

# HRMS SELECTION SURVIVAL GUIDE

Your six-step guide to finding the best HRMS software for your business

## GUIDE HIGHLIGHTS



Building a budget and forecasting ROI



How to conduct thorough requirements analysis



Evaluating shortlisted HRMS vendors



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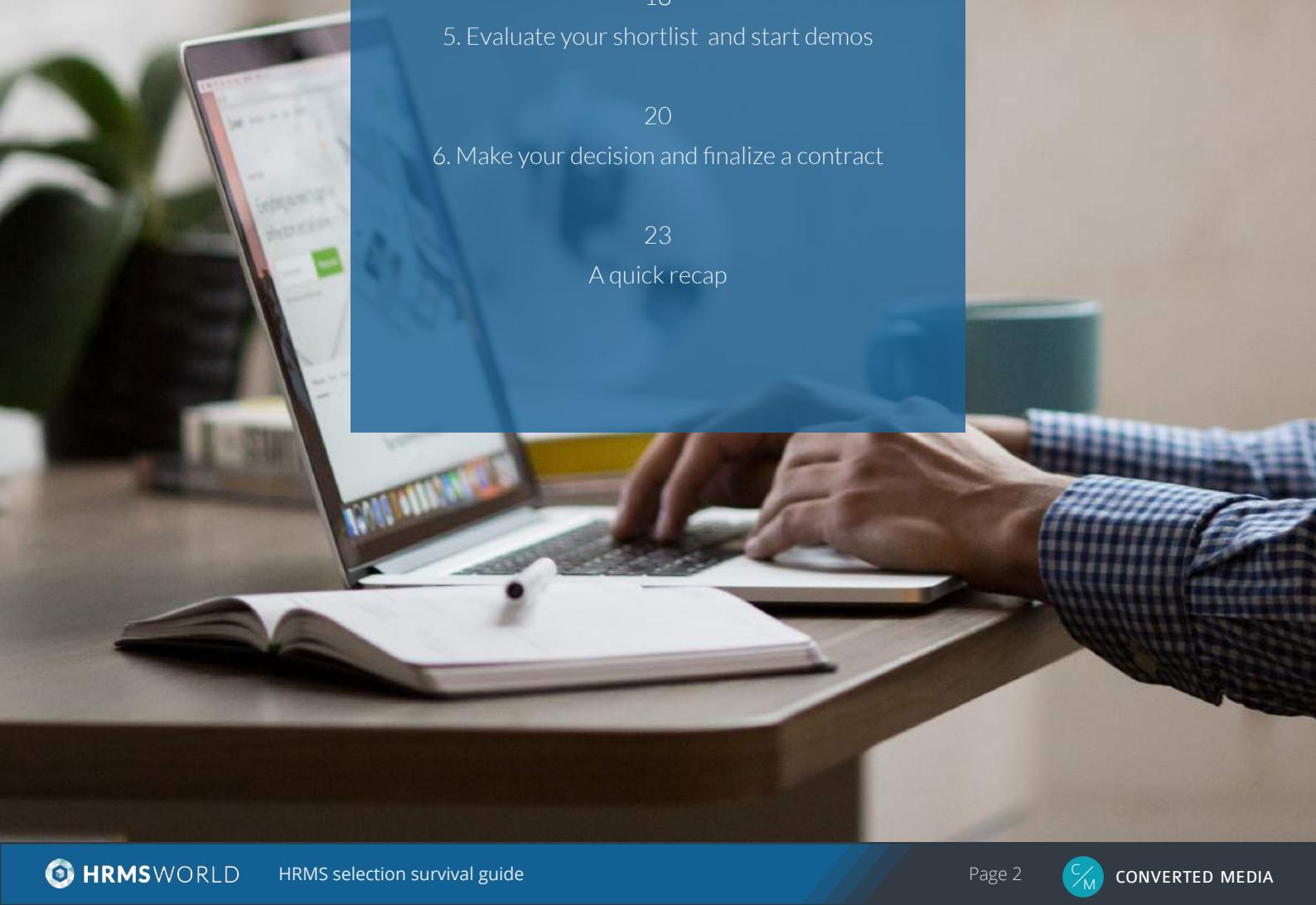
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A quick recap





## A MARKET OF CHOICE

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You want a new HRMS. Maybe you're looking to upgrade from a previous system that you've grown out of, or perhaps this is your first foray into HRMS territory. Either way, the selection process can be a daunting one.

After all, an **HRMS is much more than a simple replacement for old-fashioned HR spreadsheets** containing employee details. In the last decade or two, technology has enabled an evolution in what HR professionals are now able to achieve with their IT. The integration possibilities between HR-related functions (talent acquisition, payroll, performance management, etc.) and even with other business intelligence systems mean that even the most basic of HRMS packages is a sophisticated and flexible piece of kit.

### ADDED VALUE IN HR

Of course, the advantages of implementing or upgrading an HRMS are clear enough. The right system can vastly improve the efficiency of your HR administration, streamline your people processes, empower your employees and managers, ensure basic legislative compliance, even boost your employee engagement and satisfaction. These efficiencies also have an impact on your HR resources: either the staffing overhead is reduced or your HR administrators are freed from the more routine and basic tasks and able to take on more 'added value' work instead.

Early HRMS software tended to be available only to enterprises with serious money to invest. But software design has advanced, the proliferation of options has made the market more competitive. Now any business with more than a handful of employees can afford to invest in an HRMS.

*"the proliferation of options has made the market more competitive"*

**The key issue is no longer affordability** but making the right software choice.

Factors such as cost, organizational priorities, size, location, access needs, integrated functionality, and scope for expansion and growth, all combine to make each organization's ideal HRMS not so much a standardized list of criteria but a one-off specification as unique as a fingerprint.

So, HRMS selection becomes a potentially complex and detailed process in which all of the enticing benefits will only be realized if you select the right system for your business; one that supports rather than contradicts your business priorities and one that has the right tools and functionality for your requirements.

This guide to HRMS selection will help you **chart a course through the selection process**. By giving regard to the various steps and considerations highlighted here – particularly the ones most relevant to your own unique business requirements – you will be able to choose, with confidence, the best HRMS for your needs.



## 1. GATHER KEY REQUIREMENTS FOR YOUR NEW HRMS

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Let's be honest, a new HRMS is rarely ever the first funding priority that businesses want to tackle.

In fact, Financials, CRM, and even broad-scale ERP projects will likely be started long before an HRMS is even considered. Even so, it's hard to argue with the fact that few pieces of enterprise software can positively affect as many employees as an organization's HR application.

So how can today's HR leaders reconcile this disparity? Well first off, making the argument for HR technology spending means building a business case that speaks in terms (and metrics) that company executives understand; such as TCO (Total Cost of Ownership) and ROI (Return on Investment).

Essentially, your organization's leaders want to know how that new HRMS is going to affect the bottom line. And in order to do that, one of the most crucial elements that need to be addressed is determining what exactly the new HR system must accomplish—a step often referred to as a "needs analysis", "elicitation", or more appropriately "requirements gathering". The three strategies listed below will help get you there.

### LOOK AT WHAT YOU HAVE

Despite being one of the key elements of HRMS requirements gathering, looking at what you have is so often ignored. Before jumping into gauging what your new application requires it's critical to baseline your current processes. This will provide a thorough understanding of how the current HR system is being used, what the shortcomings are, and provide an objective benchmark for what additional capabilities are needed.

### GATHER INPUT ON WHAT YOU WANT

**The HR department cannot and should not try to go it alone** when compiling the list of requirements that a new HRMS should handle.

After all, system reports might be needed by executives, self-service capabilities could be a necessity for employees, and payroll integration could be a must-have for the business's accounting professionals. As such, it's imperative that focus groups, surveys, and one-on-one interviews (for system "super-users") be completed to ensure all opinions are heard.

The best advice is to start by involving a broad cross-section of roles in order to account for the myriad issues and concerns at play. We've put together a quick-look checklist for key stakeholder concerns to get you started:

## KEY STAKEHOLDER CHECKLIST

- HR department (core HR functions, payroll, benefits management)
- Senior management/c-suite (reporting)
- Department managers (analytics, performance management, manager-self service)
- Employees (employee self-service, social collaboration tools)
- Outsourced recruitment, payroll and benefits providers (system integration)
- Centralized reporting teams (reporting, analytics)
- Downstream system owners (interfacing and integration)
- Retirees (pensions and retirement benefits, self-service)

## BE SPECIFIC ABOUT WHAT YOU NEED

Specificity is the bread of life when it comes to requirements gathering, and entails digging deep into the details of what the HR application has to accomplish.

For instance, don't settle for merely indicating that benefits administration capabilities are needed if more specifically the elements of investments, employee self-service, event management, and compliance are required.

*"Specificity is the bread of life when it comes to requirements gathering"*

Invariably once these intimate details have been recorded, you'll be faced with a requirements list that includes hundreds if not thousands of specifications, but ultimately that's a good thing; not only because of the fact that you now know exactly what you need, but you'll also be able to get to a vendor shortlist much faster.



## 2. DECIDE WHICH DELIVERY METHOD SUITS YOUR NEEDS

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Having taken the decision to acquire a new HRMS a number of big questions immediately rear their heads. One of the biggest is the issue of whether to go with cloud HRMS or not.

After all, why shouldn't you? The cloud may still be exciting, cutting edge territory but it's hardly new anymore. Indeed, terminology such as 'software-as-a-service' (SaaS) and 'on-demand services' are becoming comfortably familiar. There's also a rising tide of organizations moving cloudwards, thanks to better understanding of the benefits cloud can offer.

However, in HRMS terms, the cloud carries drawbacks as well as advantages - it's important to examine these before making any decisions.

### HOW SECURE IS MY DATA?

Obviously all corporate and business data is potentially sensitive; however, when it comes to losing employee details the embarrassment factor can be high, so **for cloud HRMS security is an overriding issue.**

This is where traditionally, on-premise HRMS deployment carries some reassurance as the software is hosted internally - theoretically, if the hardware is 'in the basement' then access risks such as unauthorized modification of systems or data are mitigated.

Equally, third party providers are experts in data security - their business depends on it. Your software will be hosted in highly protected remote facilities with second to none access control. If your on-premise security measures are a little out of date, or you don't have the expertise in-house, cloud might actually offer you a degree more security.

Where you really have to be careful is the growth of Internet of Things (IoT) and the expectation of mobile access to HRMS functions. Ernst & Young's 19th Global Information Security Survey found that 73% of companies were concerned about poor user awareness when using mobile software.

#### Ask yourself:

- "Is our on-premise cybersecurity strong enough to be of tangible benefit?"
- "Can we implement suitable mobile device security measures where necessary?"

## SPEED OF IMPLEMENTATION

In the early days of any new HRMS, implementation times are a critical factor in realizing the return on investment.

If you have all the hardware you need and a dedicated (and skilled) in-house IT team then on-premise HRMS may be the way to go. However, if you're faced with a big hardware investment then cloud HRMS deployment options may have the edge. The lack of any on-premise hardware or software means that not only does 'installation' tend to be faster but also ongoing system updates are easier and less intrusive to HR operations.

Employee self-service, Bring Your Own Device (BYOD), and many other processes can use dedicated portals in cloud HRMS which may not be present, or may have to be built especially, in an on-premise system. Also, possibly because most vendors currently have their development focus on cloud solutions, SaaS HRMS can be more user-friendly and intuitive to use, thus reducing necessary training times for the new system.

### Ask yourself:

- "Do we need to upgrade our hardware, and if so how long will it take and how much will it cost?"
- "What do we need to integrate, and how easy will that be with an on-premise system?"

## COST

On the surface, the cloud subscription (or 'pay as you go') model of payment is one of its most touted benefits. The client organization can sidestep software license fees and the initial (and ongoing) hardware investment and simply pay for what it uses in terms of data storage.

There is little doubt that the figure on a SaaS price tag will be lower than the on-premise equivalent. Moreover, in accounting terms, cloud subscriptions tend to be classed as operational expenditure whereas an on-premise system is a capital cost – this too can make a significant budgetary difference when you are negotiating internally for a new and shiny HRMS.

*"There is little doubt that the figure on a SaaS price tag will be lower than the on-premise equivalent"*

### Ask yourself:

- "How long will this HRMS last, and when would subscription payments break even with an on-premise upfront license fee?"

Finally...

There are, of course, pluses on both sides and additional factors such as a vendor stability, vendor focus (pure play SaaS specialist or a 'traditional' vendor dabbling in the cloud?), and data location (which countries data laws do you have to comply with?) may swing the decision one way or another.

Bear in mind that other corporate IT is not experiencing a similar rate of shift towards the cloud, meaning that when other business systems – like ERP – are factored in the overall organizational IT is increasingly hybrid with systems both on-premise and cloud. Perhaps the key question for the future is not only one of deployment but also one of agility and capacity for system integration and collaboration.



### 3. BUILD YOUR BUDGET AND FORECAST ROI

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The return on investment (ROI) for your new HRMS is a core element of the initial business case and the focus on making positive HRMS ROI a reality will run through the whole project; from selection to implementation to evaluation. After all, at the end of the day, the only reason to purchase an HRMS is the value you expect in return.

#### CALCULATING HRMS ROI

HRMS ROI may be expressed in terms of finance, staff gains, handling of management information or even all three.

The key is to identify specific HRMS metrics that you can measure both before and after installation. The metrics have to be consistent because otherwise, you won't be measuring like for like and the results will be both inconclusive and unconvincing to your stakeholders.

For financial HRMS ROI, you need to be clear on the current total cost of your existing system (whether it's a true HRMS or a pre-HRMS arrangement of databases and spreadsheets) and also be able to calculate the total cost of ownership (TCO) of the new system; bearing in mind in both cases the hidden costs of HR administration.

Staff gains may be measured by looking at the current FTEs (full-time equivalents) required and then measuring the real personnel savings that the system allows. Often this will mean a focus on HRMS self-service; by devolving certain routine tasks to individuals and managers, the HR staffing complement may either be reduced or freed up to do more specialized work – either option represents an ROI for HRMS.

More efficient administration enabled by the new HRMS can be established by looking at reduced administration time, reductions in any manual processes, fewer workarounds and faster processing of outputs such as report writing and organization charts.

*"There is little doubt that the figure on a SaaS price tag will be lower than the on-premise equivalent"*

## IDENTIFYING HIDDEN COSTS

Not all cost elements of HR-related software systems are obvious; there is, of course, more to maintaining a system than the initial quoted license fee. These hidden costs must be taken into account when calculating TCO and ROI:

- System installation - what it costs you to acquire the system and implement it successfully
- System upgrade - recurring costs related to upgrading your HRMS system
- Direct non-labor costs – including consultants, HRMS vendor fees and facilities, and any related corporate overheads
- Direct labor costs - labor costs for the staff necessary to support the system
- Maintenance costs - IT costs specifically related to maintaining the system architecture and function
- Indirect labor costs - labor costs for employees involved in 'HR activity' (e.g., collection of staff data, timesheet approvals, answering staff questions, etc.)

Clearly, depending on the size and nature of your business, these costs will vary and some may even be negligible; but for a true picture of cost, all need to be considered when seeking to demonstrate ROI.

Whatever the driver for a new HRMS, it is a significant investment of both time and money and both will potentially be wasted if you cannot demonstrate a good ROI for your new purchase. Of course, selecting your best HRMS solution is only the first step in ensuring the return on your investment; well-managed implementation, user engagement, and ongoing post-implementation embedding and optimization will all influence the system's true value to your business.

If you want more detail on the return you could get on new software, [\*\*check out this step-by-step guide to calculating HRMS ROI\*\*](#)



## 4. REACH OUT TO POTENTIAL VENDORS

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Your HRMS vendor relationship is critical to the success of your project and the process of building that relationship begins from the first contact.

That early relationship will influence your choice of HRMS system, its implementation and even perhaps project elements such as HRMS training and ease of upgrading in the future and so on. Needless to say, getting this right is essential to a smooth implementation.

The key to a good HRMS vendor relationship is clarity of communication. Naturally, early communication with potential vendors will essentially be about the requirements for the system – making it clear what your business needs are and what you are looking for from an HRMS.

### STATE YOUR REQUIREMENTS CLEARLY

Whether you go the ‘traditional’ route of creating a detailed request for proposal (RFP) or opt for something less formal, what the HRMS vendor will need is a clear statement of necessary features, functionality and deployment.

HRMS may offer dozens of functions and you will have to decide what your business requires. A good vendor may – with an understanding of your business – be able to advise on the functionality that would best serve your purpose; although, of course, as the buyer you will need to factor in that a vendor will be biased toward their own product (and even resellers with a portfolio of offerings will have their favorites).

As a starting point, here’s a brief checklist of **some of the most sought after HRMS functions:**

- Job and pay histories
- Ad-hoc report writing
- User-defined fields
- Attendance and leave accrual tracking
- Employee self-service
- Benefits open enrollment
- Performance management

Depending on which functions you have outsourced, you may also be looking for:

- Payroll
- Benefits administration
- Recruitment

If you don't cover these functions in-house, you'll need to make sure that they integrate with your suppliers' systems. State this very clearly when sending out RFPs.

One note of caution regarding HRMS RFPs: too much detail can narrow the focus too much. The vendor puts their attention on ticking off your specific requirements and other features (and liabilities) of the system don't come under scrutiny. Although RFPs have their place – and certainly help to 'standardize' vendor pitches – there is an argument in favor of just ensuring the vendor understands your business and its future strategy then inviting to propose an HRMS that is aligned with your goals.

## TRUST IS TWO-WAY

Of course, vendor communication is not all about you telling them about your business and what you want from their system. For a (potentially long-term) relationship founded on openness and trust, you need information about the vendor's business and products too.

- A few questions for your potential HRMS vendors include:
- How long have they been in business?
- How many clients do they have? (And in what lines of business – similar or different to your own?)
- Are they HR(MS) specialists? or do they offer a more diverse portfolio?
- What references or testimonials can be provided (and, more importantly, followed up)?

Every communication with an HRMS vendor, right from the first tentative signs of interest to the final contract negotiations, is an opportunity to find out how well you can work together. After all, the ideal outcome is to build a successful partnership which will benefit your HR administration's effectiveness for years to come.

## ARE RFPS THE ONLY WAY?

You want a new HRMS system. Your business case is made. You have a clear idea of the features and functions you're looking for, and what business goals they will have to support. Now you need to start finding vendors and products for your HRMS shortlist. So what are your options when it comes to building that list?

## **Option #1: RFP**

The classic request for proposal will contain a detailed summary of your HRMS functionality requirements and is sent to vendors and resellers inviting them to pitch their product(s) based on how they meet your needs. In other words, an invitation to pitch for a place on your HRMS shortlist.

## **Option #2: Recommendations**

As with any potential purchase, a recommendation for a particular vendor or HRMS system will carry some weight and rather than take a shotgun approach, it can be beneficial to actively seek out endorsements from trusted sources. Possible sources for recommendations are HRMS websites and forums, your own network of business contacts, and even vendor advertising and promotion.

## **Option #3: Industry Analysts**

There are a lot of people making a living from their technology expertise and the HRMS field is no exception. HRMS analyst reports, reviews and articles are often freely available on the internet and contain objective advice and comparisons of the latest systems and features which may help you decide on which vendors to invite to pitch. Example reports include: Gartner's Magic Quadrants, and Forrester's Wave reports.

## **Option #4: Direct vendor contact**

As a direct contradiction to Option #1, some pundits and commentators recommend you avoid the RFP route on the grounds that the process can take too long (months even). The alternative is to simply call round various HRMS vendors, outline your baseline HRMS requirements and ask if their system can meet them. This can be a quick way to build an HRMS shortlist and more detailed examination can follow later in the process.

## **Option #5: An HRMS Consultant**

When in doubt, outsource. An HRMS consultant can – for a fee – provide market and technology expertise, guide you to the best buying decision and even support you through subsequent project stages. If you are considering engaging a consultant, you're looking for someone with:

- Understanding of the market
- Experience of the buying (and implementation) process
- Knowledge of available systems
- A broad skillset (i.e. not just a 'techie' but also a project manager, a negotiator, etc.)
- Objectivity

These five broad strategies should help you build a solid shortlist of potential vendors and/or

products for your HRMS purchase – and of course other than numbers #1 and #5, they are not mutually exclusive and can be used in conjunction (#6).

METHOD	PROS	CONS
<b>RFP</b>	You get a detailed, written response outlining specifically how a system can meet your requirements	It is a lengthy process which can take months.
<b>Recommendations</b>	Provides real-world situations in which potential vendors have done well/failed	Your business is unique. A system that works terribly for one company might be a perfect fit for another
<b>Industry analysts</b>	Good starting point for drawing up a shortlist of reliable HRMS vendors	Probably too vague to use as a method by itself, and no guarantee that recommended systems will be right for your organization
<b>Direct vendor contact</b>	Fast, cuts out lengthy RFP process. The vendor sales team will be more than happy to talk to you on the phone	Nothing in writing, so responses can't be shared across a team. Risk that you'll get an opportunistic sales pitch rather than key info on how a system meets key requirements.
<b>Consultant</b>	Shortlisting is labor intensive. Using a consultant will free up your time to focus on your day job	Consultants are expensive - smaller organizations may not have the budget

## RFIS, RFPS AND RFQS

Should you go down the traditional route of sending out RFPs, there's a specific process you'll need to follow.

It's - annoyingly - full of acronyms. Below, we outline what these are and what they entail.

### HRMS RFI (Request for Information)

Easily one of the biggest hurdles to get over in any HR software selection process is getting HRMS vendors that you are interested in to answer your initial questions about their applications, services, and support. In part that's because just as you are vetting them, they are in turn qualifying use as a potential client.

A formal RFI can help smooth the way by identifying the key issues that your organization is considering and posing questions to the vendor in a manner that shows your organization is serious about this purchase and the vendor's solution. Questions about hosting, security, system functionality, and others are all fair game but keep in mind that an RFI is designed to narrow the field, not answer all your questions about a particular HR software solution.

By simplifying this document to capture information from vendors that centers on company values, high-level application capabilities, and fit, not only will more responses come back, but you'll also be able to save time in the process.

**Tip:** when comparing RFIs, ask yourself whether you're being "sold" on their solution, or whether your questions are being answered.

### HRMS RFP (Request for Proposal)

Evaluating your responses from the HRMS RFI you just sent out should have netted at least a few top choices. Whether due to the vendor company's values, their professional response, or something less tangible, now that the RFI is completed, you can move further into the process of shortlisting potential HRMS solutions. That means putting forth a Request for Proposal (RFP) to the top choices.

*"This is not the time to fall prey to the all-inclusive sales demo that many vendors are keen to use."*

This step is truly where the rubber meets the road and allows you to deliver the laundry list of functionalities that you put together during your HRMS requirements gathering phase. This is not the time to fall prey to the all-inclusive sales demo that many vendors are keen to use.

**Tip:** you've already taken the time to outline what you'll need the HRMS solution to accomplish, so stick by those specifics

## HRMS RFQ (Request for Quote)

At this point, more than likely given your organization's unique requirements, you should have a shortlist of roughly two to six vendors that you're anxious to advance.

And while some of the final information may have already been covered in either the HRMS RFP or RFI, now is the chance to formally address the questions of costs, payment terms, maintenance, Support Level Agreements (SLAs), etc. If you're asking companies for an RFQ, it is likely that you'll be asking them to demo their product as well.

**Tip:** you should be comparing apples to apples once you reach this step. So for instance, if you have shortlisted both a cloud HRMS solution as well as one that is on-premise, it will be difficult to assess the exact financial similarities.

These documents can help provide your organization with the means to keep the discussion focused on facts. By no means are they meant to be all inclusive however. If you have a vendor that you've already identified as a front-runner but that maintains a policy of non-response to HRMS RFIs, RFPs, or RFQs, then flexibility should certainly be considered.



## 5. EVALUATE YOUR SHORTLIST AND START DEMOS

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Having cast a wide net, your HRMS shortlist may be looking healthy with no shortage of apparently viable options; however, the time comes when you'll need to whittle it down to a handful of the most likely HRMS vendors, and then invite them to give you a full product demonstration.

In an ideal world, you'll only invite three vendors/systems for a demo; any more than three and the chances are the process will be delayed by scheduling and diary conflicts. Three demos can be done in a day which is not too much to ask of your 'demo team'.

Besides, **any more than three demos and burnout and confusion set in** and the final evaluation process starts to suffer.

### CHOOSING WHO YOU WILL INVITE TO DEMO

Some systems will probably be easy to eliminate due to price or the lack of essential features.

For the rest, ensure a degree of objectivity by using a rating scale and asking each person to assess the system against key criteria. Some common criteria would include: ease of use and access; integration with current and future systems; training required; data security; configurability; and reporting/analytics. Naturally, you will have some issues of detail specific to your business to add to that list.

**An example rating scale** might be:

0 = does not meet requirements

1 = partially meets requirements

2 = fully meets requirements

3 = exceeds requirements.

This does not necessarily mean you invite the three highest scorers to a demo, but the rating system can give an objective framework to discussions and help guide them to a more painless decision.

## ENSURING YOUR VENDOR DEMOS ARE USEFUL AND SUCCESSFUL

First of all, **you need the right people on your demo team** to assess the products on show.

An HR representative should, of course, be present, but also someone with IT knowledge and experience to ask and address more technical questions is also essential. If you have a separate procurement team then they too will want to be involved and given the impact that an HRMS can have on an organization, someone from the C-level can add some senior endorsement.

One way of keeping a degree of control over the demo process is to incorporate the features you're looking for into a common demo script and ask each vendor to follow it. The main advantages to this approach are that the demos are more easily compared by your team, it forces the vendor to address your business requirements rather than just show off their product's latest feature, and you can even bring in members of your demo team for just the section of the script that is relevant to them (thus further easing the diary issue).

*"incorporate the features you're looking for into a common demo script and ask each vendor to follow it."*

**This step-by-step demo guide** goes into detail about how to make the most of vendor presentations, and includes a sample demo score sheet that you can adapt to your requirements.

When it comes to the assessment and demo process, your goal is, on the one hand, to ruthlessly winnow out any systems that won't be a best fit for your requirements, while simultaneously on the other hand allowing each vendor to show their system at its best – a delicate balance but worth attempting for the sake of the relationship you're hoping to establish with the successful candidate.



## 6. MAKE YOUR DECISION AND FINALIZE A CONTRACT

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The shortlisting process is over, the contenders have demonstrated their products to your HRMS selection team and after rigorous assessment and discussion, you think you have a 'winner'. It's time to take the final decision and there are just one or two final checks.

### PRICE

First of all, it is best not to obsess about the HRMS price tag. Of course, price is important and can be a significant influence on 'time to value' but all too often it becomes the final deciding criterion. Yes, budgets are finite but of equal or greater importance is the system's fitness for purpose.

### STAKEHOLDER ENGAGEMENT

Hopefully, the process of HRMS requirements gathering and the fielding of a diverse and representative HRMS selection team will have helped you engage with key stakeholders at every level of the business. However, before you take the plunge and start drawing up contracts, it may be worth testing the stakeholder water with your HRMS choice. After all, these are the people who have to live with and, if necessary, work around your decision and therefore their support is important.

**Look to senior level influencers for 'political' and hierarchical backing** and system users for more 'grassroots' endorsement. Talking to the C-suite or equivalent will create top level support for the system as it is implemented and teething troubles are addressed. Likewise, system users are an essential source of feedback in the early days of system use, helping you to iron out inevitable wrinkles quickly and efficiently.

### FOLLOW-UP REFERENCES

All vendors under consideration will have provided references; reputedly satisfied and delighted customers who will be only too happy to extol their system's virtues. Although it is a less 'exciting' task than sitting in on the software demos, it is critical that you follow up on the vendor's references.

Check out whether the referees are in the same line of business as you. Ask them about the purchase and HRMS implementation process; how smooth was it; how did the vendor (or their agents) respond

when problems arose; what compromises, if any, were made. How did they measure the return on their investment and did they get that return?

## JUST DO IT!

Finally, all the data is in, there is no one else you can ask or consult: if you are the final decision-maker then it's time to decide! (Or at the very least, make your recommendation to the board.)

**Be as sure as you can be, make a decision and then don't waste too much time looking backward.** After all, as American psychotherapist and author Sheldon Kopp once said, "Every decision is made on the basis of insufficient information".

So, once you've made your decision, look forward to the next stage of your HRMS transformation. After HRMS selection comes, implementation, training and more staff engagement, early evaluation of ROI indicators, longer term optimization and evaluation, and ongoing enhancements to keep pace with changes in business practice, market, legislation, etc. HRMS is not so much a purchase as a process.

## DRAWING UP AN HRMS CONTRACT

Once you've selected your new HRMS system and are at the point of signing your HRMS contract with your chosen vendor, you should – as with any supplier contract – seek professional legal advice as to exactly what you are committing to. That said, from the system and selection process perspective there are some issues and pointers to bear in mind...

*"Contract checking is part of your due diligence process and done properly can help avoid future disputes"*

## GET WHAT YOU THINK YOU'RE PAYING FOR

First of all, and without wishing to be too obvious, everything you have negotiated should be in the HRMS contract. You're contracting to purchase the system as it has been described to you throughout the selection process, plus whatever ongoing service and maintenance fees have been agreed on.

## BE WARY OF HIDDEN EXTRAS

Try not to focus too much on the up front cost or license fee; the software's 'price tag' is far from the full cost in many instances. As we've said earlier, the total cost of HR administration includes a number of so-called hidden costs and you need to be clear how the purchase of your chosen system will impact on those. For example, if you're buying an HRMS that cannot be maintained in-house then the contract needs to include a negotiated price and service agreement for maintenance; otherwise you'll be over the proverbial barrel when it's update time.

## ENSURE YOUR FUTURE NEEDS ARE BEING MET

While in the process of nailing down the HRMS contract, it is worth contemplating what you might require from your new system in a few years' time.

For example, the trend for self-service functionality (for both employees and managers) continues. Not only does increasing options for user engagement and control shift the routine work closest to the point of input, there are also the twin tides of mobile and BYOD to consider. As the evolution of tablet and other mobile technology has allowed greater interactivity with 'field' staff for workforce and supply chain management, so HR is able to ride that same bandwagon and reach out to all staff through various mobile apps.

Similarly, while the line-blurring with the rise of BYOD (bring your own device) can cause handling headaches for IT teams, it means self-service HR is available more widely than ever. Put simply, if you think you will be accessing other features and modules from the same vendor in the short to medium term, it may be worth including terms and prices in the initial HRMS contract.

*"it is worth contemplating what you might require from your new system in a few years' time"*

Another example of future-proofing is compliance. Whichever country you operate from, the local labor and employment legislation will lay certain obligations on employers with respect to employee data and records. Your shiny new HRMS may comply with the law as it stands on the date of purchase but does the contract offer provision for changes in legal requirements?

**A final word of caution...** You may have built an excellent foundation for your future relationship with the vendor of your chosen system; it may be honest, open, trusting, and flexible but when it comes to contracts, business is business. Read it carefully. Have it checked by a professional. Contract checking is part of your due diligence process and done properly can help avoid future disputes and keep your partnership going.



## A QUICK RECAP

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Purchasing a new HRMS system is a significant business decision and there is an understandable pressure to make the 'right' choice of software. After all, there is no shortage of news stories about high-profile and costly software disasters; most of which can be traced back to a bad first choice. Whichever HRMS you choose to acquire it will influence your internal processes and your business – for good or ill – for some years to come so you want to make the wisest possible acquisition.

The array of tips and advice contained in this white paper will help you find the narrow safe path through the software selection minefield. To recap on the main points:

**Clarity on the benefits you expect to realize** from an HRMS purchase (including ideally the metrics you will use to measure those benefits) will help inform requirements gathering as you establish not only what you have and what you want but also what you need from the new system.

**Cloud deployment** offers potential savings in cost and maintenance headaches but before you join the stampede cloudwards, you need to be sure that it offers the requisite level of data security

**Knowing how to measure the return on your investment** is crucial, not only for being able to later prove you chose the right system but also in getting business case approval in the first case.

**When it comes to shortlists**, you need to know how to build them and then how to pare them down in such a way as to leave you with the most suitable contenders. Knowing where to find your options and then how to distinguish between them is a core selection skill.

**Once the decision is made**, there's the issue of keeping a close eye on the fine contractual detail to ensure that you really get the system that was promised during the demos and other negotiations.

In some situations, you may end up with more than one systems that meets your needs. In such circumstances, there's no reason not to commence talking contracts with both companies and look to negotiate the best package in terms of some of the associated 'extras' such as implementation, training, further consultancy, etc.

By taking into account the issues raised here and taking a methodical approach to the selection process your choice will result in a system that is right for your business today and right for your business tomorrow. However, remember that making the right selection is only phase one of your project. A successful implementation that achieves your goals is the next challenge.

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