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What may have once seemed inevitable – a move to broader, more powerful software solutions with HR bundled with everything else – now seems less likely. Computer language now enables better integration between niche HR software and other applications in a company.

David Mason-Jones reports

As HR professionals look to ways of enhancing their software packages in the near term, it is worthwhile understanding the broad software context in which these important decisions are being made.

Seeing the forest; seeing the trees

It is easy, when dealing with a software vendor, for HR to become focused on the evaluation of the software itself and maybe some of the direct competitors' offerings. What is not so easy – and immediately apparent – is the need to be able to step right back from the individual tree and take a view of the whole forest.

Any software decision taken at the moment has to be set within the context of the overall forest – and, most notably, within the context that there are two competing grand strategies available. These represent completely different approaches to the question of how HR systems are to be deployed in corporations.

Bundled or best of breed?

At the extreme poles of this strategic debate are, on the one hand, the proponents of best of breed single point solutions and, on the other, the proponents of bundled solutions.

Although the argument has been around for some years now, it is probably no closer to a resolution because it is like the race to build the best battleship before the First World War. One side of the software development race brings an innovation to make its battleship the best. The other side counters with a better development and

so the relentless race in technology and innovation continues.

There is also a large grey area in the middle where vendors and consultants recognise that the solution for individual companies should be based on individual needs rather than an ideological adherence to one side of the debate or the other.

Fertile ground for management tension

The existence of the best of breed versus the bundled dichotomy is fertile ground for tension between senior HR and senior line management. HR heads should be aware of this potential as a background issue.

It is natural that the HR professional will favour a best of breed for the HR function but this can create tension with senior management at the CEO, MD or Board level. This is because higher-level management will naturally seek a bundled solution – one where a single and more comprehensive software solution can be purchased to handle all the needs of the company – including finance, compliance, inventory and, oh yes, HR.

The bundled concept intuitively appeals to an 'economies of scale' logic inherent in big picture thinking.

Cost control also becomes a factor in the bundled appeal. Some senior management still do not see HR as a central business function and, if functionality compromises are necessary, they see that these savings can

be made in the HR department rather than one of the 'frontline' departments.

Mathew French, new business manager for Snowdrop Systems Australia, says: "The advent of ERP systems means that there is pressure for a bundled solution to serve the overall software needs on an enterprise wide basis."

The problem for many whole of enterprise solutions is that they are driven primarily by the finance department and so they may have a deep functionality when it comes to finance tasks but shallower functionality when it comes to other tasks – such as HR.

The dangers of extremes

The danger for the single point solution strategy is that a corporation ends up with a hotch-potch of incompatible software systems each running a different aspect of the company's operation. This results in a myriad of databases – half of them out of date and inconsistent in format with each other.

The danger for the bundled approach is that the corporation can end up with a camel instead of the thoroughbred racehorse it originally wanted – I'm referring here to the old one-liner that a camel is a horse designed by a committee.

The voices of moderation

The trend in the near future may be more toward the ability to integrate best of breed

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Kathy McRae



Hugh Millikin

HIGHER-LEVEL MANAGEMENT WILL NATURALLY SEEK A BUNDLED SOLUTION – ONE WHERE A SINGLE AND MORE COMPREHENSIVE SOFTWARE SOLUTION CAN BE PURCHASED TO HANDLE ALL THE NEEDS OF THE COMPANY INCLUDING FINANCE, COMPLIANCE, INVENTORY AND, OH YES, HR

system is offered from overseas, it has to be considerably modified or localised to meet the compliance requirements. It also means that the bundled system may only really be a bundled system in name and marketing image only. In reality, parts of the system become single point solution.

Kathy McRae, head of practice technology solutions, Watson Wyatt, says: “There’s a single vendor myth, which fondly holds that a single vendor solution is commonly possible. In reality it is not. We are yet to find one company in Australia that has been able to meet all its needs from a single vendor. We have seen companies with what they believe is a single vendor solution who have had to set up ‘get-arounds’ or ‘customise’ the so-called single vendor solution so heavily that it becomes a nightmare.”

Companies that opt for the opposite strategy of making do with single point solutions get into their own set of nightmares when it comes to duplicated effort, inconsistent information and compatibility.

Putting functionality in perspective

A plan is needed for deciding what functionalities to purchase and what depth is required in certain functionalities as opposed to others. Few businesses need deep functionality across the whole board of their software needs.

But, where deep functionality is required, it will usually come from a single point vendor. Watson Wyatt’s McRae says: “The specialised

software developers just have to always be creating more depth of functionality than the researchers with a broad agenda. This is like an investment trust in a niche market. The niche fund manager – according to Japanese equities – will have an R&D advantage in this field over bundled investment trusts, which have their base in Australian equities and property.”

The big need for caution for HR when seeking best of breed solutions is to get it all in perspective. Depending on your opinion, when buying a car a Rolls Royce may be the best of breed, but in reality do you really need a Rolls Royce to take the children to school and back everyday? Sure, the solution might be best of breed, but do you really need every functionality offered?

If a company has around 200 employees, it may only have to recruit 15 or 20 people a year and lavish functionality is not required in its recruitment software. On the other hand, a company with over a thousand employees and a higher turnover will need much deeper functionality.

There are other cases where size is less a determinant when it comes to the depth of functionality. Compliance is one such case where the same legal standards must be met for both large and small companies.

How companies fall into the disparate systems trap

The process by which companies end up with a series of disparate software systems is often subtle and unintentional. During the

solutions rather than achieving an all-seeing, all-doing bundled solution.

Ari Kopoulos, Employee Connect’s national sales and marketing manager, says to cling to a belief that one strategy is better than the other is short-sighted.

“A company needs to do a needs analysis and decide which processes and functions require functional depth and which business units may be better served with an integrated or bundled solution,” says Kopoulos.

One practical example of a system where it is really hard to achieve true bundling is the complicated case of payroll in Australia and New Zealand. Where a so-called bundled

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growth phase of a new start-up, the company will often go with a simple bundled solution. But then the compromises start.

Chris Brunton, ADP's CIO for Asia-Pacific, says: "Let's say when the company started, the initial decision was for the adoption of MYOB – a bundled approach eminently suitable in that situation. But the software is primarily an accounting driven system with the HR function tagged on. As the company grows and takes on more and more employees, it may outstretch the functionality of the HR component. It may opt to acquire a provisional single point solution for payroll."

Time passes and the provisional single point payroll system becomes entrenched and the company ends up with two separate systems on parallel railway tracks. As the company grows, other ad-hoc single point software systems are added for specific purposes and the whole thing ends up as the modern software equivalent of the Tower of Babel.

Integrating disparate systems

The real challenge is to be able to move forward from a setting of disparate systems to a system where all these systems can be integrated as if they were one. This would be the ideal because it would enable HR

departments to buy best of breed systems for HR and other departments to buy best of breed for their use.

Employee Connect's Kopoulos says: "The problem of integration of niche solutions is becoming less and less an issue now that there is an capability for bolt-on, bolt-off software. Niche solutions are becoming modular – built around open technology.

Teamwork payoff for single point vendors

The next market innovation is where niche players deliver a competitive advantage against the bundled proponents by collaborating with other niche players.

CASE STUDY: ONLINE INTERFACE WORKS FOR WESLEY MISSION

Wesley Mission is a charitable organisation that manages more than 400 community care and support programs. With over 2000 paid employees and thousands of volunteers, Wesley Mission spans around 250 properties throughout NSW, including offices, service centres, halfway houses, and assisted houses.

Wesley Mission worked with Indigo Pacific, an Adobe Solutions Partner, to deploy Adobe solutions to increase the reliability and efficiency of its internal HR and IT procedures. The creation of online forms enabled employees to access and request appropriate actions from both departments.

Wesley Mission's HR department manages over 7000 requests for leave, change of bank details, pay queries, and advertising requests annually. Similarly, Wesley Mission's IT department has more than 1250 requests annually for adding or changing user access. Previously, these requests were managed through paper forms and communicated to the relevant departments through fax or courier.

This manual procedure was not only time-consuming, but also unreliable as faxed requests would often be misplaced. Wesley

Mission wanted to find a solution that simplified and expedited this process, and ensured the request's history was monitored.

Errors and anomalies in handwritten information provided on paper-based forms and simple forms available on the intranet often required verification. This resulted in processing delays while the information was validated.

With the help of Adobe Solutions Partner, Indigo Pacific, Wesley Mission developed and implemented a state-wide online forms-based request system. Wesley staff attended courses provided by Indigo Pacific and then set about designing forms and workflow. The first form was created by Indigo Pacific as a proof of concept exercise, and Wesley staff have subsequently prepared an additional 20 forms.

An important benefit of the solution is that it integrated seamlessly with Wesley Mission's existing processes, enabling staff to easily adopt automated electronic workflows.

The staff at Wesley Mission can now make interdepartmental requests knowing that a procedure that once took weeks can reliably be processed within days or hours. Not only does this improve staff satisfaction, but also communication between departments in

different offices, cities, or states. In addition, updating to the Adobe Intelligent Document Platform had one further unexpected benefit.

It challenged key staff to re-evaluate and amend existing business processes while creating the online system, rather than simply mapping online processes onto existing manual processes. Wesley Mission is currently exploring how the solution could help with the multiple steps for employee induction. For example, the solution could provide a checklist of items to be completed, together with timings such as a reminder that the three-month probationary review is due.

Wesley Mission's knowledge operations manager, Janet Prosser, said the automation of administrative tasks is the first in a series of streamlining internal processes.

"We saw Adobe Form Server initially as a method to manage our forms flow, replacing fax and paper, and we started with transferring the most commonly used forms. However, as the forms come to be widely used and accepted, people are starting to dream. They're coming up with other processes – not just forms – which could be improved with a secure, rules-based, user-designed workflow product."

THE CHALLENGE FOR SMALL BUSINESS THROUGH TO BIG BUSINESS IS HOW TO MOVE EFFICIENTLY TO PORTALS AND WEB-BASED SYSTEMS TO ENABLE SELF-SERVICE. THE PREDOMINANT ISSUE IS HOW TO GET IT DEPLOYED TO EVERYONE AND GET EVERYONE TRAINED IN IT

"Where a collaboration is put together like this it needs a single point of entry, real time communication and a consistent look and feel throughout all the applications," says Kopoulos.

The computer language breakthrough

The enabling computer languages to achieve better levels of integration are Microsoft's .net (pronounced 'dot net') and the Java language J2EE. Both these languages enable computers to talk between different software applications.

Indigo Pacific's CEO, Hugh Milliken, says: "One word of warning to the HR professional is that the .net and the J2EE languages are mutually exclusive and are likely to remain so for the near future.

"We believe that J2EE may have better scalability right now but also that Microsoft .net will rapidly become more scalable," he said.

ADP's Brunton says: "Many individual solution providers are aiming to get themselves to the point where they can be modular within an overall integrated system using .net or J2EE as the means of communication.

There are companies with the core business of integrating existing software systems. The idea is that effective integration of existing systems is a cheaper option – and usually just as effective – as a complete replacement.

Further strategic factors

Additional strategic backdrops include the fact that the government is getting right behind the citizen self-service concept. The same applies in general commerce with employers wanting to give their workforce the facility of employee self-service via the web.

ADP's Brunton says: "The challenge for small business through to big business is how to move efficiently to portals and web-based systems to enable self-service. The predominant issue is how to get it deployed to everyone and get everyone trained in it"

The take up rate of web-enabled self-service varies with the size of the company, with companies over 100 employees having the highest take up rate. The uptake rate in smaller companies – say 10 to 100 employees – is lower at around 70%. For smaller enterprises, one to five people, it is smaller again.

HR also has a role in communicating the benefits of self-service to employees. One example of this is where employees are seeking a mortgage loan. The use of employee access means that the loan applicant can now simply use the bank or broker's computer to prove payslips and time in employment at the point of application, therefore saving sometimes lengthy delays.

Improving employee interface

Supporting the move to web-enabled HR systems are the software writers who create the forms – or the interface between the employee and the HR system.

Indigo's Milliken says: "With this interface the simplicity of the system becomes critical. The form must be presented to the employee – or any user – in a format that must work.

"The user experience in the US is that the user experience is a key issue in the adoption of web-based systems. The harder the form is to use, the lower will be the adoption rate and the greater will be the number of mistakes made.

"For HR managers this means that they must ensure that the computer interface is suitable for their constituency – both office staff and manufacturing or other process workers," he adds.

With software selection, the major task facing HR in the near term is the need to meld a series of disparate systems into integrated systems and to do this in a way that achieves access for all with a simple employee interface. **HC**



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