Evaluating HR Technology Vendors:

10 Questions to Ask

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Introduction

Whether you are buying new HR software or replacing an existing system or systems, the decision is not one made on a whim. And with good reason - HR technology impacts the central processes of your entire organization. Before you make a purchase, it is very important to identify your company's specific pain points, do your research and carefully compare your options. These steps will help you maximize your return on investment (ROI).

One of the best ways to separate slick marketing and sales speak from the truth is by asking specific key questions of the vendors you're considering. This e-book will cover 10 questions you should ask a potential HR technology vendor. These questions can help you gain valuable insight into the real nature of the technology, beyond what's on the vendor's website or what the salesperson tells you. Asking them may be the difference between a bad investment and a purchase that takes your company to new heights.

# One: Can your system grow with my company's needs?
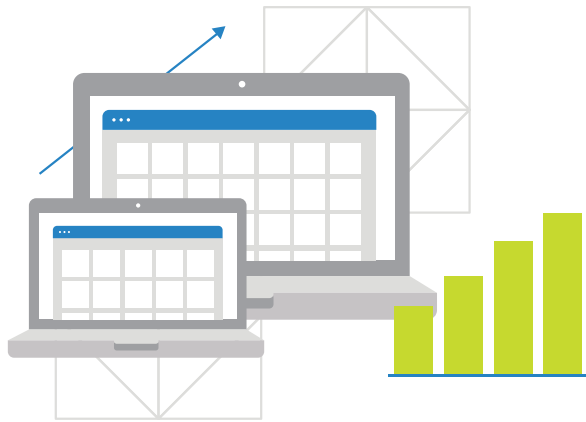
The nature of business is transforming, and HR technologies need to be able to keep up with these developments.

From flexible working arrangements and a gig economy to a constantly changing and increasingly complex regulatory environment, today's workforce requires technology that can adapt quickly. It must also offer advanced features and functionality along with stringent security.

According to the Sierra-Cedar 2016–2017 HR Systems Survey, more than 50 percent of core HRMS software purchased in 2015 were cloud/SaaS solutions. That number continues to grow.

Why? Cloud solutions allow companies to enjoy the most advanced technology quicker and easier than on-premise solutions. You may not know exactly what your company will look like in the next five years, but the right HR technology will help you get there. You want a system that is scalable and agile, one that evolves along with your business to help you meet your current and future objectives.

Two: How can your solution address our biggest pain points?
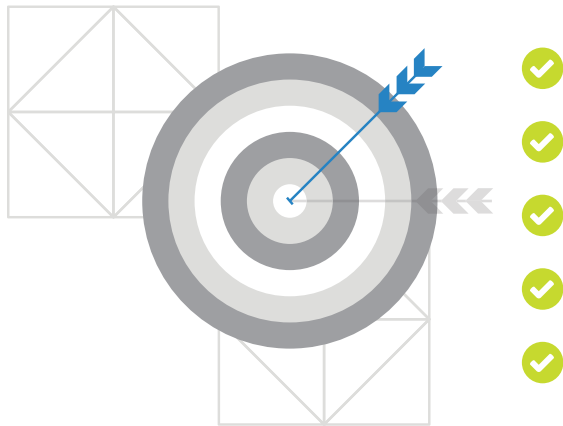
It is important to select a solution that provides the core functionality to meet your specific needs and solve your biggest pain points.

Don't be distracted by flashy bells and whistles that won't actually be used. While those features can be enticing, they will ultimately serve as frustrating reminders of how the technology does not add value to your company.

Instead, determine what your specific pain points are and discuss them with your vendor. Ask vendors to demonstrate how their solutions will solve those issues. Too often, vendors have canned demos that highlight the features they want to sell you. The right system should reduce your stress, not create more.

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Three: How easy is your solution for employees to use?

User adoption of HR technology is key to maximizing ROI.

The Sierra-Cedar 2016–2017 HR Systems Survey found that small and mid-market employers with high HR technology adoption see greater revenue per employee, achieve higher business outcomes, and are 75 percent more likely to be viewed as a strategic partner by their business leaders.

If a platform is confusing or requires too much time to complete simple tasks, employees won't use it. Ask your vendor what tasks employees can complete through self-service. Are the self-service features simple and engaging? Can employees access the system when and where it is convenient for them (e.g., via their laptops, smartphones or tablets)?

Intuitive self-service provides workers with a better employee experience and a stronger understanding of the benefits and other HR products and services available to them, which is good news for the entire organization.

# Four: How does your technology support our talent strategies?

In a competitive, candidate-driven employment market, attracting and retaining top talent is everything. Moreover, hiring mistakes are expensive – the U.S. Department of Labor estimates that a bad hire can cost a company 30 percent of that employee's salary.

Ask vendors how their solutions can assist you with recruiting, hiring, onboarding and ongoing employee development. Does the system include applicant tracking and performance management functions to alleviate administrative burdens so you can focus on building stronger onboarding, training and collaboration strategies to retain top talent?

Efficient, strategic recruitment coupled with easy onboarding and ongoing professional development can help avoid the high costs of poor hiring choices, while increasing employee retention and satisfaction.

Five: Is your solution truly 'Software as a Service'?
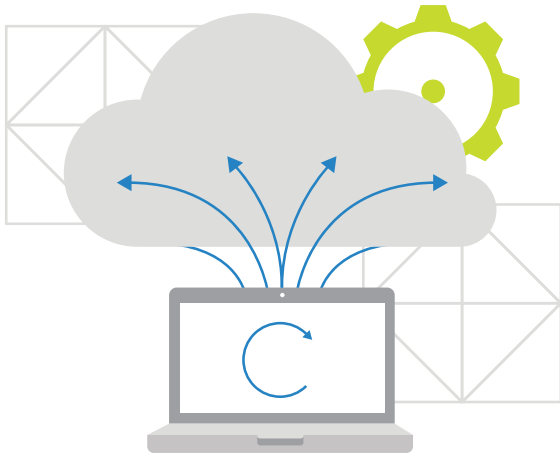
Software as a Service (SaaS) and cloud technology have revolutionized software deployment. But how do you know if a system is a true SaaS solution?

Ask each vendor if their platforms are multi-tenant, meaning there is a single instance of the software running on a server and serving multiple tenants or clients. If the answer is yes, that means product upgrades are done once for all clients in just a few minutes, ensuring your solution is always using the most current features, functionality and security mechanisms.

Six: How does the solution support strategic planning?

More and more companies are realizing that HR has access to data that can unlock valuable insight into the organization. That information can be used to support overall company strategy and reach new benchmarks of achievement.

The Sierra-Cedar 2016–2017 HR Systems Survey found that talent-driven organizations achieved business outcomes* 15 percent higher than the aggregate audience (those that did not meet the criteria for a Top Performer, Talent-Driven or Data-Driven organization). Data-driven organizations reached 13 percent higher business outcomes than the comparison group.

Businesses need a clear purpose to attract and retain employees, customers and partners in the decade ahead. So, in addition to streamlining administration and allowing HR to spend more time on its competitive programs and services, HR technology must provide access to the data that drives the organization. Be sure to ask vendors about their reporting and analytics capabilities. Is reporting an integrated part of the solution? Is it easy to use? Choose a system that will support you administratively and strategically.

*Measured by innovation, market share, profitability, customer satisfaction and competitiveness

Seven: What is your pricing model?
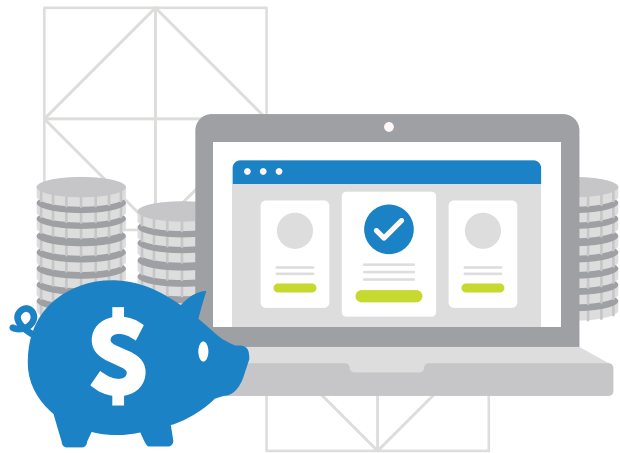
One of the biggest complaints employers have about their HR technology providers is pricing - specifically, receiving an invoice that includes costs not discussed during the sales process.

Like anything you buy, you should know upfront what your true cost is. There should be no hidden fees or surprise costs.

Ask each vendor to provide a clear pricing proposal that includes the software, implementation, third-party integrations, ongoing maintenance, support, etc. This will ensure you have the detailed information you need to determine whether the solution will fit into your budget. Doing so will help you obtain executive buy-in. It also prevents troubles down the road should you receive an invoice that includes undisclosed costs.

Eight: How do you manage implementation?
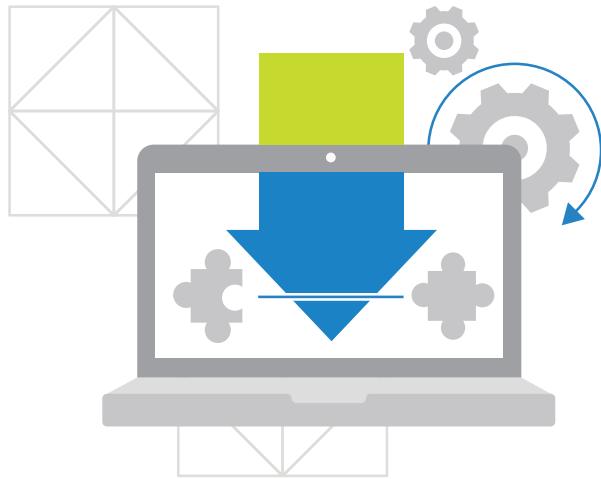
Implementing new technology – HR or otherwise – is, by nature, a disruptive and daunting task. Change is hard, plus you have to deal with the possibility that the system will not be set up correctly or on time or within budget.

That's why it is important to ask each vendor how they manage the implementation process. Do they outsource implementations to third parties? Do they follow clear and detailed project plans designed to minimize disruption and maximize communication? How do they manage issues? Do they help you set up the system in ways that work for your company's unique needs instead of taking a one-size-fits-all approach?

Nine: What customer support do you offer and is there a cost?
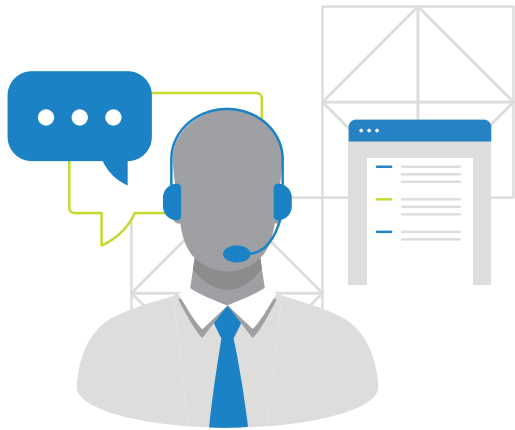
Too often companies are so focused on features and functionality, they forget to ask vendors about ongoing maintenance and support. That can be a problem the first time there is an issue, and there will be issues – it's technology!

Be sure to ask the vendor and their client references about their service policies and procedures. Do they outsource support? Do they offer dedicated account managers or teams? How are service requests prioritized? Do they offer after-hours support? Are vendors focused on continuous improvement? Do they regularly evaluate the value they provide to ensure complete customer satisfaction?

Steer clear of vendors that take a one-and-done approach to their client relationships.

Ten: What security measures do you have in place?

The data collected by an HR system is extremely sensitive, and your employees need to know their personal information is safe and protected.

Vendors should be willing to disclose information about where your data is housed and what security mechanisms they have in place, both internally and with third-party providers, to ensure your data is secure.

What security audits, such as SSAE-16, does the vendor conduct? What about the data center? What internal processes are in place to prevent unauthorized individuals from accessing your data? Do these vendors have policies in place in the event of a data breach? Have they ever had a data breach?

Selecting a vendor that is dedicated to superior data security provides you and your employees peace of mind.

Conclusion

HR technology is an important investment that should add value to your organization. Be confident you're purchasing the best system for your organization by asking the 10 questions listed in this e-book.

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