The Cloud revolution within HRIS

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In recent years, cloud computing and the related 'Software as a Service' (SaaS) products have experienced unprecedented growth.

In the field of Human Resources, although Enterprise Resource Planning (ERP) systems still have a dominant market position, revenue growth of SaaS solutions demonstrates that this trend is reversing. HR SaaS solutions have become an integral part of the HR applications landscape; they cover both core HR functional areas and more specialised ones such as recruitment or talent management. The emergence of new players (such as Workday) and recent takeovers (Taleo by Oracle and SuccessFactors by SAP) confirm that SaaS is not merely a fad but a deep-rooted trend.

HR SaaS model: the reasons behind its success
To explain its success, customers often cite the benefits generated by these new solutions and the context in which they operate.

Greatly reduced costs
Due to an environment in which CHROs are under constant pressure to reduce costs, the financial aspect is obviously becoming a major criteria in selecting an HR solution or associated architecture.

In this context, setting up a cloud solution could generate a reduction in the Total Cost of Ownership (TCO) of up to 35%.

This cost saving would be based on three main levers:

- **Reduction of hardware cost:** as the solution is hosted remotely (in the cloud), there is no need to invest in infrastructure: no server and no software to install.

- **Reduction and control of maintenance costs:** SaaS solutions are hosted remotely by the publisher and maintenance activities and troubleshooting errors are incorporated into the price paid to the publisher.

- **Reduction of capital employed:** the cost of using a SaaS solution becomes a controlled Operating Expense (OPEX) rather than a Capital Expenditure (CAPEX) associated with a physical hosting solution on site.

CIOs are also impacted: mobilising IT resources on HRIS is often carried out at the expense of the company's core business. With constantly rising pressure on their level of service and on their costs, they are increasingly opting for cloud solutions when it comes to their HRIS.

A service model that responds to economical evolutions

The cloud offers significant opportunities to develop information systems into more agile architectures, allowing faster responses to market trends.
It also guarantees significant flexibility for organisations with variable workloads, for which the ability to add or remove capacity becomes a requirement.

Among the many benefits of the structuring principle of SaaS solutions are:

• A single environment shared by all customers

• Updates and version changes made directly by the publisher with no action required from the user

Users no longer have to embark on time-consuming and expensive projects to equip themselves with the latest version of a product, thereby significantly reducing the total cost of HRIS.

Fast implementation

On average, implementing cloud solutions takes much less time than implementing an ERP solution, mostly due to the absence of infrastructure and specific settings. The time saved is even greater when projects incorporate phases of international expansion.

A powerful decision-making tool

The reporting capabilities of ERP are traditionally quite limited and difficult to implement. Many SaaS, including Workday and Oracle Fusion systems, offer features to assist decision-making through integrated graphical reporting, key indicators and dashboards that can be custom built by the user.

SaaS solutions as a means to transforming the HR function

According to a recent study by Deloitte, 84% of organisations surveyed were planning (or had started) to transform their HR function, the majority with the objective of reducing costs (85%) and improving the efficiency of the HR function (75%).

SaaS solutions are increasingly used as a transformation accelerator, as they allow a clear and quickly achievable return on investment, improving the quality and efficiency of services at reduced and controlled costs.

Beyond the ability to work more quickly, efficiently and economically, these technologies provide HR organisations with entirely new capabilities to better support HR management and decision-making.

Maximising the benefits of cloud HR systems

What are the benefits
for the HR function?

A new design focused on the user

A recent study pointed out that LinkedIn offered more information about an employee than any HR Information System available to CHROs.
This study demonstrates the inefficiencies of the HRIS transaction-based profile as compared to the new type of system built around the employee and promoting the exchange of information.

Strengthened talent management

Having the employee at the heart of HRIS is also imperative for talent management. With men and women now being recognised as the only real contributors to competitiveness, HR must have a clear picture of their development potential and aspirations to better identify sources of recruitment, development policies and HR-related services.

The establishment of global models

In addition to the benefits for the organisation, CHROs also recognise the benefits for their own tasks. Today, they want to promote global human models through standard processes. However, this approach is also the one that guides SaaS solutions, with the promise of flexibility and integration of local features (especially in data strongly influenced by national cultures) still kept.

A new dimension for the HR business partner role

One of the other main contributions of the SaaS model to the HR function is its reporting capability with predictive analytics. A user of a SaaS HR solution with the appropriate security rights is able to produce reports without anybody else's input, with the advantage that information is available immediately. This new responsibility, however, can be counterproductive in a business that would not have guided its employees. However, the business partner dimension of the HR function can be enhanced through the ability to configure its status and some of their authorisations directly in the tool.

What are the benefits for the user?

Cutting-edge tools

The sensitivity of users vis-à-vis HRIS seems to lie in the ability of the latter to remain in line with the times. Current trends are, among others: mobility, collaboration and network strength, control of its own responsibilities and well-being.

Career monitoring

At last, SaaS solutions seem to be combining the best of social networks and professional networks in one HRIS. Mastering the tool, browsing freely and getting the best of it is a huge step towards controlling one's own career within the company.

Mobility and virtual interaction

Mobility is reflected in the smartphone versions of HRIS solutions, especially with the inclusion of the self-service (employee or manager) sections. From home and without being connected to any local professional network, the employee can continue to control their personal data, declare their leave and take any action required in a HR workflow validation.

SaaS solutions enable one-click access to members of the team to which the employee belongs, organisations and their members, the public profile of the manager, etc. Like any professional network, members of the organisation can submit feedback on the profile of an employee and contribute to a 360° performance evaluation.

In summary
The cloud contributions in the field of Human Resources significantly change the way HRIS is perceived. This represents an opportunity in terms of quality of service, process streamlining and cost reduction.

Businesses, if they have not already done so, must examine the maturity of their HRIS and assess whether it would be beneficial to migrate all or part of their HRIS to the cloud.

Given the impact for the HR business, CIOs and CHROs need to assess the influence in terms of organisation and consider the architecture-related implications of the project.