

Many HR organizations find themselves with older core human capital management systems that are difficult to modernize to meet digital transformation goals. Upgrading these systems will be key to delivering an increasingly important total workforce experience.

How Core HR and Payroll Drive Positive Workforce Experiences

June 2019

Questions posed by: SAP SuccessFactors

Answers by: Lisa Rowan, Research Vice President, HR, Talent, and Learning Strategies

Q Based on IDC's research, what are the risks involved in providing an inferior employee experience for core HR and payroll?

A Core HR and payroll are the human capital management (HCM) functions of top importance when it comes to employee experience. If there's one thing that employees count on, it is that their pay accurately reflects the time and effort they put into their jobs. One bad paycheck can mean the loss of a valued employee. But the employee experience doesn't stop at paycheck accuracy. Employees also need to be sure that their vacation and sick time accruals and balances are up to date, and they count on having ready and easy access to all the information pertaining to their employment. Together, these factors contribute to employee trust in the employer.

The risks associated with inaccurate payroll or incomplete time off balance information are many. With unemployment reaching historic lows, it is a job seeker's market. Employees can and will leave an employer that does not offer a positive and fulfilling employee experience. In addition to the risks associated with unplanned attrition, employers run the risk of government noncompliance such as inaccurate payroll tax filing — and thus may face stiff fines.

Q How are technology innovations in core HR and payroll empowering multinational organizations to run better?

A Organizations of all sizes are experiencing growth in global operations. Historically, multinational companies had to deal with disparate systems across the globe. Being able to get an answer to such basic questions as total global head count was nearly impossible without many hours of manual labor. As smaller, more agile multinationals entered the market, the demand for new core HR and payroll solutions needed to support them rose. No longer would organizations be satisfied with a patchwork quilt of solutions stitched together across their operations.

New solutions are providing the technology needed to deliver on the promise of seamless global visibility. Such solutions provide country localizations, support for local languages, and compliance with country-specific legal requirements, all at the fingertips of those who need that data.

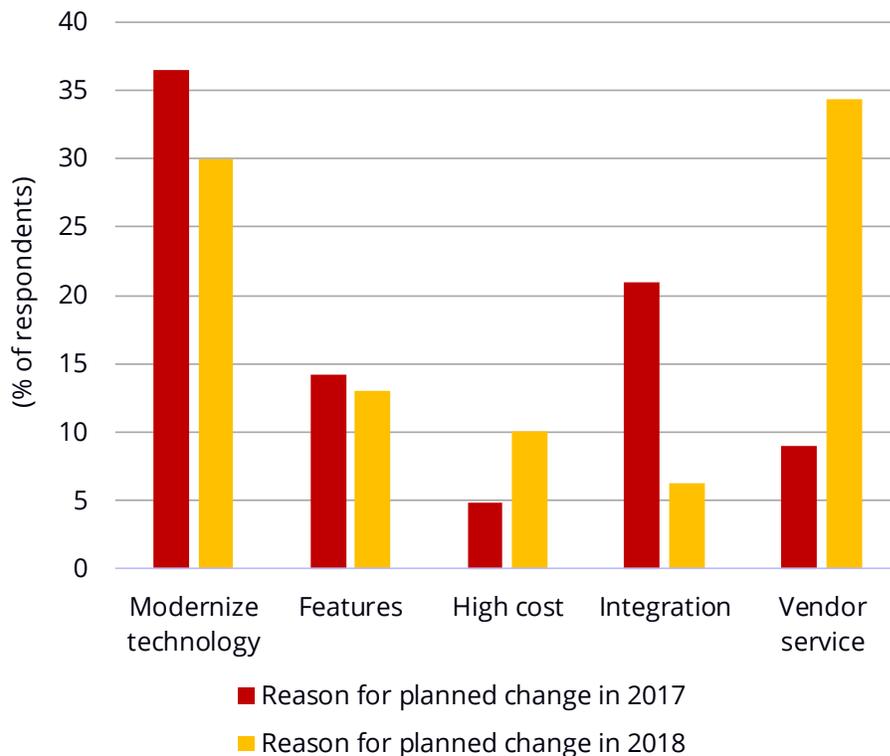
Global core HR and payroll solutions are improving overall visibility, providing real-time access to organizationwide performance, minimizing compliance risks, paving the way for further global expansion for companies of all sizes.

Q What does IDC's research show as the drivers for companies moving their core HR and payroll systems to the cloud?

A There are many good reasons for companies to move their core HR and payroll systems to the cloud. There is the ease of use of cloud-based systems, improved total cost of ownership, and access to the most modern technology. But the top buying drivers change over time. When IDC asked buyers about their reasons for moving to the cloud, they cited the need for modern technology in 2017 and vendor service in 2018 (see Figure 1).

Why the change? Cloud-based systems have matured. There is more of a level playing field across the technology spectrum for the systems available for consideration. This level playing field on the technology front means that buyers look more at qualitative aspects of the total solution — chief among these attributes are the strength, brand reputation, and viability of the vendor backing the solution. Given the investment, buyers want to be sure that the solution they choose will be there for them a year from now, five years from now, or 10 years from now.

FIGURE 1: *Reasons for Changing Core HR, 2017 Versus 2018*



n = 500

Source: IDC's HR Executive Survey, March 2018

Q What is IDC seeing around the top employment challenges multinational organizations are facing?

A Multinational companies face several employment issues around the globe. IDC's 2019 survey of HR executives indicates several challenges of particular importance to the majority of multinationals:

- » The top challenge cited by most organizations is process and data security. HR understands well the critical nature of personnel-related data and transactions. One error in protecting this critical data can put both the employees and the organization at tremendous risk.
- » The second most important challenge to most multinationals is compliance and risk mitigation. Like process and data security, any errors in regulatory compliance may prove costly to overcome.
- » The third most important challenge according to multinational buyers is the need for global consistency. Having a single global source of truth is becoming table stakes for the multinational corporate world.

These challenges speak to the need for innovative technologies in core HR and payroll solutions, and vendors are responding with relevant offerings:

- » Cloud vendors take security and compliance very seriously, with increased physical security including secure locations and armed guards along with higher levels of encryption for digital security to thwart hacking attempts.
- » For compliance and risk mitigation, cloud vendors are delivering functionality to deal with ever changing regulations (e.g., GDPR) at a pace much faster than before to allow companies to stay compliant.
- » Global vendors are focusing on regular processes made intuitive and consistent across the organization.

Q What are market-leading companies doing to cultivate better long-term relationships with employees?

A The most important activity to ensure a better long-term relationship with employees is ongoing and consistent communication. The best-run companies regularly update employees along the continuum of the employment life cycle covering work-life events from recruiting, hiring and promoting to separation and retirement. In addition to excellent communication, market-leading companies make sure that all employee touch points provide an easy and flexible experience. Together, communication and simple, easy-to-use systems and services go a long way toward employee satisfaction and engagement.

Examples of best practices include providing timely notifications around employee benefits, offering mobile-first approaches to access employee information, simple and easy-to-use time capture, and systems that allow for things like shift swapping. The best-run companies put employees first by making sure that self-service truly means service.

About the analyst:***Lisa Rowan, Research Vice President, HR, Talent, and Learning Strategies***

Lisa Rowan is Research Vice President for IDC responsible for global research on human capital and talent management software and services. Ms. Rowan provides expert analysis focused on the business services and software used to address HR- and talent-related dimensions. Her research addresses developments in human capital and talent management applications, human resources consulting, and HR outsourcing services.

 **IDC Custom Solutions**

IDC Corporate USA
5 Speen Street
Framingham, MA 01701, USA
T 508.872.8200
F 508.935.4015
Twitter @IDC
idc-insights-community.com
www.idc.com

This publication was produced by IDC Custom Solutions. The opinion, analysis, and research results presented herein are drawn from more detailed research and analysis independently conducted and published by IDC, unless specific vendor sponsorship is noted. IDC Custom Solutions makes IDC content available in a wide range of formats for distribution by various companies. A license to distribute IDC content does not imply endorsement of or opinion about the licensee.

External Publication of IDC Information and Data — Any IDC information that is to be used in advertising, press releases, or promotional materials requires prior written approval from the appropriate IDC Vice President or Country Manager. A draft of the proposed document should accompany any such request. IDC reserves the right to deny approval of external usage for any reason.

Copyright 2019 IDC. Reproduction without written permission is completely forbidden.