A buyer's guide

How to choose the right HR & Payroll software

technology**one**

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The HR technology market has exploded in recent years. It's grown from a slow-moving corporate technology space a decade ago to a $148 billion market that spans everything from performance and pay, to learning and succession. This exponential growth is a reflection of not only the importance of an engaged workforce, but the increasing role that HR and payroll professionals play in organisations today.

HR and Payroll teams are no longer just a support function. They're strategic players helping organisations find ways to get the most out of their people to drive transformation and growth.

These teams are dealing with increasing complexity, both in the work they do and the organisations they operate in. Navigating changing legislation, managing compliance and reporting requirements, meeting rising employee expectations and negotiating the complexities of remote working dynamics, to name just a few.

These are demanding and complex roles, and HR and payroll professionals need reliable technology that can support them.

Like any aspect of business, HR and payroll teams should undertake regular reviews of their processes and determine whether their current system supports your team effectively.

It's tempting to delay upgrading your current HR & payroll system until you run into trouble. But being proactive in this decision can save you time and money, support your people better, and give you peace of mind that your system is equipped to deal with the changing world we operate in.

Ask yourself a few questions:

- Can I rely on the current system(s) to deliver easily reportable trusted data?

- Do the current work practices and process flows happen effortlessly?

- Are there manual workarounds or areas that expose the business to risk?

- Am I concerned about payroll errors or compliance issues?

- Do I trust my data enough to make strategic decisions?

- Will my system be able to handle more employees and different geographies as we grow?

- Is the cost of running my HR & payroll solution above national benchmarks?

- Does my payroll, HR and other business systems speak to each other?

If you're not happy with your answers to these questions, it could be time to look for a new solution.

There are many factors to take into account when evaluating a HR & payroll system, and the options are seemingly endless.

So what really matters in a modern HR & Payroll solution? What requirements does your system need to meet? And what are the key questions you need to ask vendors to ensure you're getting a system that will equip you now, and in the future?

1. How seamless is the employee experience?

"95 percent of HR leaders are prioritising employee experience (EX) as a focus area, and market leading organisations were almost 3x more likely to "strongly agree" that employee experience is a strategic priority for the entire organisation."

In today's world of intuitive apps, personalised experiences and on-demand expectations, experience is everything. Employee experience is an invisible, yet crucial, element to get right in an HR & payroll solution. Unless your HR software delivers an exceptional user experience, through intuitive tools and self-service features, you're going to have a hard time persuading your workforce to adopt it.

When your system is widely adopted, you not only have engaged, proactive employees, you also have a rich flow of data into your system. This gives managers reliable, real-time data to work with, allowing them to pull valuable insights to effectively manage their workforce and plan for the future.

An important aspect of user experience to consider is integration. Does the software you're considering look after the full employee lifecycle from recruitment all the way through to succession? Does it allow employers to manage all aspects of the HR & payroll function such as team training, payroll, and applying for leave without worrying about navigating different systems and managing multiple logins? Does it look the same for all users?, Is it always available?

A disjointed experience that forces employees to deal with multiple processes using multiple applications, in different looking systems, can have a negative impact on employee experience, leading to disengaged people and a redundant system. Worse yet, is locking employees out while processes run, causing frustration and lost data.

Choosing an all-in-one platform delivers a consistent user experience, reducing the need for training and increasing adoption rates. Ultimately, this means reduced complexity – making life simple for both your employees and your HR and payroll teams.

2. Does it unify HR and payroll?

"Leading organisations today recognise that closing the data 'trust gap' is a critical step in building resilience and realising the potential of their data."

PWC: Data Done Well

Both HR and payroll play an important strategic function in taking care of people, rewarding employees, and ensuring the organisation is paying the right people, the right amount, at the right time.

In many organisations, the two are treated as separate functions. However, HR and payroll are more connected than they appear on surface level, especially when it comes to your data.

There is often a large amount of crossover between your HR information and payroll data, and keeping multiple disparate systems up to date not only duplicates effort, it increases the chance of errors. Having a single system for recruitment, talent management, learning, and payroll gives you one source of truth, so whenever something is entered into the system by HR, payroll updates accordingly, and vice versa.

Consider a system which offers a strong integration between HR and payroll and can manage the entire employee lifecycle from hire to retire.

While many HR and payroll systems will claim to offer integration, it's not always the reality. Be sure to ask potential vendors if their solution offers "integration" capabilities or if it is "an interface".

- **An interface** is when you have two separate systems (for example an HR system and a payroll system) that are linked. Data is created in one system and then downloaded into the other at specified intervals, creating two separate data records. It's important to note that if you don't frequently interface the data, you might find that your data may not always reconcile.

- **Integration** means one record is created for each data set. There is a single source of the truth and data is synced in real-time. For example, a change made to payroll would show up automatically in your HR system (and vice versa).

Although they may seem to do the same thing on the surface, it's actually a crucial distinction you need to make. The inability to quickly prepare accurate reports or board reports erodes confidence is systems and in HR teams.

3. Does it speak to my other business systems?

"HR must build a mindset and be organised to break down siloes and more proactively collaborate with other functions to unlock business value and the workforce experience."

EY: Eight Forces Driving HR Transformation Right Now

Modern organisations need a holistic view of their organisations to gain actionable insights and effectively plan for the future. No organisation ever plans to operate in siloes, but using disparate systems that don't speak to each other makes this a reality for too many organisations.

When it comes to planning and strategy, visibility is key.

When evaluating a HR and payroll system, ask vendors about integration with your other business systems. This integration will ensure information is always accurate and updated in real time across your business systems. This will further ease your administration workload and reduce the risk of human error.

Again, be wary of integration vs interface and make a point to clarify this with any potential vendor.

True system integration means your data can be automatically synchronised between your HR, payroll, finance and other business systems. Having a truly integrated platform gives you a single source of the truth, driving process efficiency, data accuracy, not to mention fewer integration overheads.

4. Will it give me reliable business insights?

"It's time to understand the business in a more scientifically sophisticated way — one that enables HR to operate as an equal member of the leadership team and to bring as much evidence about what will happen as the chief marketing and finance officers."

KPMG: Future of HR 2020

Many organisations have now realised the power of using data as a competitive advantage and are striving to call themselves "data-driven enterprises".

A KPMG study found 40 percent of all respondents identify enhancing analytics capabilities as among the top three reasons for their organisations' investment in HR technology.

When you're using data to make decisions, having a holistic view is vital.

All systems will boast dashboards and advanced insights, but many are limited to single functions and siloed data. Unfortunately this doesn't support effective decision making. If you approach it from a business perspective, what other information do you need to see from that dashboard? What is really going to help you make those important decisions?

Reporting tools should give you a complete picture of your organisation's entire workforce relative to business units, financial units or any chosen dimension, and provide you with the data you need to plan for future workforce requirements.

And by integrating your HR and payroll data with your financials, operations and procurement data, you can align your workforce strategy with the broader business vision.

It goes without saying that you should choose a system with powerful analytics and real-time reporting.

This is going to be more important than ever as we navigate the realities of a transient workforce and find new ways to attract and retain top talent. Only with real-time analysis and reporting on your people and their performance, will you be able to do the kind of advanced strategic workforce planning necessary to move your organisation forward.

5. How well does it support compliance and security?

"HR can play a valuable role in developing a risk-intelligent, compliant culture — a culture where employees understand the full impact of their actions and take smart risks that are consistent with the organisation's policies and objectives."

Deloitte: Global Business-Driven HR Transformation

Compliance is one of the top challenges facing any HR department. Changing payroll legislation, workplace health and safety requirements, and complex state-based leave requirements, all create a lot of work for HR and payroll professionals.

Payroll legislation is constantly changing so your systems and processes should be regularly reviewed to ensure your organisation keeps pace. Choosing a system that is flexible enough to manage payments in line with new legislation or changes to awards will make it easier to ensure you're compliant with the latest regulations.

HR and payroll data is also highly sensitive, so it's critical that the HR and payroll software you choose offers the highest level of compliance with the Privacy Act.

Although compliance is complex, simplicity is key when choosing a system to manage your requirements.

Look for a system that integrates compliance systems with training, licences, certifications and inductions in one solution. Jumping from system to system causes unnecessary administrative burden, and increases the chance of non-compliance. Not to mention providing a disjointed and un-friendly experience for your users. This is then supported by processes that provide segregation of duties ensuring that more than one user is needed to create, process and pay a person, reducing risk of fraud and providing a strong audit trail.

Ultimately, your leadership team need a HR and payroll system that will give them confidence that the information can be trusted and that it helps them mitigate risk to the business.

Key questions to ask around compliance:

- Can it automatically reconcile payroll liabilities?

- Does it comply with accounting standards for long-service leave provisions?

- Can the system handle the different state-based compliance rules for leave?

- If your employees are on an Enterprise Bargaining Agreement (EBA), can your system keep pace with constantly changing award rates?

- Does the system support audit trail tracking?

- Can employees self-report on workplace safety incidents?

6. Can people access it anywhere, any time and on any device?

"Today's employees expect the ability to access HR systems and services 24/7 from anywhere on the planet."

Deloitte: Global Business-Driven HR Transformation

Over the last decade there's been a growing push for flexible working arrangements from the younger workforce, together with the emergence of more intuitive, accessible technology. And when you throw a global pandemic in the mix? We've seen a significant shift in how, and where, we work.

Giving people access anywhere, at any time and on any device is no longer a selling point, it's a pre-requisite and you'll find most HR and payroll solutions are cloud-based rather than on-premise these days.

Find out if the HR and payroll solution you're considering is device-agnostic and is able to be deployed on any web-enabled device. If not, it could affect the uptake from your workforce and cause unnecessary frustration with connectivity and IT issues.

And if you have a contingent workforce, it's handy to know if the solution provides access to a mobile, remote workforce.

7. Can it automate intelligently?

"Automation can free up 29% of time currently spent on lower-level administrative tasks within the HR function."

EY: Eight Forces Driving HR Transformation Right Now

Automation has freed us up from managing simple workflows, approvals and other routine processes. The need for double-keying and manual reconciliation is reduced if not eliminated altogether, minimising the potential for errors and allowing those who are managing staff to get on with value-adding activities. Automating payroll processes has also helped many organisations reduce the risks of underpayment, overpayment and late payment.

Automation gives you predictable, consistent outcomes. If X then Y. But we all know that real life is not that cut and dry.

So what happens when you throw complexity into the mix?

For example, approval processes that deviate from the default hierarchy? Will your HR and payroll system's automation features be able to handle that?

It's also important to note that many HR and payroll queries can be sensitive in nature, and employees may want to talk to a real person to resolve them. Automating the elements that make sense to be automated, frees up the HR team to address the pressing issues that require a human element.

Unless your organisation works on very simple workflows, you need an HR and payroll system that recognises multiple workflows and the different priorities and escalations associated with each one.

8. What training and support is included?

"Commitment to technology change comes as a natural outcome of involvement in the process."

Forbes: Three Strategies for Implementing a Successful Technology Shift

Transforming your HR function is a journey. Upgrading and evolving your HR and payroll system and processes requires an investment of time to ensure successful implementation, roll-out, change management and adoption.

It's important to consider a vendor that has experience in your particular industry and can take care of not only implementation but also provides ongoing support and optimisation. And of course this varies from vendor to vendor.

Most vendors will offer standard help-desk support post-implementation to deal with day-to-day support. Some will also provide options for virtual consultants and managed services staff to provide support for one-off and complex tasks when needed. Few will provide community support and crowd sourcing options for a more engaged customer base.

It's a good idea to find out the level of implementation support your potential vendors offer upfront, and the time they predict it will take to get you up and running. Avoid a one-size-fits-all training and support model. Go with a vendor that can understand your business needs and tailors training and support to meet your requirements.

Looking beyond today

"3 in 5 HR leaders believe if the HR function doesn't modernise its approach, it may become irrelevant."

KPMG: Future of HR 2020

Technology is constantly evolving. AI, voice recognition and machine learning technology is here and it won't be long before they're mainstream elements of any HR and payroll solution.

As we embrace this new technology and integrate them into our workplace systems, it's crucial that we have HR and payroll systems that can handle this brilliant, but complex, technology.

When choosing a HR and payroll solution consider how much investment the vendor makes to continually update and enhance the solution to ensure it adapts and evolves to meet needs of the industry.

This is an important point to consider, since most organisations have the same HR and payroll system for an average of 7-10 years.

In a decade, will your current vendor or system be able to keep pace with technology and industry changes? No one wants to be forced to change systems because the vendor software has reached the end of its effective life.

The world is changing. The way we work is changing. The way we operate business is changing. Can your current HR and payroll system keep pace with today's changes whilst planning for tomorrow's?

TechnologyOne makes a substantial investment into R&D each year to provide our customers a strong, continuing competitive advantage through an enterprise solution that adapts and evolves by embracing new technologies, concepts and innovation.

To find out how TechnologyOne's HR & Payroll solution can help you simplify your HR and payroll processes while providing an exceptional experience for your people, book a discovery session today.

About TechnologyOne

TechnologyOne (ASX: TNE) is Australia's largest enterprise software company and one of Australia's top 150 ASX-listed companies, with offices across six countries. We provide a global SaaS ERP solution that transforms business and makes life simple for our customers. Our deeply integrated enterprise SaaS solution is available on any device, anywhere and anytime and is incredibly easy to use.

Over 1,200 leading corporations, government agencies, local councils and universities are powered by our software. For more than 33 years, we have been providing our customers enterprise software that evolves and adapts to new and emerging technologies, allowing them to focus on their business and not technology.

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