

HRMS SOFTWARE RFP GUIDE

The ultimate guide to developing RFP documents for your HRMS project

GUIDE HIGHLIGHTS



Customizable framework to help you construct your RFP



HRMS requirements template with over 100 feature ideas



Advice on shortlisting vendors, evaluating responses and more



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AN INTRODUCTION TO HRMS RFPs

You're looking for a new HRMS. The business case has been made and signed off. You know exactly what you need by way of functionality and you have established the HR processes this new tech must support. You have a budget. You almost certainly have a project plan (even if all the details have yet to be added). The next step is to go to the market and invite some vendors to make proposals.

Of course, you could simply make a few calls to random vendors you've googled and ask them to pop round and show you what they've got. You could, but if that approach results in you acquiring the most appropriate system for your needs and budget then clearly you are one of the more fortunate people on the planet!

WHAT IS A REQUEST FOR PROPOSAL?

Instead of relying on good fortune and Google, you should create a Request for Proposal (RFP). A clear statement of requirements that lays out what you want, why you want it, and how you intend to evaluate systems as part of the selection process. It's in response to the RFP document that interested vendors will then submit a proposal.

"your RFP should create a level playing field for vendors and make it easier (and quicker) for you to reach a decision"

Put simply, your RFP communicates your HRMS requirements framework to software vendors so they can present their products in the best possible context and enables you to assess vendor's offerings against an established set of criteria. In other words, your RFP should create a level playing field for vendors and make it easier (and quicker) for you to reach a decision.

HOW DO YOU KNOW IF YOU HAVE A GOOD HRMS RFP?

For a start, when a potential vendor reads it, they should be left in no doubt about the current state of your business's HR technology needs. If they can properly understand your existing HR processes and your vision for improvement then they can focus on demonstrating how their product will fulfill your specific requirements. And if they can't demonstrate a fit against your RFP, you have a framed argument to drop them from your final shortlist.

A successful RFP should, paradoxically, make narrowing your shortlist more difficult. Intelligent vendors (the kind you want) will ensure their proposal clearly addresses each item in your RFP, meaning you have to shortlist from high quality, relevant offerings. A quality problem and reflection that your RFP has done its job.

It's also worth bearing in mind that your RFP is part of the legal bidding and contracting process. In essence, this first formal communication between you and the ultimately successful vendor is the foundation of the future contract between your two organizations. Another reason to make it a precise and unequivocal expression of what you want.

Finally, the process of putting your RFP together has another benefit... it forces you to review your HRMS requirements. If they're at all unclear or muddled, you have to lick them into shape because muddled requirements results in muddled proposals, which may force you start the process all over again. Investing time and care in your RFP process ensures your HRMS needs are crystal-clear and greatly increases the likelihood you'll select the most appropriate system for your organization.



OUTLINE YOUR HR REQUIREMENTS

This first step in developing your HRMS RFP is to illustrate your organization's context and base level HR requirements; listed, prioritised and documented.

As part of the original business case and/or scope document for the project, you'll have conducted a comprehensive review of your HR processes and systems and drawn up a list of HR requirements you expect the new HRMS to support. If you didn't, do it now. It's this review that forms the basis of the RFP; it's your shopping list, itemising everything you want and, hopefully, everything you'll find in a vendor's HRMS. Here are some areas to consider.

WHAT ARE YOUR CORE HR REQUIREMENTS?

You'll have a list of functionality you have identified to be central to the success of your organization's HR wellbeing. This list will be part legacy document (what works now and what is immovable) and part visionary statement (where you want to be). Once you have established and communicated your core requirements you can explore the outer reaches of each vendor's products safe in the knowledge that the foundations of your new HRMS are understood and accepted.

CLARIFY THE ESSENTIAL AND DESIRABLE

You'll quickly realise a modern HRMS is almost infinitely enhanceable. Your prospective vendors will have no shortage of modules and apps for you to consider. But there's a caveat: just because it's possible and just because you can have it, doesn't mean you should. If you find yourself (or your project team or sponsors) getting over-enthusiastic about non-core requirements, then take a step back and re-assess the list of potential enhancements in a frame of what will be business-critical over the next few years and what will be 'nice-to-have'. In other words, create two lists of criteria: essential and desirable and make it plain to vendors which is which.

CONSIDER ACCESS TO YOUR HRMS

Ask yourself what you expect and what would you like in terms of employee self-service and manager self-service. Do you simply want people to be able to update their own personal details

or will they be accessing work schedules from mobile devices, making online requests for time off, booking themselves on training courses (with automatic notifications to line managers and subsequent prompts for them to jointly complete pre-course preparation), do you hope to use the HRMS to leverage a whole new era of social collaboration in your corporate culture...?

CONSIDER YOUR CURRENT HRMS

By way of context you should also provide some insight into your current HRMS, if you have one. What levels of functionality you want to maintain and what you want to improve. For example, does your current system have difficulty integrating with other business intelligence systems; maybe it has limited capabilities when it comes to predictive analytics, or lacks mobile functionality, etc.

Just remember, whatever you're asking for, you need to know how you're going to measure and assess it when it's placed in front of you – i.e. have a clear criteria evaluation system.

PROVIDE THE BIGGER PICTURE

Finally, give vendors the bigger picture, the wider context of what your business or organization stands for. Its vision and purpose, key strategic goals, core markets or clients, your staff numbers (full-time, part-time, casual/contingent/agency etc.), any anticipated expansion projects in the next few years, any particular compliance areas when it comes to HR and people management.

Put simply, If they understand you then vendors should be able to present a system that will work for you.



HRMS REQUIREMENTS TEMPLATE

Table 1. shows an HRMS RFP requirements template covering recruitment, onboarding, learning & development and more. This table structure can be expanded to include any functional and technical specifications that you identified in your requirements gathering project. To download an expanded version of this table as a spreadsheet, [click here](#).

VENDOR RESPONSE KEY

- OOB = HRMS requirement is provided Out-of-the-Box
- CUS = HRMS requirement is available through customization
- BOL = HRMS requirement is available through a bolt-on at additional cost
- 3RD = HRMS requirement is available through integration with 3rd-party software
- FUT = HRMS requirement will be available in the near future (define a timeframe)
- NA = HRMS requirement is unavailable

Table 1			Vendor Response					
Feature Requirement	Priority	Timeline	OOB	CUS	BOL	3RD	FUT	NA
Talent Management								
Recruitment								
Automated publication of jobs to job boards								
Custom recruitment funnel for applicant tracking								
Resume parsing								
Referral rewards								
Recruitment scheduling								
Collaborative candidate notes								
Integration with LinkedIn								
Hiring analytics								
Onboarding								
Customizable onboarding process								
Probationary periods								
Eliminate paperwork with digital data entry								
New hire system access prior to start								
Learning & Development								
Integration with external training services								
Internal training directory								
Reminder notifications for course start & end								
Optimum next job to start at shop floor level								
Mobile access to training courses								



HOW TO GET BETTER RESPONSES TO YOUR RFP

The more you can standardise the format and shape of vendor responses to your HRMS RFP, the easier your selection decision, and any subsequent discussions with individual vendors, will be.

Firstly, as well as outlining your core requirements, your RFP should provide an order of priorities and timescale of implementation.

You should ensure each vendor provides basic information about their product in an easily-comparable format. One way of doing this is to provide a limited range of initial responses to each requirement, such as:

- Basic, out-of-the-box option
- Available as a standard 'bolt-on'
- Only available as a custom option
- Available via a 3rd-party partner
- Will be available in the future (if so, when?)
- Not available

You can allow room elsewhere for the vendors to wax lyrical about the subtle nuances of their products, but this type of formatting framework will make your shortlisting much easier.

Other key information that you will want to demand of all vendors includes:

Timing and scheduling – you've been clear on your timescales, you need vendors to put into writing what they can deliver by when, and with what resources.

Key personnel – you need to know the names and backgrounds of any key personnel. After all, if a vendor promises expert implementation consultancy as part of their package, you want to know who you're getting, what experience and skillset they have, and therefore be able to legitimately challenge any role changes later on when the project is under way.

Cost – this is where you expect them to lay out the details of their licensing structure, both as a total figure and a breakdown that clarifies issues such as number of users, customisation, ongoing maintenance and support, upgrades, and the payment terms.

Having established the basics of what the system can do, when it can be delivered and who will be carrying out the delivery, there are a couple of further issues you will need to clarify with all vendors (or at least all vendors who want a chance of making your shortlist).

“The more you can standardise the format and shape of vendor responses to your HRMS RFP, the easier your selection decision, and any discussions with individual vendors, will be.”

The first addresses a key risk factor when entering into a long-term relationship with any supplier: viability. After all, whatever form of license you agree, your hope is that this HRMS will serve your needs for a number of years and you need to be certain the vendor will be around to support it. So, your RFP should include a request for financial information, at least sufficient to be reassured they're in reasonable shape as a business; namely, financial results, product investment levels and client acquisition rates.

The second point is the need for references. A minimum of two (preferably three) references from previous (ideally existing) customers should give you some additional perspective. Your HRMS RFP should request the name of the business, basic details of the service/product provided (so that you know it's comparable to your own requirements) and a contact name for following up.



DEFINING YOUR HRMS SELECTION CRITERIA

A key part of your HRMS RFP is defining the criteria you will use to make your HRMS selection decision. Some people have been known to balk at this but take a moment to think about it. If you don't tell a vendor the basis on which they and their product will be judged, it's a little like inviting a potential employee to a job interview and only telling them the title of the vacancy. If you don't tell them what the duties are or the skills required, they cannot prepare properly and you essentially set them up to fail. It's the same principle with selecting a new HRMS.

Your RFP should include a clear statement of the relative importance of each of your requirements and, ideally, a scoring mechanism to illustrate how you will use the vendor's responses to measure suitability.

For example, the selection criteria section of your RFP will likely be grouped under the following headings or something similar. In a sense, this section pulls together, in one place, the items to be dealt with in more detail throughout the RFP document.

THE SYSTEM ITSELF

These are the HR process-related requirements regarding functionality, i.e. what you need the system to actually do. Naturally, the essential criteria/requirements are must-haves and if a particular offering lacks one or more, that's a dealbreaker. As well as particular functions and features, this heading includes issues such as data security, configurability, customisability and potential for integration with other business systems.

SUPPORT OPTIONS

This establishes the level (or levels) of available support. The primary focus is likely to be the support package(s) that come with the software, frequency of updates and upgrades (including any downtime issues) and emergency support. Then there's support available through the implementation process which requires a certain degree of expertise and experience which you may or may not have in-house. Consultancy support could be provided by an independent third-party supplier but the vendor may be prepared to bundle such assistance with the system.

VENDOR VIABILITY

As previously mentioned, you need to be assured that the vendor's business is stable enough to last as long as you intend to use the HRMS.

REFERENCES

No vendor is going to provide negative references but careful discussion with a vendor's clients can elicit useful information about how the vendor deals with obstacles in the implementation process or handles unexpected system problems.

Additionally, you'll factor in some of the 'bells and whistles', all the extras that the vendor throws into their proposal. However 'shiny' they are, these cannot turn an unacceptable option into a potential purchase, but they may help to differentiate between two or three front-runner vendors.

As for how to grade or assess performance against the HRMS selection criteria, one simple rating scale that may be used is:

- 0 = does not meet requirements
- 1 = partially meets requirements
- 2 = fully meets requirements
- 3 = exceeds requirements

Of course, there are risks in being overly 'mechanistic' in your assessment but such a scale can help 'sort the wheat from the chaff' and give an objective framework to your HRMS selection criteria.



HRMS RFP FRAMEWORK

A cheat-sheet to help you create a clear and concise RFP document.

You've defined your core requirements, you've created an RFP format that elicits comparable vendor responses and you've established a simple grading system that helps you identify winners and losers.

We've distilled some of these key points into an HRMS RFP template. [You can download a fully customizable version of this framework here](#) - use this version as a print out to scrawl notes on as you go.

BACKGROUND INFORMATION

- **Project overview**

Who are you, and why are you currently looking for a new HRMS?
.....
.....
.....

- **Key business goals**

What key business goals are you hoping a new HRMS will support?
.....
.....
.....

Company overview

Introduce your business more thoroughly - include your organization's vision and purpose, core markets, clients and locations
.....
.....

- **Industry overview**

Describe your industry - are there any particular trends or compliance requirements your HR should help you address?

.....

.....

.....

HRMS PROJECT SPECIFICATION

- **Project timeline**

.....

.....

.....

- **Key deliverables**

.....

.....

.....

- **Current HRMS**

Describe any legacy HRMS you have, and why they are currently inadequate. Include details of any other business intelligence systems, especially if there are compliance requirements

.....

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- **Current hardware and systems**

Provide information on relevant in-house platforms, infrastructure and resources

.....

.....

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.....

- **Key personnel**

Introduce key personnel in your project team and provide a point of contact

Project manager

Team member 1

Team member 2

Team member 3

- **Project stakeholders**

Introduce key personnel in your project team and provide a point of contact

Stakeholder group 1
Stakeholder group 2
Stakeholder group 3
Stakeholder group 4

HRMS REQUIREMENTS

[You can use this HRMS requirements template](#) to map out key feature and technical requirements and their priority before filling this section in

- **Feature requirement:**

Priority (rank features as 'must-have', 'would like to have' or 'bonus' but not essential):
.....
.....
Timing (do you want the feature out of the box, or is this a future need?)
.....
.....
Reason
.....
Integration requirements
.....
Additional information
.....

- **Feature requirement:**

Priority
.....
Timing.....
.....
Reason
.....
Integration requirements
.....
Additional information
.....

- **Technical requirement:**
Priority
.....
Timing.....
.....
Reason
.....
Integration requirements
.....
Additional information
.....
- **Technical requirement:**
Priority
.....
Timing.....
.....
Reason
.....
Integration requirements
.....
Additional information
.....

Replicate the section above for all of your key feature and technical requirements

PROPOSAL SUBMISSION INSTRUCTIONS

- **RFP timeline**
What is the deadline for RFP responses?
.....
What is your schedule for replying to RFP responses and inviting selected vendors to demo?
.....
.....
- **Vendor information**
Ask for proof of the vendor’s financial stability
.....
.....

- **Industry overview**

Ask for full details of key vendor personnel/implementation team (skillsets, experience)

.....

.....

.....

.....

- **System pricing**

Ask for a full cost breakdown, including licensing, support, customization, maintenance and consultancy

.....

.....

.....

- **References**

Ask for at least two references from companies similar to yours, including name and details of key contacts so you can follow up

Reference 1

Company name

Contact

Reference

.....

.....

.....

.....

Reference 2

Company name

Contact

Reference

.....

.....

.....

.....

This guide was written by Dave Foxall, HRMS World Columnist, with contributions from Kathryn Beeson, HRMS World Editor

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