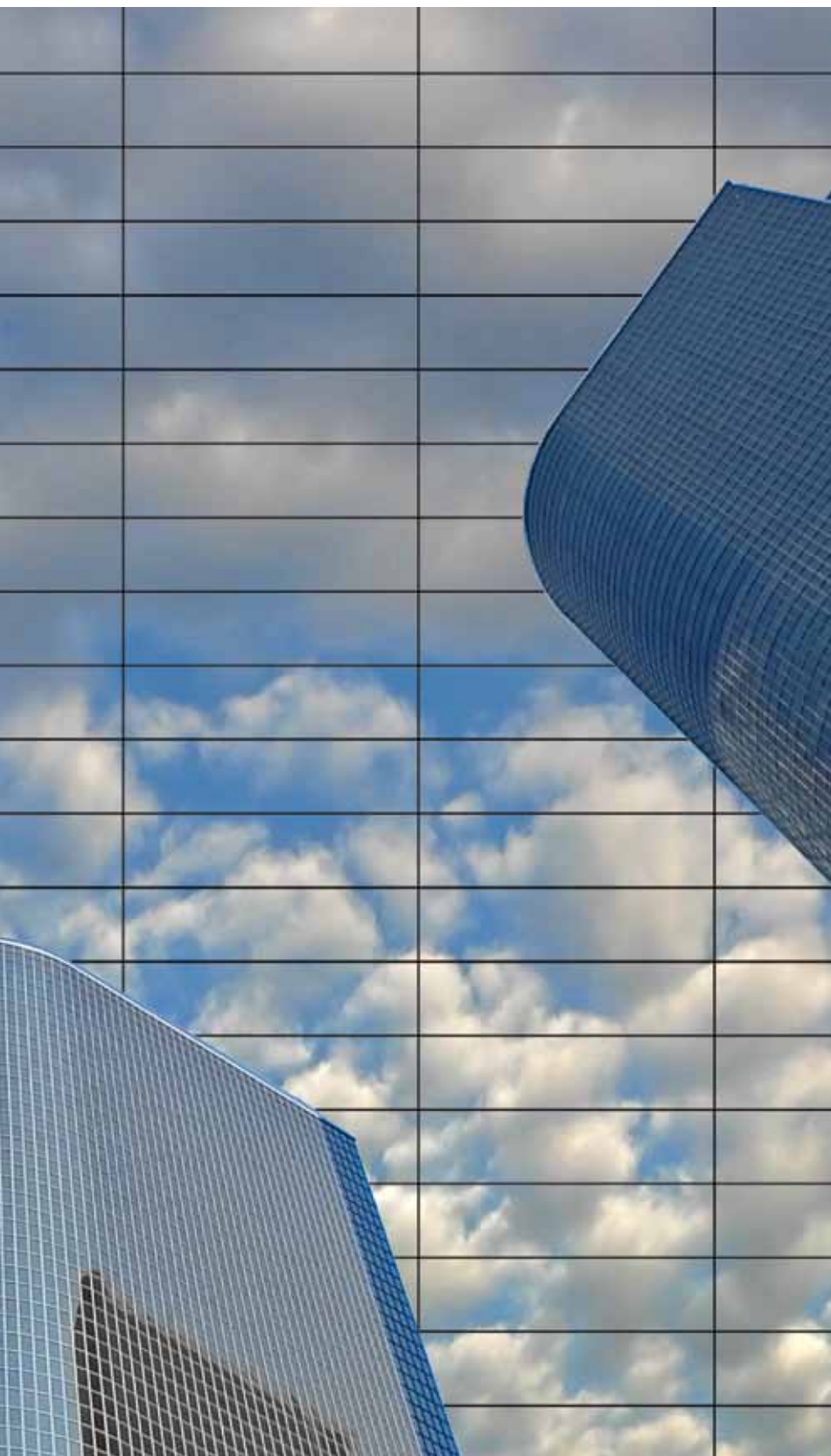# HR systems shift to the cloud

With people wanting access to information anytime and anywhere, web-based HR systems are proving to be the way to go. Ulrika Hedquist finds moving to the cloud affords a flexible and cost-effective solution...

C oming out of the economic recession, many companies are ramping up talent management solutions to boost employee retention and attraction. The arrival of new on-demand web-based solutions, offering quick implementations and easy scalability, gives companies more options than ever before.

Over the next five to ten years, talent management is going to become an even hotter topic. More than 50 percent of managers globally belong to the baby boomer generation, says Tim Darton, general manager of human capital management solutions at Oracle, Asia Pacific. They will be retiring in the not too distant future, causing a large skills gap. A huge number of organisations will supercharge succession planning and recruitment, making sure they get their fair share of skilled managers from a potentially very small pool, he says.

It's timely that Auckland-based skills assessment consultancy Talent Technologies is launching its joint venture with Silkroad, a global talent management solutions provider. The web-based talent management offering includes recruitment, onboarding, performance, succession, compensation and learning modules, says Talent Technologies' Rory Walker.

Software-as-a-service (SaaS) offerings, delivered via the internet, allows users to implement and start using the >

especially in the area of HR and self-service where people want access to information anytime, anywhere—the web-based technologies are definitely better for that purpose."

ERP (enterprise resource planning) vendor NetSuite is also experiencing increasing uptake of cloud-based HR systems in New Zealand. The cost-savings companies can achieve with SaaS are becoming more evident, while the concerns surrounding it are becoming less, says Paul Turner, NetSuite's director of solution marketing.

SaaS requires no capital investment and users pay a monthly fee only for what they use, giving great flexibility if the business changes, says Chris Radley, director of HCM solutions at Fusion5.

Local organisations understand the SaaS model and uptake in the last six months has been "not fantastic but good", says Radley.

Fusion5's customers are adding performance, talent and remuneration management products to supplement what they already have.

"For many businesses it's a cost-effective solution to keep what is working and add on-demand services to that," he says.

Fusion5 believes that 60-70 percent of local companies are doing the basics of pushing technology out to employees—allowing them to view pay-slips, submit leave requests and do performance reviews online.

Self-service HR systems, empowering individuals and line managers, seem to be the general direction in which most local companies are going. Moving towards a shared service concept relieves the HR department of a big chunk of administrative responsibilities, allowing it to be more of a strategic partner to the business, says Oracle's Darton.

New Zealand is definitely not lagging behind the rest of the developed world when it comes to adoption of self-service HR systems, he says. "But adoption is very company and HR director-specific," he says.

Jason Kiely, consulting capability lead at Oxygen Business Solutions, says while there is strong interest in self-service solutions, especially in larger, Trans-Tasman organisations, uptake is a little bit slow. Oxygen specialises in SAP consulting and services across Australia and New Zealand.

In some companies there is an attitude of not letting people do things for themselves, says Kiely—a slightly hierarchical management style. The business case for adopting self-service is built around three things: reducing transactional activity, providing better service to the business and becoming more strategic, he says. "There is strong interest here in cost-savings, but less in the area of providing benefits to employees and the strategic side, mainly because they are intangibles," he says.

functionality quickly. Walker reckons this has accelerated local businesses' thinking. "You no longer need to go to the IT department to ask for server space, and ask them to manage a new HR solution you want to implement," he says.

Value for money

The pay-as-you-go nature of most SaaS solutions means users can scale up and down as they wish. Talent Technologies is currently doing a performance management system pilot with a small New Zealand district council. The same system, slightly differently configured, is being rolled out to 12,000 employees across the world for a major Australian construction company.

According to Chris Grant, general manager of PaySystems at Datacom, the overriding trend in the market is 'value for money'.

"Most customers want solutions that are quick to deploy and easy to use," he says. "Our customers are asking for their line managers to have access to payroll and HR information to help them drive the business forward."

In addition to a payroll system and self-service module, Datacom is releasing an HR product called DataHR in August—all delivered via the internet. Grant says most companies are open to SaaS today, with small and medium-sized companies leading uptake.

"IT in general is moving to the cloud," he says. "And

Streamlined solution

Air New Zealand is gaining time and cost benefits from its streamlined remuneration and performance management tools, employee and manager self-service and automated processes for the company's medical scheme.

Air New Zealand installed PeopleSoft's HR system in 2004 after considering solutions from the big three at the time—PeopleSoft, Oracle and SAP (Oracle acquired PeopleSoft in 2005).

Over time, the system has developed with the organisation's needs, says Neil Padley, Air New Zealand's general manager of corporate HR and shared services. Today, the system automatically takes care of remuneration and performance management, boosting efficiency and freeing up time for the HR team.

Air New Zealand has a staff medical scheme, which used to be managed manually with payments via cheques. PeopleSoft now automatically processes employees' benefit claims and makes payments straight into their bank accounts. "It has made a huge difference," says Padley.

Before implementing the PeopleSoft solution, Air New Zealand had five different HR systems that offered very little integration. "We couldn't accurately tell, at any one time, how many employees we had in the organisation," says Padley. The cost of payroll used to be over $17 per employee. Now it's down to $6 per person per pay.

Air New Zealand's employee self-service (ESS) and manager self-service (MSS) save a significant amount of time, says Padley.

The company is about to roll out self-service functionality online, allowing remote or travelling staff to access HR information. This will obviously be a great benefit to pilots and crew, who spend about 90 percent of their time off-shore, he says.

But the system doesn't meet all the organisation's needs. Recruitment, for example, is handled by an external provider because that works out more cost-effectively, says Padley.

Another issue is the number of patches and the time it takes to apply them. "We just can't keep up with the number of patches," he says. Instead, the company expects to upgrade every two to three years. An upgrade to the latest version of the system is planned for later this year.

If a cloud-based system would reduce cost for the organisation while keeping or improving the level of service, Padley would be open to considering it. "You would be a fool not to," he says. "We continually review our options in this space," he says.

The company has not adopted Web 2.0-type features in the HR system yet, says Padley. The latest release of PeopleSoft has a range of Web 2.0 technologies built-in,

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> *Oracle, Asia Pacific GM human capital management solutions*

such as wikis, blogs, collaborative workspaces and RSS feeds, so with the upgrade later this year, it's possible the organisation will look into it.

Forward-looking HR

Companies are starting to use Web 2.0 but full adoption requires an HR director who is sufficiently forward-looking, says Darton. The aim of many of these shared knowledge features is to enable people to work more efficiently together.

"Some HR directors will look at the new functionality and go: 'Why do I need this?'. But in a year, they will look back and say: 'I'm really glad we have this functionality' because they have started to do a lot more project-based work or have more virtual teams of people," he says.

"The next thing I'm hearing people talk about is incorporating business analytics into the HR lifecycle," continues Darton.

The University of Canterbury is in the middle of an upgrade to the latest version of PeopleSoft, 9.1. The upgrade will mean a change from client server-based architecture to a fully web-based version.

"We will be leading edge," says the university's HRMS systems manager, Barbara Paterson.

The university is not only up-to-date with the latest technologies in the HR space, it is also exploring how it can use business intelligence to further boost efficiency. Paterson's team has developed its own personnel forecasting model, using data from Oracle E-Business financials together with HR payroll data to forecast personnel cost.

The team is utilising business intelligence tools to analyse the information that is already there, providing great support for organisation decision-makers.

The university's self-service tool provides higher efficiency, cost-reductions and better data integrity, says Paterson. This, of course, is freeing up time for the HR team, allowing it to move to a support and strategic role within the organisation.

While the organisation is not taking the full plunge to adopt all the Web 2.0 features built into PeopleSoft 9.1 right now, it plans to do so in the future. "Our staff and students are always looking for new and exciting things that can help streamline their daily work," says Paterson. "It's definitely on the horizon."

Utilising Web 2.0 technologies is still an area of debate in the industry, says Oxygen's Kiely. "The lack of control of such technologies is seen as an issue while the collaborative and knowledge-sharing aspects of it are very positive to many organisations."

He has seen a number of local organisations use both Linkedin and Twitter as social networking sites appropriate for the work environment. *i*