



Tougher times boost interest in software on demand

In recent years HR has been a particularly fertile area for making business software available 'on demand' through web-hosted servers. But with financial pressures on business increasing, this approach is being seen as less of a technology fad than a sensible route to more effective IT investment. John Stokdyk tracks the latest developments.

Hosted software applications are nothing new in HR - payroll providers like ADP have been doing it for decades - and the profession has enthusiastically embraced the obvious benefits of 'self-service' admin.

But in the past year or two the pace of adoption has accelerated. So-called 'software on demand' is threatening to break out of HR and sales and marketing - where it is also popular - to replace the in-house application server as the prevailing business computing model.

On-demand software at HRSS

Exhibitors with outsourcing services and on-demand systems at the HR Software Show at London's Olympia on 18-19 June include:

- [ADP Employer Services](#)
- [ASR](#)
- [Cascade](#)
- [Ceridian](#) with its new HRevolution payroll, talent and performance management suite
- [Fluous.com](#) offering global, web-based HR and payroll solutions.
- [NorthgateArinso](#)
- [SKS-solutions](#), showing a new on-demand HR system called ASK HR 2008
- [Softworks](#)
- [Team Spirit](#)
- [Vizual](#)

Source: [HRSS website](#)

Chris Berry, managing director of Computers in Personnel, says browser-based applications caught on partly because of lower implementation costs, but also because of wider acceptance of the web. "People are getting used to it. We're experiencing a situation where there is so much access to data and information through the web that there's an expectation things will be available on your desktop telling you what you need to know," he says.

Web-oriented recruitment is a particularly hot area, he adds, where it's universally expected that an organisation will advertise its job opportunities online.

Alongside user expectations, senior managers are being pressured by economic factors to get all they can out of their people. As Plateau marketing vice president Jeff Kristick explains, "With corporate downsizing and layoffs on the rise, management is increasingly

relying on web-based talent management software to help them identify their top performing employees across the organisation".

Patricia Taylor, head of outsourcing, HR and pay for Logica, will be exploring these issues in a talk on 'pay as you go' services at the HR Software Show at London Olympia on 19 June. She explains that companies are changing the way they approach HR software implementations.

"Customers are looking to create change, but want to manage upfront costs in a much more cash neutral way," she says.

"People traditionally looked at HR projects that involved one-time costs and ongoing costs; now they are looking for ongoing costs only. It's harder to get approval for that upfront spending."

Taylor confirms that corporate buyers are investing in training and recruitment capabilities. "Rather than core HR & performance management with employee and manager self-service, they want more of a full suite with training, recruitment and performance."

Second wave of implementation

Many of these customers are part of a 'second wave' of implementation, she adds. They've got the core HR functions and are coming back for the additional features.

Cezanne marketing manager Tony Flanagan echoes the view that HR professionals are becoming more demanding and asking for more sophisticated functionality - many buyers are on their third or fourth HR software product, he notes.

Managers and their systems have to become more sophisticated, because employee attitudes are forcing them to, says Flanagan. Aspirations have changed dramatically over the past five years. "People no longer look at a job as only a means to an end," he explains.

"With people spending most of their week behind the desk, commuting to or from the job, or even thinking about or doing extra work at home, they want to make sure that the company is able to provide the right environment and match their career aspirations."

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To support broader strategies for recruitment and talent management, HR managers are building those requirements into an "HR in the round" business case, says Taylor. And this second wave of strategic HR investment feeds into the on-demand trend.

A customer adopting a two-tier strategy implementation strategy would start with the core modules and follow up with the new features as resources, demand and budgets allow. "With on demand, they can make the business case for all the modules, but only pay as they launch and use it. They don't have to pay up front," says Taylor. "They can go to this total solution to support their HR strategy, without having to go back for cash."

More than just cost advantages

Plateau's VP Kristick says that the lower costs of entry and access to more internet bandwidth are bringing previously unattainable software capabilities to smaller regional organisations. But multinationals and 'enterprise' organisations are also boosting their investments in outsourced solutions.

Besides the financial advantages, the software as a service model delivers additional advantages to the customer, Kristick claims. "Because on-demand software is relatively easy to deploy and is licensed on a subscription basis, it is easier for organisations to switch vendors if they have a negative customer experience. It is much easier to switch vendors if an organisation has not invested significant time and money in an on-premise deployment. Vendor and brand loyalty are becoming less important, while customer service, support and satisfaction are increasing in importance."

Taylor points out that software outsourcing is a very common model in the world of pay, where providers have been providing online services for the past two decades. "We're taking that same model and applying to all HR services and support," she says.

The concept is very well accepted within HR, but Taylor warns that it can run into friction from IT managers. "Will an organisation's IT department be able to accept the situation where an outside organisation is managing the application and infrastructure?" she asks.

To cater for growing demand at all levels of the market, Logica offers payroll and HR services on a variety of software platforms - from Oracle at the top end to its own Interact suite and a number of other mid-market systems.

"We're going to customers and saying, 'choose the right application for you.' You don't have to be driven by the application for the HR services and software model you want to use."



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