# HR IN THE CLOUD

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A growing number of organizations are considering their HR departments as competitive differentiators and strategy enablers. For the HR function to play a strategic role in supporting corporate objectives, HR professionals need IT solutions that combine ease of use, flexibility, and accessibility with best in class capabilities and sophistication. Such a combination was difficult to achieve using on-site solutions. Today, cloud technologies and especially the Software as a Service (SaaS) delivery model have brought innovation, flexibility and cost effectiveness that makes this emerging strategic role for HR function possible.
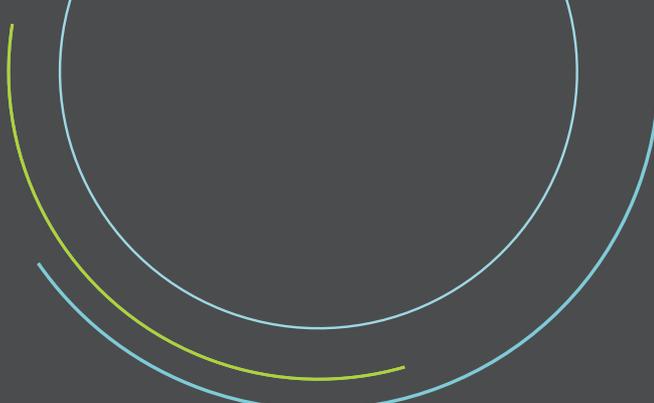
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Software as a Service consists of using an application, hosted by a cloud provider, on a subscription basis. Customers are able to configure the solution in order meet their specific business requirements, but they share the same application and database with all the customers. This delivery model brings multiple benefits such as user experience, flexibility, and innovation, but it also has risks and challenges such as data privacy and compliance. This article aims to provide HR and IT executives with useful information that will ensure successful SaaS implementation programs.

Key benefits of SaaS solutions

SaaS applications benefit from the latest technological advances, such as multi-tenancy, virtualization, and web services, making them a reasonable option to replace legacy HR solutions. Some of the key benefits are:

- Enhanced user experience: one of the major benefits that SaaS solutions has over traditional on-site solutions is that it is extremely user-friendly. The user experience is significantly enhanced, and subtle features can make it easier to use than legacy systems

- More flexibility: SaaS solutions are easily administered systems. Customers can configure and maintain an important part of the solution without requiring specific expertise. The SaaS provider performs hardware and software updates, removing a significant workload from in-house IT department

- Increased innovation: SaaS providers are proposing frequent updates including new features, mainly related to changes in regulations or new functionalities, addressing emerging HR and employees' requirements. This speed of innovation is now possible thanks to advanced development approaches such as service-oriented architecture and continuous improvements based on clients' feedback and requests

- Focus on strategy: reducing IT operational and maintenance costs implies also a change in the role of the organization's IT department from a support function to a strategic and innovation role. Instead of simply providing technical support and expertise, the IT department becomes a service provider and a real partner to the business offering increased value added through consultative advice and flexible IT solutions

- Cost reduction: as multiple users are using the same SaaS solution, this allows an important economy of scale in terms of servers' utilization and cost of software and hardware maintenance. The ease of administration also makes the costs of SaaS solutions more competitive
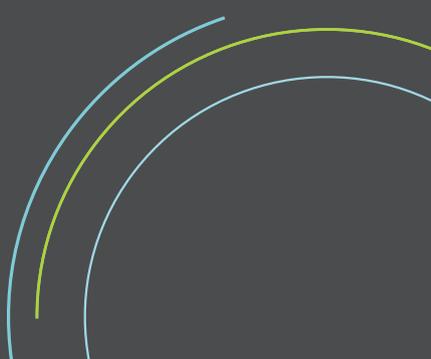
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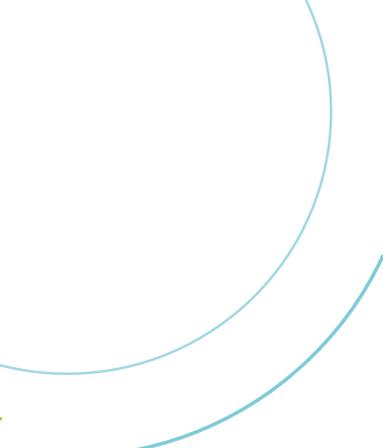
Risks and challenges

Though SaaS has many benefits, there are multiple risks and challenges that need to be addressed before moving to the cloud. A deep analysis of the risks with a strong mitigation plan ensure a smooth transition to the cloud. Key SaaS risks and challenges are:

- Data privacy: if sensitive company data and business processes are to be hosted externally in shared databases, then issues such as identity and access management need to be addressed. Because data protection is their core business, SaaS vendors are massively investing in data security procedures and technologies

- Compliance: when business data resides in a service provider's data center, ensuring that the organization complies with the relevant government data-protection regulations is vital. Leading SaaS providers are delivering localized solutions that ensure compliance with local regulations

- System performance: a browser-based application hosted in a remote data center and accessed via an internet connection is likely to cause issues about performance when compared to software hosted on-site. Even if SaaS providers are investing in high-performance servers using virtualization technology to enhance the response time, the performance still needs to be carefully assessed

- Reversibility and data mobility: what happens to the data and implemented business processes if the customer needs to change the cloud service provider? Customers should ensure they maintain ownership of their data in case they decide to change the SaaS provider

Choosing the right SaaS solution

SaaS for the HR market is expanding rapidly. Customers are facing serious challenges when choosing the right solution that will meet their needs and maximize benefits with fewer security and integration risks. The selection process needs to be formalized and key departments have to be involved. Selection criteria needs to go beyond functional coverage and costs to include the degree of flexibility, performance requirements, and level of support.

- Run a formal SaaS provider selection process: it is important to assess SaaS providers using multiple selection criteria, such as their roadmap, functional coverage, financial records, support level, performance, system security, and costs. Multiple services in the organization need to be involved such as HR, IT, Legal, and Purchasing

- Assess integration options with existing systems: SaaS HR solutions will need to be interfaced to numerous in-house and third-party applications, such as benefits, payroll, and financial systems. Customers should understand the native integration supported by the vendor and tools available for custom integration. Based on current IT landscape, the best deployment approach should be defined

- Assess the degree of flexibility of the solution: SaaS providers claim to give HR professionals more flexibility to adapt the solution easily as a key differentiator from traditional on-site solutions. Customers should ask for system demonstrations to see how easy is to adapt the solution to meet their changing needs

- Ensure performance requirements will be met: due the fact that SaaS IT infrastructure is located in the vendor's premises with access relying on internet, customers may be facing performance issues. Performance requirements should be part of the established service-level agreement with the SaaS provider

- Assess the customer support level: SaaS providers will provide technical support in case end users will be facing issues in using the solution. Rapid, trusted, and efficient customer support is key to keep the users motivation for adopting the solution

Regardless of the benefits that SaaS solutions may offer, customers should first make sure the cloud is the right choice for their organization

Key considerations for SaaS implementations

For a successful SaaS implementation projects, customers need to consider specific activities, helping the organization for the new organizational, functional, and technical changes, introduced by the new SaaS solution. Customers will have to:

- Assess the readiness of the organization: before adopting SaaS, an organization must demonstrate clear business objectives for the initiative and assess its organizational readiness for the change. A readiness assessment can help identify business, technological, operational, and cultural challenges that could interfere with a successful adoption

- Prepare HR processes and core data: SaaS implementation may require extensive HR process and policy design. Because of limited customization of the solution, organizations may need to redesign their talent management processes and remove existing customized systems that may become obsolete. Organizations need to be willing to evolve their talent management processes and policies. In addition, core HR talent data such as jobs descriptions and competencies will need to be prepared prior to any SaaS implementation

- Change management: plan for a strong change management strategy. Despite the fact that SaaS solutions are user-friendly, change management still plays a key role for a successful implementation project, as SaaS implementations always introduce new HR processes. A readiness assessment, stakeholder management, communication plans, and trainings are the activities that will help users adopt the new solution

- Rigorous testing planning and execution: even if SaaS solutions only allow configurations and custom developments are not possible, testing the solution is a vital activity that will ensure the designed solution meets the business and technical requirements

- Implement an upgrade management process: SaaS systems are stable, upgradable, and maintainable. However, this rigidity may be a problem for some customers. In order to have the necessary new functionalities, customers will need to highlight these with the SaaS provider, who will decide to include them in the next release. Such software upgrades occur several times a year, typically every quarter. This can be both exciting and overwhelming. New features and functions are delivered at a speed that can be difficult to digest. Depending on the type of organization, this can be either an added value or a hindrance

Conclusion

The SaaS market is rapidly expanding. Flexibility, innovation, user experience, integration, functional coverage, rapid deployment, and cost reduction are the key drivers for this trend. Regardless of the benefits that SaaS solutions may offer, customers should first make sure the cloud is the right choice for their organization. Every organization is different, and there is no unique implementation strategy. Customers should first start by assessing whether their organization it ready to adopt the cloud.

Before engaging in the SaaS provider selection process and the implementation project, customers should first define HR processes and prepare core talent data such as job descriptions and the competencies catalogue.

Choosing the right SaaS provider is key for the success of an implementation project. If cost is still an important criterion for the selection process, it may not be the only driver for the decision. Data privacy, vendor long-term strategy, service level, performance, flexibility, and functional coverage are important criteria to consider.

The SaaS implementation methodology is different from traditional implementation approaches. Customers should understand the main differences between both approaches. In most cases, the SaaS providers propose an iterative approach, which consists of frequent reviews of the solution by the customer within the configuration phase.

Finally, customers should define and implement a change management approach, which will enforce the adoption of the SaaS solution by end users and achieve the expected benefits.