SCOTTMADDEN
Management Consultants

Technology for HR Shared Services

A Discussion of Key Concepts in Shared Services Technology

August 2011

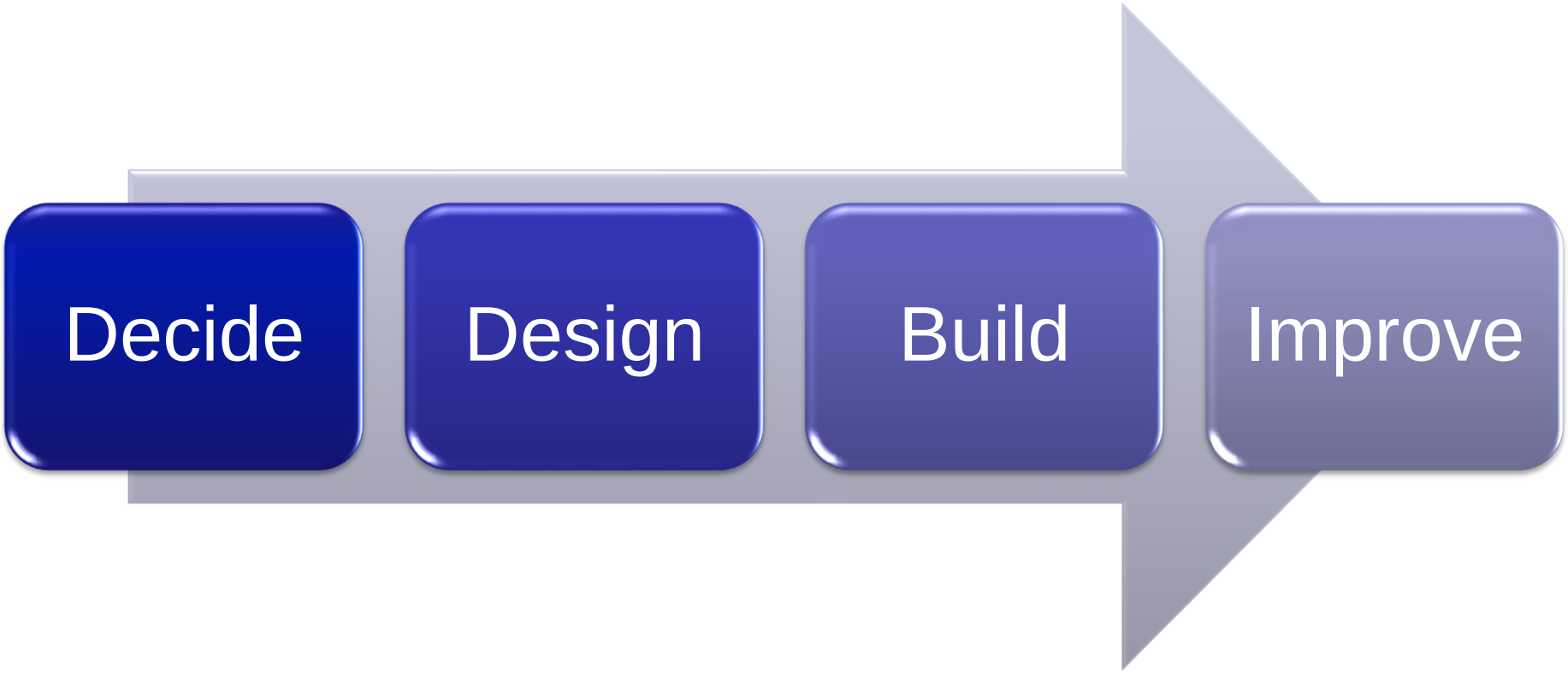
Agenda

- About ScottMadden
- Overview of HR Technology
- Design, Evaluation, and Selection of Technology
- Lessons Learned

SCOTTMADDEN
Management Consultants

What We Do – Shared Services

Our Shared Services Practice



We are the leading shared services management consulting firm.

SCOTTMADDEN
Management Consultants

Overview of HR Technology

Technologies in human resources usually fall into three main categories.

ERP / HRIS

- Human Resources Information System (HRIS) are sometimes a module of a larger Enterprise Resource Planning System (ERP) or it can be a stand alone system

Function Specific Applications

- Examples of function specific applications are those used by Recruiting and Staffing, Learning and Development, or Compensation

Shared Services Technologies

- Shared services technologies are implemented to manage calls, cases, documents, and workflow in a service center environment

Overview of HR Technology (Cont'd)

When selecting technology for use in a shared services organization, it often must be integrated or purchased with other HR technology solutions. Below is an overview of the more popular software solutions by HR function, which must be considered when designing the technology landscape for shared services.

Function	Typical Cost ($M)	Example Software
HRIS (ERP)	◆ $5 - $15 M	◆ Oracle, Workday, PeopleSoft. Lawson
Compensation	◆ ~$500K to implement; ongoing hosting cost	◆ ERP modules, Total Rewards (Towers, Hewitt)
Recruiting and Staffing	◆ $3 – $5 M	◆ Taleo, Kenexa, Silk Road
Talent Management	◆ $3 – $8 M	◆ Success Factors, Silk Road, eTalent, Talent|Reward (Towers)
Learning and Development	◆ ~$500K to implement; ongoing hosting cost	◆ Element K, ERP Modules
Payroll	◆ $3 – $8 M	◆ ADP, Ceridian

Overview of HR Technology (Cont'd)

There are a variety of options available for technology for the various functions of shared services. There is on-premise software, technologies leveraging SaaS, and/or web services. Inclusion of the different options in a shared services center depends on type of services, mode of service delivery, and overall design of the technology environment.

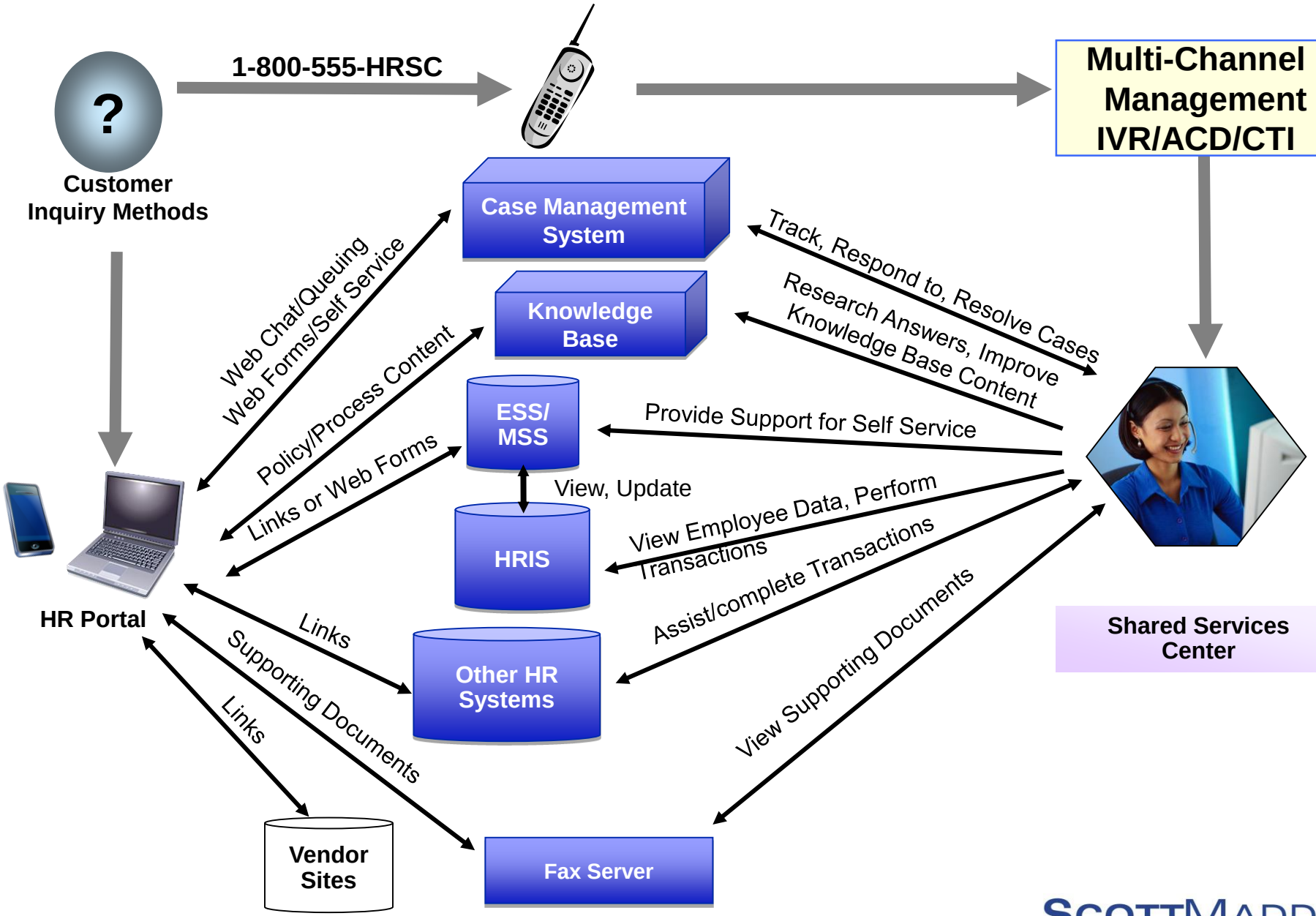
Function	Typical Cost ($M)	Example Software
Call Management	◆ $25K – $75K ◆ Ongoing hosting costs	◆ VoIP (e.g., AT&T, Verizon, others) ◆ IVR (Interactive Intelligence, Siemens, InContact)
Case Management System	◆ $500K – $3 M	◆ Salesforce.com, RightNow, ServiceNow
Knowledgebase	◆ $250K – $750K ◆ Ongoing hosting costs	◆ Enwisen, Moxie (formerly nGenera), RightNow
Employee Portal	◆ $500K – $6M	◆ Enwisen, PeopleSoft, Oracle, internal
Document Management	◆ $100K-$1M	◆ Xerox, OnBase, Laserfiche, Sharepoint

Service Center Technologies

- **Automatic Call Distributor (ACD)** – handles queue management
- **800#/Interactive Voice Response System (IVR)** – provides customers with access to information via the telephone; provides menu options
- **Computer Telephony Integration** – "screen pops;" recognizes callers' phone number and pulls up relevant information for call reps while they are answering the phone
- **Case Management** – provides caller history/information
- **Knowledge Base** – provides searchable information for call reps
- **Document Management** – manages electronic receipt/filing/retrieval of documents
- **Employee/Manager Self-Service Application and Workflow Technology** – provides web front-end and back-end processing to enable customers to view/interact with back-end data via a PC, kiosk, etc.
- **Web Content Management Software (portals)** – serves to pull distributed data from a variety of sources into a standard web presentation
- **Web Chat** – allows customers to interact real time with a customer service rep over the web
- **Voice Over IP** – enables call reps and customers to speak directly over the internet (bypassing telecomm costs) while customers navigate the website
- **Wireless PDA** – ports back office and web-based information to wireless personal digital assistants
- **Core HRIS/Payroll Systems** – database-based systems used for core HR reporting and payroll functions

Note: Other emerging technologies should be exploited as appropriate in the future.

Service Center Technologies (Cont'd)



SCOTTMADDEN Management Consultants

Service Center Technologies (Cont'd)

HR Portal

- Provides single sign-on capability
- Displays personalized content
- Directs user to HR documents and self service applications

Multi-Channel Management
IVR/ACD/CTI

- Queues calls and chat sessions
- Identifies and authenticates callers
- Intelligently routes callers

Case Management System

Caller Information

- Provides context of caller
- Enables verbal authentication

Employee Information

- Provides essential employee information to answer questions

Case details

- Records requests
- Routes requests
- Tracks accomplishment
- Enables reporting

Knowledge-base

- Provides answers to questions
- Stores HR portal content
- Directs CSRs on what actions to take
- Links HR service center agents to process flows for additional guidance

HRIS

- Stores and records employee data
- Stores and transmits pay inputs
- Manages data on employees

Trends in HR Technology

These trends are frequent topics in design discussions and human resources information forums.

1

Expanding Tier Zero

- Expanding self service options to employees and managers. This can be accomplished through integration of an employee portal and other linked smart forms with the knowledge base and case management system

2

Interactive chat, messaging, and personal devices

- Understanding the employee population and their service requests should influence the choice to include these interactive options for customer support

3

Business intelligence

- Adding a business intelligence module to an application to enable reporting and data analytics is frequently an option offered by vendors. Some modules are more effective than others and it is prudent to assess how the module can integrate with other existing reporting tools and business processes

4

Virtual teams and flexible work arrangements

- Utilizing virtual teams to deliver service across various regions is effective for global companies
- Offering flexible work arrangements is attractive to employees searching for a position with work-life balance and for the growing workforce of Gen Y; however, these arrangements present different challenges in management and operations

5

Cloud technology and software as a service (SaaS)

- Evaluating solutions that offer benefits in ease of access and decreased maintenance costs is now a compelling option
- Ensuring that the SaaS options fit with the overall strategies of IT and security and that the ROI is robust is critical to the decision process

SCOTTMADDEN
Management Consultants

Technology Decision

Once the decision has been made to acquire technology, an organized process should be followed to coordinate the effort. Timeframes for a technology selection process can range from 6-8 weeks to 6-8 months, depending upon the nature of the system

Purpose/Intent

Create a technology team

- Organize a dedicated team to drive the design and selection process and make key decisions

Develop design and requirements

- Identify the requirements for each system
- Document the design for the overall technology landscape and gain approval on the design from key stakeholders

Evaluate and select vendor(s)

- Approach the evaluation and selection of technology vendors in a methodical way
- Build evaluation criteria and create an RFP that reflects the documented design requirements

Plan for implementation

- Develop an implementation plan for configuration, integration, testing, and development of the systems that are acquired

Technology Decision – Technology Team

A dedicated technology team should be formed to own the process of design, evaluation, and selection of human resources technologies.

Roles and Responsibilities

The team should be expected to:

- Provide project management expertise to the decision process
- Participate in development of business rules, technology requirements, and technology functional design with key functional leads
- Develop documentation of the technology requirements and overall technology design
- Obtain approval from HR and IT stakeholders on strategy and direction
- Act as primary contact for technology vendors
- Oversee installation, development, integration, and testing according to implementation plan and design documentation

Key Attributes of the Team

- Able to drive results
- Cross functional participation from IT, HR, shared service center, and procurement
- Given authority to make decisions

Technology Decision – Requirements

Development of comprehensive technology requirements and design takes time, coordination, and participation of the right decision makers

Requirements

- Use the scope of services and characteristics of the workforce to shape system requirements
- Develop in conjunction with functional leads
- Understand the technology market to consider all potential functionality
- Document the requirements and gain proper buy-in from stakeholders

Design

- Understand the existing technology environment
- Determine where integrations are necessary
- Coordinate the physical location of servers and necessary network requirements to support the technology
- Document the total landscape

Planning

- Understand the lead times required for working with procurement, IT, and legal on a purchase decision
- Allocate significant time in the plan for developing the requirements

Technology Decision – Evaluation and Selection

Evaluation and selection of vendors and technology should be a methodical process where the full technology team is involved in each phase

Market Research	RFP Distribution	Evaluation	Contract Negotiation
◆ Conduct market research of potential vendors ◆ Gain understanding of various functionality and pricing options ◆ Interact with peer organizations to learn about their technologies ◆ Organize demonstrations of vendors	◆ Narrow list of potential vendors ◆ Develop and distribute a request for proposal (RFP) including qualifications, evaluation criteria, and forms for response on technical requirements and pricing ◆ Involve procurement representatives if applicable	◆ Evaluate each vendor response across the same standard criteria ◆ Allow time for vendors to make presentations and provide responses ◆ If there are a few top choices, allow more than one vendor to enter the negotiation phase	◆ Prepare a negotiation plan for the process ◆ Ensure that key stakeholders are ready and aware of key decision points ◆ Incorporate the implementation timeline as a criteria for negotiation to guarantee that the vendor can meet the deadlines

Technology Decision – Evaluation and Selection (Cont'd)

Develop an evaluation template that results in a quantitative ranking of the system that best meets the established criteria. Use the criteria from the RFP as the foundation of the template and also consider fit and responsiveness of the vendor

Criteria Definitions

IVR/CTI Functionality	Route and Transfer Calls	Query data from Lawson database using employee identification number collect via handset
		Dynamically present routing options based on queried data elements
		Transfer calls to queues based on queried data elements
		Prompt caller with routing options
		Transfer calls inside Advocate health Care and to third party POTS and toll-free numbers
	Authenticate Callers	Collect an employee identification number (EID) and personal identification number (PIN) via handset
		Send data to Lawson database for comparison
		For matches, generate a "yes" authentication value; for failures, generate a "no" authentication value
		Present an alternate authentication by matching three data elements entered via handset with three data elements queried from Lawson database
		Provide ability to request new PIN and enter digits at option of caller
	Provide Screen Pops in CMS	Send EID and authentication "yes" or "no" to CMS
		Pop designated screen
		Effect a message in the CMS indicating failure to authenticate
		Effect a query in the CMS
	Other Functions	Provide a dynamic message of the day to alert callers to call center conditions
		Provide expansion capabilities, including voice recognition and authentication and voiceing of data from databases
General Functionality	Ease of Use	Graphical user interface for creating scripts and call routing logic
		Easy administration of accounts
		Remote programing
	Integration	Integrate with Alcatel 8.0 PBX
		CTI integration with Alcatel 8.0 and CMS
	Security	Administration security
		Security of data queried to perform logic

Evaluation Template

Evaluator:

			Raw Scores		Weighted Scores	
Evaluation Criteria	Weight	Total Potential Score	Vendor 1	Vendor 2	Vendor 1	Vendor 2
IVR/CTI Functionality	30.0%	10			0.0	0.0
General Functionality	20.0%	10			0.0	0.0
Service and Support	20.0%	10			0.0	0.0
Architecture	15.0%	10			0.0	0.0
Flexibility and Scalability	10.0%	10			0.0	0.0
Vendor Suitability	5.0%	10			0.0	0.0
Cost	0.0%	0	DNR	DNR	0.0	0.0
Trust	0.0%	0	DNR	DNR	0.0	0.0
Totals	100.0%	60	0	0	0	0

- Develop a standard evaluation template using the criteria that were included in the RFP
- Define the criteria so that all are clear on the factor for evaluation
- Establish a ranking scale for all evaluators to use
- Separate core functionality from nice-to-have features

- Before evaluating, as a team, determine the weight for each criteria
- Let the raw number from evaluation drive a final ranking and discussion by the team

Technology Decision – Implementation Plan

Effective implementation of the chosen technologies is the most important part of the decision. A detailed project plan, that is integrated with other key tasks related to HR service delivery, is essential

- Develop a plan that includes steps for
  - Configuration
  - Integration
  - Testing
  - Training
  - Deployment
- Coordination with multiple vendors or vendor resources is often necessary
  - If purchase decisions are made from multiple vendors, time spent in coordinating the integration between these groups is important
  - Some vendors rely on sub-contractors to do the work
- Align key milestones with other functional groups involved in the implementation
  - Inclusion of an employee portal or knowledge base requires process details and content from functional groups that must align with configuration and testing plans
  - Training must be developed and delivered for all new technologies

Lessons Learned

Consider these lessons when you embark on HR technology design and selection.

1. **Get the proper stakeholders involved in setting design and evaluation criteria**
   - Obtaining buy-in from the right decision makers early in the design process will ensure that technology decisions are supported

2. **Know that integration with existing systems can heavily influence the selection decision**
   - Evaluate how the shared services technologies will be implemented, integrated, and supported and include these factors in the selection process

3. **Carefully evaluate the benefits and disadvantages of packaged software integrations**
   - In the market today there are many options for packaged systems that highlight ease of integration. Spend time understanding á la carte options as well and how they may fit in your technology landscape

4. **Assess what similar technologies already exist in house**
   - Your sales or IT department may already use case management or call routing technology. Determine if existing functionality can be extended for use in HR

5. **Use a clear understanding of the service delivery scope to drive a purchase decision**
   - Be realistic when making purchasing decisions about add on services and modules. Be clear on what the needs for HR service delivery are in the short-term and don't be swayed by bundled packages
   - However don't scrimp on functionality that will make delivery of services more efficient