

# **An Overview of HCM Technology Deployment and Factors Influencing the Strategy**

**Results from HR.com's HCM Technology Deployment Survey**

Sponsored by

**ORACLE®**

## **An Overview of HCM Technology Deployment and Factors Influencing the Strategy**

<b>1. Introduction and Methodology</b>	3
<b>2. HCM Terrain Overview</b>	5
A. Five Things to Consider When Structuring the Deployment of HCM Technology	5
B. Adoption of Applications, Purchasing Structures and Key Drivers	7
C. Do Organizations Really Want One Vendor?	9
D. Evaluation Trends in SaaS, On-Premise, and BPO	10
<b>3. Effectiveness of HCM Technology Deployments</b>	11
A. Overall Effectiveness	11
B. Can Organizations Using Multiple Technology Deployment Types Be Effective?	12
C. Factors Potentially Influencing Effectiveness	14
<b>4. Key Takeaways and Conclusion</b>	16

## An Overview of HCM Technology Deployment and Factors Influencing the Strategy

### 1. Introduction and Methodology

Perhaps more than ever before, technology is changing. Subsequently, it more frequently changes the way we work and how we become efficient. Advances in technology affect our deployment decisions, from the providers we choose and how a process gets implemented, to how we scale our operations, measure results, and more.

The issue of what technology type to deploy is increasingly becoming top-of-mind for HR Executives, mostly due to the intense discussions pertaining to Cloud Computing, and particularly the relationship and inclusion of Software as a Service (SaaS) as part Cloud Computing (and the way to best incorporate multi-tenant and single-tenant architectures). Organizations interested in reading more about Cloud Computing and how SaaS fits into the broader software markets overall can visit the National Institute of Standard and Technology (NIST) website (<http://www.nist.gov/index.html>) and also review: [http://csrc.nist.gov/publications/drafts/800-144/Draft-SP-800-144\\_cloud-computing.pdf](http://csrc.nist.gov/publications/drafts/800-144/Draft-SP-800-144_cloud-computing.pdf).

The contents of this white paper provide an overview of Human Capital Management (HCM) deployment and the results from *HR.com's HCM Technology Deployment Survey*. Organizations were asked a series of questions about the technology application structure, technology deployment type, and other deployment considerations in use today and planned for the future. The main purpose of this survey was to determine if organizations using different HCM technology deployment types (e.g., On-Premise, SaaS, Home Grown, or Hosted) and various application structures have deployment strategies that meet business objectives.

Thirty-eight unique organizations completed *HR.com's 2011 HCM Technology Deployment Survey* from April 15 to May 31, 2011. More than half of organizations that completed this survey include HR leadership and executives from SMBs and mid-market organizations, and many of the HCM data trends we discuss refer to organizations in those markets. However, roughly one-fifth of organizations that also completed this survey are from larger organizations (ranging from 3,000 to 99,000 employees).

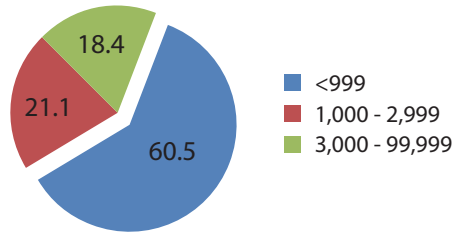
**Defining Our Terms.** Given HCM is such a broad terrain, for the purposes of this survey it **includes** all core human resources and talent management applications and technology used to support business processes. It **excludes** contingent/temporary and workforce management categories. A technology deployment strategy includes how an organization manages its technology, including the applications, providers (s), stakeholders, internal resources and other things that help to effectively deploy technology across an organization.

**Disclaimer Note:** The results of this survey are for educational and information purposes only. Organizations should not read this for any other purpose and conduct their own due diligence for selecting the deployment type and technology applications right for them. HR.com, JDM Resources and its affiliates expressly disclaim all warranties, express or implied of fitness of this research for a particular purpose. Ratings and reviews are collected from third parties. HR.com, JDM Resources, and its affiliates do not represent or warrant the accuracy, completeness, or reliability of the information. To the maximum extent permitted by applicable law, HR.com, JDM Resources, and its affiliates exclude liability for any errors, omissions, or delays in this information or for any losses or damages arising from its display or use.

## An Overview of HCM Technology Deployment and Factors Influencing the Strategy

### Demographics % of Organizations

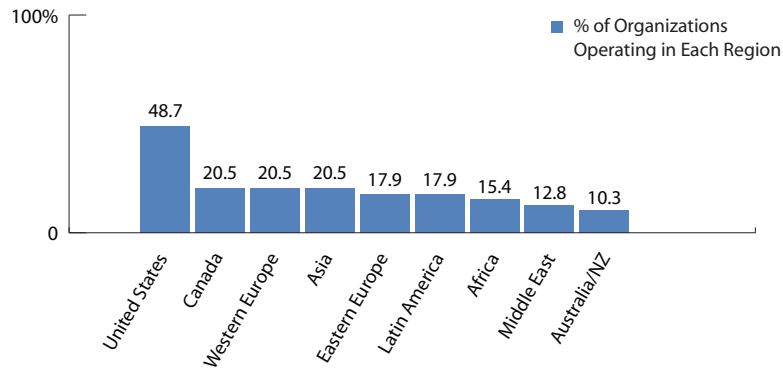
#### Full-Time Employees



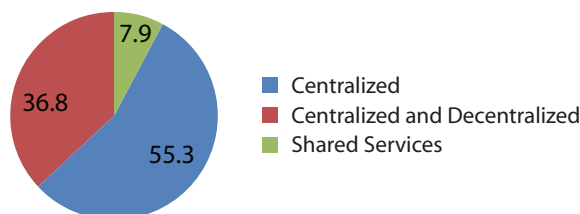
#### Industry



#### Geographic Regions of Operation



#### HR Organization Structure



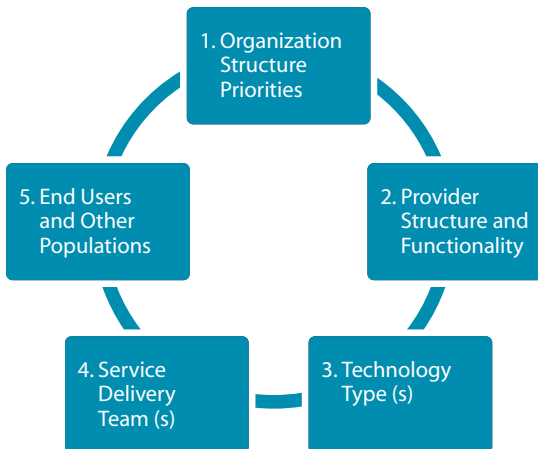
## An Overview of HCM Technology Deployment and Factors Influencing the Strategy

### 2. HCM Terrain Overview

#### A. Five Things to Consider When Structuring the Deployment of HCM Technology

**Multiple Considerations.** As most of us are aware, managing the deployment of software applications and services is no simple undertaking. It involves a lot of information, people, and circumstances. The deployment decisions you make must work for your organization today and over time. Our research suggests that there is more than one way to structure a deployment to make it successful; much of its success depends on how the solutions are leveraged to meet an organization's needs and priorities.

**Figure 1: Five Things to Consider When Structuring the Deployment of HCM Technology**



**1. Organization Structure and Priorities:** The size of an organization, its complexity, its HR/IT budget, the extent to which it centralizes/decentralizes business processes, its business priorities and its plans for growth all have an impact on technology deployment and the decisions made to optimize it. Furthermore, the geographic area(s) in which an organization operates also influences decisions about the technology type(s) deployed and the vendor(s) chosen. There are also industry, government and country regulations and mandates that influence data management, security and other things affecting how the deployment is structured. Finally, all of the things described in this paragraph may impact the number of applications instances (also known as versions) that are deployed across an organization.

**2. Provider Structure and Functionality:** Organizations generally use one or more of the following providers for technology applications: (1) ERP/HRMS (2) Point vendor(s)/Best-of-Breed, (3) Business Process Outsourcing (BPO) and (4) In-house Team for Home Grown applications. While most organizations partner with a third-party ERP/HRMS and/or Point/Best-of-Breed provider(s), some organizations may also partner with BPO providers to manage technology and/or develop their own applications. When a BPO provider is used, most of the time the BPO provider partners with third-party ERP/HRMS and Point/Best-of-Breed provider(s) for applications; however, in some cases, the BPO provider offers proprietary technology applications to its clients. It is common today for many organizations to use multiple combinations of providers, applications and technology deployment

## An Overview of HCM Technology Deployment and Factors Influencing the Strategy

types to meet HCM needs. Different providers offer a variety of features and functions and other offerings to choose from. As a result, many organizations today often choose more than one vendor to support all HCM needs. It is essential to evaluate and prioritize functionality in a way that supports the organizational structure and also ensures various business requirements are met.

**3. Technology Types.** There are four central technology types: (1) On-Premise (2) Hosted (3) SaaS and (4) Home Grown. While there are many things to consider regarding the technology types, the below provides a high level overview of the major differences between each model. [Our research has found that while many organizations today use one type of technology, many other organizations use two or more types.](#) Choosing the right type (s) with respect to an organization's priorities is a key ingredient to a successful deployment strategy.

- In an **On-Premise** software environment, the client installs its own applications and is responsible for the infrastructure and support. Organizations generally purchase a license for this software. By leveraging this type (vs. SaaS or Hosted), organizations typically have the most control over making individually "customized" changes to the software and control over the technology, since the technology is usually maintained and supported internally.
- In a **Hosted** software environment, a third-party vendor is responsible for the applications management and technology infrastructure and support; this technology is usually offered in a single-tenant structure. Organizations generally purchase a license for this software but some vendors also offer a subscription model. The degree to which a customer can make individually "customized" changes to the software may be more flexible compared to SaaS; however, the structure can make it more complex for a vendor and client to manage upgrades (and potentially for the vendor to manage its infrastructure).
- In a **SaaS** software environment (also referred to as On Demand), similar to Hosted, a third-party vendor is responsible for the applications and the technology infrastructure and support. SaaS technology, however, is usually supported in a multi-tenant architecture while Hosted usually operates in a single-tenant structure. According to Wikipedia<sup>1</sup>, the definition of SaaS points out: "Driven by a multi-tenancy architecture, SaaS applications tend not to support what is traditionally known as application customization. In other words, unlike traditional enterprise software, a single customer cannot alter the source code of the application. Furthermore, the vast majority of SaaS solutions are based on a multi-tenant architecture and SaaS providers generally price applications using a subscription fee, most commonly a monthly fee or an annual fee. Consequently, the initial setup cost for SaaS is typically lower than licensed software." The degree to which a customer can make individual changes to the software may be less flexible for SaaS users compared with On-Premise and Hosted options but the SaaS structure can make it easier for a vendor and client to manage upgrades and also enable the vendor to bring new releases to market faster. It is important to note that SaaS providers usually offer changes to the software in the form of configurations (vs. customizations) that are prioritized across the entire customer base (vs. Hosted or On-Premise options which usually prioritize configurations across the entire customer base but also allow individual customers to make "customized" changes that can alter the source code). Many customers find the SaaS configuration structure has all of the software applications to meet their needs while others want more individualized changes requiring true customization (source code changes).
- In a **Home Grown** software environment, an organization develops its own software, controls all changes, and manages the technology infrastructure and support. The team in charge could be an organization's internal IT department, or an external vendor.

## An Overview of HCM Technology Deployment and Factors Influencing the Strategy

There are several technology types to consider. Our research suggests that all of these deployment types have the potential to be beneficial to an organization, depending on its respective circumstances. Organizations should compare and contrast cost/benefit options and other priorities for technology types with respect to needs and time horizons.

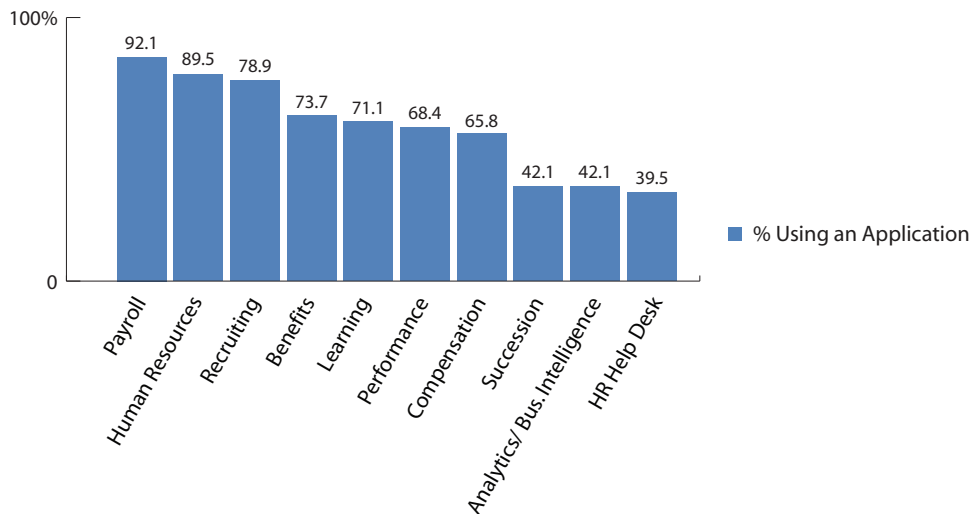
**4. Service Delivery Team(s):** Service delivery generally refers to implementation services, integration services, customer support, and maintenance. A variety of in-house staff and/or third parties contribute to making the overall technology deployment successful. Service expertise from third parties could come from the same vendor partner that the technology applications were purchased; in other cases, an organization may partner with a boutique or major technology consulting firm with expertise in specific areas. Choosing the right service partner(s) and/or in-house team with respect to an organization’s business and cultural needs is also a key ingredient to a successful technology deployment strategy.

**5. End Users and Other Populations:** Technology impacts a variety of constituents. Having a good understanding of end user needs (e.g., employees, candidates, partners) as well as others across the organization (HR, IT and beyond) helps to ensure technology is deployed successfully across all geographies, regions, and business units. In addition, it is important to spend a lot of time upfront on the following: (1) defining what processes you want to automate (and in which regions), (2) documenting how the technology will automate and change the process for staff/end users, and (3) setting objectives for how the technology should change the business outcomes for the HR function and the broader business.

### B. Adoption of Applications, Common Purchasing Structures and Key Drivers

**HCM Application Adoption.** As shown in Figure 2, most of the organizations we surveyed use Payroll and Human Resources applications. More than three-quarters of organizations use Recruiting applications while more than two-thirds use Benefits, Learning, and Performance applications; roughly two-thirds use Compensation applications. Succession, Analytics/Business Intelligence, and HR Help Desk applications are used less frequently. Succession and Analytics/Business Intelligence are less mature technology application markets.

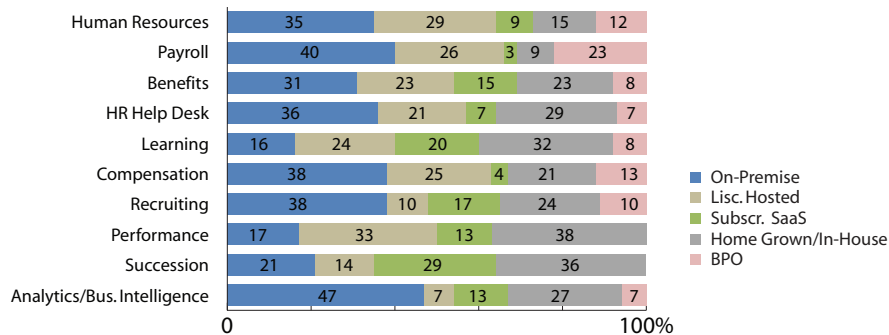
**Figure 2: HCM Application Adoption**  
*% of Organizations Using Each HCM application*



## An Overview of HCM Technology Deployment and Factors Influencing the Strategy

**Common Technology Purchasing Structures.** As shown in Figure 3, most of the organizations surveyed that use third-party technology use licensed On-Premise and Hosted applications. Most of the organizations surveyed that use Home Grown applications are generally smaller and medium-sized businesses (though some larger organizations use Home Grown applications for Analytics/Business Intelligence). While SaaS applications are not used as often, they are used across all HCM application categories. When SaaS applications are used, they are used more frequently for some core talent management applications. In addition, organizations use BPO technology across some application categories; notably, more than one one-fifth of organizations surveyed use it for Payroll. None of the organizations we surveyed use BPO technology for Performance and Succession applications. This is not surprising considering the degree of confidentiality required for those processes as well as the in-house expertise and input needed; therefore, it is typical that neither the process nor the technology are outsourced for Performance and Succession.

**Figure 3: HCM Technology Purchasing Structure**  
% of Organizations Using Applications by Technology Type/Model



**Figure 4: Top Three Drivers of HCM Deployment**  
% of Organizations



### Organizations Have a Wide Range of Priorities.

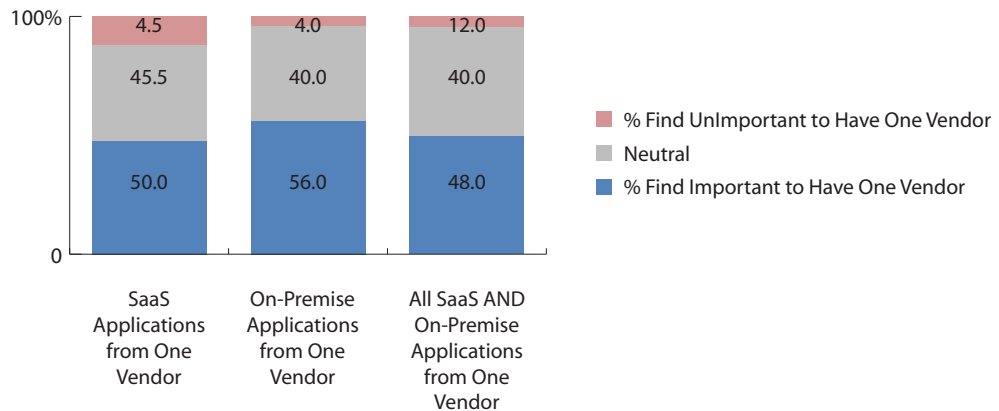
When we asked organization respondents to rank their top three deployment priorities, reduced cost and improve quality rose to the top (See Figure 4). One-third of organizations selected improve ROI, optimize staff time, and improve reporting/analytics as top drivers. In addition, more than one-quarter of organizations cited scalability and better cost control and more than one-fifth cited improve application features and functions. While less common, a small portion of organizations reported the following as key drivers: IT expertise, system speed, reduce data privacy concerns, ease of upgrades, improve security and more control over upgrades. Overall, today organizations have varying priorities. It is essential that priorities are identified upfront as an organization determines the technology type (s) that will be deployed and the provider (s) and service team (s) it will choose as partners. Furthermore, it is important to note that many organizations will likely need to make some trade-offs with respect to the comprehensive list of priorities as each organization hones in on what is most important to them.

## An Overview of HCM Technology Deployment and Factors Influencing the Strategy

### C. Do Organizations Really Want One Vendor?

**Vendors and Applications.** Given the recent publicity about the need to deploy one technology type and the often suggested notion that organizations just want one vendor to provide every solution, we asked applicable respondents how important it is to get their respective model types from one vendor. Figure 5 depicts the results, and below it we discuss the findings.

**Figure 5: Importance of Having One Vendor**  
% of Organizations



- **SaaS:** When we asked organizations how important it is for them to be able to deploy all of their SaaS applications from one vendor, half ranked it important and just a small portion ranked it unimportant.
- **On-Premise:** When we asked organizations how important it is for them to be able to deploy all On-Premise applications from one vendor, a little more than half ranked it important while just small portion ranked it unimportant.
- **SaaS and On-Premise:** When we asked organizations how important it is for them to be able to deploy both on-Premise and SaaS applications from one vendor, roughly half ranked it important and just a small portion ranked it unimportant (although the percentage of those that ranked it unimportant is slightly higher than in other categories).

**Although Not the Vast Majority, Having One Vendor is Important to Approximately Half of Organizations.**

While roughly half of organizations reported that having one vendor is important by each technology type, many organizations are neutral and a small portion find it unimportant. It is possible that some organizations today continue to question whether one vendor can meet all HCM needs (e.g., in some cases they find it is not possible). Furthermore, it is possible that some organizations simply want choice (and options) and, therefore, do not think that having one vendor is really that important. With that said, roughly half view it as important and likely think that having one vendor for their respective technology types is something that will better support their needs today and over time.

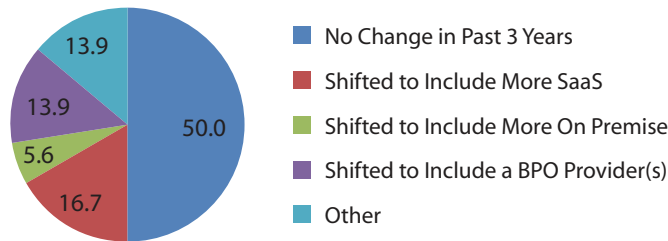
## An Overview of HCM Technology Deployment and Factors Influencing the Strategy

### D. Evaluation Trends in SaaS, On-Premise, and BPO

**Evaluations Trends.** This next section provides an overview with respect to changes being made (or could be made in the future) to the technology types deployed. Overall, we found that roughly half of organizations made changes to the technology type over the past three years and that many are unsure if they plan to make changes over the next three years.

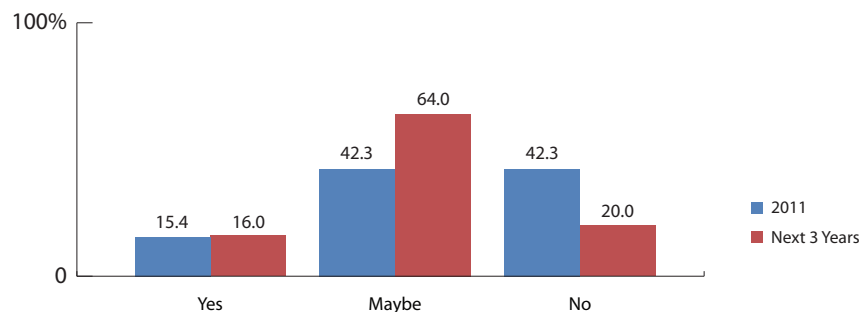
**Recent Changes to the Deployment of Technology.** Organizations were asked if they made a fundamental shift from one technology type to another during the past three years. As shown in Figure 6, roughly half of organizations reported changes were made over the past three years while the other half made no changes. We specifically asked about changes pertaining to SaaS, On-Premise and BPO. A small portion of organizations shifted to include On-Premise applications. The Other category (roughly one-seventh of organizations) represents those organizations that made changes from Home Grown applications to On-Premise and Hosted, among other changes. One-sixth of organizations shifted the mix to include more SaaS applications while roughly one-seventh shifted it to include BPO technology.

**Figure 6: Fundamental Shift to Technology Deployment During the Past Three Years**  
% of Organizations



**Many Organizations Likely to be Evaluating Deployment Types but Unsure if Changes Will be Made.** When we asked respondents if they would make changes (or are considering changes) to deployment, approximately one-sixth of organizations reported that they will make changes to the technology deployment type this year and across the next three years (See Figure 7). Most organizations appear to be unsure as depicted by the number of organizations reporting Maybe (two fifths for this year and nearly two-thirds across the next three years). As a result, we suspect many organizations are (or could be) evaluating technology deployment types. Two-fifths of organizations reported that no changes to the technology deployment type will be made this year; however, the number of organizations that reported No across the next three years compared with 2011 declines significantly to one-fifth.

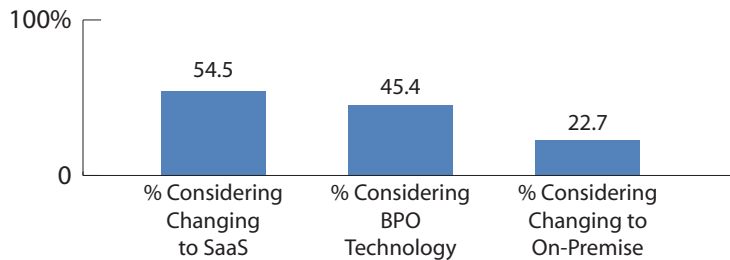
**Figure 7: Organizations Considering Changes to Technology Deployments in 2011 and Next Three Years**  
% of Organizations



## An Overview of HCM Technology Deployment and Factors Influencing the Strategy

**More than Half of Organizations Considering SaaS and Many Also Considering On-Premise and BPO.** Of the organizations that are considering (or are making) changes as previously discussed, more than half are considering (or are) changing to SaaS (Figure 8). Given that most of organizations surveyed are today using models other than SaaS as well as the ongoing technology advancements with SaaS and the recent media attention about it, it is not too surprising to see that many organizations are considering changing to SaaS. However, more than one-fifth of organizations are also considering changing to On-Premise. In addition, as shown below, more than two-fifths of organizations reported that they may consider BPO technology as part of the overall technology deployment strategy. While we did not ask about Hosted and Home Grown specifically, we suspect some organizations may be considering some of those options as well.

**Figure 8: Organizations Considering (or Will Make) Changes to Include SaaS, On-Premise, and BPO**  
 % of Organizations



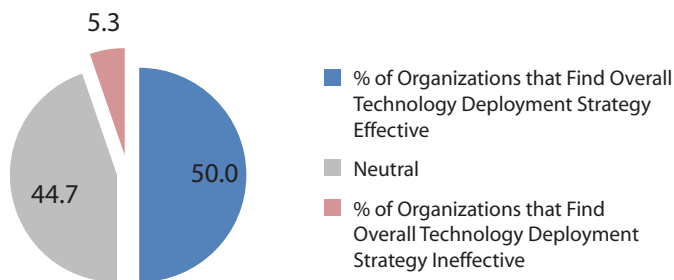
### 3. Effectiveness of HCM Technology Deployments

This next section will discuss the effectiveness of the overall technology deployment strategy. We will also take a closer look at the technology types (On-Premise, SaaS, Hosted, etc.) that are utilized as part of the technology deployment. Finally, we will make some observations as to why some organizations may have more effective technology deployment strategies compared with others.

#### A. Overall Effectiveness

**Half of Organizations Reported the Deployment Strategy is Effective in Meeting HCM Business Objectives.** As shown in Figure 9, when we asked respondents to rate how effective their overall technology deployment strategy is in meeting their business objectives, half reported that they find the strategy effective while just a small portion reported it as ineffective. In the next few sections of this paper, we will further review what could be separating organizations that have an overall effective technology deployment strategy from those that do not.

**Figure 9: Overall Effectiveness of HCM Technology Deployment Strategy**  
 % of Organizations

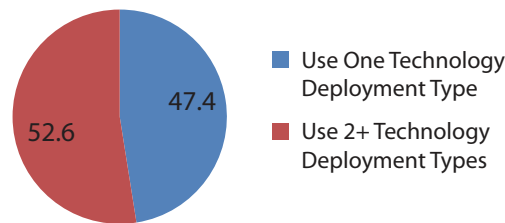


## An Overview of HCM Technology Deployment and Factors Influencing the Strategy

### B. Can Organizations Using Multiple Technology Deployment Types Be Effective?

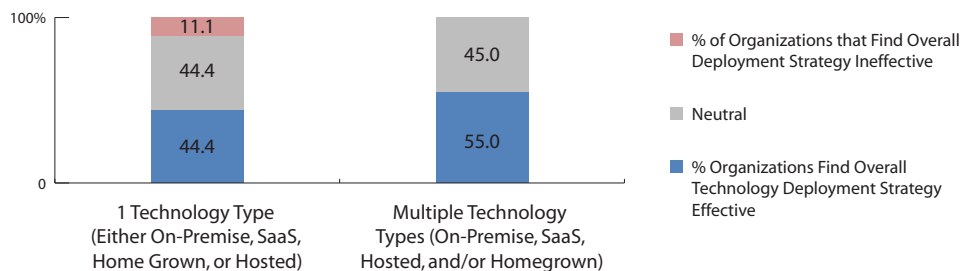
**Technology Deployment Types Include a Variety of Structures.** Organizations today are using a variety of technology deployment structures. Depicted in Figure 10, we show the number of organizations that use one technology deployment type and then those that use more than one technology deployment type. Of the thirty-eight organizations we surveyed, roughly half of organizations use just one Type (either On-Premise, Hosted, SaaS, or Home Grown) and slightly more than half use more than one type (either some combination or all of these technology types).

**Figure 10: Number of Technology Types Used by an Organization**  
% of Organizations



**Success Can be Achieved Using One Model, Two, or More.** The data we found suggests organizations that use one type or more than one technology type can have an overall effective technology deployment strategy. As shown in Figure 11, more than two-fifths of the organizations that use one type of technology (either On-Premise, SaaS, Home Grown, or Hosted Technology) reported an effective overall deployment strategy while only a small portion reported the strategy to be ineffective. In addition, more than half of the organizations that use multiple types of technology reported an overall effective technology deployment strategy while none reported the strategy as ineffective. On aggregate, those using more than one type appear to find the overall deployment strategy somewhat more effective than those that only use one type. This data is not necessarily suggesting the more technology types the better; many organizations only need one type and find it effective. However, it is clear from our data that having more than one type of technology can also be an effective strategy for an organization. It is more likely that organizations using more than one technology deployment type do so because they need more than one type to meet their needs. Overall, a successful outcome may have less to do with the technology model type itself and more to do with the marketplace offerings available, an organization's priorities, and how an organization implements its technology and manages its resources.

**Figure 11: Number of Technology Types Used**  
% of Organizations that Find the Overall Technology Deployment Strategy Effective



## An Overview of HCM Technology Deployment and Factors Influencing the Strategy

**Many Combinations Suggest One Size May Not Fit All.** Depicted below in Figure 12, we show the 20 unique responses that use multiple combinations of technology deployment types. Slightly more than half of those organizations reported the overall strategy to be effective while the remaining organizations are neutral. No organization indicated the overall strategy as ineffective. This figure further illustrates the varying combinations of technology types and what combinations are used by some organizations to achieve a successful technology deployment initiative. As we noted earlier, not every organization requires multiple technology types; we also want to note that today not every vendor offers every technology type (e.g., some vendors only offer SaaS or Hosted). Organizations should complete a full assessment of technology deployment type needs based on respective priorities prior to selecting the technology deployment type and the vendor partner to support them.

**Figure 12: A Closer Look at 20 Companies Using Two or More Technology Types Unique Organization Responses**

Unique Organizations	Effectiveness of Overall Deployment Strategy	Technology Types				
		On-Premise	Hosted	SaaS	Home Grown	BPO
1	Effective	✓	✓	✓		
2	Effective	✓	✓	✓		✓
3	Effective	✓	✓			
4	Effective			✓	✓	✓
5	Effective	✓	✓			
6	Effective		✓	✓		
7	Effective	✓		✓	✓	✓
8	Effective	✓		✓		
9	Effective	✓	✓			
10	Effective	✓			✓	
11	Effective	✓	✓	✓	✓	✓
12	Neutral			✓	✓	✓
13	Neutral		✓	✓		
14	Neutral	✓	✓	✓		✓
15	Neutral	✓	✓		✓	
16	Neutral		✓		✓	
17	Neutral		✓	✓	✓	
18	Neutral	✓			✓	
19	Neutral	✓	✓		✓	
20	Neutral	✓	✓		✓	

**BPO.** In some cases, a BPO vendor provides the technology (also shown in Figure 8 above). While our research did not evaluate the effectiveness of insourcing models compared with outsourcing models, the data above shows that in some cases a BPO technology relationship can be an effective part of the overall technology deployment strategy.

## An Overview of HCM Technology Deployment and Factors Influencing the Strategy

**SaaS vs. On-Premise vs. Hosted.** With respect to the HCM industry, the SaaS, on-Premise, and Hosted debate has been going on for more than a decade. While more research is needed to draw concrete conclusions about whether one technology type is truly superior, one thing we found and previously discussed is that evaluation interest in the SaaS model is higher than On-Premise. Still, our findings also show that some organizations clearly want choice. According to a Gartner Group estimate SaaS sales in 2010 will reach \$9B, up 15.7% from 2009, and are projected to increase to \$10.7B in 2011, up 16.2% from 2010<sup>2</sup>. Gartner Group also estimates that SaaS applications, which accounted for a little more than 10% of the total enterprise software market last year, would represent at least 16% of worldwide software sales by 2014<sup>3</sup>. Much of the momentum has to do with the thought that a SaaS model enables infrastructure to be moved into The Cloud, which appears to be where the broader technology market today is moving. Technology is always moving and advancing. As it continues to advance, it is likely to impact the overall mix of technology model types used in HCM with a higher proportion to SaaS; however, as previously discussed, organizations today still have many priorities and some will likely continue to want choices of technology types based on respective priorities.

### C. Factors Potentially Influencing Effectiveness

**A Few Observations.** As we discussed earlier in this report, many things need to be considered when preparing and optimizing a technology deployment. We do think, however, that there are several factors that may impact the success of a technology deployment more than others. They include:

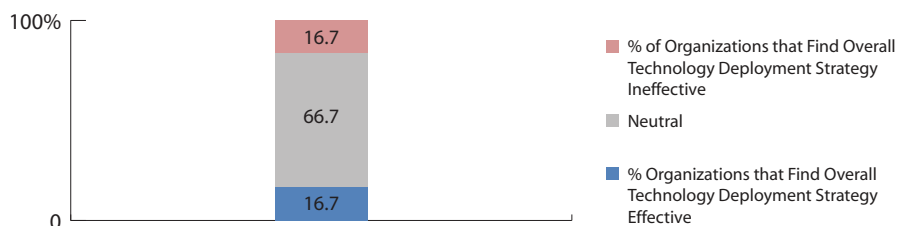
(1) How Effectively an Organization Manages a Mixed Applications Structure

2) The Extent to Which the Organization is Measuring the Outcomes of its HR Processes and Technology

(3) How Large and Complex an Organization is Today and How its Size and Structure Will Change Over Time

**(1) How Effectively an Organization Manages a Mixed Applications Structure.** In our survey, one-third of organizations identified their primary applications structure as mixed. For the purposes of this survey, a mixed applications structure was defined as, "HCM applications that can be a combination of home grown, point/best-in-breed, and/or a core HRMS application; it may also include a BPO provider and technology." As you can see in Figure 13, just one-sixth of organizations with a mixed applications structure found the overall deployment strategy effective and the same percentage found it ineffective. Mixed applications situations usually occur when there are multiple vendors involved for: (1) the management of HCM software applications and technology (2) the implementation of those software applications and (3) the development of integrations for applications that are not from the same vendor (or are from the same vendor but are not on one common platform). Furthermore, in some cases, multiple versions of one vendor's application (or applications) are used throughout a particular organization vs. a single instance.

**Figure 13: Organizations With a Predominately Mixed Applications Structure**  
 % of Organizations that Find the Overall HCM Technology Deployment Strategy Effective



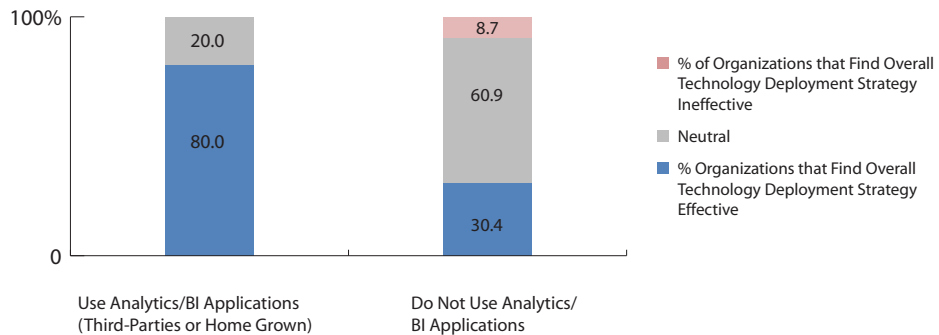
Organizations Primarily Using a Mix of Applications (Include Home Grown, point/Best-in-Breed, and core HRMS/ERP). BPO is also included some cases.

## An Overview of HCM Technology Deployment and Factors Influencing the Strategy

- What May Make Some Organizations Using a Mixed Applications Structure More Effective.** Having a large number of disparate applications and/or providers certainly can make it more difficult (but not impossible) to manage deployment and also report on key HCM and Talent Management data. We would surmise that organizations that use mixed applications are successful when they: (1) Have a *reasonable* number of vendors, distinct application versions, and service providers to partner with (2) Rely on protocols for vendor selection decisions and technology deployment decisions that are based on the needs of the function and greater organization (3) Implement functionality necessary to meet business requirements (vs. having technology and functionality that the business will never use) and (4) Align the right internal staff members to insure implementations and upgrades are managed well, particularly when there are complex organization structures. In addition, when there are distinct applications and technology deployment types necessary, organizations may benefit from the integration of key applications to provide support. We would note, however, that although integration is often difficult and rarely perfect, it can make it easier for the user populations (e.g., single entry points) and the greater organization (e.g., easier to collect and report on key data/metrics within the domain of the respective vertical within the HR function).

**(2) The Extent to Which the Organization is Measuring Outcomes of its HR Processes and Technology.** As shown in Figure 14, four-fifths of organizations using Analytics/BI report technology deployment strategies to be effective while just slightly less than one-third of organizations not using third-party or home grown Analytics/BI found the overall technology deployment strategy to be effective. While we are not suggesting that the use of these applications is the sole contributor of what makes an effective deployment strategy, we do think that organizations using Analytics/BI applications may be more aggressive about measuring their HR processes, benchmarking, measuring results due to the technology itself (e.g., ROI, quality improvements) and using these metrics to move the organization forward. As a result, diligence in measuring outcomes, combined with optimizing other circumstances and factors previously discussed, enables organizations to more effectively deploy technology.

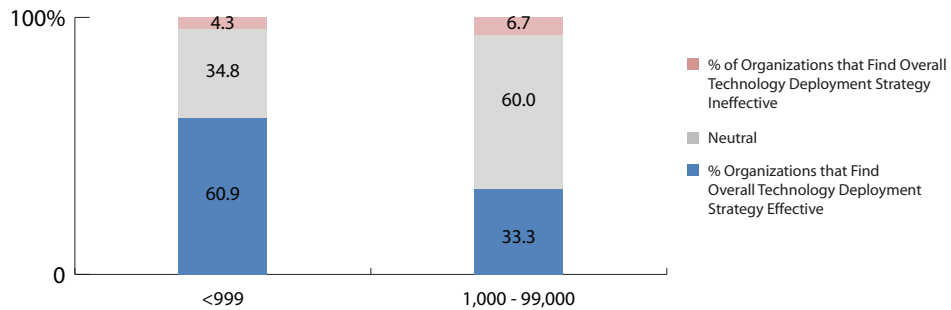
**Figure 14: Organizations Using vs. Those Not Using Analytics/BI Applications**  
 % of Organizations that Find the Overall HCM Technology Deployment Strategy Effective



## An Overview of HCM Technology Deployment and Factors Influencing the Strategy

**(3) How Large and Complex an Organization is Today and How its Structure Will Change Over Time.** As shown in Figure 15, organizations with fewer employees reported the overall technology deployment strategy to be more effective than those that are larger and more complex. Three-fifths of organizations that are smaller in size reported the overall technology deployment strategy to be effective while just one-third of larger organizations found it effective. A small portion of both groups reported the overall strategy as ineffective. Many organizations grow and change all of the time; understanding how the organization will change is an important consideration and factor for selecting the technology deployment type(s), applications, and the vendor partner(s). In addition, how well an organization communicates and centralizes information (e.g., priorities, implementation, training) across the organization is likely to separate those that are more effective from those that are not.

**Figure 15: Size of Organizations**  
*% of Organizations that Find the Overall HCM Technology Deployment Strategy Effective*



## 4. Key Takeaways and Conclusion

**Key Takeaways.** Overall, based on the survey we conducted, we want to point out five major observations with respect to HCM Technology Deployments. We hope you find this information educational as you plan technology decisions today and in the future. Five key takeaways include:

**(1) The Overall Effectiveness of a Deployment Strategy Depends on More Than the Technology Delivery Type.** Organizations today are implementing a variety of technology deployment types to meet their needs. There continue to be four main technology options: (1) On-Premise, (2) Hosted (3) SaaS and (4) Home Grown. Our research shows that some organizations using one and more than one type of technology find the overall deployment strategy to be effective. There are many other factors that play a role in the overall effectiveness of a technology deployment such as provider offerings/capabilities, implementation decisions, service team expertise, budgets, organization priorities, process maturity, and more.

**(2) While SaaS is Becoming Increasingly More Popular, Customers Still Appear to Want Choice.** Organizations today continue to use and evaluate On-Premise, SaaS, and Hosted options and delivery structures (e.g., BPO, in-house, hybrid). Today, with respect to all of HCM, organizations using third parties are more frequently using On-Premise and Hosted options. SaaS structures are more common with talent management applications; still, on aggregate, most of the organizations in the markets we surveyed are today using other options. With that said, compared to other technology types, more organizations are considering changing applications to be delivered via SaaS technology. Over time, due to ongoing technology advancements, we suspect the current

## An Overview of HCM Technology Deployment and Factors Influencing the Strategy

HCM mix to shift and include more SaaS solutions. However, organizations today are clearly still evaluating (and will be potentially selecting) other options based on their needs and priorities; those technology options include On-Premise applications. In addition, some organizations are also considering a BPO provider for technology needs.

### **(3) A Mixed Applications Structure Due to Many Vendors or Other Circumstances Can Make Managing Deployments More Challenging.**

Having a large number of disparate applications and/or providers certainly can make it more difficult (but not impossible) to manage the technology and also report on key HCM and Talent Management data. We would surmise that organizations using a primarily mixed applications structure are successful when they: (1) Have a *reasonable* number of vendors, distinct application versions, and service providers to partner with (2) Rely on protocols for vendor selection decisions and technology deployment decisions that are based on the needs of the function and greater organization (3) Implement functionality necessary to meet business requirements (vs. having technology and functionality that the business will never use) and (4) Align the right internal staff members to insure implementations and upgrades are managed well, particularly when there are complex organization structures. In addition, when distinct applications and technology deployment types are necessary, organizations may benefit from the integration of key applications to provide support. We would note, however, that although integration is often difficult and rarely perfect, it can make it easier for the user populations (e.g., single entry points) and the greater organization (e.g., easier to collect and report on key data/metrics within the domain of the respective vertical within the HR function).

### **(4) The Size of an Organization and How Aggressive it is About Measuring Outcomes are Likely to Have an Impact on the Success of a Technology Deployment.**

Organizations with fewer employees report the overall deployment strategy to be more effective than those that are larger and more complex. Organizations more focused on Analytics/Business Intelligence applications report the overall deployment strategy to be more effective than those that do not use them. While we are not suggesting that the use of Analytics/ Business Intelligence applications is the sole contributor of what makes an effective deployment strategy, we do think that organizations using these applications are more aggressive about measuring their HR processes, benchmarking, measuring results due to the technology itself (e.g., ROI, quality improvements) and using these metrics to move the organization forward. As a result, diligence in measuring outcomes, combined with optimizing other circumstances and factors previously discussed, enables organizations to more effectively deploy technology.

### **(5) While Costs and Quality Drive HCM Decisions the Most, Organizations Have a Wide Range of Priorities.**

When we asked organizations to rank their top three deployment priorities, reduced cost and improve quality rose to the top. In addition, one-third of organizations selected improve ROI, optimize staff time and improve reporting and analytics as top drivers. More than one-quarter also cited scalability and better cost control and more than one-fifth cited improve application features and functions. There are a number of other priorities which are discussed earlier in this report. Overall, today organizations have varying priorities. It is essential that priorities are identified upfront as an organization determines the technology type(s) that will be deployed and the provider(s) and service team(s) it will choose as partners. Furthermore, it is important to note that many organizations will likely need to make some trade-offs with respect to the comprehensive list of priorities as each organization hones in on what is most important to them.

## An Overview of HCM Technology Deployment and Factors Influencing the Strategy

**Conclusion.** Technology is always changing and so do priorities. When evaluating technology applications and deployment types, it is becoming more important than ever to spend the time upfront to assess what is right for your organization today and over time. Our research suggests that today there is no one right way and more than one way for an organization to successfully deploy technology across the organization to achieve business objectives. Some factors may contribute to success more than others. Some of those things could include: (1) how an organization manages its size and complexity, (2) how an organization manages a mixed applications structure and multiple providers and (3) how aggressive an organization is about measuring outcomes and identifying ongoing improvements to the technology and the function.

### End Note References:

1. [http://en.wikipedia.org/wiki/Software\\_as\\_a\\_service](http://en.wikipedia.org/wiki/Software_as_a_service).
2. Hall, Kathleen (14 December 2010). "Gartner: SaaS sales will grow 16.2% to \$10.7bn in 2011". ComputerWeekly.com. Reed Business Information Ltd. <http://www.computerweekly.com/Articles/2010/12/14/244489/Gartner-SaaS-sales-will-grow-16.2-to-10.7bn-in-2011.htm>. Retrieved 11 July 2011.
3. Barret, Larry (27 July 2010). "SaaS Market Growing by Leaps and Bounds: Gartner". Datamation. QuinStreet, Inc. <http://itmanagement.earthweb.com/entdev/article.php/3895101/SaaS-Market-Growing-by-Leaps-and-Bounds-Gartner.htm>. Retrieved 11 July 2011.