Human Resource Information Systems
HR in the Cloud workshop session 2
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HRIS Business Case

Introduction
Introduction
Keep in mind...

“HRIS investments should be considered as opportunities for organizational effectiveness, not only for cost-reductions.”
Introduction
What do we want to achieve?

1. Understand the importance of an HRIS Business Case
2. Understand the Cost-Benefits Analysis process
3. Define a realistic HRIS implementation roadmap
HRIS Business Case

Why it is important?
Why it is important?
Justifying new HRIS investments: new tendency

Two strategies: Risk Avoidance versus Organizational Enhancement

HRIS investments are no longer simply focusing on paper-and-pencil automation. HRIS solutions continue to evolve and organisations are faced with new opportunities to extend their HRIS capabilities.

Quantitative Arguments
Increased performance & productivity aligning Talent towards common strategies, goals and objectives, hence increasing potential earnings

Return on investment (ROI)

Qualitative Arguments
The implementation of an HRIS solution will lead to non-measurable impacts, as increased innovation, employee satisfaction and solution flexibility.
Why it is important?
The evolution of the HR function

From “Personnel Department” to “Business Driven HR”: the HR function significantly evolved in the last 30 years.

Operational HR
- Recruiting, L&D, Org Design
- Total Rewards
- Service Center
- Center of Expertise
- HR Business Partners

Personnel Department
- Administration
- Payroll
- Regulation
- Back Office Functions

Serve Workforce & Automate
HR ERP Technology

Control
Payroll-Centric Technology

Integrated Talent Mgmt.
- Management, succession
- Leadership, coaching
- Integrated processes & systems, talent management

Drive business imperatives

Operational HR
- Drive business imperatives
- High impact HR

Strategic imperatives
- Shift from supporting to driving through talent
- Use workforce data intelligently
- Operate nimble, flexible and coordinated HR embedded in the business.

Business Driven HR
- Differentiate & segment talent plan for the future
- Globalize workforce & HR
- Integrate with the business

Support Business Strategy Plan for Future
Cloud HR Technology

Enable Decisions & Management
Talent Technology

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Why it is important?
Supporting more than cost reduction

- **Cost Reduction**
  - Focus on cost
  - Consolidate and standardize
  - Reduction of the fixed cost base, mainly through staff reductions

- **Re-engineering and Productivity Enhancement**
  - Focus on process
  - Reduce/eliminate non-value-added activities
  - Fewer errors and less rework
  - More timely and accurate information

- **Value Creation and Continuous Improvement**
  - Focus on value
  - Leverage Shared Services network and expertise
  - New services that enable business transformation

- **Integrated Strategic Service Delivery**
  - Focus on strategic business drivers
  - Strategic partnerships
  - Seamless integration of outsourcing
  - Virtual organization
HRIS Business Case
Methodology
Methodology
Linking HRIS investments to Business Strategy

1. Business Strategy
   What are the key business objectives for the next 3-5 years?

2. HR Strategy
   What is our HR strategy to support business objectives?

3. HRIS Capabilities
   What is the gap between our current versus required HRIS capabilities?

Targeted HRIS investments
Methodology
Guidelines

Focus on key objectives
The objective behind a business case is to make the best decision for the organization. Sometimes, the decision may be not to proceed with the investment.

Be honest with yourself
You should perform the cost-benefits analysis without any personal interests. This will lead to an underestimation of costs and overestimation of benefits.

Focus on key functionalities
Don’t try to justify the need to implement a specific solution. The key objective is that the HRIS investment should bring more capabilities to your organization.

Examine benefits before costs
If costs are estimated before benefits, there is a tendency not to explore all potential benefits, once costs are covered by the firsts identified benefit source.

Know your business
You should understand your organization business and how current processes are used to accomplish business objectives, in order to assess HRIS capabilities.

Think about packaging the results
You should distinguish between the analysis and its packaging to your decision makers. The analysis should be more detailed than the presentation to leaders.
### Methodology

#### Common problems

<table>
<thead>
<tr>
<th>Use of a single source of benefits</th>
<th>Confusing direct vs indirect costs</th>
<th>Overestimation of time saved value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extensive analysis of costs matched with a single source of benefits, which typically, is an estimate of direct cost reduction.</td>
<td>Listing of items as direct cost reductions which actually are indirect cost reduction.</td>
<td>Unreasonable estimate of the value assigned to time saved or of the effects of time saved on the organization.</td>
</tr>
</tbody>
</table>
HRIS Business Case

Benefits identification
Benefits identification

Examples of HRIS Features (Performance)

1. Development of meaningful goals fully aligned with organizational strategy
2. Faster user adoption, increased engagement and better quality reviews
3. Easy creation and adaptation of performance forms
4. Meaningful feedback and coaching from managers via integrated functions
5. Out of the box dashboards, such as campaign progress status
6. Access to standard libraries, such as goals & competencies
7. Skills matrix and competencies tracking
8. Easy workflow creation & adaptation, predefined from templates
Benefits identification

Examples of HRIS Features (Compensation)

1. Assure that budgets are compliant, audit-ready and used wisely

2. Out of the box reports to track budgets

3. Cloud connection for integrations to third party payroll providers and aggregators

4. Remote consultation via mobile devices

5. Pre-built reports with greater legal and audit compliance

6. Processes and planning automation with automated information incorporation

7. Effective allocation of compensation budgets to retain top performers and avoid overpaying underperformers

8. Validation checks and approval rules to detect and correct discrepancies
Benefits identification
Examples of HRIS Features (Learning)

1. Manage learning programs

2. Reduce costs, increase training efficiency, and greatly improve user experience

3. Automated custom certifications & compliance management

4. Track the learning progress of employees, including external learnings

5. Facilitated learning using mobile devices, including off-line and on-line learnings

6. Possible course recommendations and ratings

7. Easily access to content in Massive Online Open Courses (MOOCs)

8. Unique access to learning content, including external content
Benefits identification
Examples of HRIS benefits

**Flexibility**
Improve the reactivity level to implement and configure new functionalities
- **Increased HR reactivity**
- **Reduced maintenance costs**

**Features**
Introduce new features and services for HR and employees
- **Increased employee satisfaction**
- **Increased HR productivity**

**Integration**
Increase integration between HR processes and HRIS applications
- **Reduced paper procedures**
- **Reduce manual interfaces**

**User Experience**
- Enhance user experience and navigation paths
- Improve employees’ and managers’ engagement
- **Employees engagement**
- **Increased HR productivity**

**Reporting**
Build reporting, for a full picture of employees and align HR with the corporate strategy
- **Increased HR visibility**
- **Increased HR reactivity**

**Technology**
Replace old technologies by introducing best-in-class solutions
- **Reduced technology risks**
- **Reduced maintenance costs**

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Benefits identification
From qualitative to quantitative benefits

<table>
<thead>
<tr>
<th>Qualitative Data</th>
<th>Quantifiable Data</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Recruiting</strong></td>
<td>Reduce time to hire</td>
</tr>
<tr>
<td><strong>Goals Management</strong></td>
<td>Reduce voluntary turnover</td>
</tr>
<tr>
<td><strong>Performance / Comp</strong></td>
<td>Focus on business objectives</td>
</tr>
<tr>
<td><strong>Learning / Succession</strong></td>
<td>Increase efficiency</td>
</tr>
</tbody>
</table>

**Competency matching**
- Solution allowing to identify competency gaps and development needs through search criteria

**Cost effectiveness**
- Optimize learning through outcomes of personal aspirations and development plans

**Business value**
- A motivated task force, contributing to a common strategy, hence increasing corporate value

**Prevention**
- Early identification of bad performance, hence preventing the cost linked to such factor

**Cost effective budgets**
- When promoting high performance, budget allocation is targeted, hence expenditure easily forecasted, controlled and monitored

**Flexibility**
- Easy and simple to manipulate the solutions should modifications be conducted

**Decrease Turnover**
- A tailor made solution promoting career paths and personal development

**Qualitative Data**
- Reduce bad hires
- Increase number of high performers

**Quantifiable Data**
- Focus on business objectives
- Workforce alignment
- Meet Business needs
- Increase efficiency
- Pay for performance
- Decrease staffing risks
- Increase productivity
- Target development efforts

**Decrease Turnover**
- A tailor made solution promoting career paths and personal development

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Benefits identification
Linking HRIS Benefits to your business: Enterprise Value Map
## Benefits identification

### Calculation Methods

<table>
<thead>
<tr>
<th>Method</th>
<th>Description</th>
<th>Advantages &amp; Limitations</th>
</tr>
</thead>
</table>
| **Direct estimation** | Estimating costs and benefits based on Subject Matter Experts point of view. Used when investment is not large compared to important cost reduction.                                                                                                                                                                                      | • Quick and low-cost to perform  
• Highly depending on the expertise of the people providing the estimations. |
| **Benchmarking**     | Using Benchmark data from other organizations to estimate potential benefits and costs that are likely to result from the new HRIS functionalities.                                                                                                                                                                                          | • Develop more precise estimates than direct estimation  
• Average estimates of outcomes may not be generalized to target organization. |
| **Internal assessment** | Analysis based on specific internal assessments of actual costs and likely benefits. Used when organization has appropriate assessment tools.                                                                                                                                                                                                 | • Provides the most accurate estimates of costs and benefits.  
• May increase both costs and time required to make decisions. |
HRIS Business Case
Costs estimation
## Costs estimation

### Linking HRIS Benefits to Business Objectives

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
<th>Metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Software subscription</strong></td>
<td>A yearly subscription allowing you to use the HRIS solution as a service.</td>
<td>Number of users</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Modules in scope</td>
</tr>
<tr>
<td><strong>Implementation</strong></td>
<td>Internal / External costs related to the design/build/test and deployment of the solution</td>
<td>Scope of the project</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Processes complexity level</td>
</tr>
<tr>
<td><strong>Other costs</strong></td>
<td>Process design, Solution selection, Change Management, Solution support ...</td>
<td>Scope of the project</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Organization readiness</td>
</tr>
<tr>
<td><strong>IT support / Infrastructure</strong></td>
<td>IT involvement for security, integrations, management...</td>
<td>Scope of the project</td>
</tr>
</tbody>
</table>
HRIS Business Case
Roadmap
Roadmap
Defining a realistic HRIS roadmap

- **Readiness**
  - Is your organization ready to implement new HRIS initiatives?

- **Efforts vs Benefits**
  - How would you prioritize your HRIS initiatives in time?

- **Monitor Success**
  - How will you measure the success of your initiatives?
  - Keep in mind: your roadmap should be frequently reviewed.
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Contacts
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