

It's Not Rocket Science; Tips for Buying Your First HRIS

If you're buying your first HRIS, take some pointers from Sidney Simon, director of product management for BenefitAmerica and chair of the HR Technology X-Change Advisory Board. Simon spoke at a 2002 SHRM annual conference workshop sponsored by the HRTX. He said the tasks for first time HRIS buyers can be divided into a number of different "shuns"--preparation, investigation, evaluation, selection, implementation and production. By following Simon's advice in each of these areas, you can make the job of buying an HRIS simpler and quicker than it otherwise might be.

The first thing to remember, Simon said, is that most of the HRIS systems on the market will do the job. Your objective is to find the one or two systems that best match your individual situation and preferences and then make a decision. For the most part, vendors distinguish themselves by the way they envision workflow, their design architecture, how customizable or configurable the system is and the amount of support provided by the vendor or its implementation partner.

Preparation

Before you do anything else, gather some basic information. Determine how many employees you have now and how many you think you will have in three to five years. Be realistic. If you are a 500-employee company, although you might want to grow to 25,000 employees within the next few years, chances are you won't, so don't bother looking at software designed for large employers. Know what you can spend for your entire HRIS project, including hardware, software, consultants and communications initiatives. This will help you determine what products to examine. You won't want to waste your time with vendors whose products are out of your price range or who market themselves only to large employers.

Understand who will use the system. Will it be just one person in HR, several HR people or do you want other managers or employees to have access as well? Where are the users located and how will they access the system--a local area network, an intranet, the Internet? What is your operating system? What technology are you using to connect to the system? How much IT support will you have for implementation and maintenance? Take whatever you think you will have in IT support and cut that in half, Simon advised. That probably will give you a more realistic estimate of the time IT actually has available to you.

Consider whether you might want to go the application service provider (ASP) route, that is, let the vendor host the software and export your data to the vendor. Simon said this option is often preferable if you have little IT support. Just be aware that even though using an ASP may look cheaper initially, once you have committed you will continue to pay for the service, where if you buy the system you eventually will reach a point where you are no longer paying. Also, make sure you investigate the ASP vendor to assure yourself that the company will be in business in the future. This market has seen significant shake out over the past few years.

Define the programs and services you want your HRIS to support. Will it have to interact with payroll? That's something you need to consider from the beginning, because if you have feeds to and from payroll you may want vendors to include any costs for converting the data. At a minimum you will have

to plan for how data is transferred. Also, if you know you have personnel processes that differ from most businesses, define the differences in your RFP. For example, you may have unique time and labor collection requirements or calculate compensation differently than other employers.

Creating the RFP

You should be able to gather the information about what you have and what you need in a relatively short time. Then you can put together an RFP. In a cover letter, tell the vendor you are going to buy a system or a hosting service and ask the vendor to let you know if the company will submit a proposal. Take the time to call the vendor's office to find the name of the right person to receive the RFP. You will want to give vendors a deadline (about three or four weeks) by which you expect to receive the requested information. You don't want to miss somebody because the request for a proposal is floating around the vendor's office and has not reached the appropriate person.

In section one of your RFP describe your company, number of employees and your schedule for project implementation, as well as when you expect a vendor response, how long you plan to spend reviewing proposals and when you plan to make a selection. If you do your homework and request the right information, you won't have to spend an inordinate amount of time on any of these activities.

In section two of your RFP, list the products and services in your organization that need to be supported, how many system users you will have and how they will access the system, and the technology infrastructure that your HRIS will run on. Also specify what type of support you expect from the vendor and what type of support you will be able to get in-house for both implementation and maintenance.

In section three give instructions to vendors about how you want them to respond. It's important to be clear so that you can compare the various products as accurately as possible. Ask the vendors to submit information about themselves--who they are owned and managed by, how long they've been in business, how many employees they have, where they have locations and their financials.

Ask vendors to describe their solution and what sort of hardware, software or other technology you need to run it. It's okay if they submit a brochure that describes their solution, as long as it has the information you requested.

Ask them to tell you how many installations of their product currently are in use. If they are new to the market, don't automatically rule them out. However, bear in mind there may be a bigger risk factor to you. Find out what release of the product is most current and how often new releases are issued. This will help you to evaluate how much time the vendor has had to work out the bugs. Also insist on seeing the user documentation. Many vendors will ask you to sign a non-disclosure agreement before they will send you the implementation and user guide, but you want to see documentation as you investigate proposals. It will give you a much better idea of what's involved in implementation and whether help manuals are written clearly so you can find what you need later on. Also ask for a copy of the vendor's standard contract. You can then give that to an attorney to review for potential problem areas.

Ask for six references--three in your industry and three in locations near you so you can go and visit vendor clients if you wish. Vendors who can't or won't give you references should not be pursued. But remember, when you go to see a demonstration at a client site, the person has probably prepared a best-case scenario for you. Don't rely on these demonstrations to make your selection, or even to choose initially those vendors you want to investigate. Just because a competitor or friend has an HRIS system doesn't mean it's the right system for you.

Finally, ask for information on costs for the license to use the software, maintenance fees (usually assessed annually) and implementation support, as well as any other costs. If you want to consider an ASP, ask about implementation, per-employee-per-month fees, transaction fees and other costs.

Investigation

Who should you send the RFPs to? Simon advised you send to as many vendors as you think fit your particular needs, or at least to enough so that you can get a good sense of what's available. You can find vendors on the SHRM website or in HRMagazine, through HRTX or HR Technology Management Committee contacts, or at trade shows and conferences. Consider using the HRTX listserv to ask questions about others' experience with vendors.

Expect calls from the vendors asking for clarifications and wanting to visit you. You may want to spend time with vendors but probably you will want to wait until you have more information and then spend time only with those vendors you consider finalists for your business.

When you get proposals back from the vendors, it's time to bring in other people if you've been working alone up to this point. Involve your stakeholders--IT, other people in HR, anyone else who represents those who will be using the system.

Evaluation

At this point it's time to cut some vendors out. One obvious place to make the first cut is on those who haven't given you the information you've asked for. (If they can't give you what you asked for at the beginning, are they really a company you want a long-term relationship with?) You can also cut those who fall outside your budget and those who don't fit your company's technology platform. Then evaluate the remaining proposals on whether the company shows financial evidence of stability. Take a look at the vendor's customer list. Is there anybody you recognize? Is there anybody in your industry? Do you feel comfortable that you could work with the documentation? Is there anything in the vendor contract that makes you or your attorney uneasy?

Once you have your list of semi-finalists you should determine whether an ASP or in-house software is the best option. Then organize the remaining responses by their ability to fulfill your needs. Which support your products and services best? Which will give you the best reports for the least effort expended? Get information from references on the points you consider most important, including implementation experience, report writing and implementation and maintenance support. Remember that all products have weak spots so don't let hearing about one deter you, but probe to find out what the vendor's weak spots are and whether or not you will be able to live with them.

Selection

You may find that one vendor stands out as the most desirable. Maybe you'll have a couple of finalists. You can visit a vendor's client then. Also, notify the vendor that it is selected if there is only one finalist, but don't notify others that they weren't selected yet. You still have to negotiate the terms of the contract. Simon said you should consider many things negotiable, including more training days, more copies of documentation and more implementation support for the price the vendor quoted you. You probably won't get much of a discount on price, however.

Implementation

It's foolish not to follow the vendor's recommendations for implementation. However, for some reason people don't many times, and it takes them much longer to get the system up and running, Simon said. Try to avoid customization when you can, at least initially. Once you are using the system smoothly you can customize.

Map out your processes ahead of time. If your compensation and benefits, performance review, payroll and other HR functions will be affected by your HRIS, know how they will be affected and plan for the changes your organization will have to make. You may find that changing the processes to accommodate your HRIS reveals that they were inefficient anyway.

If you need assistance in implementation, by all means get it. Implementing software is not a skill everybody has and your greatest asset may be realizing this about yourself. But no matter who takes charge of the implementation, remain involved. Know what's going on because there will come a point where you have to make a decision to choose one feature over another or to include certain data or not and if you haven't been involved with the implementation you won't be able to make a good decision. Don't forget to test the system using your own data before you try to go live. Vendors can give you "cases" to test by. And you will want to plan for the conversion of your data from an old system or from paper.

Finally, enjoy the fruits of your efforts. Even in less than perfect implementations, people are grateful to have the technology that can help them do their work better, Simon said.

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The graphic features the Blytheco logo in blue script at the top left, with 'The Premier Sage Software Business Partner' in a smaller font to its right. Below the logo is a large graphic of interlocking puzzle pieces in shades of yellow and orange. The text 'National Presence Local Touch' is centered over the puzzle pieces in a bold, yellow font. At the bottom of the graphic, the text 'Sage Software Business Partner of the Year' is written in blue. Below this, the corporate offices for Orange County, California and Atlanta, Georgia are listed with their respective addresses, phone numbers, toll-free numbers, and fax numbers. The website 'www.blytheco.com' and email 'solutions@blytheco.com' are also provided. At the very bottom, a list of complete Sage Software Solutions and a list of offices in various cities and states are included.

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