August 2017

Moving to SaaS...

Platform shift or HR transformation?
Human resources is transforming. Are you?
Not long ago, the question on the minds of most HR leaders was, “Should we take HR to the cloud and move to Software as a Service (SaaS) for our HRMS?” That question has since been irrevocably answered—according to CIO.com Magazine 90% of Fortune 1000 companies plan to replace their HR software in the next four years. Now HR leaders are determining when they will make this move and are now faced with another critical question, “Are we moving platforms, or are we transforming our human resources organization?”

The changing expectations of HR technology trigger the same increased expectations for HR delivery. Expectations are driven by the disruption of new generations entering the workforce and the business landscape evolving:
- Simple and intuitive
- Support at point and place of need
- Global and compliant
- Efficient and value-additive
- Flexible and empowering
- Strategic and forward-thinking

The drive and desire to transform HR is not a new concept. Organizations have been embarking on this for years. The difference today is the catalyst—SaaS has provided the anchor point to build the business case, secure executive sponsorship and dramatically reduce the time to the finish line. Challenge can occur when this paradigm shift of changing platforms is perceived as acts of transformations themselves. SaaS-enabled HR transformations are ongoing and it is important to be future-minded in your approach.

What is a Future-Minded HR transformation? How do you ensure your strategic investment does not land you a shiny new toy with the same tired results?

Definition of an HR transformation

trans•for•ma•tion
noun
a thorough or dramatic change in form or appearance.

HR transformation is a core reformation of human resources that evolves the existing organization from an administration-focused segment into a mission-critical, strategic component of the business. It enables success in acquiring, developing and retaining talent.

A future-minded HR transformation not only evolves the organization, but also focuses on long term excellence. HR needs to be designing and building for the imminent demands of service delivery, the progressing expectations of users and remaining in front of the business demands. This will enable HR to be viewed, not only as a strategic contributor, but as an empowering leader.

Transformation of HR requires a deep, honest assessment of the structure, talent, technology, outputs and end-user experience generated by the existing organization. It is not simply the way the experience looks and feels to the stakeholder. It is the people, technology and processes behind the scenes, generating the force that fuels your company’s talent that truly makes the organization unique.
Each aspect of HR needs to be assessed against two distinct benchmarks:

1. **Industry best practices**
   This should be inclusive of both market standards for HR excellence and comparable industry organizations and primarily driven through the metrics, cost ratios and ratings across four key pillars: talent, systems, customer experience and service delivery.

2. **Organizational expectations and alignment to corporate vision**
   Understanding the unique characteristics and demands of your business and gauging HR’s ability not only to meet, but also to drive core organizational components: culture, talent development, business results, flexibility and scalability.

**What is an HR transformation from a practical standpoint?**

**HR transformation is NOT:**
- Force-fitting your existing data, processes and policies into an “SaaS data model”
- Carrying forward current state customizations, but making them “configurable”
- Enabling self-service, but leaving a shadow HR organization in place to continue handling low-level transactions
- Deploying segmented business-, geographic- and/or level-specific processes
- Viewing the employees and managers as “end users” rather than stakeholders
- Building the future state of HR to attain the same results, responsibilities and roles it does today
- Making decisions with a short-term focus to fill a gap or fix a problem

**HR transformation IS:**
- Letting go of “It’s how we’ve always done it” and redefining cross-organizational standards to align with key principles
- Decommissioning customizations and leveraging standardized functionality
- Enabling self-service and driving adoption through change management coupled with leadership support
- Utilizing best practices and global processes to unify support, data tracking and efficiency
- Establishing employees and managers as the key stakeholders from acquisition through conclusion
- Defining clear role expectations and responsibilities for HR that are focused on strategic business needs
- Maintaining the long-term focus while accepting short-term challenges

**SaaS as the catalyst for an HR transformation**

The rise of SaaS HCM systems in the marketplace has provided a potent platform for HR leaders to leverage their endeavors to transform human resources. This is particularly true regarding the ability to drive the business case, secure the executive level buy-in required to properly execute a transformation and retool HR. The distinct advantages of this technology are speed, configuration versus customization, consolidation and continuous innovation.

**Speed.** Technology is the core of most project plans. It drives the timeline, resources and cost. SaaS provides the framework that allows technology deployments to reach go-live in 10%-20% less time. To compare, the average hosted ERP global deployment takes 11+ months versus a 10+ month SaaS global deployment. Further, the infrastructure and hosting are fully enabled on day one and provided by the SaaS partner. There are no longer stage gates and environment availability pending in queue from the HR IT department. HR resources and PMOs can focus on process, service delivery and up-skilling—accelerating the time to ROI.

**Configuration versus customization.** Organizations embarking on the transformational process usually are doing so from a position of significant customization. The customization is often the product of years.
of acquisitions, multiple legacy systems, global variances, asks of the business and legacy decisions no longer relevant to the business. These customizations then lead to increased ongoing support costs, limitations on flexibility and dependencies from the business. SaaS platforms provide a clean slate to wipe away the legacy state and standardize through a configured system. The extent of potential configurability is vast. Having a solid, industry-proven system to use as the baseline against the internal argument, “This works for thousands of other organizations—are we really that special?” is invaluable. It is not possible to carry forward code, tables, SQRs, or workflows. Once the global standards are set for the future state processes, the onus is on the business segments, regions or countries to demonstrate why a deviation from the global standard is required.

**Consolidation.** Previously, HR technology strategy swung to a best-of-breed model, forced through limitations in technology and niche market expertise. Many organizations were utilizing various applications across their HR services for core HR, payroll, time tracking, performance, compensation, etc. Today, significant technology advances and overall reductions in cost have emerged through SaaS. Single platforms are meeting the demands and requirements of various HR domains while providing the substantial benefits of unified platforms. Enablement of the business case is made possible through the elimination of various vendor contracts and system license fees. Operational risk is reduced, minimizing data touch points and integrations between systems; and the user experience is consistent for self-service.

**Continuous innovation.** Today’s expectations of HR to be nimble, flexible and ever-evolving are the same expectations placed on today’s SaaS HCM systems. The power of the SaaS model allows for the systems to evolve and bring new features and functionality forward natively. In turn, it allows HR to focus not only on the utilization of delivered updates, but also further the processes, delivery and business empowerment it supports. The SaaS update methodology drives HR to transform the organization into one that can match the pace of innovation and end-user experience that is standard.

**Foundational elements of a future-minded HR transformation**

Is SaaS a strong catalyst in transforming HR? Yes. But it is naive to assume that an application alone, will solve all HR delivery problems. At its core, human resources is people-driven. The success of a transformation rests both upon how HR delivers with the technology at its disposal and how the end user interacts with HR. For the first time the “end user” now spans five different generations of the workforce, each with its own expectations and preferred experience. As a result, there are four tightly integrated components that comprise any successful delivery model:

- Self-service portals
- Customer service
- HR operations
- Application Management Services

**Self-service portal.** Not to be confused with the core HR SaaS application, the self-service portal is the integral user experience driver at the Tier 0 level. Simply, the portal is the face of human resources—the initial landing point for all things HR. It must enable the user to find content, get answers, aggregate data, navigate across multiple systems and do so using any device, at any time. Even in the world of SaaS and unified platforms, there are many applications that need to integrate into the user life cycle (e.g., procurement, learning, global payroll, benefits). Users today expect and demand simplicity and speed. Providing a link farm or a static non-personalized experience ultimately detracts from the SaaS experience.

**Customer service.** The design of Tier 1 is critical, as this is now the voice of human resources to the end user. Understanding the geographical spread and demographics of your organization provides the baseline to develop the service center strategy. Enabling a multi-channel experience via real-time web chats, 24x7 question/case submissions, self-service support and—without question—a live representative offers the ability to meet each of the five generations exactly where they are. The nature of the customer service representative has evolved with the supporting technology. Contacts are much less about “Where can I see my paycheck?”
Moving to SaaS: Platform shift or HR transformation?

and much more analytical—“I now see that six of my direct reports are misaligned for comp packages; how do I best go about correcting that?” The power of SaaS is to operate outside a linear progression of steps and activities. The representatives must be trained, and of the right skill set, to think objectively and have a wide breadth of knowledge and understanding.

HR operations. Operations is the backbone of HR delivery success. The day-to-day execution of payroll, data maintenance, error resolution, etc. creates the foundation that drives the desired outcomes of the transformed organization—efficiency, minimized noise and clean data, among others. SaaS changes the look and feel of how HR operations are fulfilled, but make no mistake—operations are as critical as ever. Standardization of processes, system consistency and delivery expectations facilitate the ability to operate in a shared service environment, centralizing the core activities and the transactional work. Skilled targeted resources are enabled to run the domain-level operations with deep expertise and proficiency. In turn, this allows the retained “field” HR to focus on strategic initiatives—the moments that matter to employees and to finding, developing and retaining key talent.

Application maintenance. Software as a Service is just that—software. Although the application is hosted and supported from a pure technical level by the vendor, you are still required to provide maintenance, enhancements, break/fix, integrations, reports and tenant management. A new type of resource, the true business analyst, has emerged as the vital cog in this delivery model. The business analyst possesses the analytical mind to understand system impacts, logic paths and cross-system modifications; the expertise to configure within the SaaS platform across domains; and knowledge of HR operations. SaaS does not mean submitting tickets to “IT” to enter a queue, and inevitably being put on a backlog where high-level design and scope aren’t deployed until three months later. That doesn’t happen.

Critical success factors

Critical success factors

In the SaaS ecosystem, speed and rapid delivery expectations are both pervasive and powerful. Many organizations spend significant time, effort and energy evaluating the SaaS marketplace. They seek to understand the technical and functional capabilities, and assessing how SaaS potentially differs from the current state technology. But once the platform decision is made, the clock starts ticking—expecting critical decisions to be made in near-real time, although there is limited understanding of and foresight on the long-term impact. These decisions are inclusive of the full HR delivery model, spanning operational components as well as system configurations. Therefore, ensuring that clear, definitive guiding principles are established and fully supported by executive leadership is foundational to a successful HR transformation.

Be strategic. Before any system evaluation or decisions, define the strategic and financial objectives of the initiative. Outline the long-term target state vision for the entire HR organization, including the quantitative and qualitative goals. Then establish a governance process to ensure every decision is properly vetted against the aligned strategy and objectives.

Equip the business. Enable business leaders to make effective talent decisions. Architect the data and processes to allow for more meaningful workforce insights and actions. Develop a scalable HR service delivery model that makes an HR organization just as adaptable as the SaaS platforms they use.

Simplify. Don’t reinvent the wheel. Establish global processes as the baseline. With executive support, stand firm to limit deviations for only those that are truly regulatory or have unique business differentiators. Identify, streamline and standardize the technology used to deliver the services and support HR.

Improve the user experience. Lead the design with the end user in mind. Make HR and HR processes easier to do business with. Any transformation of Human Resources in general is only as successful as the adoption and satisfaction of the stakeholders. Drive a consistent customer experience across HR services and end users: business leaders, managers, employees and HR partners.
A Sierra-Cedar survey indicated user experience scores increase with easier to use technology; a 49% increase in user experience scores when self-service, help desk and mobile technologies are combined.¹

**Decide and act.** Create a steering committee with resources that are aligned with objectives, are informed on target state, have organizational credibility and are enabled to make decisions. Support informed and timely decisions to balance and manage risk throughout the journey. Incorporate global and cross-functional advice, from sources both internal and external to the organization, to garner insights and lessons learned. A transformation does not stop with a system live date—it extends far beyond, into the long-term delivery.

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<tr>
<th>Conversation</th>
<th>Platform shift response</th>
<th>HR transformation response</th>
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<tbody>
<tr>
<td><strong>Executive</strong></td>
<td>“Solid—we can decommission our current system and we don’t need technology anymore so we removed all of that headcount.”</td>
<td>“The outlook is excellent. We have some up-front investment to repurpose resources and implement our new model, and that will set us up for flexibility with fixed costs for the foreseeable future.”</td>
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<td>“How is the business case?”</td>
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<td><strong>Business leader</strong></td>
<td>“Yes, we have your requirements documented and are building out special processes and configurations within the tool to accommodate them.”</td>
<td>“We are looking forward to discussing those further with you. We have aligned on global best practices that will streamline the entire organization.”</td>
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<td>“Our business is special; those custom processes really make life easy for us. Those won’t be changing, right?”</td>
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<tr>
<td><strong>Global leader</strong></td>
<td>“No need to worry about it, we are documenting all of your current processes as we speak. We will be sure to get them all set up the same way for you in the new system.”</td>
<td>“Global blueprinting is scheduled for one month from now. Please come prepared with your appropriate SMEs to explain any deviations and why our provided best practices are against your regional regulatory needs.”</td>
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<td>“I’m looking forward to each of the regions getting together for the blueprinting sessions. When can I block off my calendar for those?”</td>
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<td><strong>HR analyst</strong></td>
<td>“Status quo. We need to support the business as we have always done.”</td>
<td>“There are exciting opportunities to move into our HR strategy group or support sensitive HR events.”</td>
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<td>“So, what am I doing once we are live on SaaS?”</td>
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<td><strong>Manager</strong></td>
<td>“Don’t worry, Jane isn’t going anywhere, but it would be nice if you tried some of our new technology.”</td>
<td>“The power will be in your hands. Information is on demand and you will complete your tasks self-service. Don’t worry; we have a change program in place to ensure you know all you need to know. And if you get stuck, we have a dedicated service center to help.”</td>
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<td>“This doesn’t impact me. I love having my HR rep Jane down the hall. I just tell her what I need done.”</td>
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<tr>
<td><strong>Employee</strong></td>
<td>“Our new system has a directory with your HR rep. You’ll be able to find out whom to ask about self-service now!”</td>
<td>“User experience is paramount! We are rolling out self-service available wherever you are—at home, mobile, traveling. We are streamlining our processes to best practices so it will be as simple as it can be.”</td>
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<tr>
<td>“I don’t have time during the day to do this stuff, and I couldn’t tell you who my HR rep is if you asked me.”</td>
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### Self-assessment

**Are you platform or transformation minded?**
Conclusion
The decision to move to SaaS presents you with a unique catalyst to transform HR in a future-minded approach. This is a rare opportunity that surfaces in the marketplace only when a real disruptor enters the equation—and it warrants the assessment of a simple platform shift against an organizational transformation that changes how HR services are delivered.

How you approach this from the beginning sets the foundation for the project tone, executive expectations and overarching success gauges. Setting the strategy and selecting the right partner, with the right experience to enable your future-minded perspective, in conjunction with the selection of your SaaS application, sets the trajectory for a leading-edge execution of human resource services. You will empower both the business case expectations and the level of service and support required to attract, enhance and retain the talent critical to the future success of your company.

Sources
1 Sierra-Cedar HR System Survey, 2016–2017, 19th Annual Edition
2 2014 Harvard Business Review