



In looking back at 12 years of survey data, the message seems pretty clear: The more the HR technology market changes, the more the lessons learned stay the same.

BY LEXY MARTIN and LIA GOUDY

Time-Honored Truths

The annual HR Technology® Conference and the CedarCrestone HR Systems Survey have something in common. Both have run for 12 years. The survey is the longest-running poll on HR technology adoption. Since its inception, the overall objectives have been to support organizations in prioritizing which human capital management applications should be implemented next and to help in their cost justifications. For the past five years, the study's lead author, Lexy Martin, has presented the survey findings at the conference and will do so again this year, on Oct. 1, 2009.

Like the conference and the technologies highlighted for the past dozen years, the survey focus and scope have evolved. The first published report in 1997 focused on the early adopters of employee and manager self-service with stories of Dell, Intel, HP, JP Morgan and organizations since merged with others, such as Warner-Lambert, now part of Pfizer.

These early adopters used products from providers that have also merged, such as Edify (now part of Workscape), Seeker Software (now Concur, but no longer in the HCM space) and Talx (now an arm of Equifax Workforce Solutions) for self-service solutions.

Today, the market options are much broader: from ERP-based solutions from Lawson, Oracle and SAP to Software-as-a-Service and outsourcing solutions from a plethora of vendors and providers.

The survey focus has continued to look deeply at the value of service-delivery applications, while evolving broadly to also cover talent-management applications starting in 2000 (although we called these strategic human capital applications) and business intelligence in 2004.

This year's survey questionnaire, released in May, still covers a broad spectrum of applications, including all the above areas plus newer ones, such as workforce-management applications, social networking, workforce communications and mobile analytics—each with deployment models as diverse as the vendors. It also dives more deeply into specific metrics useful for benchmarking the value of all these technologies.

From just covering U.S. organizations in the early years, the survey is increasing its global recognition. Last year, CedarCrestone did a deeper-dive survey focusing on Asia and Australia, and showing their adoption patterns—not too much different from North America, but perhaps more innovative in their use of social networking. The number of respondents has grown from approximately 300 in the early years to more than 1,000 respondent organizations in 2008, representing more than 15 million employees.

The more things change, however, four aspects remain the same: Application adoption continues



unabated, results achieved deliver value, every new technology suffers from the same barriers, and change management continues as the most critical success factor.

Application Adoption, 1998 to Now

In the bottom chart on page 32, we show the application-adoption trend published in our 10-year anniversary survey (*2007–2008 HR Systems Survey*, 10th Annual Edition, www.cedarcrestone.com/research.php).

There was an overall 50 percent adoption level for self-service applications. The strategic HCM applications (a combination of more than 10 talent-management applications) were at an average 35 percent adoption level in 2007. This category covers everything from workforce planning to recruiting, to a myriad of “develop” applications, including learning management and performance management, as well as succession planning and compensation management.

Rates of growth for these applications vary with recruiting automation quite mature and others, such as workforce planning and career development, in the early-adopter stage. The “develop” and “measure” (business intelligence) application categories are growing the fastest today. Organizations are putting more emphasis on developing and measuring the contributions from existing staff, given the economic climate.

The CedarCrestone HCM Application Blueprint, on the top of page 32, highlights the path organizations

follow in application adoption, taking them from achieving administrative excellence to service-delivery excellence and performance excellence.

Organizations achieve administrative excellence by adopting a core record-keeping system and keeping it up to date, thereby taking advantage of the implicit best practices of the system. Many organizations are also rapidly moving to workforce-management applications, such as time and absence management, which are then used for labor budgeting, forecasting, scheduling and, increasingly, task management. High-tech manufacturing and financial services are the most aggressive early adopters of these applications. Any industry in which flexible and agile scheduling and forecasting is needed would benefit from these technologies.

Organizations then deploy self-service applications, in some cases under a portal umbrella with a single sign-on. The larger organizations also move to a service-center approach, augmented by call-center technology and a knowledge base that couples person-specific content with transactional services. These organizations are achieving service-delivery excellence.

The implementation of talent-management applications that enable organizations to acquire, develop and retain the workforce—along with a data warehouse and analytics to enable measurement and reporting of workforce performance—are achieving performance excellence.

Results Achieved

The surveys over the years track application success, the employee-to-HR staff ratio, transaction costs, process metrics and talent-management-application headcount impacts, highlighted in a series of white papers available at www.cedarcrestone.com/research.php.

In terms of the value achieved by the solutions, as organizations moved to self-service, they cost-justified the move with hard-dollar administrative-headcount cost reductions during the late 1990s and into early 2000. Back then, we were in an economic climate that demanded rigorous business cases. Then, for a few years, early adopters to talent-management solutions justified these applications based on the potential they had for growing revenue and sales by leveraging a competent workforce acquired, developed and measured through the applications and improved talent-management processes.

Today, we are back to the need for rigorous and very hard-dollar cost justification that will likely entail the need for showing potential headcount reductions again. The economic climate may also drive organizations to focus on lowering the total cost of ownership of their applications. Two avenues are in play: 1) organizations are moving to totally integrated solutions from their ERP solution providers, and 2) organizations are rapidly adopting hosting to cut application-service-delivery costs or adopting Software-as-a-Service choices to minimize capital outlays.

Since 1997, data show that the longer solutions are in place, the higher the satisfaction level and value achieved. The HR staff-to-employee ratio has grown from an overall average of 90 employees served to 120 today with self-service. The latter figure climbs even higher when organizations move to shared services. There are considerably higher ratios for large organizations in retail, but lower in the financial-services industry—where high percentages of knowledge workers require more sophisticated services—or in companies that are the results of mergers and acquisitions, with each unit requiring unique services. Across the board, the transaction cost reduction is around 25 percent. (See *The Value of HR Technologies*, a white paper available at www.cedarcrestone.com/research.)

For many years, there has been a link between higher operating-income growth, sales or revenue and such applications as competency management, performance management, learning management and workforce analytics. We have done cross-lag analyses that clearly show the technology in place leads to improved financial performance rather than the other way around. Other factors in play include organizational structure, process-improvement work, actions that improve employee engagement and leadership development. Nevertheless, the findings show a specific set of applications consistently link to improved financial performance.

Same Old Barriers

All technology adoption for the past 12 years—whether self-service, talent management, business intelligence or social networking—is beset by a common set of barriers led by one theme: inadequate funding and the ability to show value. As the next few years usher in an evolution to metrics-based management and a focus on implementation of business-intelligence solutions, a new barrier will emerge: a need to focus on creating a technology infrastructure that integrates data from multiple sources—from HR to finance to operations—and a need to develop the technical and analytical skills to develop and use workforce-measurement tools.

One key critical success factor will be change management. “Focus technology adoption on addressing the business strategy to succeed,” says every practitioner,

vendor or consultant. Well, change management is also crucial. Interestingly, back in 1998, a focus on technology-related factors did not lead to success. The unsuccessful organizations focused first on initiatives such as creating a consistent look and feel for all applications and data-integration efforts. Not wrong, but not until processes were redesigned with the employee in mind, and not until the whole implementation was done with sensitive change management that conveyed the value of new technology on those to be impacted, did organizations succeed. In CedarCrestone’s experience, the approaches that will make the difference toward achieving a successful HR technology project are: matching the technology strategy to the needs of the business, building a solid business case that all stakeholders buy into and allocating adequate time, resources and budget to training, communications and change management.

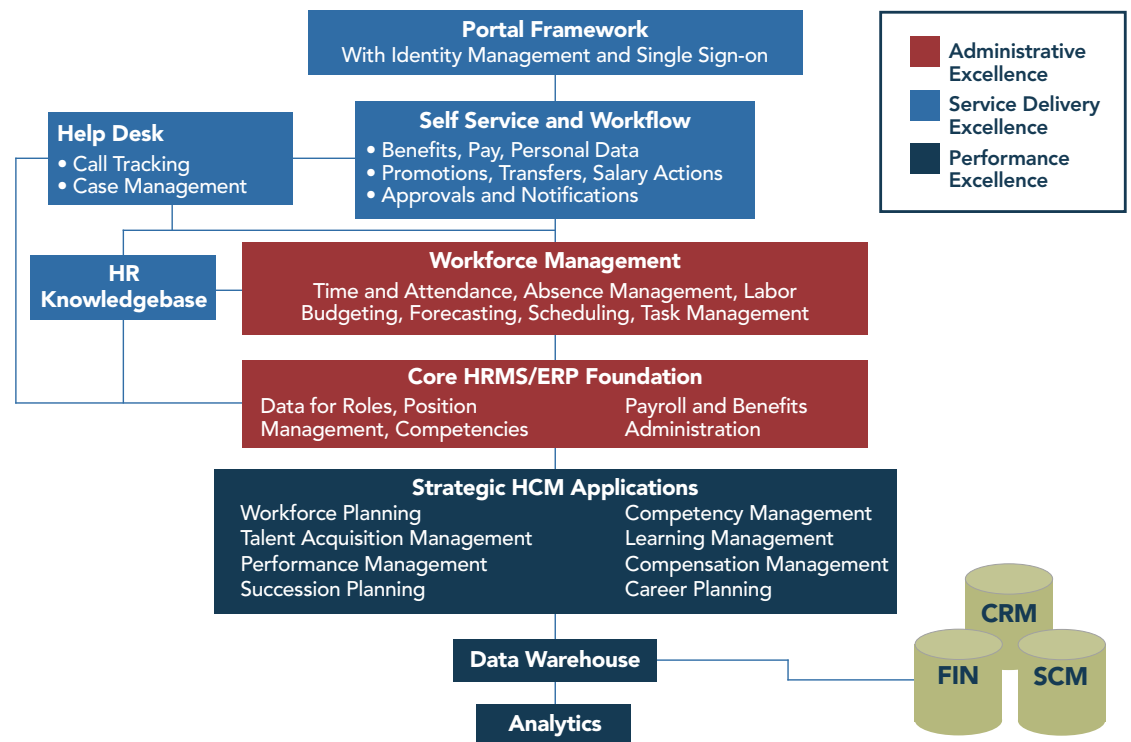
Future Expectations

Today’s economic state has brought a decline in HR technology budgets. Hopefully, the findings of the *2009-2010 CedarCrestone HR Systems Survey* will shed light on the extent this is occurring. Representatives with an oversight into HR technologies from organizations with at least 500 employees are invited to participate in the research by going to www.cedarcrestone.com/survey/hrexec.html.

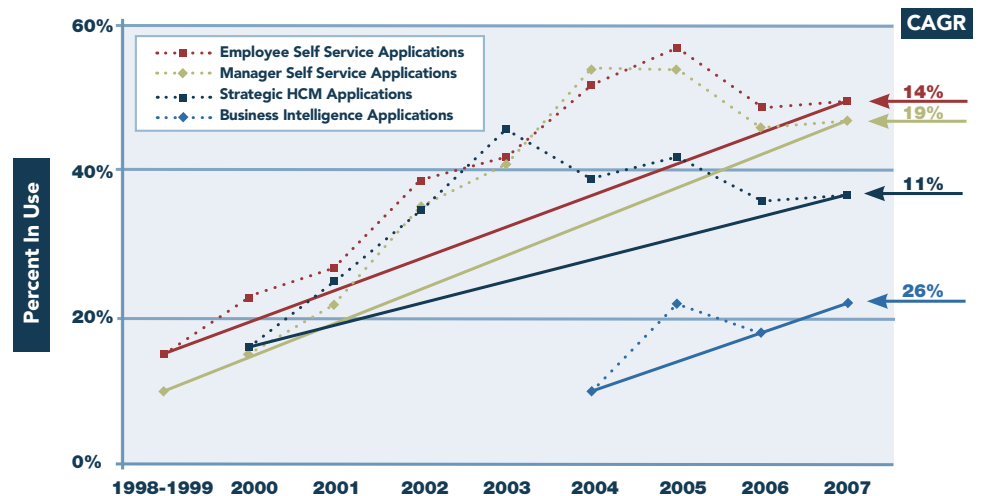
From this year’s survey, we expect to see:

- Slowing of application adoption in recruiting automation, but continued adoption of any of the “develop” talent-management applications and social-networking tools;

CedarCrestone HCM Application Blueprint



Application Adoption – 10 Year History



- Movement toward the Software-as-a-Service deployment option for some applications, though organizations with ERP-based HRMS systems will be adding more talent-management and business-intelligence applications to those bases to minimize their total cost of ownership; and

- The use of metrics to be more sophisticated ... spending time defining meaningful metrics will serve organizations well in the coming years when capital is more available or more “on demand” workforce-intelligence solutions are available.

Organizations spend only after undergoing rigorous analytics of new technologies. As always, CedarCrestone is positioning survey results to support business case work and application prioritization.

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The 2009 HR Technology® Conference and Exposition will be held at McCormick Place in Chicago Sept 30. to Oct. 2. For more information, visit www.HRTechnologyConference.com