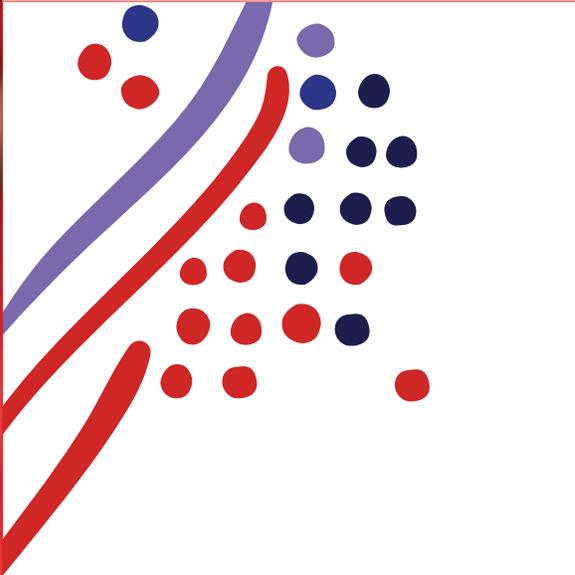


HCM Buyer's Guide



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Welcome to the HCM Buyer's Guide



This guide walks you through the process of evaluating integrated human capital management (HCM) solutions for your organization.

First, you'll learn what integrated HCM systems are and why they are increasingly popular as an HR management choice for large, multi-site organizations. Then, you'll understand the evaluation process and what to look for in a solution and its provider.

Human capital management (HCM) defined

The world of work is evolving quickly. New generations of employees are bringing different expectations to the workplace. Gig workers are becoming a more significant part of many organizations. With more teams working outside traditional organizational structures, managers need new tools to coordinate deployment, logistics and costs.

Leading large organizations are looking to improve workforce agility as they respond to this changing environment. People-centric, data-powered solutions can provide security, insight, tools and technologies to help define new workforce strategies and deploy them effectively.

Human capital management is about hiring the right people, managing your workforce effectively and optimizing productivity. It has evolved from a mostly administrative function to a critical enabler of business value in the midst of:

- Changing workforce demographics and ability to get work done in remote environments
- Expanded availability of contract-based and freelance employees
- Increasing complexity in compliance and regulations in the U.S. and other countries
- Tightening labor markets and need for specialized skills
- Prevalence of team-based work structures
- Explosion of available workforce data

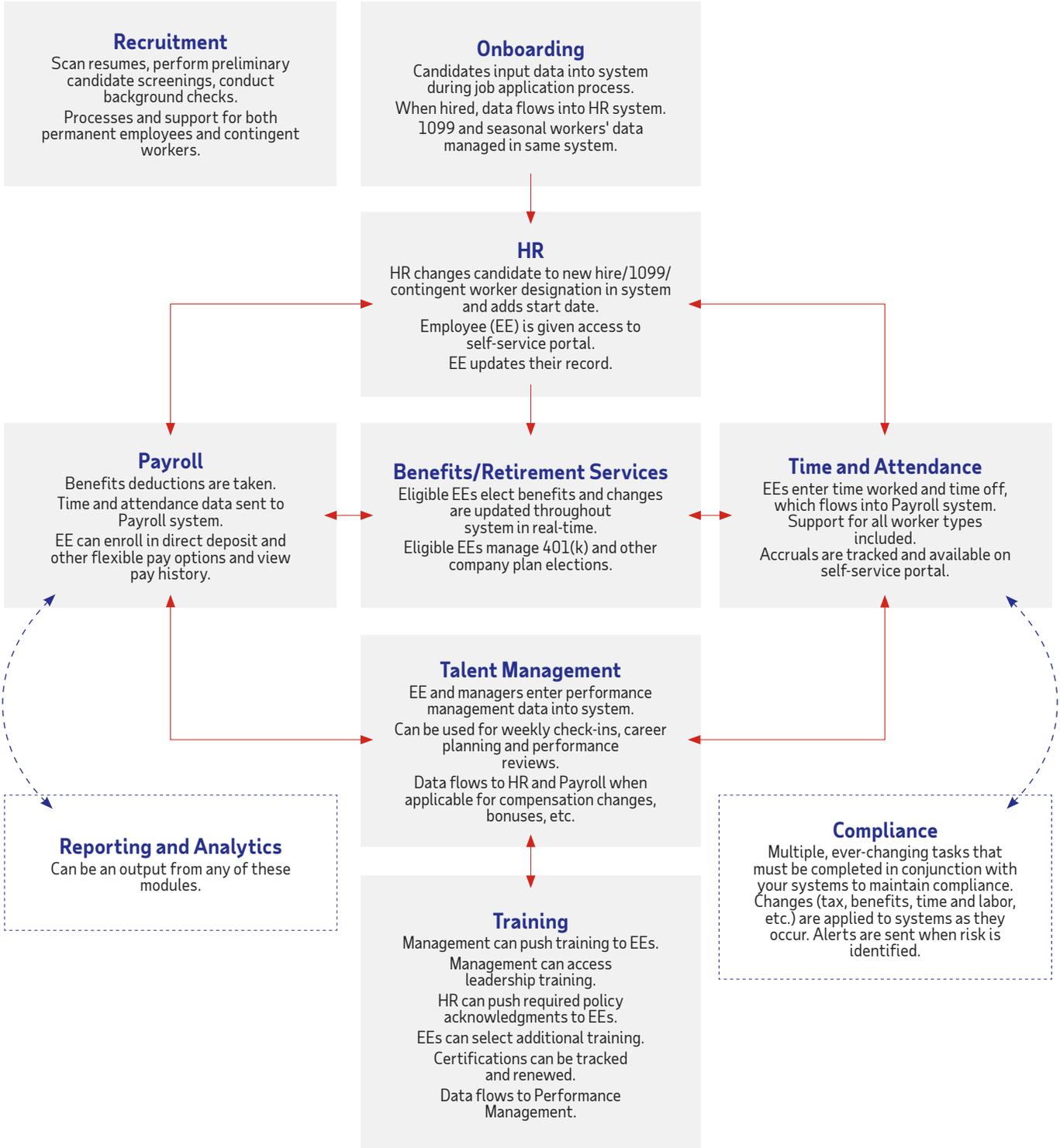
These market forces have shaped the evolution of HCM technology. Systems today are designed to improve employee and manager productivity, as well as meet the core needs of HR, including hiring, engaging and retaining employees.

A truly integrated HCM solution will unify HR functions, eliminate costly redundancies and synchronize data into a trusted source of decision-making insight for executives, HR practitioners, workforce managers and employees.



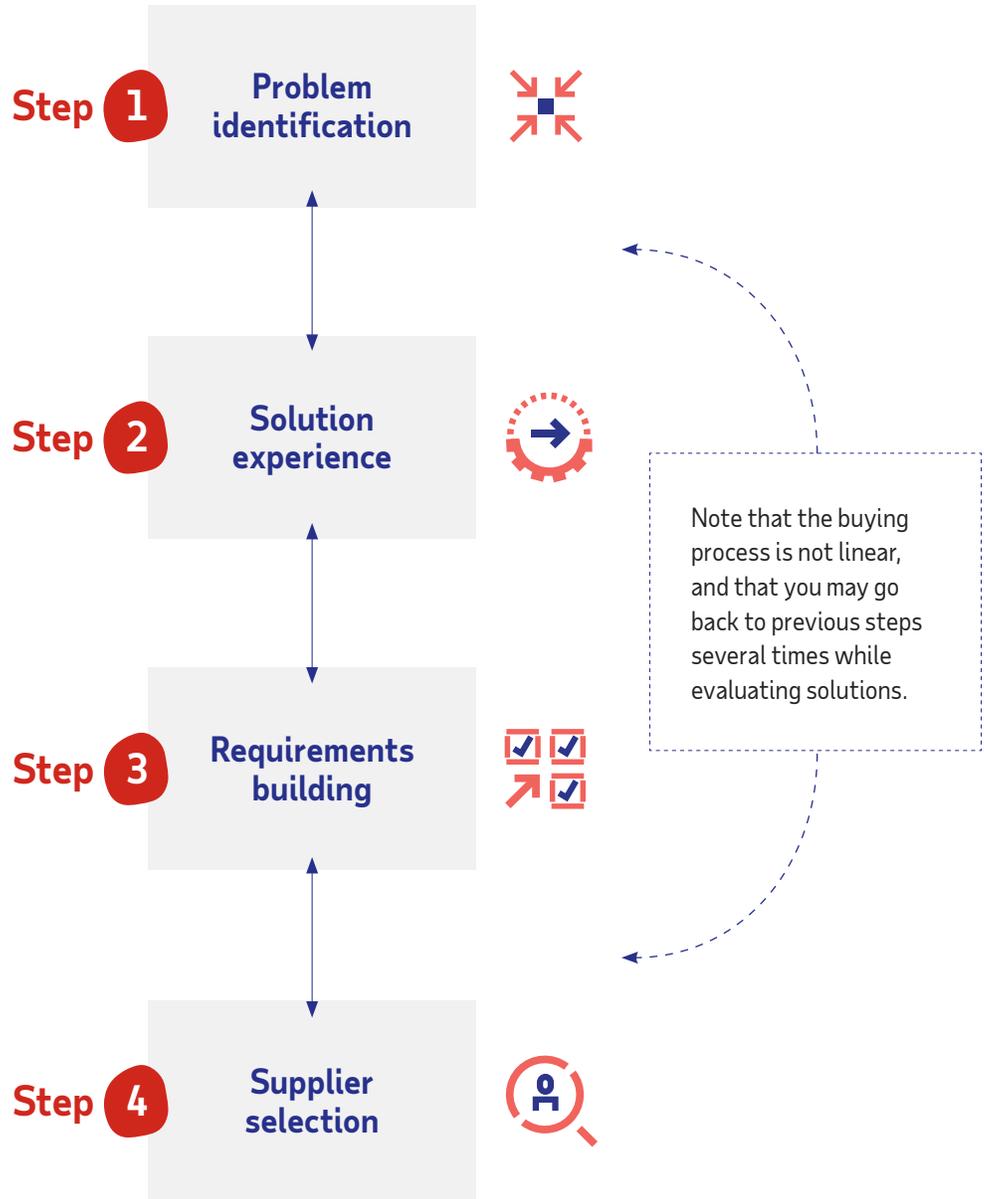
Sample data flow through an integrated HCM system

Here you can see how core HR functions are integrated into a unified system that shares data, maintains compliance updates and allows for reporting and analytics across the entire platform.



The HCM buying process

Selecting an HCM solution starts with a thorough analysis of your current business processes and challenges (Step 1 — Problem identification). After you've identified the areas that need improvement and opportunities for growth, you can create a list of requirements for a new system (Steps 2 and 3 — Solution exploration and Requirements building). From there, you can explore different solutions and vendors and compare their suitability for your organization (Step 4 — Supplier selection).



Step 1



Problem identification: Define the challenges of your current state

Trying to identify detailed functional requirements — by location, role, user or functional area — will quickly overwhelm your users and managers. A long list of functional requirements won't convince senior leaders to approve a new approach. Instead, consolidate your current gaps and functional requirements into high-level challenges. This will help clarify how your existing environment is not only insufficient to drive the organization forward, but also is holding it back.

Complexity

Do your current systems have the structure, workflow, organization or scale to address the increasing complexity of your workforce? This may be especially important if you have global, widespread and team-based employees or rely heavily on contractors and seasonal workers.

Cost of ownership

Is the current environment costly to maintain? Consider various integrations, upgrade costs, supporting hardware, IT support and security.

Inefficiency

Are the current workflows, technology, reporting processes and user experience increasing workloads and creating manager, employee or practitioner burden? Does the current administrative workload prevent HR from contributing strategically to the organization?

Risk and compliance

Is your organization at risk for non-compliance with local, state, federal and even international regulations? Does your current system provide adequate data security? Is it efficient to maintain expertise in-house?

Do you need to consolidate data from disconnected systems to eliminate redundancy, prevent errors and ease administration?

Do you operate in multiple jurisdictions or have a diverse workforce with varying pay requirements?



Solution exploration: Features of best-fit HCM solutions

How do you choose from the HCM solutions available in the marketplace when many of them offer similar capabilities? An area where some HCM vendors are differentiating their offerings is in future-forward solutions that can help put you at the forefront of global workforce transformations. These vendors have identified trends in workforce management, employee engagement and retention, global corporate expansion and compliance, and technology-assisted data analytics. Based on these learnings, they've developed scalable global solutions that allow for personalization of HR tools, more effective team collaboration, and data analytics to drive strategic business growth.

Actionable insight

Fully integrated HCM systems that allow users to derive actionable business insight provide a valuable service that can improve profitability. According to a 2019 Deloitte study,¹ “fully 67% of those surveyed (who are senior managers or higher) say they are not comfortable accessing or using data from their tools and resources. The proportion is significant even at companies with strong data-driven cultures, where 37% of respondents still express discomfort. This points to a major opportunity for companies to provide more education and improve the user experience if they want every employee to use insights as part of their work”.

Personalized employee experiences

HCM technology allows for consumer-grade HR experiences while the system data enables personalization. “Unfortunately, despite HR’s current focus on supporting employee needs, less than 30% of employees agree that HR effectively helps them perform better”, says Lauren Smith, Vice President and Team Manager, Gartner.² Vendors who are successfully providing optimal user personalization understand the value of creating a “tailored experience by understanding what different employees value and delivering the solution when, where and how they need it”.

Globalization

If your organization has a global presence, you will need to be particularly careful to choose an HCM solution that offers multinational payroll, local service capabilities and compliance across all of your geographical areas of operation. “While there is no one-size-fits-all approach to a compliance structure, organizations that fully understand their organizational regulatory requirements, including emerging regulatory changes and challenges, history, people, technology, control coverage and risks are well positioned to assess if changes to the program infrastructure would be required to keep pace with the dynamic environment”.³ Not every HCM vendor is equipped to support global business.

As you evaluate HCM vendors against your business needs and goals, be sure to consider how different solutions can address industry trends and set you up for successful future growth.

Risk avoidance and opportunity

The various workflows involved in HCM are subject to thousands of federal, state, and local regulations — spanning wage payments, wage garnishments, employment tax, and the Affordable Care Act, to name a few.

Failure to comply with regulations may result in fines or penalties, as well as exposure to lawsuits and negative publicity.

While your organization is responsible for compliance, some HCM vendors' approaches consolidate visibility into the various compliance workflows, which can help simplify accountability. It could help you have a clearer picture of each task's compliance requirements, who is involved and responsible, and a complete history of each workflow.



Requirements building: HCM features and tools that best support your goals

Once you've identified how your organization's key challenges are holding you back, as well as the areas of opportunity that you'd like to address, you can start exploring how a new approach to HCM can help solve problems and support your growth goals. The following are common growth and challenge areas for enterprise-level organizations and corresponding HCM features you can leverage in these areas.

Profitability

A complex and inefficient HCM environment typically leads to manual tasks and labor-intensive administrative work. An integrated HCM solution allows you to control and reduce direct labor costs and associated administrative expense.

Automation and efficiency. Automated workflow of an integrated HCM environment helps reduce expense by streamlining or even eliminating tasks. Both HR staff and workforce managers can turn attention to more strategic work.

Complete integration. A fully integrated solution for all your core HCM needs (including recruiting, benefits administration, HR administration, scheduling and timekeeping, payroll, and talent management) provides a complete hire-to-retire approach that eliminates duplicate data-entry and conflicting data. Costly manual steps to input, reconcile and report information are also no longer necessary.

Self-Service. Mobile self-service equips employees to complete their own tasks, reducing work for managers and practitioners. Look for mobile capabilities that go beyond mere "information look-up" so your on-the-go worker, manager or HR practitioner can complete tasks and drive workflow anytime, anywhere. Many vendors offer consumer-like mobile experiences similar to the personal apps your employees use every day.

Artificial intelligence. Many HCM providers use technology to process complex work without human intervention. Chatbots, for example, can be used in numerous workflows — such as pre-screening an applicant or responding to an employee's benefits questions during enrollment.

Data accessibility. When data is available through the HCM system to all users, reporting and analysis are more efficient. Look for solutions that make information broadly available with secure, role-appropriate access to dashboards, reports, analysis tools and metrics. Seek dashboards that easily make information accessible on-demand and sophisticated solutions that can proactively push reports, alerts or actions to stakeholders.

Support for business growth

Enterprises seeking to drive growth, expand geographically or pursue mergers and acquisitions need to manage the increasing complexity of a growing and changing workforce. The right HCM solution should support planned growth and adjust easily in response to unexpected change. Look for a solution that addresses the entire workforce — regular and contingent labor, both onshore and international — that grows with your organization and adapts as needs change.

Step 3

Cloud-based solution. Growth — more employees, higher transactions, increased data volume — will continually demand more power from the technical environment and the staff supporting it. A cloud-based solution eliminates the burden on your organization's own IT staff and infrastructure.

Global. If your organization is international, you will need at minimum a solution that centralizes your payroll data into a single system of record. Some providers offer more in the way of global support through compliance solutions and service models that cover all of your geographic locations.

Support for all worker types. Nearly every organization relies on contingent workers in today's gig economy. Look for proven capability managing contingent labor using business rules and governance processes that comply with internal policies and government regulations. Support with hiring, managing and budgeting for contingent workers (contractors and 1099 employees) and temporary and seasonal projects is also important.

Ensure adoption of your new system by choosing one that addresses the unique needs of different departments, work groups, business units and workers types.

Adaptable. Look for a solution that can respond to internal growth initiatives, like expansion to new locations, and react to external triggers, like regulatory changes.

Your solution should be able to incrementally deploy select functional capabilities as needed by pay group, location or division — yet on a single platform and common database.

Expandable. Look for an HCM provider that offers a marketplace of targeted turnkey solutions built for highly specialized functions that can integrate with your system.

Talent strategy optimization

Organizations relying on the workforce as a competitive advantage must attract top talent, enrich the employee and workplace experience and foster employee development.

Talent management. Seek integrated talent management solutions that span acquisition, onboarding, training and professional development, compensation planning and succession.

Recruiting. Look for a modern recruiting experience that features automated resume scanning, simplified interview scheduling and direct integration to talent pools, like LinkedIn. Artificial intelligence that uses chatbots to screen applicants is another important feature to consider.

Don't overlook opportunities to take advantage of tax credits and other incentives — sophisticated applications can help you identify eligible candidates from government-incentivized target populations.

Onboarding. Advanced onboarding capabilities can create an exceptional new hire experience with guided workflows for administrative paperwork, multimedia-based training and even networking with the new team.

Training. Learning capabilities should offer easy and convenient mobile access — and foster social learning among peers.

Step 3

Compensation planning. Tools should address nearly any compensation plan — like bonuses, commission and even equity awards — and offer benchmarking against similar industries and geographies.

Feedback and coaching. Talent development philosophies have evolved. Modern techniques use coaching and leverage employee strengths. Instead of settling for traditional talent development approaches (9-box, rating/ranking, etc.), seek solutions that offer innovative alternatives.

Analytics and benchmarking. Some HCM systems can record millions of data points across thousands of transactions — interactions among your organization and each member of its workforce — and transform it into meaningful insight. You can benchmark teams, groups and divisions across your organization to see how they compare to peers.

Managers, HR practitioners and senior leaders should all have self-service access to understandable HCM data — with meaningful dashboards of key metrics and alerts or indicators to quickly direct attention to focus areas. While many solutions offer “analytics”, the most powerful will go beyond self-to-self comparisons and provide benchmarks against industry or regional peers in crucial areas, such as overtime, turnover, compensation and pay equity. To be meaningful, this data set must be nationwide and based on millions of employees for truly “like” correlations over a sufficient period of time.

Wellness and benefits. Ensure your selected HCM platform has broad capabilities to manage employer-offered benefits as well as voluntary benefits.

Employees appreciate employers who actively promote health and financial wellness. Your HCM solution should effectively administer traditional benefits while offering voluntary benefits to enhance employee engagement and, in turn, increase productivity.

Flexible pay options. Offering personalized pay, including early access to wages, pay cards and choice of pay frequency, enhances employee engagement and helps employees manage savings and spending.

Mobile access. Access to their information anytime from anywhere is important for employees, managers and practitioners. It can help foster flexible work schedules and work-life balance, making your organization attractive to new and existing talent. Ensure your HCM system appropriately connects employees to the workplace with mobile capability appropriate for today’s connected workforce.

Security and compliance

Organizations seeking to control their exposure to constant risk — like regulatory non-compliance, security threats or environmental disasters — must eliminate errors and mitigate threats. Security should include technology, processes and services for privacy and data security as well as disaster response and recovery plans.

Regulatory compliance. HCM systems must continually update to stay current with changing regulations. The right partner will have the global and/or local monitoring capabilities appropriate for your organization. All systems integrated with HCM should also receive the necessary updates to data and processes. Due to the volume and complexity of related compliance tasks, consider whether system updates are combined with support and advisory services from experts in compliance.

Step 3

Facing an increasing risk of fines or penalties for inadvertent non-compliance, your organization may also value a partner that offers dedicated experts in risk-heavy HR tasks, like wage garnishment and employment tax.

Cloud deployment. Nearly every solution today is cloud-based, but not all clouds are equal. A proven and trusted cloud deployment should have multi-layered protection, including physical security, data security and fraud detection. It should also collaborate with federal and internal law enforcement agencies, such as the FBI, U.S. Secret Service and National Cyber Security Alliance.

Service

Service models, levels of support and expertise vary among HCM providers.

Implementation. Implementation shouldn't put undue strain on your technical resources. An ideal HCM partner will reduce the burden on your IT department and support you throughout the process. If you need to migrate data from multiple HR and payroll systems, determine if this is part of the implementation service or an added cost.

Don't overlook the need for a strong change management plan. Open, timely communication with your employees can help implementation go more smoothly. Some vendors have resources to support you in this area.

Data migration. Successfully migrating your HR data from your current or disconnected systems to a new, integrated HCM system and ensuring the accuracy and security of that data is an enormous undertaking. Look to your CIO and IT department to help assess vendors' proposed plans and to identify the important questions you'll need each one to answer.

Advisory services. An HCM solution should go beyond technology alone. Rely on your provider to study the technology and data landscape and continually monitor workforce trends and regulatory and compliance changes. An ideal vendor has the scope, scale and expertise to help your organization streamline or modernize its HCM processes. They may even offer strategic advisory services and access to their proprietary research or that of third parties. Seek proven best-practices, based on not just a large client portfolio — but one that includes organizations like yours.

Compliance Services. The ability to remain compliant and address questions and issues raised by regulatory agencies may require input from dedicated specialists. Your in-house processes and staff might not have the expertise required. The ideal HCM solution should marry both world-class technology and expert-level compliance consulting services.

Step 4



Supplier selection: Evaluating HCM vendors and solutions

We do not include a thorough look at solution exploration in this Buyer's Guide, but please visit our HCM Buyer Enablement website for additional guidance and materials on Solution exploration as well as the remaining steps in the buying process, Validation and Consensus creation.

This guide provides practical information concerning the subject matter and is provided with the understanding that ADP is not rendering legal advice or other professional services.

To explore ADP's
HCM solution, visit
adp.com/enterprise



1. <https://www2.deloitte.com/us/en/insights/topics/analytics/insight-driven-organization.html>
2. <https://www.gartner.com/smarterwithgartner/use-technology-personalize-hr-services/>
3. <https://www2.deloitte.com/jo/en/pages/about-deloitte/articles/transform-saudi-arabia/changing-role-compliance.html>

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