

# Evaluation and Selection of Full-Suite HR Technology System for Enterprise Logistics Corporation

## The Client

This client, a global enterprise transportation corporation headquartered on the eastern seaboard, recently engaged with HRchitect for an evaluation of current HCM technologies and, if needed, facilitation of the selection of new systems. The majority of this client's 11,000 employees across North America consisted of drivers and warehouse workers, with the remaining employee population in administrative functions supporting the driver and warehouse employee groups.

The client was utilizing the legacy platform for HRIS, Payroll, Recruiting, Onboarding, and Performance Management. Additionally, the client was using Kronos for Time & Attendance, PlanSource for Benefits, and Cornerstone OnDemand for learning management.

This client had been using the legacy HRIS/payroll platform for over ten years but was experiencing several system and service-related challenges. As long-time users of the existing platform, the client's HR team was very competent with platform utilization but found it challenging to get help from the software vendor when undertaking complex platform-related initiatives. Reporting-related support was the most significant support-related pain point. The client also had lingering frustration with the HR/Payroll vendor from a change made several years ago when the vendor had changed tax filing software. This tax filing software transition was not a smooth experience for this client. The move caused several compliance issues that the client's HR team scrambled to resolve. Although the client has since contracted with another vendor to handle tax filing, the feeling that the current vendor had failed their organization still lingered.

## The Project

After being introduced to HRchitect at the vendor's customer conference several years prior, the client reached out to HRchitect for help. The client wanted to truly understand if they were doing the right thing when it came to their HR technology stack. The client knew their current vendor has thousands of happy customers but was wondering why they were not one of them. HRchitect launched the engagement to help the client gain clarity around:

- Was their organization using the platform in a way that it should not be, making overall platform utilization more difficult?
- Was functionality they were asking from their vendor something the vendor could not provide?
- Were their team's service expectations greater than that of the overall market, contributing to a perpetual state of dissatisfaction with the vendor's support team, or was that vendor not providing the standard level of service expected with enterprise software?



Answering these questions would give the client clarity around whether their existing platform was the right solution. Since the client launched the engagement with the expectation that they would need to replace the legacy system, HRchitect's system evaluation and selection process would allow them to make an informed, data-driven decision, rather than a gut-feeling emotionally-driven decision.

In addition to the HRchitect consultants involved in the project, the client had a large-sized team involved in the project. The core client-side team included the Director of HR, the Director HR systems, and the CHRO. Extended team members who participated in the process included the Payroll Manager, Employee Service Center Manager, and VP of Organizational Development. The client-side team was rounded out by a formal steering committee, which included the CIO and CFO and several leaders in the client's operations group. Keeping consistent with the client's organizational culture, a culture of inclusion, it was critical to cast a wide net in terms of stakeholder involvement. A wide range of stakeholder participants ensured that everyone at the client organization who would be impacted by the outcome of the project had an opportunity to participate, raise their voice, and be invested in the project's success.

## Discovery Process

The first item uncovered in Discovery was that the client was still using the payroll module of their legacy system primarily in the back office, as opposed to upfront in the web-based application. As a result, a lot of the automation that could be turned on was not. Many of the payroll-related support questions they were asking their vendor for support with, yielding unsatisfactory support results, were arising because the product was not being used as intended to be in 2019. This client was not taking advantage of the many, many system upgrades and new functionality that this vendor includes for free with this cloud software.

Another root cause of the client's challenges uncovered was that the client had only a small percentage of self-service capabilities that the platform allowed for actually switched on. As a result, the client's service center team still did a substantial amount of work manually to make updates to employee records, and make system updates. HRchitect estimated that setting up and turning on additional self-service capabilities would reduce the HR service center team's workload by more than forty percent.

Diving deeper into the client's service expectations, there were two root causes of the client's current dissatisfaction. One was the client's use of the system in an outdated way which, once identified, would be resolved.



The second was that the client team felt their account manager didn't mesh well with the client's corporate culture and didn't have the bandwidth to support them. Interpersonal conflicts occur across all vendors in the HR technology space with some frequency. Typically this is overcome easily by matching the client with a point of contact better aligned with the client's culture, salvaging the business relationship.

Looking holistically at the client's existing HR technology stack, it was evident that the version of the Kronos time and attendance platform that the client was using was older. Also, how the client was utilizing the time & attendance platform was not conducive to maximizing operational effectiveness. This platform was working well for the client, so there was no need to consider a replacement system, and the focus turned to identifying areas to increase efficiency. HRchitect found that efficiency around time and attendance could be gained by, first, upgrading to the most recent version of the Kronos time and attendance platform. Since this system integrated with the client's core HRIS/ Payroll system, this would enable the client to better leverage updates for that system as well. In terms of this client's HR technology stack, many existing issues were symptoms of the client not putting in place regular system updates, and not making process changes to coincide with those system updates. Specifically, for the client's HRIS, Payroll, and Time & Attendance functions, changing the way the client utilized the systems, taking advantage of the most current vendor functionality would alleviate many of the existing challenges.

In exploring the client's talent management requirements, the existing vendor's functionality was not meeting the client's needs from the standpoint of performance management, succession management, learning management, and career development.

The primary decision driver identified as critical to decision making in the next stage of the project was cost. Secondary decision drivers were configurability, usability, and ease of integration. Based on discovery and decision drivers, the client elected to pursue a full RFP process for the legacy system, to benchmark pricing and functionality, as the organization had not priced out systems in over a decade. A separate RFP process would help the client evaluate and select a replacement solution for the legacy vendor's talent management modules.

### **RFP – Core HRIS / Payroll System**

HRchitect facilitated a marketplace workshop in which the client developed an understanding of the functionality in existence in the modern HCM technology marketplace, which had evolved significantly in the decade since the client had last evaluated systems. A slate of vendors with functionality known to fit the client's needs was presented. From that pool, the client selected five vendors, in addition to the incumbent vendor, to participate in the RFP process.



After reviewing RFP responses, the client quickly eliminated one vendor whose HR/Payroll solution did not meet the client's needs for supporting complex Canadian payroll.

The four remaining vendors presented were invited to present product demonstrations to the full client-side project team. Scripted vendor demonstrations helped the client make a real "apples to apples" comparison of functionality, and guide the client to a data-driven decision. Scripted demos ensured the flow of each presentation followed a consistent format from vendor to vendor. This format also prioritized showcasing functionality and features that were most critical to the client, while allowing time in the end for each vendor to highlight "nice to have" features. The client would then compare and contrast each potential new vendor's product with the RFP responses provided by the incumbent vendor.

Upon demonstration completion, the client eliminated one of the four remaining vendors based on the following reasoning. The client had already decided to keep their time & attendance platform. With this proposed new vendor, the majority of the benefits of using this vendor's system derived from also using the same vendor's time and attendance product. Therefore, purchasing this vendor's HCM product, but not the vendor's time product would not bring the configurability, usability, and ease of integration the client needed.

Of the remaining three vendors, one product was middle of the road.

The next vendor invited to the demonstration process, although ultimately eliminated based on an inability to demonstrate the ease of use, introduced several challenges to the process. Before vendor demonstrations, the sales representative for this vendor did not show respect for the client's choice to run an RFP process, which made the client uncomfortable and gave the impression this vendor would not be a good business partner. Although continually instructed by the client to funnel all communications through the HRchitect consultants, the sales rep continued to circumvent the process and interact directly with the client. When the vendor's sales rep offered the client's CEO hard-to-get complimentary tickets to a sporting event championship in exchange for the client's business, this crossed a line. To move forward in the process, and for the client to not eliminate this vendor based on unethical behavior, the vendor needed to provide a different sales representative, which they did. After this vendor's new representative had adequate time to prepare, this vendor demonstrated the product but did not impress the client from an ease of use perspective.

The final vendor, which the client wasn't excited about before the demonstrations, impressed the client team with a well-prepared co-branded demo showing thorough research into the client's business model, and features, and functionality. This vendor was clear front-runner coming out of demonstrations, to then be stacked head to head with the incumbent vendor.



## RFP – Talent Management System

HRchitect led a talent management-focused marketplace overview workshop, where the client selected two vendors to conduct product demonstrations. These vendors, in addition to Cornerstone OnDemand, their current learning management system vendor, would be considered for potential solutions for talent management, succession planning, performance management, career development, and a learning management system. After scripted vendor demonstrations and scoring, one vendor's talent management modules emerged as the clear best fit to the client's requirements.

### Due Diligence

Over the next few months, due diligence took place to help the client make a selection based on their established decision drivers, cost being the most important. This phase included extensive cost modeling and presentations to the steering committee. It was clear that the incumbent HRIS/payroll vendor's current pricing was already quite competitive in the general marketplace. This vendor's contract renewal terms outlined no increase to current pricing over the course of the three-year contract term.

The remaining HRIS/payroll vendor competing with the incumbent offered pricing with a Per Employee Per Month (PEPM) cost structure that was competitive with the incumbent. Upon further review, the implementation costs associated with the potential replacement platform were steep – alone costing an estimated 2.5 times the client's annual expenditure on HR systems. It would take the client more than five years to recover the implementation fees for the new platform. The question then became whether or not the client's HR operations be materially improved if they made that significant investment in the new system. After another round of data analysis and modeling, the client determined that the aspects of the existing system that needed to change to make the system work better were the same items that would need to change if the client implemented this other HRIS/payroll system. In other words, the change that was required, one way or another, would primarily be internal.

The client's final decision was three-pronged:

1. Keep the incumbent vendor's solution for Core HR and Payroll. Move Payroll out of the back office, change internal processes to be in line with a modern HR department, and turn on all self-service functionality.
2. Take a best-of-breed approach to talent management, purchasing onboarding and all talent modules from the vendor identified in the Talent Management System RFP, and integrating that platform with the existing core HRIS/payroll platform.
3. Keep the Kronos time & attendance system separate but upgrade the platform to a newer version with improved functionality.



## The Results

This client team fully engaged in a thoughtful, data-driven process to evaluate the current HR technology stack and identify options for replacement systems. The executive steering committee lent full support to the HRchitect team and client team, trusting in the team's decisions to determine the best HR technology fit for the client's future state. The client's final decision was to retain the current HR/Payroll and Time & Attendance vendors with some product and process changes, and to swap the existing talent management modules out for a more robust solution to meet the organization's talent management goals. By working through HRchitect's secure system evaluation and selection practice, the client has vastly improved HR operational efficiency, while saving 2.5 times the client's annual HR systems budget by finding ways to improve the existing HR/Payroll and Talent systems.

As of this publication, the client is in the process of contract renewal with their incumbent vendor and contract negotiations with their new talent management vendor.

