HR
- If you only need one module, you can save money and complexity
- Easier to switch out a single component or vendor
- Your eggs aren't all in one basket, from a relationship standpoint

**Tip:** No HR software vendor covers every possible need, so look for a vendor who strives to partner with other HR software leaders who can complement their offerings.

# 6

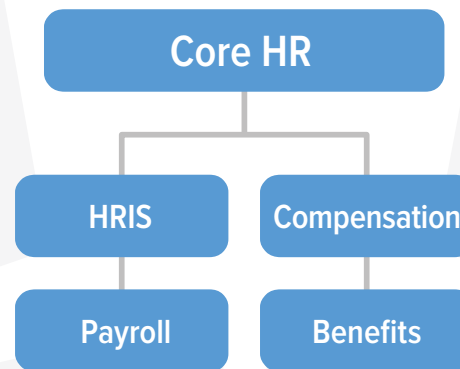
## Your Concise Shopper's Guide

The 3 Most Impactful Questions for Each Module



## Most Impactful Questions for Core HR Software

- **Flexibility:** Can I configure the system to meet my company's exact needs? As we grow, can I add or change elements?
- **Self-service:** Can employees do all their basic HR administration themselves? (Most prefer it that way!)
- **Workflows:** Can manager or employee change requests be handled by automated workflows? (e.g., raises, time off request)



- **Merit:** Does it support flexible pay-for-performance delivery?
- **Compliance:** Will it enforce corporate policies, state mandates, and federal government stipulations?
- **Structure:** Does it help to manage salary structures and step-and-grade progressions?

- **Tax Compliance:** Can it handle all the local, state and national taxes for where our employees are?
- **Filing:** Can it easily calculate, deposit and file all payroll taxes?
- **Reporting:** Can we report on any field? Can reports combine payroll data with core HR data?

- **Brokers:** Can we use a broker of our choice?
- **Changes:** Can we adjust our plans on our own?
- **Process:** Will it support open enrollment?

## Most Impactful Questions for Talent Management Software

- **Components:** Does it support competencies and skills?
- **Goals:** Personal goals and cascading goals?
- **Reviews:** Annual reviews, self-ratings, peer review (360s), and manager assessments?

### Talent Management

Performance

Engagement

Recruiting

Learning

- **Look and Feel:** Are you excited to log-in? Compare to top consumer products like Facebook, Twitter, and Uber; that's what your employees are doing!
- **Social:** Can employees easily find and connect with colleagues?
- **Access:** Can employees and managers engage via their device of choice - desktop, tablet, or mobile?

- **Jobs:** Will it manage your company career site, post to job boards, and handle the social side of recruiting?
- **Candidates:** How will the product help you source more candidates?
- **Process:** Can the product support your full workflow for hiring, all the way through to integrating with onboarding?

- **Plans:** Does it support individual and organizational development plans?
- **Tracking:** Will it track skill and competency based achievements?
- **Roles:** Does it offer role-based training functionality?

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## Conclusion



Selecting the right HR software for your organization can have an immensely positive impact on your company's strategic growth and the effectiveness of your people. As we conclude this eBook, we'll leave you with a last piece of advice:

**Don't buy HR software. Invest in a partner who will help you meet your HR goals using technology.**

That means you should be looking for a company that fits your culture, both today and in the next five years. That's the true secret to maximizing the value of your HR software buying decision!

Thanks for reading! We hope this eBook has made you more confident and familiar with the process of buying HR software, and brought you closer to achieving your human capital management goals. If you want further guidance, don't hesitate to reach out!

