



HR Technology Implementation Value Survey

Executive Summary

April 2010

Collective HR Solutions Proprietary

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Collective HR Solutions, LLC (CHRS), a Human Resources Technology consulting firm, with support from the International Association of Human Resources Information Management (www.ihrim.org) conducted a recent survey assessing the value provided to companies from current HR technology implementations.

The impetus of this survey comes from the observations of over 20 years of implementation experience of the associates of CHRS. We have found from experience that tracking to standard Return on Investment (ROI) factors does not sufficiently measure the value and success of a technology implementation project. Thus, many projects deemed to have met the ROI measurements really do not reflect the impact to the business, favorable or otherwise.

Collective HR Solutions is proposing a new metric, called the *Implementation Value Index*, as a more in-depth way in which to measure the success of a technology implementation.

Our on-going objective is to better understand how companies are determining value from their HR technology implementations. We believe that ROI, while important, does not capture total value from a number of critical perspectives. We have developed a model to assess implementation value and used the first round of survey results to validate the model.

Implementation value

Recently in the [IHRIM Link](#), author Bob Conlin writes about the Total Realized Value, a concept promoted by HR Technology expert, Steve Goldberg. Both experts contend that standard ROI is not sufficient as a measurement.

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We believe that there are other important factors that may be better overall indicators of a successful implementation. A new measurement, incorporating these factors, would provide a broader framework for assessing implementation value and success and could be used to establish guidelines for implementation business case development, and other elements of the implementation that could be used before, during and after go-live.

These standards could then be instituted over several projects, giving a Project Management Office tools for setting priorities and assessing standards for their technology projects. This also will provide HR professionals better ways to understand implementation success and the business *value* of the initiative that prompted the change requirement initially.

Components of Value – Our Model

We have outlined the six factors of measurement in assessing the value of a Human Resources Technology project.

They are:

- Cost and Time to implement
 - Impact on the operations
 - Integration to supporting systems and maintenance
 - Features and functionality delivered
 - Adoption
 - Information and access/reporting
- } Traditional measure
for ROI
- } Completes the “value
picture

CHRS believes that by taking this full set of measurements into consideration and using them throughout the life cycle of the project will result in a more focused, measured, and realistic success “score” and a better measure of value to the organization.

The Problem with Traditional Return on Investment (ROI)

Recent publications state that ROI is not sufficient to measure the attainment of success in technology project implementations. For example:

"73 percent of CIOs don't calculate the ROI on projects after they're completed."

--CIO Insight

"Historically, most organizations measure value by the ROI metric. Yet, in today's business climate, it is more than just financial returns that prove the business case... it's the actual value you are getting from your HCM solution."

--Bob Conlin

[IHRIM Link](#)

"The ultimate argument for a technology initiative is made in the business case. But key to good business cases is qualitative and quantitative data about the cost of a technology project's entire life cycle and the strategic impact it will have on meaningful business processes. TCO is about cost and ROI is about benefit."

--Datamation

Thus, continuing to use the traditional ROI methods misses an opportunity to assess and attach value to a project. A more refined measurement may lead to better assessment tools that can determine value and more accurately reflect the value that an organization receives for their investment.

We believe that value touches everything in the business and as such can favorably impact the entire business infrastructure with a more well-defined metric.

ROI	Areas of Impact
Cost/Time to Implement	Budget
Impact on Business Operations	IT Infrastructure
Integration to Supporting Systems	Human Resources
Value	
Features / Functionality	Business Strategy
Adoption	Line of Business Operations
Access to Information / Reporting	Stakeholders

This graphic depicts traditional and more “valued-based” assessments of ROI as well as their areas of impact. By including assessments of all these factors in the value calculation, CHRS contends that a better measurement of value can be achieved.

HR Technology Implementation Value Survey

To develop a better understanding of value, CHRS proposes a new measure of value – the “Total Value Implementation Score” (TVIS), which goes beyond ROI analyses. It extends the concept of ROI by considering:

- Are the delivered targeted features / functionality being used?
- Are the targeted end-users actually using the system?
- Has Human Resources information and access to information been improved?

To answer these questions, CHRS launched a survey in February 2010 to focus on *implementation success*. Over time, as we gather additional data, we will provide analyses by additional variables (company size, application type, etc.)

Also, in further versions of the survey, we will investigate the impact of HR technology implementations on:

- HR organizational ...
 - Efficiency (transactional/service delivery)
 - Effectiveness (strategic)
- Employees contributions ...
 - Effectiveness in their jobs
 - Actively contributing to revenue and growth initiatives

CHRS developed a set of assumptions that we wanted to test with this survey. They included the following:

- SaaS implementations would provide better value
 - They would take less time to implement and cost less
 - Their feature and functionality would better meet business needs
 - Integration costs would be lower
- User adoption would be a key factor in successful implementations
- Features/functionality would drive the reasons for implementation
- Within a company, survey results might vary significantly because of role
 - HR and IT perspectives would be different on success
- Change Management would be critical in the success of a project

The survey consisted of a series of questions around each of the component areas of value and it was distributed through our main IHRIM membership channel.

We asked respondents to provide the following demographic information:

- Company size
- Industry
- Their role in the organization (e.g. HRIS, functional HR, etc.)
- System category (what specific type of system was being evaluated)
- Solution type (e.g. licensed, on-premise, SaaS, etc)

We asked our respondents to do two major tasks in the survey:

- Weight the six ROI factors based on their experience, and
- Respond to a set of questions about the role of each factor in their identified implementation.

The responses included:

- 50+ global respondents
- Multiple same-company respondents
- Respondents across multiple job titles and roles
- Wide range of industries – 19 categories of the 26 we provided
- Wide range of company size – all levels
- All system categories (e.g., Core HRMS)
- All solution types (e.g., Licensed on-premise)
- Many anecdotal comments / explanation details

The table below displays the average weightings for the six ROI factors:

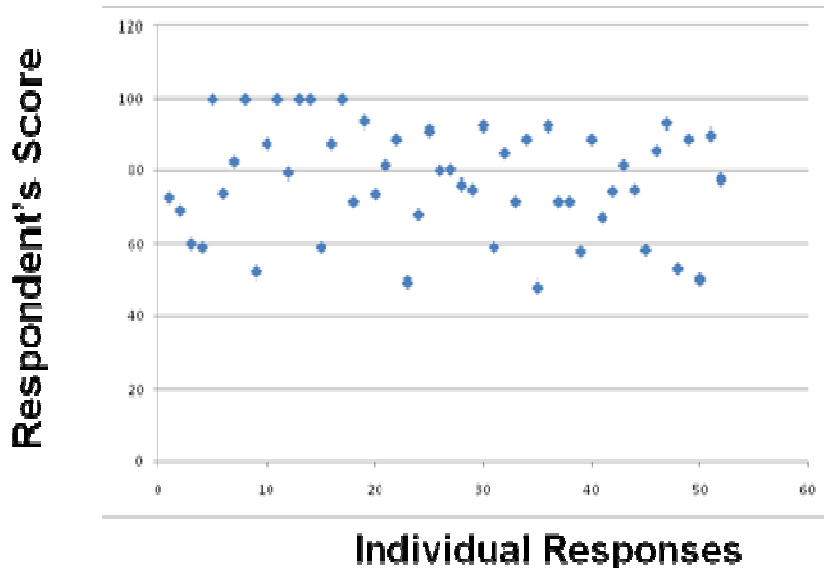
Component	Survey Average	CHRS
Features/Functionality	30.8	30
User Adoption	17.8	20
Impact on Operations	17.5	13
Cost/Time to Implement	12.4	5
Access to Information / Reporting	13.0	25
Integration with supporting systems	8.5	7

CHRS applied its own weightings to these components based on the many years of experience of our associates. We found that we generally concurred with the survey participants for every factor, except in two areas, highlighted in red.

Based on respondents' answers to questions about these six components, CHRS calculated the Total Value Implementation Score (TVIS).

The chart below depicts the distribution of TVIS. The score ranged from a low of 41.5 to a high of 100.

Total Value Implementation Score Distribution



As we analyzed results from the participant responses, a few observations quickly came to light.

In some cases:

- Project teams were on-time/on-budget, but few were using the system
- Delivered features/functionality were not operating as expected
- There was a disconnect between achievement of business case, claims that HR was more effective and employees were more engaged, yet features / functionality and user adoption was low

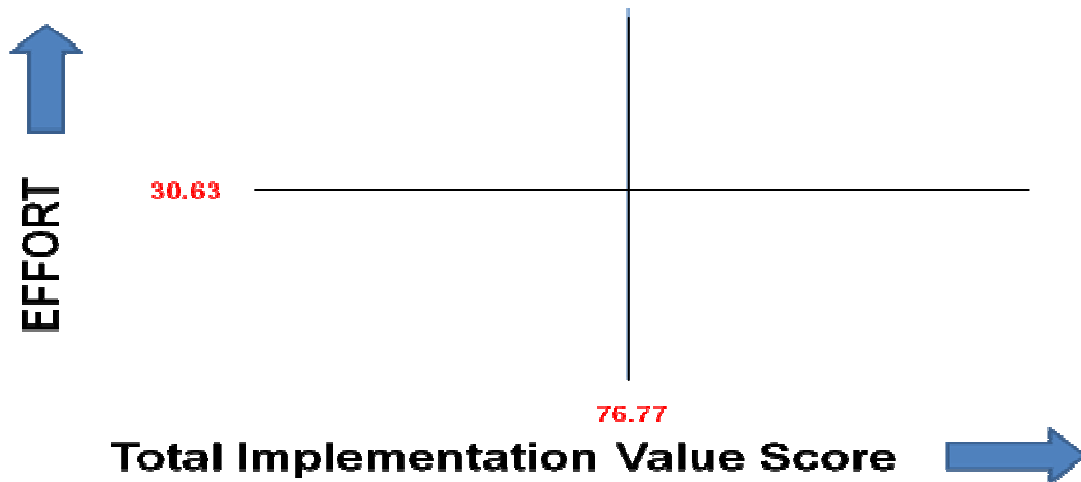
Some respondent comments highlight these findings ...

- *“Workflows and integrations do not support our business processes....proved more cumbersome than the manual/paper processes were hoping to replace”*
- *“Limitations to historic data a major issue...CEO dashboard only displays history back to the date of hire of the current CEO -- a significant limitation”*
- *“There are certain functions that need tweaking and our business process involves a series of changes and approvals before it can be implemented...we did not like how it functions but have to live with it for a period”*
- *“Business processes were not addressed with implementation; therefore new system, old methods”*
- *“Lack of senior management support and lack of alignment of HR strategy...put implementation back”*
- *“At this time, the information in the system is not being utilized to its fullest to make decisions. A process change is being implemented to see that the data is used appropriately and consistently”*
- *“While the end users experience is positive, the administrative work involved to handle our processes has increased”*

As we further analyzed the results, we realized we needed another measurement to recognize the components of the traditional ROI effort. We call this the *Effort Score (ES)*, the combined scores of the component areas that address “project effort”:

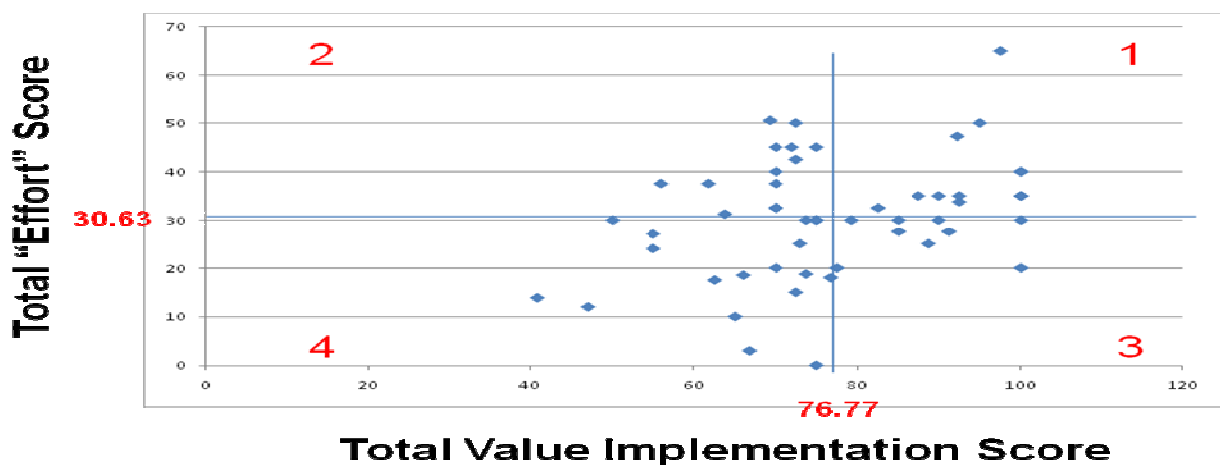
- System complexity impact on business operations
- Cost / Time to implement
- Integration to supporting systems

Building a Matrix Visualization of the Scores



This chart depicts the relationship between Total Value Implementation Score (TVIS) and Effort Score (ES). The X axis plots TVIS with average respondents' score of 76.77. The Y axis plots ES with average respondents' score of 30.63. This enables us to create a matrix of "quadrants."

Based on respondents' weightings of the component areas, calculated scores of TVIS and ES plotted as shown:



As we analyzed the respondents' answers within each of these quadrants we observed common characteristics.

Quadrant 1

- Plot points indicate exceeded the aggregate average on TVIS and ES
- Created better features/functions delivery
- Managed the project mostly on time /on budget
- Gained a higher user adoption
- Developed better information and access
- Leveraged integration with other systems, lower maintenance
- Implemented with no negative business operations impact

Quadrant 2

- Plot points indicate they fell below the aggregate average TVIS but higher than average on ES
- Project tended to be driven by time/budget
- Could be driven by a consolidation of platforms/system integration
- Placed less emphasis on feature/function, reporting or information – less on communications plan, stakeholders participation

Quadrant 3

- Plot points indicate they fell below ES average but higher than average on TVIS
- Placing more emphasis on feature/function, user adoption and reporting or information – better communications plan, stakeholders participation
- Budget and time, less a driving factor
- Integration to other systems and system complexity considered less important

Quadrant 4

- Plot points indicate they fell below ES average and lower than average on TVIS (CHRS believes this is the area of needed improvement)
- Change management potentially lacking, communication and expectation management not present
- All areas to be analyzed for improvement
- Better project management processes needed

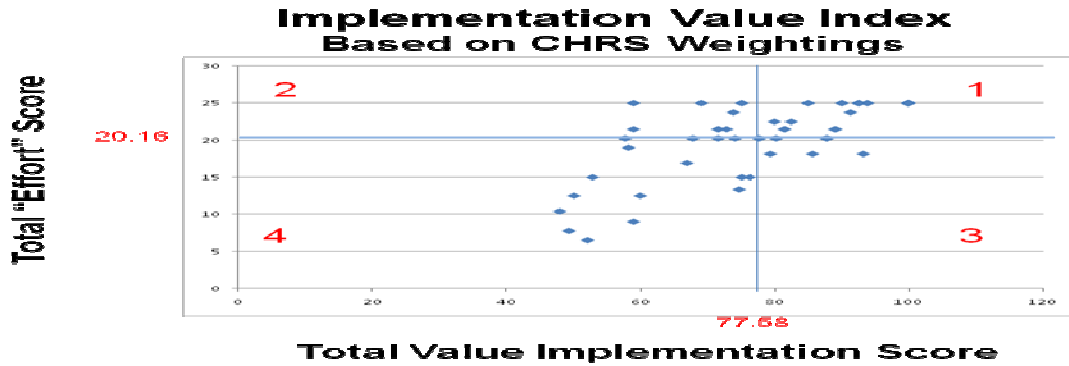
General Findings

CHRS analyzed the result and generated these findings:

- HR participants consistently weighted features/functionality more heavily in terms of importance to implementation success
- Director roles (and above) were more critical of achieving success
- Public sector scored lower TVIS on average than other groups
 - Perhaps this is because of the potential restriction of being driven more by the traditional ROI elements of cost and time. This is consistent with our observation that traditional ROI measures do not give a complete picture of total value. We will continue to monitor this closely to validate over time.
- Smaller companies achieved higher scores perhaps because of more strict process guidelines and less financial/resource bandwidth
- People directly involved in the project rated success higher than “end users”
- Low user adoption seems to indicate that stakeholder expectations were not managed well
- Core HRMS scored lower than “point solutions,” perhaps because of the complexity involved in implementing these broader-based solutions
- On-premise scored better than other delivery methods; an indication of possible continuing reservations about cost, security, and flexibility of solutions outside the firewall
- Features/functionality consistently weighted higher than other component areas
- No responses in the Social Networking implementation category. We expect to see more responses in this category in future survey responses

Creating a Baseline

Since we provided the respondents with the ability to set weightings to the component areas of the implementation, it made it difficult to obtain a sense of a baseline value. CHRS compensated for this by applying our own weightings to each component area and applying them to the respondents' answers. As a result the individual values shifted slightly and those shifts are reflected in the next chart.



By applying our weightings to respondents' answers, there was negligible impact to the TVIS average, but there was significant change to the ES average.

The CHRS shift tended to move respondents out of Quadrant 1 and into quadrants 2 and 4. We will continue to compare the values and plots of the matrix in both methods, especially to see if this differentiation in weighting may be critical, as we believe it to be the cornerstone of our model.

What's Next?

We will keep the survey open, adding new data as more respondents participate. We will continue to refine our results as more information is gathered. We are also encouraging our current respondents and future participants to take the survey through their organizations at all levels, creating multiple perspectives and additional data points.

Can we draw any conclusions at this point? While the information we received seems to support our model, the results are not conclusive. However, CHRS feels we are on target with the six components of value as outlined in this paper. We will continue to refine the *Implementation Value Index* as an industry-standard metric for understanding the value of Human Resources Technology investments.

Join us for a live presentation of the survey results

We will be discussing the survey results at the *2010 IHRIM HRM Strategies and Technology Exposition* in Las Vegas, NV on Monday, May 3.

<http://www.ihrim.org/Events/2010Spring/index.htm>

Session number: 248

Realizing Value in HR Technology – Making it count!

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Collective HR Solutions, LLC

Please join us if you are attending the conference or call us to schedule a meeting with you while attending the conference.