Tips to Consider When Purchasing HR Technology

February 2015 • Lockton® Companies

Purchasing any new HR technology system is a big decision for your company. From the cost and available resources to system fit, there are a lot of considerations. Here are a few tips from the Lockton HR Technology & Outsourcing Practice to consider when making a technology change in your organization:

**Do your homework.**

Visit vendors and view demos. Ask questions specific to your organization that go beyond what marketing materials and sales people promise. Set up reference calls with current or former clients to ask questions without getting sales-y answers. During demos, be prepared with a list of specific scenarios that currently frustrate your organization so you can see more than the “canned” sales presentation.

**Set expectations.**

Both you and the vendor should be clear with what you want so you can set expectations for service, performance, etc. upfront. Service Level Agreements can be set in place to keep the vendor accountable for service standards and delivering on time.
**Designate a project owner.**

Someone should own the selection and implementation of a new system. Even if he or she isn’t an expert, he or she should be able to manage to deadlines, find resources, etc.

**Be flexible.**

Not every vendor offers every feature you want. Be prepared to choose the most important features, and be prepared to let go of less important ones. In our experience, a lot of downstream service problems arise from areas where a vendor’s system was customized for an employer. If possible, perhaps consider altering non-mission critical processes to fit with a system’s capabilities.

**Have a plan.**

As with any other major change initiative being carried out in your organization, it is important to have a change management plan in place to facilitate the smooth transition of systems, and possibly even roles. Think beyond technical changes to the job, infrastructure, and process impacts employees and managers will experience.

---

**Other Important Items to Consider**

**What is the damage to your pocketbook?**

The average cost of a new HRIS (HR, Payroll, Benefits Administration, Time and Attendance) system including service and administration through business process outsourcing (BPO), tends to range around $55 to $65 per employee per month, plus implementation fees—depending on the employer size and complexity. Technology-only solutions tend to be less, in the $25 to $35 range, depending on size and complexity.

**What are your commitments?**

Most contracts with HR technology vendors are one to three years in length. You also have to take into consideration the resources and personnel that are dedicated to choosing and implementing a new system. Early termination costs should also be taken into consideration as most vendors have them in place.

**What possible disruptions might occur with open enrollment, payroll, etc., if you switch one (or all if you have an all-in-one HRIS) of your HR technology systems?**

It’s important to understand the scope of the change, beyond just the implementation of new technology.

*If you have questions about HR Technology or selecting or implementing a new system, please contact your Lockton Account Team or Lockton’s HR Technology & Outsourcing Practice.*