

# E-HR 2010: Key HR Software Developments in the Year Ahead

[Helen Williams](#)

23 November 2009

**HR software is becoming an indispensable and ever more sophisticated tool for the profession. From the evolution of Software as a Service to clever e-learning tools and mobile technology, *Helen Williams* asks a wide selection of HR software providers and experts what they think HR will demand from software applications in 2010.**



**Chris Britton, director of product strategy at HR software provider [NorthgateArinso](#)**

HR software that's delivered 'as a service', with no footprint on an organisation's IT infrastructure, has been around for over a year now. It's a useful model for companies seeking to reduce up-front investment in the tools they use to look after their people, and has grown in popularity as the recession has taken hold. But what happens next for HR?

The time has come for HR to get out of survival mode and start planning for the future. The need for cheap and cheerful solutions is being replaced by a need for real value, with a quality product that will last beyond the downturn. Increasingly, any investment needs a long-term business case – even if the model in question is 'pay as you use'.

Because of this, the first flurry of [Software as a Service](#) (SaaS) solutions for HR are starting to stall, as HR directors realise they need a more solid platform on which to base their future plans. But businesses are not prepared to take a risk on new solutions that are unproven in the marketplace. They need a robust platform that is both able to handle all the transactional elements of HR and payroll, and go beyond the basics to supply HR decision makers with the information they need to do their job. HR directors need more from their software, and a new breed of solution is beginning to emerge, delivering HR 'as you like it'. One answer is a hybrid approach, combining the strength of an on-premise HR platform with the flexibility and pricing model of on-demand.

In 2010 and beyond, there will be no room for HR solutions that don't cover the full remit of the HR director, from reward to payroll. Team leaders need all the information about their workforce at their fingertips, while section managers need a solution that removes the need for the duplicated effort of entering details into more than one system. Across the business, managers are increasingly comfortable with self-service HR that enables them to make requests for holiday and flexible benefits, and to enter information about sickness, expenses and other team needs.

Software will also have to cover the entire employee lifecycle, from the administration of web recruitment through to salary planning and talent management. Why not go beyond that, integrating further complementary information and tools, such as access to business intelligence, data reference-checking tools, weather reports and news feeds.

It goes without saying that every organisation's HR needs are slightly different, so a one-size-fits-all approach is not the answer. Deployment must be on the HR and IT directors' terms – some will want the assurance of software installed in the building, while others need the flexibility of a hosted solution. In the future, companies may want a combination of the two approaches, or will need to know they can swap between models when business needs change.

The war for talent is only going to increase as organisations remove recruitment freezes and start to hire. HR platforms can be more than just a repository for data, returning valuable analysis that enables strategic decision making. HR platforms should also support ongoing talent management, which has been pushed to one side over the past year while immediate survival tactics took priority. HR directors need to know that the right people are in the right jobs, for now and for the future.

As HR directors plan for the future, getting financial sign-off in the present may well be the biggest challenge. The real business case will come from proving that the new solution will enable the HR team – and the wider business – to focus on their core competencies, rather than getting bogged down in data entry and analysis that could be automated, across the entire programme of people management.



**Steve Foster, strategic consultant, [NorthgateArinso](#)**

2010 is the time for HR to get creative. Existing technology will still be around, but HR will streamline and adjust it to achieve greater efficiencies – not only in admin and transactional tasks, but also looking towards more strategic tools. Performance management, training and succession planning are just some of the areas I think will thrive in 2010. Organisations are starting to add these processes on to their agendas, as retention and talent management will become a significant focus.

Also, we may see different departments, such as finance, strengthening their links with HR functions to create a more streamlined and coherent operation. Sharing the same database across the organisation for different processes will increase efficiency and provide greater opportunities for self-service across the organisation. This functionality has been increasingly popular over the year and this will undoubtedly continue, as individual staff require greater flexibility and control."

This integrated approach could also be stretched to the evolving social media and [Web 2.0](#) space, such as [Second Life](#) and [Facebook](#). At present, programmes such as [LinkedIn](#) are proving a successful [recruitment tool](#), but we may well see employers relaxing their attitudes towards internal communications via social media. This issue is still very much in debate, however, as

many firms still view social media as distracting, rather than a tool for enhancing productivity. It all comes down to presenting a strong business case to the board and assuring maximum value will be achieved when adopting new technologies - whether it be social media or more traditional means.



**Tony Flanagan, marketing manager at HR Software Company [Cezanne Software](#)**

SaaS is fundamentally changing the way software is delivered and offers customers a way to reduce costs and maintenance overheads. Not everyone wants to, or can afford to, pay to have their software 'tailored' and then pay the costs associated with upgrading these tailored solutions when the underlying technology platform changes or the vendor announces a new release.

We believe companies will increasingly look to SaaS, perhaps with more emphasis on add-on solutions first (such as e-recruitment, succession planning, and performance management), but increasingly core HR processes too. We [patch](#) our SaaS HR solution with new functionality every month – a process that happens overnight and is invisible to our clients. This will become the model of the future.

Demand for talent management software has been a bit quieter in 2009, but as a result of many companies restructuring and with the economy beginning to pick up, there is definitely renewed thirst from companies looking at succession planning and talent management software. There are signs that this will continue in 2010. However, many companies with headquarters in the UK still have some way to go before catching up with some other European counterparts – notably Benelux, which has been effectively managing this process through technology for several years now.

We have seen recent strong trends in mid-sized companies looking for global HR software to consolidate their disparate HR systems into one corporate HR solution. More companies need to pull key corporate HR metrics for the business without the process taking weeks to carry out. As globalisation continues and as companies look to be more effective in how they operate, we expect this trend to continue strongly in 2010.

In 2009, we undertook some independent research on succession planning and leadership development in the public sector, and we found there is a real appetite in this area. However, many public sector organisations are just starting their journey so it may be some time before they can reap the benefits of using software to help them manage this process more effectively.

I think we'll continue to see a lot of debate around social networking and how HR can use this technology, but outside of recruitment I don't see this technology becoming mainstream just yet outside of the big organisations that have the time and resources to exploit it properly. Part of the challenge is that this kind of data is largely unstructured. It's hard to make use of it to, for example, drive performance decisions. However, you'll see more vendors adopting Web 2.0

technologies and trying to make their systems more like social networking applications such as LinkedIn, making them easier for employees to use.



**Stuart Hearn, partner at HR consulting, training and HR outsourcing provider [plus HR](#)**

One of the key things that we are seeing is general frustration with the effectiveness of a single 'enterprise' HR system that attempts to do everything. Such systems tend to be strong in one area (such as payroll or time and attendance) but offer more basic functionality in other areas such as performance or talent management, where functionality has been bolted-on over time.

Systems are now better able to interface with each other, so organisations are now starting to look at using niche, specialist software solutions, and bolting them together to provide a total solution that meets all of their requirements without compromising. I think this will become more of a focus during 2010, especially at larger organisations that have very specialist needs and which are willing to invest in the necessary technical interfaces to make this a reality

I believe there is still a place for SaaS, as organisations are attracted by the idea of not paying a large up-front licence fee and having to invest in servers and technical implementation. But we are seeing that clients increasingly want higher levels of customisation for their systems. Simply displaying the company's logo on an off-the-shelf system is no longer sufficient. Clients are demanding that systems mirror their own internal processes, rather than the system dictating the process.

In terms of other trends for 2010, we are starting to see interest strongly pick up in specialist systems such as performance management, talent management and succession planning, and exit interviews. From speaking to potential clients, it seems they need to become more efficient in their HR processes to save costs and heads, and are using what budgets they have to invest in ways of doing so. Whereas many organisations have invested in their core HR systems over the past few years, a large number are still using paper-based or spreadsheet solutions for these specialist functions, and are now looking at how systems can help increase their efficiency.

One other trend for 2010 that I believe will come to the fore will be systems that use technology similar to Facebook or LinkedIn, which allow individuals to add their own content and customise systems to their own personal needs. At a simple level, this could be employees being able to customise their self-service page to show the things they want to see and 'drag and drop' the applications into the order they want to see them. At a more innovative level, I have been recently been speaking with a developer who is building a system that will harness dating website technology to facilitate internal and external mentor matching.



**Stephen Sharp, director at personality profiling applications provider [PeopleMaps](#)**

The original idea of SaaS is now about 10 years old, and the arena has changed dramatically in that time. The growth in ['freemium'](#) models and multiple vendor 'mash-ups' of services are prime examples of the changes not completely formulated when SaaS was fresh but which are now burgeoning.

Some things have stayed the same though, and it will still be consumer IT trends that will drive corporate thinking, much as they did with e-mail and text messaging. Consumers are already ['app'](#) fanatics, tailoring their mobile phones, home computers, sat navs and so on with a whole range of applications from developers big and small to control their environment.

The growth in open source platforms, such as [OrangeHRM](#), created by multiple developers and vendors and driven entirely by client demands, is a good example of this thinking gaining momentum in business. Largely based on the freemium model, SMEs can select from extensive menus of applications to create and tailor the services they want, and only pay for bolt-ons and the bits of it that they use regularly and in-depth. Customer feedback directly drives the development and, as there are many companies involved in the development of the 'single' platform, application creation and upgrading is faster and more extensive than a single developer could manage.

Next year should be the year that prices tumble and HR 'app' choice increase. With network speeds, computing power and security issues largely kicked into touch, the only thing holding back the widespread adoption of truly online solutions was the willingness of HR professionals to engage. The impact of the past 18 months has made managers stop waiting for the sales reps to call and forced them out into the internet to find new services for themselves. I think next year we'll definitely see a much greater uptake in the use of web-based tools as a result.



**Frank Beechinor, chief executive at HR software provider [Vizual](#)**

I don't think enthusiasm for SaaS has stalled – our SaaS clients have increased by 30% in the past year. The common perception is that you can't offer tailored solutions through a SaaS model, but completely configured solutions are available, and the customer has the choice: we host, you host – you decide.

There has been increased use of workflow tools to allow easier automation of routine tasks. We see this trend continuing in 2010 and beyond. The future will be less about the data and more about what you do with the data.

We anticipate continued blurring of the lines separating HR systems and other business systems. In the past, many HR systems have been static, people data repositories used just by HR. The latest generation of technology allows easier, faster and more powerful integration. For example, when you recruit an employee there is no reason why your HR system cannot initiate an employee on the company network, or deactivate a user account when someone leaves.

There will be increased use of mobile computing, with managers able to do everything from their mobile device, from looking at information to authorising requests.

There is also likely to be more consolidation of HR data and processes across borders. The emergence of the latest web-based and SaaS solutions has meant that global business can now have one HR system across the world that is easy to deploy and doesn't cost the earth.



**Charles Gould, managing director at e-learning specialists [Brightwave](#)**

There are so many advantages of SaaS over traditional software that it's hard to see it not continuing to grow in importance during 2010. It's faster to implement, easier to upgrade, less dependent on in-house IT resources and (because it's a service) more responsive to the user's needs. Furthermore, the costs are 'as you go' instead of upfront.

SaaS works particularly well when it serves large numbers of people – all you need is a browser. So talent management services are obvious candidates for SaaS. While there are naturally concerns about data security with these volumes of personal records, we have seen improvements in security in the past year and this will continue. And most HR SaaS vendors have invested in the ability for systems to integrate with existing 'traditional' software systems.

Talent management services delivered as software will become more sophisticated. We have implemented e-onboarding systems for clients including Sky. These enable new employees to get up to speed through online training before they start their new job. The software carries the client's training content and allows the user to create their own profiles and social networks. The software then provides management reports on who has completed what training.

Individual personal development plans will also be supported through talent management systems. Because the user's data as well as the software functionality is hosted rather than installed, this means employees can access and use their personal development plans at home as well as work.

I believe the right technology helps to democratise talent management away from purely a leadership focus towards all roles in the organisation. The right SaaS HR tools bring many benefits to an organisation and are key to engaging employees.

Technologically, I hope that 2010 will be the year that mobile applications finally make an impact in e-learning. With the increasing prevalence of smart phones, particularly with the iPhone's huge popularity and the rise of [android phones](#), we might finally get the demand for programmes long in development. With improved video and functionality in the average smart phone, it's becoming a more interesting platform for learners and e-learning developers. However, a lack of a standardised platform will continue to hamper the real impact of e-learning on the move.



We'll see more video in e-learning programmes next year and beyond, as we move past simple text to ensure learners are pulled in and fully engaged. The popularity of home-made video on sites such as [YouTube](#) and the ubiquity of low-cost hand-held cameras means that video will no longer be seen as an expensive component of e-learning.

The increasing role of technology in many people's lives and the growing popularity of social networking are also increasing the acceptance and comfort of e-learning, particularly with more video-based learning online and learning via webinars. However, many employers are also likely to continue to struggle with getting to grips with social networking and how it can be used to organise workplace learning.

Finally, with a likely [change of government in 2010](#), there will be substantial cuts in public spending next year. E-learning will be seen as a way of reducing training spend and I suspect public sector managers will spot the opportunity to share these costs between organisations by cutting out duplication of effort.



**Charles Hipps, managing director at e-recruitment specialist [WCN](#)**

There is still stacks of talent activity going on. We recently conducted a survey which shows that 50% of organisations are still recruiting, and 50% are cutting – most organisations are doing a bit of both. We have seen a lot more interest in redeployment software modules.

I don't think SaaS is losing favour. It is the quickest type of software to install and update. We are being pushed by clients for off-the-shelf products with the potential for self-configuration. People need flexibility in software because things are moving and changing so quickly. Software best practice is well ahead of what most organisations are ready to do, so they want to put something in, and then be able to change bits of it themselves, with support if needed.

I think we will continue to see a move towards [shared service centres](#), particularly in the public sector, and across organisations. Software takes away a lot of the administration and allows HR to be far more strategic, and more businesslike too, since HR is being measured delivering a certain level of service. If it's not up to scratch, businesses will go elsewhere for that service. HR also needs to engage the rest of the business to make e-HR work.



**Chris Berry, managing director at HR software provider [Computers in Personnel](#)**

We expect SaaS to continue to pick up momentum. There's clearly a market for discrete services that you can plug into your existing in-house HR management system, such as recruitment, absence management and expenses management.

The other part of the SaaS equation that will be a big driver in 2010 is capital investment – or rather, the lack of it. Conventional software has a big initial cost attached to it – you have to pay

for the software licence fee and implementation charges upfront. SaaS tends to be charged on a subscription basis, so the cost is spread. That's a big plus point for any finance director. Even if the recession is officially over, cash will be tight in 2010, so these kinds of issues will be critical.

I think the emphasis will be on pragmatism. You are not going to see everyone abandoning what they have in-house today and switching to a full-blown SaaS set-up – it will be a mixture of both, because people will want to maximise the value of their existing IT investments. So one key issue will be how well suppliers can plug their SaaS offerings into their clients' existing systems and exchange data – not just between HR systems, but other business systems too. If you're taking on a new recruit, for example, you'll want to be able to send data from your SaaS recruitment service to trigger actions such as setting up an e-mail account for the new person or updating the telephone system.



**Phil Brown, managing director of online HR solution [Youmanage](#)**

From what we're seeing, SaaS is still growing faster than the general market and that's backed up by what the likes of [IDC](#) and [Gartner](#) are reporting. We're finding that some companies are only considering web-based products now because of the benefits they offer (such as no IT overhead, speed of deployment, accessible from anywhere and so on). This is particularly true in the small and medium-sized business market. There are still some companies that won't consider an SaaS solution, primarily larger organisations that want to integrate into an existing IT infrastructure. The majority of companies are agnostic with regards to the delivery model – they just want the best product to meet their needs at the best price.

In terms of trends generally in the market, there's a definite push towards ensuring front-line managers and employees are better engaged and more empowered. Companies have recognised that the traditional HR system model – where all information is centralised and accessible by only a few HR users – is ineffective and inefficient. Managers don't have the information they need to make effective decisions, and central HR teams are overloaded answering low-level requests for information, which is costly and stops them from getting on with activities that can add real value to their organisations. So companies are looking for solutions that can equip front-line managers to be properly accountable for their teams, while at the same time retaining appropriate levels of visibility and control centrally.

There's also a trend towards solutions that combine workflow software with content – so that users have everything they need to do their job effectively via a single solution. To deal with many HR issues, a manager or HR professional will need multiple types of information (such as employee data, company policies, legislative guidance, training materials, forms, letter templates). The more difficult and time-consuming it is for a person to get hold of the information they need, the less likely it is they will make the right decisions. Therefore, we're seeing the advent of a new generation of HR solutions (like Youmanage and [XpertHR's PeopleManager service](#)) that combine software functionality with intelligent delivery of content.





**Keith Rodgers, co-founder of market research and consulting company  
[Webster Buchanan Research](#)**

SaaS adoption will continue to grow in 2010, for two good reasons. First, adoption levels in HR (and particularly payroll) lag several other business areas – partly I think because there's still an education job to be done about what SaaS actually is. We have not reached saturation point in 2009 – far from it.

Second, it's important to keep in mind that while this is a relatively new outsourcing model in HR, it's been around in the software industry for more than a decade, and it's well-established in areas such as customer management. Lots of people use SaaS without necessarily knowing it – services such as web mail and [Google Docs](#) are all SaaS applications. As it comes to be seen as a more mainstream model, that too will encourage wider adoption.

We expect to see rapidly growing interest in multi-country payroll software and services in 2010. In the past, most multinationals have run payroll on a country-by-country basis – a piecemeal approach that exposes them to potential compliance failings, fraud and other risks. It's also inherently inefficient. There's a growing acceptance that by centralising your payroll operations – and standardising on a small number of vendors – you can improve visibility into your international operations, get economies of scale and spread best practices. What's less understood, perhaps, are the challenges involved – everything from selecting vendors to driving through change programmes. But it's an area that's getting harder and harder for multinationals to ignore.

As the economy tentatively recovers, we believe HR could be in for a difficult time in 2010 in terms of how it uses technology to help it drive through change. Of course, 2009 was a nightmare for most organisations, but one effect of the lack of cash was that it was fairly easy to justify doing nothing in terms of investing in software and services – there were plenty of other priorities to worry about, survival high among them.

Going forward, though, we're likely to find that costs remain ruthlessly suppressed, yet HR is still expected to deliver results – particularly in terms of capturing top talent, retaining key employees, and helping shape the workforce for growth. It's a time when, at the very least, you need to look into the business case for automating basic manual processes, and at getting better co-ordination between the different components of HR such as recruitment, performance management, employee development etc.

On that note, I wouldn't want to be the HR director of a mid-sized or large organisation who sits in front of the board in 2010 and says they haven't weighed up the business case for self-service. Better to weigh it up and shoot it down than to never consider it. Since it's about cutting costs and improving information access for both HR and employees, it has to be worth investigating.

Sadly, we still expect too many HR and payroll managers to buy software and services for the wrong reasons in 2010 – perhaps because it's the system they know and they're comfortable with, perhaps because they didn't have time to research their options comprehensively, perhaps because they didn't like a particular salesperson. Many HR and payroll professionals follow best

practices when they invest in software and services, but there are many others who could make better decisions, not least by asking more pointed questions.

Reference customers are a good example. Some purchasers don't bother asking suppliers to put them in touch with references, which is a big mistake. But even among those who do, some see it as just one more step in the process – speak to the reference customer, check everything's OK, tick the box. You should really be going into the reference process with an open mind, trying to get a full picture about what the customer really thinks about the supplier, warts and all. You may still end up purchasing the same system – but at least you're doing it with all the facts at your fingertips.

Source - <http://www.personneltoday.com>