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Introduction

For more than 30 years, Sage has been helping midsized businesses in all industries choose and implement human resource and payroll solutions. Our experience has taught us that when people begin searching for human resources management software, they find the process overwhelming and need help identifying their needs, determining the questions they should ask, and gathering the vendor information they need to effectively compare and select the right solution.

We believe expertise unshared is knowledge wasted, so we’ve distilled what we’ve learned from our over 12,000 Sage HRMS customers and created this HR software buyer’s guide with useful information you need to know, including:

- Recent trends in human resources and HR technology.
- Top ten considerations for HRMS.
- A key software capabilities checklist.
- How to evaluate the company behind the product.

We want to make the HR software purchase process as painless as possible and help you find the right HR software solution for your needs whether that solution is Sage HRMS or another.

Recent Trends in HR Technology

Traditionally, Human Resources Management Systems (HRMS) and Human Resources Information Systems (HRIS) were designed to make the administrative functions of an HR department more efficient. For a company, the benefits of owning an HRMS were almost entirely thought of as efficiency gains. Today, organizations are realizing that an HRMS can deliver a lot more than time and cost savings—it can make a direct strategic impact on competitiveness and profitability. A recent study by Towers Watson, cited by SHRM, found that one-third of organizations plan to increase their investment in HR technology in 2011. ¹ Tom Keebler, global leader of Towers Watson’s HR Service Delivery and Technology practices, sees this trend as “a clear indication of the high level of return that companies are seeing when it comes to technology as a means for improving both HR efficiency and effectiveness.”²

Return on Employee Investment

Traditionally, Human Resources Management Systems (HRMS) and Human Resources Information Systems (HRIS) were designed to make the administrative functions of an HR department more efficient. For a company, the benefits of owning an HRMS were almost entirely thought of as efficiency gains.

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¹ http://www.shrm.org/hrdisciplines/technology/Articles/Pages/HRTechInvestments.aspx
² http://www.towerswatson.com/press/4732
At Sage, we believe that employees are the most important component in the quest to improve business results. It makes sense to treat employee-related expenses as an investment in the workforce. Like any other investment, this critical company investment must yield a healthy return. We call that the Return on Employee Investment™ or ROEI™.

An investment in HR technology is an investment in employees. It’s important to manage employees effectively, keep them engaged, and provide them with a competitive package of benefits. An HRMS can help you manage all of these things, but the right system can help you do much more. A well-designed HRMS will help you improve your organization’s ROEI, by monitoring employee performance, assessing the impact of HR programs, and providing instant access to workforce information that is critical for making informed business decisions.

To learn more about ROEI, please visit: www.ROEI.com

Paperless HR Workflows

Some HRMS systems contain the technology needed to help HR professionals have aspired to create a “paperless office” with automated technology to create, store, and manage all of the employee information necessary to run a business effectively. Current business trends toward environmental sustainability provide the additional impetus to make the business case for paperless HR. Going paperless also saves costs and increases the efficiency and accuracy of HR functions. It can even help with recruiting and engagement—many sought-after job candidates and top-performing employees are passionate about environmental causes.

To achieve paperless workflows in your organization, look for an HRMS that includes functionality like web-based forms, employee self-service, online benefits enrollment, automated benefits carrier connectivity, paperless recruiting, and payroll paycards. When employees and managers can interact directly with the HRMS through self-service functionality, it eliminates the delay, inaccuracies, and inefficiencies of a paper-bound system.

Business Intelligence and Analytics for Decision Makers

Information contained within the HRMS is essential for all employee-related processes, reporting, and decisions, not only inside the HR department, but for the entire organization. That is why executive decision makers are placing a higher value on the reporting capabilities and analytical tools within an HRMS. A recent article published by the Institute for Human Resource Information Management (IHRIM) makes technology the critical piece that gives HR a real audience with leaders in an organization, provided that the technology can illustrate the correlation between workforce dynamics and business performance.3

Organizations are also placing a higher value on tools that help them monitor business conditions and proactively respond to common workforce problems. Technology can help your company avoid making compliance mistakes, paying unnecessary overtime, or missing deadlines to renew critical skills certifications.

3 Hilbert, Dan; Future of HR in 3D; Workforce Solutions Review Online; August/September 2011
Top Ten Things to Consider When Buying a Human Resources Management System (HRMS)

In the next section, we’ll provide you with a list of some of the functionality and individual features you may want to include in your checklist of “must have” or “nice to have” HRMS criteria. But first, let’s take a look at the bigger picture—the overall attributes of an HRMS that need to be considered and who should be involved in the project specification discussions and software evaluations. In addition to your HR team, you should consult with someone from IT who can help illuminate hardware needs, data conversion and integration issues, and implementation considerations. You’ll also want to have representatives from finance and payroll on your HRMS selection team, since both of those areas need access to information you will soon store in your new HRMS.

Once you’ve assembled the right team, it’s time to determine the most important considerations for choosing and implementing an HRMS. These discussions should include:

**Employee Database:** The central HRMS database is the single point of truth for all employee-related information, so it has to perform flawlessly.

Ask yourself these questions:

- Is the database designed on a platform, such as Microsoft SQL Server®, that remains fast and reliable as the data file grows larger and larger?
- Where is the data stored—internally on your company’s hardware, or online as in the case of an HRMS offered as Software as a Service (SaaS)?
- How retrievable is the information in the database? In HR, you are always tracking dozens, if not hundreds, of things about employees. Is it easy to find the information you need, when you need it?
- Is your staff’s sensitive identity and health information adequately protected? Does the system contain security features that allow you to define what information a user can access based on his or her role within the organization?
Ease of Use: This may be the most important aspect of an HRMS. Quite simply, an intuitive HRMS will help you realize a better ROEI than one that is difficult to learn and complicated to use. You will take greater advantage of HRMS functionality and empower more people in the organization if it’s easy to store, access, and analyze workforce information.

Ask yourself these questions:

- Who will be using the system daily?
- What is the sophistication level of the average user?
- How much time can be allocated for training and onboarding to the new system?

Integration: Information about employees needs to be shared with other departments, software applications, benefits carriers, and possibly third-party administrators.

Ask yourself these questions:

- What information about compensation, benefits deductions, time-off accruals, and hours worked will be needed to process employee payroll?
- What workforce cost information is needed to keep accurate general ledger accounting records?
- If you outsource some HR processes, how will information get transferred back and forth with your HRMS?
- Will any third-party payers or third-party administrators need to access your HRMS data?

Ability to Grow in Functionality: Do the HRMS systems you are considering allow you to buy just the functionality you need right now and then purchase additional functionality in the future? By starting with the more basic, standard HRMS functions, you can learn to use the system and discover what other HR processes need to be improved. This can be much more cost-effective than buying a system with bells and whistles your organization doesn’t currently need.

Ask yourself these questions:

- Within the budget, is there an opportunity to earmark future funds for new features or enhancements?
- Which features are essential today, which will be important in the next two to three years, and which are not likely to be needed in the near future, if ever?
Third-Party Add-On Applications: When you purchase additional functionality (sometimes called “add-on applications” or “modules”), those tools may be built by your HRMS vendor or by third-party developers. There’s nothing wrong with third-party applications—often, they offer more specialized “best in class” features for an HR function such as recruiting, performance evaluations, or succession planning. Make sure you know who will be responsible for support of any add-ons—a third-party or your HRMS vendor.

Ask yourself these questions:

- Can a desired third-party application be integrated with the system?
- Who at the organization or vendor level will coordinate the integration of third-party tools and systems?
- If integration is not possible, what are the alternatives?

Timeliness: An HRMS will not be valuable to your organization unless it is kept current in terms of compliance laws, form changes, and new recordkeeping requirements. Every HRMS vendor will offer software updates to keep your organization in compliance with the latest changes in workforce laws.

Ask yourself these questions:

- How will updates to the software be delivered—and how often?
- Will all of the changes be delivered in one annual software update? Or will the vendor make more frequent updates if important changes are taking place?

Support: When you invest in HRMS technology, you need a vendor that will be a true partner to your organization. Find out exactly what technical support will be available to you and your HR team.

Ask yourself these questions:

- In addition to technical support, what other benefits are provided?
- You’ll find a list of more questions to ask vendors about their technical support in the section entitled “Evaluate Vendors, Not Just Software.”

Training: Up-front training is absolutely essential to getting the maximum value out of your HRMS. You don’t want to use the system incorrectly and end up with bad data. You also don’t want to spend more time than you have to on any given task—training will show you all the best shortcuts and productivity tips. Beyond training for you and your staff, you’ll also want to consider how much training will be needed to roll out the system across the organization—especially if your new HRMS provides employee and/or manager self-service and shared business analytics.

Ask yourself these questions:

- Do you have budget and resources to manage training internally?
- Will your chosen vendor be available to provide the level of training required?
Total Cost of Ownership: When you’re ready to make the business case to your executive team for an HRMS, be sure that you’ve estimated its cost-effectiveness. Look out over three years at your total cost of ownership (TCO) for a clearer picture of what your HRMS will truly cost your organization.

When calculating TCO for HRMS, remember to add the cost of:

- The software licenses for the initial functionality purchased.
- Any add-on applications planned for purchase during the first three years.
- Any new hardware needed.
- Implementation (outside consultants or internal IT resources).
- Customization of the system or creation by outside professionals of custom reports.
- Three years of technical support plans.
- Up-front training to learn the system.
- Recurring or additional training as new employees come into the company or new functionality is added to the system.

Implementation: Be sure to discuss implementation expectations with your evaluation team and with your potential vendors. You’ll want to avoid as many surprises as possible during this important time.

Ask yourself these questions:

- How difficult will it be to transfer your existing data into the new system? Who will be responsible for that?
- What hardware will be needed?
- Are other software applications or certain operating systems required?
- How many resources from the IT department will be needed to implement the system and maintain it?
The HR software Buyer’s Checklist

Before you begin researching and evaluating HRMS solutions, it’s important to determine what specific things you want the system to be able to do. The following checklist contains key software capabilities your company may need in a new HR software solution. Check off the items that are integral to your company’s HR processes. You may also have needs that fall outside of this checklist, so add any unique requirements your company may have to this list.

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<th>Feature</th>
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| Compliance                   | • Maintain necessary records to prove your organization’s compliance with COBRA, OSHA, FMLA, ADA, EEOC, and Vet’s 100.  
• Produce timely compliance reports for state and federal government agencies.  
• Keep a calendar of important compliance dates.                                                                                                    | ![ ] |
| Employee Analytics           | • Share on-demand access to relevant workforce information based on an individual’s role in the organization.  
• Feed information into reporting tools such as Microsoft Excel® or Crystal Reports®.  
• Create visual dashboards of your most important HR information and metrics.                                                                              | ![ ] |
| Reporting                    | • Choose from a robust selection of standard reports.  
• Easily customize the formatting and appearance of standard reports.  
• Create your own custom reports using the report writer tool.  
• Distribute reports easily throughout the organization.                                                                                               | ![ ] |
| Time-off Management          | • Calculate each employee’s accrual of time off, according to seniority level and their assigned time-off plan.  
• Track and manage FMLA leave.  
• Track all types of time off, including sick time, PTO, and leaves of absence.                                                                           | ![ ] |
| Integrated Payroll           | • Easy transfer information about hours worked and employee benefits to the payroll system—whether it is in-house payroll software or an outsourced service provider.  
• Support direct deposit and payroll paycards.  
• Automatically split an employee’s hours between more than one general ledger (G/L) code.                                                               | ![ ] |
| Employee Self-Service        | • Allow employees to view their own pay and benefits data.  
• Enable employees to edit appropriate data.  
• Empower employees to make routine requests, such as asking for a vacation day, through the HRMS system.  
• Allow managers to access information about direct reports and approve routine requests.                                                                | ![ ] |
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| Timekeeping              | • Integration with mechanical time clocks.  
• Web-based timesheets.  
• Integration with payroll system.                                                                                                                          |
| Benefits Administration   | • Set up and add an unlimited number of benefits plans.  
• Store information about employee benefits elections.  
• Calculate the cost of benefits plans.                                                                                                                     |
| Open Enrollment          | • Enable employees to complete open enrollment online.  
• Links to benefit provider websites and company-specific plan documents.  
• Allow employees to compare current elections with alternative plans.  
• Let employees request their own life event changes.  
• Track the status of an open enrollment in real time.                                                                                                     |
| Carrier Connect          | • Automate the communication of employee benefits enrollment data to insurance carriers.  
• Comply with carrier requirements for secure electronic submission.                                                                                   |
| Training                 | • Plan and schedule training.  
• Track continuing education credits earned.  
• Track federal- or state-mandated training such as discrimination or harassment courses.  
• Allow employees to view training offerings online.  
• Let employees request/register for training with self-service.  
• Monitor certification requirements and due dates.                                                                                                        |
| Recruiting and Onboarding| • Easily gather requirements from hiring managers.  
• Post open positions online and accept applications and resumes electronically.  
• Filter and search for the exact skills and experience you want for an open position.  
• Keep a database of potential candidates and past applicants.  
• Schedule interviews and get feedback from hiring managers.                                                                                              |
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| Performance Reviews| • Create legible, standardized assessments and deliver them to employees on time.  
                          • Score employees based on competencies.  
                          • Set goals for employees and track progress against the goals.  
                          • Keep an ongoing record of successes and areas for improvement so managers can remember when it's time to fill out evaluations. |
| Succession Planning| • Create organization charts that can model what-if scenarios.  
                          • Define promotion paths and career development tracks.  
                          • Maintain a database of electronic resumes for internal candidates. |
| Alerts             | • Proactively monitor your HRMS database for predefined business conditions and send an alert when something needs the attention of HR or an employee's supervisor.  
                          • Customize the frequency and content of alert messages and send alerts to individuals or groups. |
| E-forms            | • Create and route electronic forms for common HR actions such as onboarding or promotions.                                               |
An HRMS is a big investment for your business, so the HRMS vendor you choose needs to be a willing and capable partner to your organization’s long-term success. Here are key questions to ask when evaluating the reputation and service of a potential HRMS vendor:

- How long has the company been in business, and how many clients use the software?
- What industries does the company serve?
- What size businesses does the company serve?
- Can you speak with other similar clients who use the software?
- Do HR professionals guide the development of the software?
- How much does the company value customer feedback—are customer suggestions a large part of the continuing development the system?
- What technical support certifications or awards does the support organization hold?
- Is unlimited telephone support offered?
- Is 24x7 self-service support by website offered?
- Will the technical support plans offered meet your specific needs?
- What is the standard policy for providing software updates, upgrades, and enhancements?
- What is the average response rate of a technical support call?
- When on-site help is needed by a customer, how is this handled?
- Does the company stay consistently up to date on all compliance issues and governmental reporting changes?
- How, when, and where is user training provided?
- Does the company offer a complete end-to-end solution or does it only provide certain capabilities?
- Does the company allow you to purchase the functionality you need today, but also offer additional functionality that you can buy later on when your company grows and changes?

Summary

Traditionally, Human Resources Management Systems (HRMS) and Human Resources Information Systems (HRIS) were designed to make the administrative functions of an HR department more efficient. For a company, the benefits of owning an HRMS were almost entirely thought of as efficiency gains. Today, organizations are realizing that an HRMS can deliver a lot more than time and cost savings—it can make a direct strategic impact on competitiveness and profitability. A recent study by Towers Watson, cited by SHRM, found that one-third of organizations plan to increase their investment in HR technology in 2011. Tom Keebler, global leader of Towers Watson’s HR Service Delivery and Technology practices sees this trend as “a clear indication of the high level of return that companies are seeing when it comes to technology as a means for improving both HR efficiency and effectiveness.”
About Sage HRMS
An industry-leading, customizable HRMS solution, Sage HRMS helps companies optimize their HR business processes as well as maximize their Return On Employee Investment (ROEI)™. Developed by HR professionals for HR professionals, Sage HRMS delivers a tightly integrated set of comprehensive features and functionality that increases efficiency and improves productivity at every level in the organization.

With Sage HRMS, you can successfully meet and respond to the HR management challenges you face every day in the areas of payroll, benefits, employee self-service, attendance, recruiting, training, workforce analytics, and more. By automating and streamlining your day-to-day HR business processes using Sage HRMS, you and your staff are freed up to spend more time and energy on the business asset that is most vital to your company—your employees.

A global $2.2 billion software company with over 30 years of experience and 6.3 million customers, Sage has provided HRMS solutions longer than any other company in North America. By choosing Sage, you not only get productivity-boosting HR and payroll software solutions, you get the support of an award-winning customer service team and access to many other business tools and resources that make your work life easier.

To learn more, please call us at 800-424-9392, or visit our website at:
www.SageHRMS.com