

HOW TO SELECT AN ALL-IN-ONE HCM SOFTWARE SYSTEM



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Your easy guide to understanding what you need, what to look for, and the right questions to ask when selecting a system.

WHY WILL THIS GUIDE HELP YOU?

The purpose of crafting this guide is to provide you with all the necessary information for making well-informed decisions when choosing the most suitable HCM software for your organization. Recognizing that the selection process is time-consuming, the content covers various essential topics to steer and empower you in making the right system choice. Not all HCM software systems are identical, this guide will highlight the significance of a thorough evaluation and provide you with the essential questions to ask.

Why do you need a new system?

Is your current HCM system and process equipped to swiftly adapt to evolving laws and compliance standards across North America? If you operate in multiple locations, does your current software support cross-border capabilities, or are you dealing with the complexities of manual processing across multiple systems? Assess the current state of your existing HR system and processes to ensure alignment with federal, state, and provincial regulations. These preliminary considerations are crucial before initiating any system or process upgrades.

Recognize the strategic value of HR data analytics in driving better business decisions. Business leaders are increasingly focused on optimizing recruitment, training, and retention efforts to boost overall revenue. Efficient and effective data analysis, starting from the initial recruitment phase, is paramount in developing a successful business strategy.



There are more than 180 federal laws enforced by the US Department of Labor (DOL)². This means organizations need an uncomplicated way of ensuring compliance for all.

Did you know that in Canada, employees are protected from unfair termination? Proper and justified documentation must be provided – as well as appropriate notice.



How to get started?

Getting started is always the hardest – where do you even begin? The most common mistake is tasking one person with the responsibility to research, put ideas together and evaluate your current HR processes. The easiest way to get started is to get a representative of each department that will be crucial in knowing what they need in a new system and how their department can benefit. Depending on the size of your company, assembling this team will vary. The key areas to make sure are involved would be Payroll, IT, Finance, and of course HR. Once the team is picked, the fun can begin!

EVALUATION REVELATION

Do you currently have a core HR system? Payroll software? Recruitment software? Is there still an abundance of paper files and manual data entries? The key here is to understand what you currently have, how all the systems connect - if they do, and what problems you have that the new system could potentially solve. Are there any difficulties getting the reports needed? Can your employees access the system? Does it allow for easy modifications? Understanding your current challenges is key to making a positive decision for your final selection. It is recommended to create a detailed checklist at this point. The main thing here is to understand what you currently have, what you need, and the wish list of functionalities you would like to get over and above.





Now what?

You have picked the team and evaluated your current system and processes. Now it is time to find out what you are looking for in an all-in-one HCM solution. With so many vendors offering different things, before you jump online, let us first break it down by the top features to look for.

TOP 10 MUST-HAVES TO LOOK FOR IN AN ALL-IN-ONE HCM SYSTEM

1 Recruitment

Is there an integrated recruiting platform within the system? The system should be able to post available jobs and descriptions, track interviews and job offers, and easily transfer applicant documents to new employee record upon hiring. An applicant tracking tool can let you know at the click of a button which candidates are at which stages of the hiring process. The ability to automate the process and use your HR analytics to recruit the right people within a budget is invaluable. Administration and hiring paperwork can take up to 60% of an HR professionals' day. Reducing this time spent can allow HR to spend more time providing business value to the company.

Top 3

Ability to manage from "recruit to hire", mobile accessible job center, easy automation of interviews, offers etc...



2 Onboarding & Employee Records

Onboarding, workplace safety, training, and qualifications— just to name a few of the many things that need to be tracked properly and accurately. Making sure the system can handle all your company's HR documentation in one principal place is key. Automated reminders to make sure your employees are always up to date with their training and the ability to have mobile accessible portals for supervisors to view and approve requests is vital to drive efficiency and productivity for your organization.

Top 3 Complete electronic document management, Compliance Reporting, Onboarding tools.

3 Performance Management

A dedicated area to manage and measure employee performance results is key. The system should be able to simplify the process of performance appraisals, peer reviews, and all the documentation that goes along with it. Having these tools will allow everyone to identify personal and career development opportunities.

Top 3 Ability to automate and manage manager and peer reviews, and employee self-reviews.

4 Benefits Management

Does the software offer complete benefits administration? Managing employee benefits and ensuring all the benefit options, calculations, and coverage levels are entered in accurately can be one big headache. Collecting necessary forms and communicating with employees using system reports and dashboards is a must. Having it all tracked and automatically processed within your system, and directly integrating with your benefits provider makes it simple

Top 3 Enrollment management, employee communications, process automation.

5 Self Service

Self-service access to information allows you to empower your employees. Having secured access to their data and allowing them to request vacations, shift changes, and check on their benefits status will inevitably save you time. Systems can allow you to create defined user roles so everyone only has access to the information they need. This feature can also ensure that all employee personnel data is up-to-date and accurate, saving many hours of data entry from managers. Deploying employee and manager self-service features to mobile devices is a necessity in today's world.

Top 3 Employee access, manager access (different access levels), mobile access.

6 *Payroll*

Is the system able to provide complete payroll administration? Does it provide compliance reporting? Is payroll history with detailed earnings, deductions, taxes, labor costs and leave time easily accessible? The ability to process payroll for employees within the US and Canada on one single centralized system is a game changer.



Top 3

Reporting, auto-pay generation, extensive historical tracking.

7 *Time & Attendance*

A time and attendance feature allows for easier record keeping of your employee hours, ensuring payroll accuracy. Monitoring absences, vacations, and sick leave gives you valuable insight into trends, as well as the ability to see immediately who is in and who is not. Systems have many clock-in options such as time clocks, online, mobile, and tablet to name a few.

Top 3

Time collection via multiple options, manager/employee easy approvals, full payroll integration

8 *Reporting*

To gain meaningful insight you need a powerful reporting feature. Some companies like having hundreds of pre-formatted reports ready to use, while others prefer the ability to create custom reports in moments. Being able to have reports in a variety of formats with easy to schedule sends allows you to use your data efficiently. Secured views can also easily show each manager and department only the information they are authorized to see.

Top 3 Automated report scheduling, multiple formats, custom report creation.

9 Analytics

This feature is crucial to get each department the actionable content they need. Customizable dashboards are key to allowing employers to see what they need to make the right decisions. For instance, a management dashboard may include various attendance-related reports on their team, including insights on hours worked and shift patterns to ensure constantly improving productivity. Does the system offer the ability to configure KPI (key performance indicators) that can be collected over time? Analytics allows you to turn information into a powerful decision-making tool.

Top 3 User defined content, automated data-gathering, KPI toolset.

10 Compliance

Regulatory compliance and enforcement are necessary for every company and every employee. A system with the ability to automate the compliance requirements from onboarding is beneficial so that all the necessary documents and data are collected and stored efficiently. It is also important to note that there are many federal, state, and provincial changes that happen annually. A good system would have the ability to change and update regulations as needed.

Top 3 Secure document storage, process automation, custom updates.





THE TWO SOFTWARE MODELS

Cloud/SaaS

Most HCM software vendors have turned to only offering their solutions via a Cloud/SaaS delivery model. What are some of the main advantages to this?

- ✓ *Affordable & Predictable Costs* – With this model you do not need to worry about any upfront costs, and you are paying the same monthly payments covering your licenses, support, and daily backups. Making this an operating expense (OpEx) is ideal for businesses that cannot afford a big upfront investment.
- ✓ *Hassle Free IT* – Cloud software is hosted for you which means you do not need to have a big IT department to maintain, upgrade, and back up. All the big reliable data centers across North America have top notch security as well that keeps your information safe.
- ✓ *Anytime Access & Scalability* – As long as you have a device with internet access you can connect to your HCM system anytime and anywhere you are. This technology also allows you to easily scale up or down as your business needs.

There are some potential drawbacks to selecting a cloud-based system. Long-term costs must be a crucial factor here. If you are using the system you will continue to pay these monthly fees with no end in sight. Another thing to note is potential connectivity issues. If one of your business locations does not have reliable internet access, it would be hard to remain productive with the software in the long term.

On-Premise

Installed locally on your business' servers and hardware, this model is still around worldwide. What are the main advantages?

- ✓ *Lower Ownership Costs* – Since you are only paying for the software licenses once, the on-premises model typically ends up being lower when looking at total cost of ownership (TCO) compared to the cloud model.



- ✓ *No Downtime* – Less external factors to worry about such as internet reliability because everything is installed on your local servers.
- ✓ *Complete Data Access* – No restrictions on data access within your environment simplifies analysis using business intelligence tools such as Power BI, Tableau, IBM Cognos, etc., as well as any integration to other systems.
- ✓ *All Yours* – You are in complete control of the data, the software, and hardware. You decide on the security, maintenance, and configurations.

The main downside to the on-premise model is the large capital expenditure (CapEx) that is typically required. There will need to be annual maintenance and upgrade costs to factor in as well. The business would also be responsible for all backups, disaster recovery, and all server maintenance.

Which Model is Best for Your Business?

This is not a trick question and only you and your team can answer that. Both models work well, and the right one depends on what your business has and needs. Do you have the tools in place to handle data security? Can your business afford a big up-front cost? Do you prefer smaller monthly payments? These are some of the questions to think over before you start looking at options. An HCM software provider that can cover both models is ideal because it gives you options.

IT Spending: CapEx vs OpEx

Capital Expenditures (CapEx) refers to money that a company spends on a fixed asset. These are major goods and services intended to benefit a business for more than a year (Typically a one-time purchase). In 2021, US> nonfarm companies with employees invested \$1681.7 billion (about \$5,200 per person in the US)¹.

Operational Expenditures (OpEx) refers to money a business uses on a day-to-day basis. They include consumables (print cartridges, paper etc.) and contract items like web hosting or domain registrations. These purchases are much smaller and typically used up within the year.

PDS Perspective

Vista's Competitive Differentiators

PDS is one of the few remaining HCM vendors that offer our product in either a Cloud or On-Premise deployment model. We offer customers options that allow them to choose the model that works best for them. Depending upon their preferences, customers may elect an on-premise implementation and, if appropriate, migrate to the Cloud whenever they choose.

PDS Vista additional differentiators:

- Cross border, single database architecture
- True effective dated solutions
- Strong position control and management
- Flexible customer configuration
- Exceptional service model
- In-house professional services
- 50 years of product and industry experience



TIME TO HIT GOOGLE

Not all HCM software providers are the same. And more importantly – not all of them can offer you an all-in-one solution. There are some companies that develop and sell their own solutions, whereas the others re-sell systems from a variety of developers and products. There are clear advantages to both – and it is up to your team and list of requirements to decide which option is better for your company.

A re-seller will typically have lower overhead costs, as they do not need to worry about the development of the product. They will also usually need to use a combination of products to create the all-in-one solution that is required. An important thing to mention here is how after-sales support is handled with a re-seller. This can vary with either having to deal with different companies for different areas of support or having to wait a longer period for the re-seller to get the information for you.

A supplier selling their own product could have higher costs, but this comes with the added value of getting regular software updates and developments, custom developments if required, as well as a full-service support desk that can handle all aspects of the solution easily.

All the potential providers you speak with should be able to supply you with all their features and benefits so you can look at the list of requirements your team has created and see how they measure up before you go further into the process.

With your requirements list complete and a better understanding of what features to look for in a solution – it is time to find some vendors that align with your needs. There may not be one clear cut front runner at this stage, and it is important to take the time to meet with a few different suppliers to see the diverse capabilities that exist.

To make this process easier, we have produced our top questions to ask vendors before, during or after the meeting. The more questions you ask – the better the information you get back to make an informed decision.

It is best practice to get your requirements lists and must-see items to the vendor prior to the demo. This way they know exactly what your needs are, what you will want to see, and it will save you time avoiding the vendors that do not meet your needs from the start.



THE 15 QUESTIONS YOU NEED TO ASK EACH VENDOR AND WHAT THEIR ANSWERS REALLY MEAN

1 *Is the system able to track all employee information in one centralized database?*

This serves as a smart method to ascertain whether the prospective vendor integrates software systems, considering some companies mandate specific data to remain within designated servers. While this practice is acceptable if acknowledged, it means that although you obtain the required information, it might not be consolidated in a central database. This could pose challenges for reporting and analytics, especially if it's a crucial requirement for your company. If your business spans across various countries, this aspect is worth examining.

2 *Is the system customizable? Can it be adapted to meet your company's needs?*

If the answer is no, then you are buying an off the shelf solution that may work for your immediate needs but once you get more involved and learn the system, you will find it will not be able to work with your business' unique rules, processes, and automations. On the other hand, a system that is fully customizable will take a little longer to set up and get going. This is where you need to ask your team questions about short-term and long-term goals you want to meet before deciding on a vendor.

3 *Is the system compatible with your current technology and can it integrate with the current systems you use?*

Many companies are using various systems to get the information they need. Not all of them are updated or able to fit with today's level of tech. Do not take that as a deterrent if you intend on keeping these systems. The next question to ask is whether this new HCM system would be able to integrate with what you already have. Try and get these answers finalized before a decision is made so you know what will happen. This does not necessarily mean you will have to replace systems. The goal here is to find out what is possible between your current tech and what the new vendor is offering.





4 *What pricing model is used? Look for hidden costs.*

We delve into the specific pricing models in more detail below. Hidden costs can manifest themselves in many ways. Some companies present options A and B as standard but be vigilant for supplementary elements mentioned during demonstrations. Ensure you inquire whether these are inclusive or if they constitute additional features requiring a separate purchase. It is crucial to stay focused on your requirements list and avoid being swayed by enticing but non-essential extras.

5 *Is the system user-friendly? Allow members of the team that will be using the system daily to assess.*

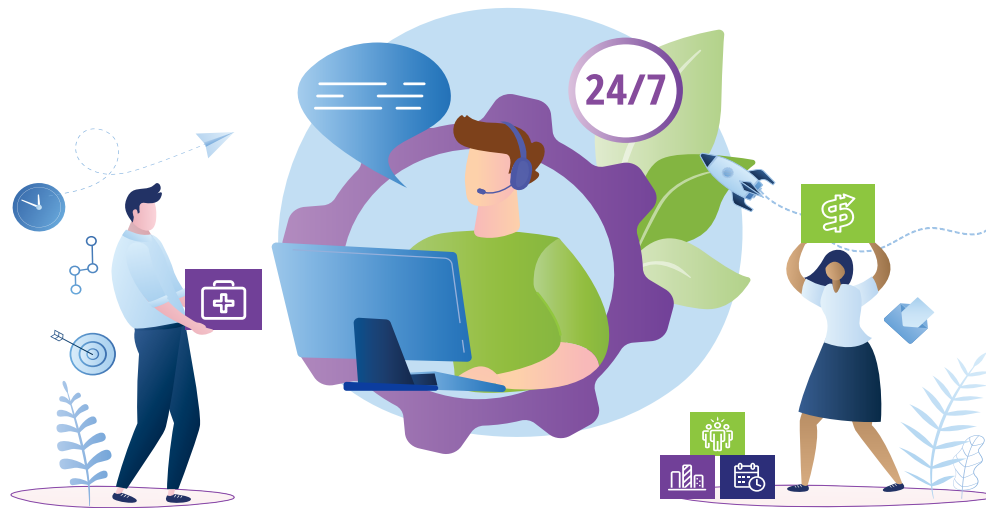
User-friendly means different things to different people. Tech-savvy or not, you need some of the day-to-day users of this new system to look and see how it looks to them. If it does not look like an easy-to-use interface, do not get worried – there's always extra training and learning to overcome that. This comes down to what you and your team feel would be a good fit and how long it would take to get there.

6 *Is the system scalable? Can it grow with your company?*

If you make the purchase today and know you will be increasing your employee base by X and wanting to accomplish Y, will it be able to take you to Z. That is typically what you are looking for in that question. To other companies it may also mean having the ability to scale down during slower periods, especially in the retail and travel industries.

7 *Does the system adhere to all labor compliance regulations? Can it be updated as regulations change?*

When opting for an all-in-one HCM system, note that only a limited number of companies have integrated compliance directly into their system, covering aspects like Payroll, Time & Attendance, and Reporting. Inquiring about their approach to meeting your regulatory compliance requirements is a prudent step in assessing their suitability for your needs.



8 *What sort of support or warranties (if applicable) are offered? Business hours only? After hours support? 24/7?*

The answer you need here is highly dependent on your needs as a business. If you operate 9-5 and are not purchasing any hardware, it is safe to assume that most vendors would be offering regular business hours support within their contract. If your business runs 24 hours a day and you think you need 24/7 support this is the time to find out if it is possible. Either way it's always good to find out what kind of support is available from each vendor. Telephone, webchat, and on-site are some of the main options.

9 *How regularly do upgrades come out? Are they covered in the maintenance costs?*

This question is "part b" to the hidden costs. Once you find out when and how often upgrades happen, you need to find out whether they are covered in your plan/model. For some vendors it is included in the costs, for others it is an additional charge.

10 *Does the company have a development road map for the product?*

This question may not be on your immediate radar, but it will give you valuable information. Is the supplier you are potentially buying from planning on expanding their technology and growing with the times or are they just using what they have as long as they can. No wrong answer here, make a point to see if it aligns with your team's needs.

11 *Is there easy data import/export and what formats are allowed?*

Various programs are limited to import/export and format. Find out what your needs are and how their solution fits. Is an API library available and can integrations be built for the various systems to allow for easy communication?

12 *How extensive is the implementation? Will I have a project manager?*

How long will it really take to get the system up and running and will I have a point person to address my concerns/plans with? Most companies can give you a ballpark once they know all your needs. Understand that it may not be 100% accurate but 3-6 weeks and 3-6 months make a significant difference.

13 *How much training is offered/required?*

Training is always an especially important puzzle piece when implementing a new system. You know how your team/company works and this is how you find out what sort of options they have. Will they provide training manuals? Is training offered on-site or remote? Can additional training time be purchased? Do they provide trainer training?

14 *Are there cross-border capabilities? (For payroll or data management)*

Can this vendor provide software and support for both the US and Canada? This is only needed for companies operating in both countries. It is much easier having the same Payroll and HR system for both. Lots of companies use different resellers in either country. If a cross-border capable system is what you need, pay close attention to their answer.

15 *Is the data stored securely where your organization is?*

Not all US based companies have Canadian servers they can use to house your data. With all the different regulations around data privacy, this one is very important. Again, this comes down to what your company needs.

Main Tip for Vendor Demos

Take notes. When reviewing multiple systems, it will all start to look and sound the same. The main takeaway from each presentation is how well it aligns with your requirements list and whether the answers to your questions fit your business needs. Making detailed notes here will make it easier to remember the various pros and cons of each vendor to make that final decision later.

MONEY TALKS

While waiting for the proposals to arrive, some of you would have gone into this process with a budget in mind, while others want to decide once they have seen the capabilities available to them. There is no wrong way to do this. The main thing to note once the proposals start rolling in, is the two main pricing models you will come across.

Subscription vs License

In a subscription-based pricing model tailored for software, particularly applicable to SaaS (Cloud) solutions, a modest initial investment is common. Users then incur monthly costs per employee over a specified contract duration, akin to a rental arrangement. However, customization options within the system may be limited compared to other models. It's crucial to seek clarity on what is included in the plan. This pricing model is often advantageous for smaller businesses with minimal custom requirements, offering a cost-effective solution aligned with their operational needs.

The license pricing model is primarily employed for on-premise solutions. In this setup, ownership of the solution is transferred to the user after customization and installation. This model is particularly advantageous for larger organizations seeking in-house management of their software and data. Ongoing costs typically revolve around annual maintenance and any future upgrades or customizations. While the initial setup cost is higher, it enables precise tailoring of the system to meet specific business needs, minimizing subsequent ongoing expenses.



NOW LET'S DEFINE ROI

What would a return on investment (ROI) look like for your company? This all depends on what you are looking for. Suppliers will potentially throw lots of percentages at you to show what they can do for you. Save % of time, % payroll costs, % of admin time, etc. This is where your team decides what ROI means to them. Typically, ROI is best described in financial terms. This may not be what your initial needs and benefits for the system are. They may come in terms of enabling your employees to have more mobile and self-serve capabilities or in terms of automation and getting rid of all those paper records. This is where you also need to look at money spent vs value added. Once you have the proposals together, look back through your notes from each demo and give a fair rating of how many of your requirements are met and for what price to help you come closer to deciding.

MAKING THE SELECTION

Now that you are down to your final few vendors, let's talk references. It is important to request some additional information and speak to other companies using the system you are about to purchase. Ask for a few contacts you can reach out to in your industry and ask them a few questions.

Some of the best questions to ask are:

1. Why did you decide to go with this specific system?
2. Are the quality/capabilities of the software as described during demo/proposal?
3. What was the most difficult part of getting the system up and running?
4. Would you recommend selecting this HCM system to someone else?

There are lots of other questions you may want to ask, but the four above get right to the point. The hope is that their answers line up with your team's expectations and you can make an informed decision.

THE AFTERMATH

Decision made. Congratulations on selecting a new all-in-one HCM system! Now it's time to get a timeline together with the supplier and get this project going. This is where you will need to get more people involved and begin the transition process. Initially it will take time to get everything up and running, but the new features and benefits this will bring your whole company will outweigh the process it took to get there.

Top 3 Mistakes to Avoid

During the entire process, from initial research to selection – we are highlighting the main mistakes to avoid.

1. **Misunderstanding your needs** – The needs for a new HCM system are specific to the company and each department. It is not sufficient to make decisions for other people on the team and not weigh out the options of what it would mean strategically for the business if nothing were changed. The requirements building and evaluation stage for what you have and want you want in the new system is key.
2. **Not asking enough questions** – Often during the demos and presentations, companies are not asking enough questions to the potential supplier. This is why getting a list of questions ready ahead of time really helps. Feel free to stop them and ask more, ask them to show you things as well. They may be able to explain something very well – but sometimes seeing is believing.
3. **Picking a vendor too quickly** – This is a big decision to make, and you should not rush into it. Don't get caught up in fancy extras or a low price. Remember that this is an investment meant to help your current issues, as well as get your company comfortable in using modern technology that will keep your business striving towards optimum organizational success.

CONCLUSION

Congratulations on reaching the conclusion of this guide, a valuable resource designed to demystify the process of choosing the right HCM software for your organization. By emphasizing the significance of understanding your current challenges, assembling a cross-functional team, and evaluating key features, this guide has provided a roadmap for a successful selection process. Whether considering cloud-based solutions or on-premises models, the guide has illuminated the pros and cons, empowering you to make a decision aligned with your business requirements. As you move forward, leverage the provided questions to ask vendors, seek references, and avoid common pitfalls to ensure a seamless transition to an all-in-one HCM system that enhances your company's efficiency and success.



ABOUT PDS

PDS is a leading developer of HCM solutions that offer complete all-in-one HR and Payroll management through leveraged technologies and world-class client support services in the US, Canada, and the Caribbean. PDS' Vista encompasses recruiting, onboarding, HR, full benefits management, cross-border payroll capabilities, analytics, and more - fully designed with you in mind. PDS works to keep their community informed on all HCM-related issues that may affect the workplace. Contact their team of experts today and let them revolutionize the way you work.



Endnotes

- 1 [Annual Capital Expenditures: 2021 \(census.gov\)](https://www.census.gov/data/tables/2021/incomeandpoverty/annual-capital-expenditures-2021.html)
- 2 <https://www.dol.gov/general/aboutdol/majorlaws>