

# Australian **HRTECH**REPORT 2010

Primary research and analysis  
of HR Technology use in Australia,  
by Navigo.



HR Solutions & Information Management





## **Disclaimer**

The information in the Australian HR Tech Report 2010 was collected, analysed and compiled by Navigo Pty Ltd. At Navigo our aim is to re-invent HR through strategically aligned people, process and technology: This report has been commissioned to assist in that goal by giving a snapshot of HR technology adoption and success for organisations in Australia.

We would like to encourage all readers to freely cite, reference, share and quote information contained within this report as part of their own works with the appropriate credit to Navigo and the Australian HR Tech Report.

We request that all references made to the report are cited as "Navigo Australian HR Tech Report 2010."



# Executive Summary

In November and December 2009, primary research was conducted by phone and email in 164 Australian organisations with over 500 employees (dubbed “enterprise-level”), representing a total of over 730,000 employees. Respondents were HR managers (26%) or HR technologists. Their responses have been collated to form this report.

Over 70% of enterprise-level organisations in Australia use a Human Resources Information System (HRIS). HRIS deliver the solution to over 30% of HR’s system requirements. HRIS adoption is diverse with 23 different HRIS cited, SAP HR and Chris21 are the most popular, each appealing to different scales of organisation.

Larger organisations are more likely to adopt a human resources information system. The larger an organisation is, the more HR solutions are technology-enabled as part of the organisation’s HRIS.

In every area surveyed, technology-based systems were rated more satisfactory than their manual counterparts. On average, technology-based systems were 91% more satisfactory than manual or non-systems use. Despite this, technology adoption was disparate across different solution areas, manual systems-use is common.

Increasing efficiency is the main motivation for improving HR systems & technology (32%). Strategic motivations were also popular, but less so. HR executives believe that strategic initiatives suffer through the time-intensive demands of transactional HR - the drive for efficiency is really a drive to free time and resources for strategy. Technology-based systems are likely the most popular because of the operational efficiency they deliver.

Organisations were most commonly “satisfied” with systems, but least commonly “very satisfied”. Organisations have usually identified room for improvement with current systems. This may be due to a lack of efficiency in manual systems, or the non-perfect organisational fit of packaged solutions. Vendors should focus on flexibility to address this.

Budget is the main roadblock for improving HR systems in the post GFC climate. Yet reducing costs was an uncommon motivation for systems improvement in organisations over 1000 employees. Despite the efficiency-led cost-saving potential of HR systems, the return on investment (ROI) is often unquantifiable. Business cases for systems should strive to put a dollar figure on ROI, plus identify the opportunity-cost of pursuing more strategic actions.

Learning management is the most commonly technology-enabled solution area. Applicant tracking has the most common use of stand-alone systems, employee self-service (ESS) has the most common use of HRIS-based systems. Performance management, cited by other sources as a key differentiator, is very poorly represented in Australia with 52% of organisations employing manual systems or no systems for the task.

Only 30% of Australian enterprise employ any succession planning technology. Large Enterprise is the most common adopter. Organisations that do adopt it are rarely dissatisfied. As Australia approaches the retirement of the Boomer generation, succession planning systems and technology will become more important.

Large Enterprise are the most systems enabled group, Small Enterprise the least. Education is the most systems enabled industry, Manufacturing the least. Large and small organisations have different motivations and roadblocks. When benchmarking it is important to consider organisations with similar requirements to yours: there is no *one* best-practice, only best-practices, which vary based on the needs of the individual organisation.

A photograph of two people in business attire sitting on high stools, viewed from behind, looking out a large window. The scene is dimly lit, with the bright light from the window creating a silhouette effect. The floor is polished and reflects the light. The window is composed of several large panes separated by dark frames. The ceiling has recessed circular lights.

*Over 70% of Australian enterprise-level organisations use a HRIS. Over 30% of HR's solution needs are met using their HRIS.*



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# Introduction

**Hello and welcome to the Australian HR Tech Report 2010.**

The Australian HR Tech Report is a study commissioned by Navigo, HR systems and technology specialists.

At Navigo, we spend every day consulting and delivering solutions in HR and Payroll departments across a wide range of industries using a wide range of systems. Doing so, we often wondered: What is the broader uptake of such solutions in HR in Australia, and are they making a difference?

This is the question that inspired us to research and compile the report you now read.

In November and December 2009 we asked large Australian organisations (those with 500 or more employees) about the systems they are using in HR, their level of satisfaction with current systems and technology and their roadblocks and motivators for improvement.

In response we received answers from HR Managers and technologists in 164 Australian organisations representing over 730,000 employees. We think this unique research gives insight into the current HR solution landscape in Australia and allows for some critical analysis.

The results of our survey and analysis are presented here in the Australian HR Tech Report 2010. We hope that this report will be a mine of useful information for everyone with an interest in HR technology.

The first half of the report looks at broader trends. First, HRIS adoption. Then the main motivators for, and roadblocks against, organisations improving their HR systems and technology. Lastly, the levels of system adoption across a selection of seven HR solution areas, and how these correlate with levels of satisfaction.

Our research has shown that the HR solution landscape is broadly varied. And so, to allow you to benchmark your organisation with others in similar industry and scale, the second half of our report is devoted to more detailed analysis where we display our findings in segments by industry type and organisation size.

We conclude with our analysis of the findings, drawn from Navigo's own experience in Australian HR technology.

We acknowledge the limitations of our report – such as the limited survey sample size, the grey area surrounding “level of satisfaction”, and the confusion caused by the lack of consistent nomenclature in some HR solution areas. In order to present quantitative rather than qualitative results we have divided the solution landscape into neat categories – We acknowledge that the real solution landscape is not so easily categorised.

This is the first industry survey we have conducted, and we have learnt a lot. We now have, not just a far clearer understanding of the Australian HR technology landscape, but a comprehensive set of ideas for delivering a stunning HR Tech Report 2011.

We encourage you to comment, critique, and forward this report to your friends and colleagues.

**Peter Forbes and Rod Bishop**

Navigo

## Method

Primary research for The Australian HR Tech Report was conducted in the form of a survey via phone or email. The survey was carried out between 1st November 2009 and 1st January 2010.

The phone survey was completed by organisations around Australia. In addition to quantitative data, qualitative notes were kept that provided additional context to findings within the report. The email survey was undertaken predominantly by customers of Navigo, and was entirely quantitative.

In total 2300 Australian organisations were approached, garnering 193 responses. Of these, 164 responses were from unique organisations and fit our response profile. This report contains the results drawn from those 164 organisations representing over 730,000 employees.

Respondent organisations have 500 or more employees based in Australia. We have dubbed these “enterprise-level”. The respondents themselves were always in human resources, the most common position title was Human Resources Manager (26% of respondents). Other common titles included HRIS/HR MIS/HR Systems Manager(s), HR Reporting/HR Shared Services Manager(s) and HR Project Consultants.

The report subsets the survey population by both industry and organisation size. The aim is to allow the reader to benchmark their organisation against others with similar human resource requirements.

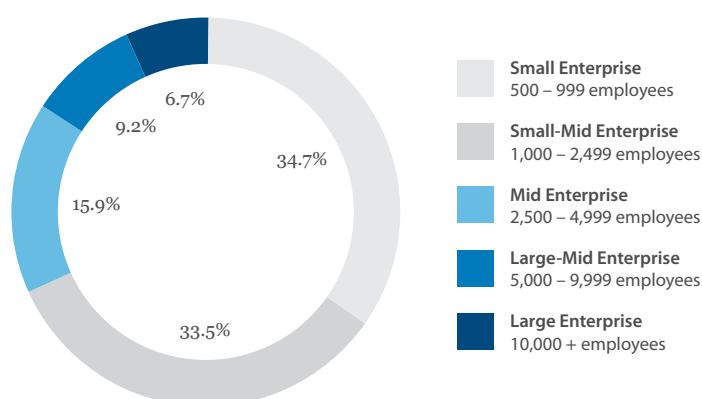
## Organisation Size by Number of Employees

This report categorises enterprise organisations into segments by size, based on their total number of employees. Each segment has been named for ease of reading. The segments are:

- Small Enterprise (500 – 999 employees),
- Small-Mid Enterprise (1,000 – 2,499 employees),
- Mid Enterprise (2,500 – 4,999 employees),
- Large-Mid Enterprise (5,000 – 9,999 employees), and
- Large Enterprise (10,000+ employees).

The segments and their percentage of the survey population are detailed in *fig 1* below.

*fig 1.* Respondent organisations by number of employees



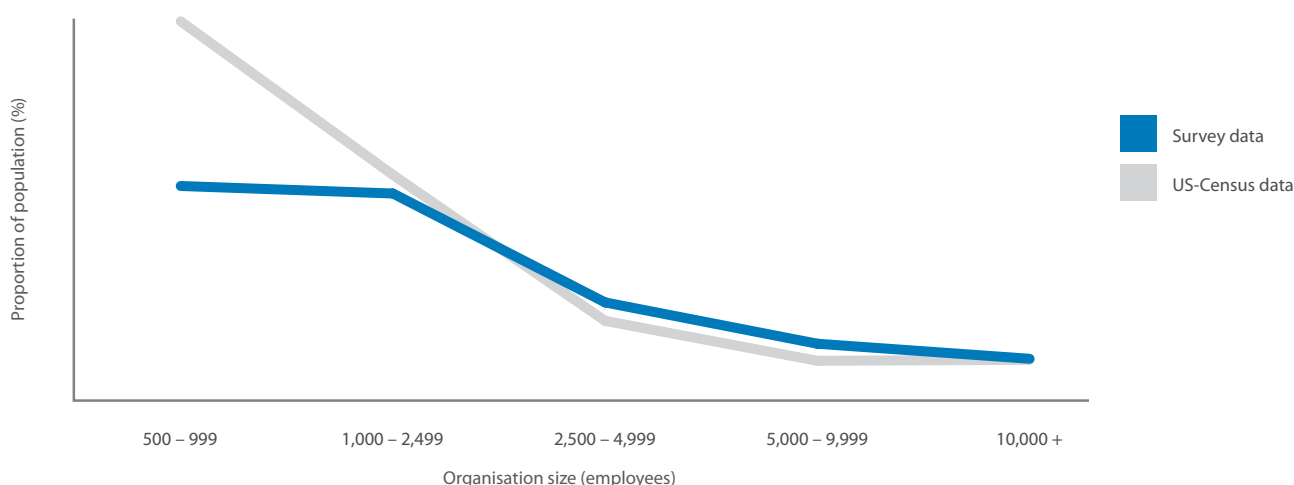
## Market Demography

The demography of enterprise-level business in Australia is largely uncharted. The Australian Bureau of Statistics (ABS) holds business demography data, however puts organisations with 200+ employees into a single category. After contacting the ABS, and at the time of writing, we were not aware of any pre-compiled source of statistics on the population proportions of enterprise-level business in Australia.

We turned to the US to provide a framework. The US Census Bureau<sup>1</sup> provides US business demography by employee count for organisations with 500 or more employees. Given the absence of Australian data and international nature of enterprise business, we believe that the US data provides a valid framework.

In order to achieve large enough sample sizes for every segment, the list of organisations approached was biased towards larger enterprise. How this correlates with the demography of US enterprise business is shown in *fig 2*.

*fig 2. Respondent organisations compared to US-Census data*



## Industry Classifications

This report also performs an analysis by industry sector, categorised using standard industry codes (ANZSIC). The segments and their percentage of population are detailed in *fig 3* below.

*fig 3. Respondent organisations by industry*

Agriculture, Forestry and Fishing	4.27%	Communication Services	1.83%
Mining	4.27%	Finance and Insurance	2.44%
Manufacturing	10.98%	Property and Business Services	9.15%
Electricity, Gas and Water Supply	3.05%	Government Administration and Defence	18.90%
Construction	0.00%	Education	8.54%
Wholesale Trade	3.05%	Health and Community Services	12.20%
Retail Trade	9.15%	Cultural and Recreational Services	0.00%
Accommodation, Cafes and Restaurants	1.22%	Personal and Other Services	4.88%
Transport and Storage	1.22%	NONE GIVEN	4.88%

1 US Census Bureau, "U.S. sectors (large employment size groups- up to 10,000+)", 2006, <http://www.census.gov/econ/susb/>





# Limitations

## Level of Satisfaction

This report uses “level of satisfaction” as a measure to assess the success of an HR system adoption. The attempt is to use the satisfaction of managers with any system to represent the system’s ability to meet organisation goals.

We acknowledge that the “level of satisfaction” cited by any individual respondent will be a response to factors wider than the systems themselves and may not be an accurate representation of the view of the entire organisation. We hope that by reporting on the combined satisfaction of 164 managers across Australia, the picture that forms will be a real measure of the quality and value of each solution.

## Solution Areas Examined

The seven HR solution areas that are examined in this report have been chosen to represent a broad cross-section of HR rather than a comprehensive list. The list includes areas that are both core and non-core, relating to both management and reporting, operating on both large and small scale. We have attempted to be as specific as possible, excluding broad categories such as Talent Management (TMS), in favour of the more specific categories that comprise them, such as Applicant Tracking (ATS) and Performance Management. We hope that our choices present both a detailed, yet also widely representative collection of areas in HR.

## Systems Confusion

Lines in HR technology are sometimes grey. In conducting the survey we discovered confusion on what exactly constituted each category of solution. For example, although the area of Performance Management is very specific, Performance Management software is coming to include areas of broader Talent Management.

The questions on Business Intelligence (BI) and reporting created confusion in what comprises a manual system or software system, when the actual activity of reporting usually comprises a proportion of both. We believe “manual” in this instance to be over-represented. In the same way, individuals with limited exposure to a system may deem it “part of HRIS” when it is in fact very well integrated “stand-alone software”.

Lastly, even defining what is (and is not) a HRIS can be grey. Major payroll vendors are growing their software to include limited HR features. In this report we have drawn a line, separating HR/Payroll systems into “HRIS” and “Not HRIS” based on our knowledge of the industry. HRIS include systems like SAP HR and Oracle e-Business. “Not HRIS” include systems like Micropay and ADP Payforce. We are happy to entertain debate on these points.

In conclusion, despite the process of compiling this report having highlighted the vagaries and shifting norms of HR technology, we resolutely present in a black-and-white structure. The ease of quick analysis that this provides, we hope, justifies this process.



*32% of surveyed organisations cite increasing efficiency as their main motivator for improving HR systems & technology.*



# Research Results

A study of the state of HR technology in Australia.

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# HRIS Adoption

## Respondents were asked to identify their HRIS.

We surveyed under the assumption that most enterprise organisations would have a human resources system.

We were mistaken. Even in large-enterprise organisations, respondents replied that they had no system, a payroll system only, or payroll plus integrated technologies only. Others responded with names of popular payroll systems which are not full HRIS.

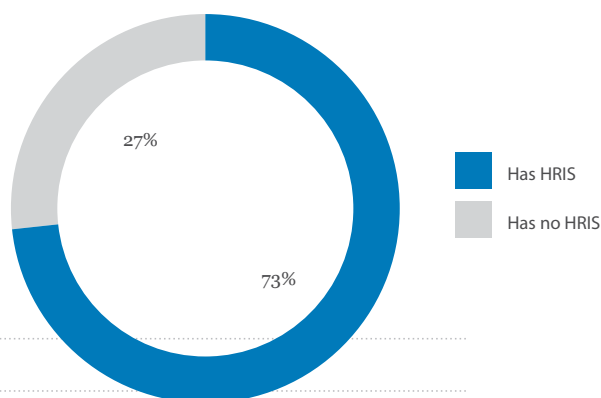
Excluding payroll systems, overall HRIS adoption in Australian enterprise is 73% (see *fig 4*).

Respondents identified 23 different HRIS across a mixture of local and international, traditional or software as a service (SaaS).

Two stand-out HRIS were far more commonly adopted than the others. Most popular is SAP HR, used by 17% of respondents, second is Chris21 by Frontier Software, used by 15% of respondents. A further analysis of these shows that these two HRIS are adopted by different audiences: SAP HR is most commonly used by organisations with 5,000 – 9,999 employees, Chris 21 by organisations with 1,000 – 2,499 employees.

The “top five” most commonly used HRIS in Australasia are shown in *fig 5* below.

*fig 4.* HRIS adoption level



*fig 5.* The “top five” most popular HRIS

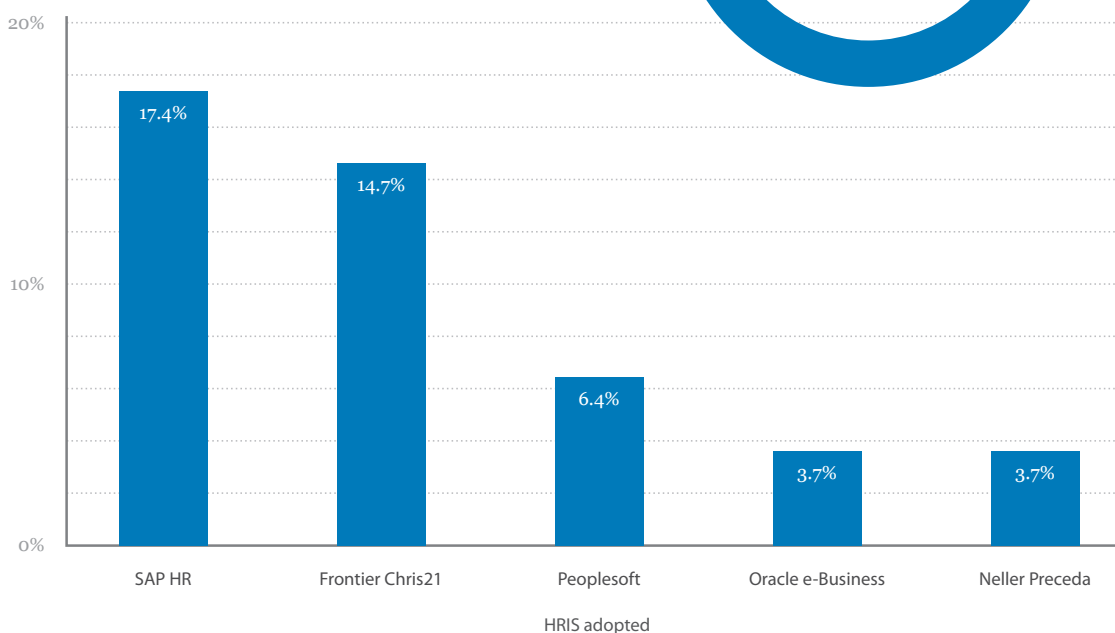
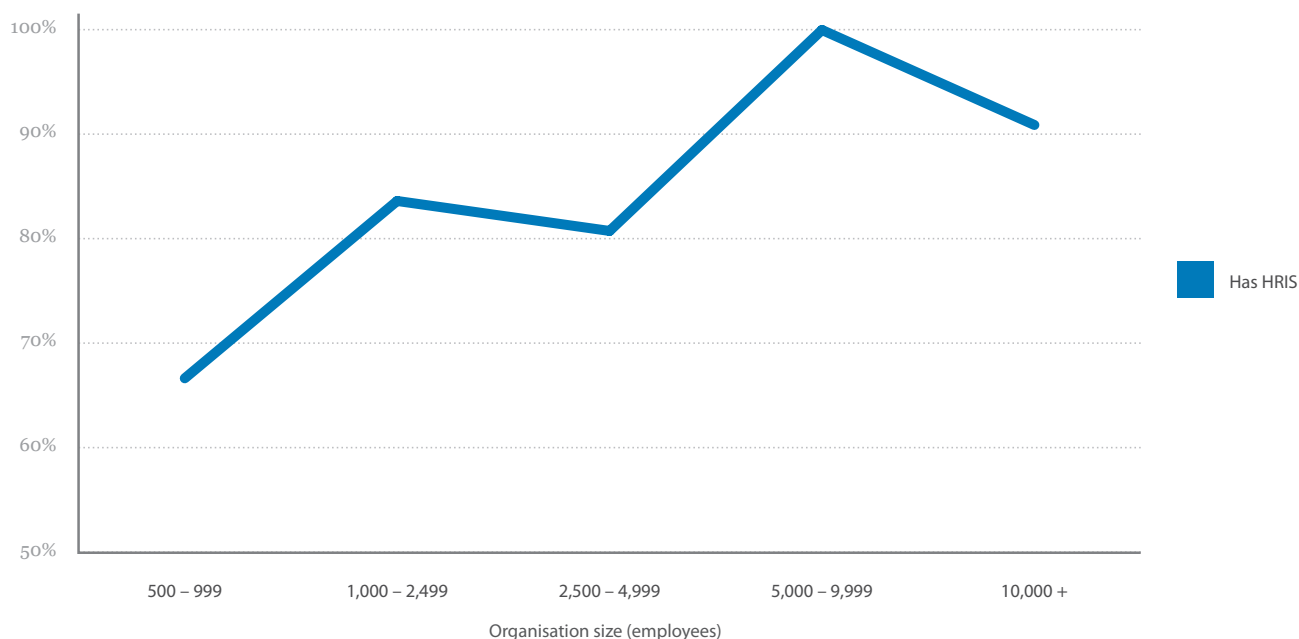




fig 6. HRIS adoption level by organisation size

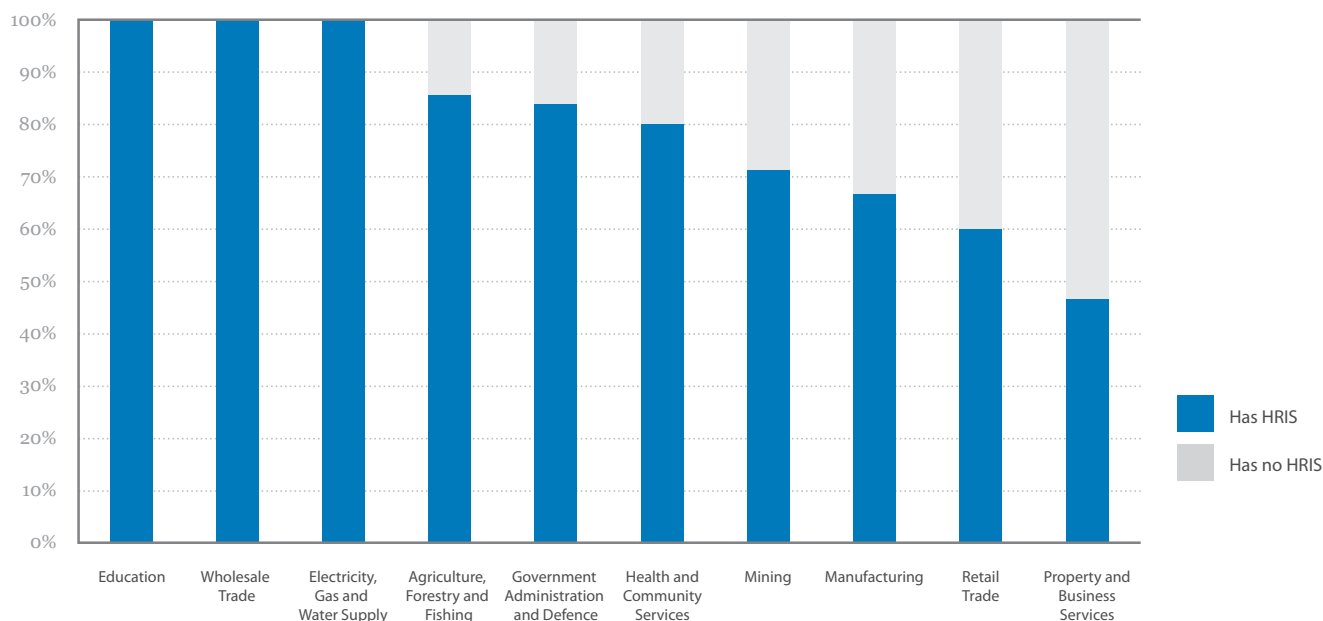


HRIS Adoption varies by organisation size (see fig 6) and industry (see fig 7).

Lowest adoption rates were in organisations with 500 –999 employees at 67%. Highest were organisations with 5,000 –9,999 employees where 100% of respondents have adopted a HRIS. A correlation is suggested that as organisation size increases, HRIS adoption also increases. Due to the survey data’s emphasis on larger organisations, the real figure for HRIS adoption across all Australian “enterprise-level” organisations may be lower than 73%.

Of the ten most common enterprise industry types, lowest adoption rates were amongst organisations in Property and Business Services at 47%, and Retail Trade at 60%. The lower HRIS adoption rate for large-enterprise (10,000+ employee) organisations may be a result of the high proportion of retail surveyed in this grouping.

fig 7. HRIS adoption level by industry



# Satisfaction and System Adoption

Respondents were asked to identify the system adopted, and their level of satisfaction with it, across seven areas in HR: Employee and manager self-service, business intelligence and reporting, organisational charting, applicant tracking and recruitment, learning management, performance management, and succession planning. These seven areas were selected to represent a broad (but non-exhaustive) cross-section of solutions within HR.

System adoption was segmented into groups: Stand-alone software, Part of HRIS, Manual, or None.

In the coming sections we explore these in more detail, examining them first against the different solution areas in HR, secondly against industry, and finally against organisation-size. This section shows the broader trends.

Overall, the most commonly adopted system across surveyed areas in HR is use of a HRIS, accounting for 32% of systems. Interestingly, in the absence of a HRIS-based system, respondents were more likely to use manual systems rather than purchase stand-alone software (see *fig 8*).

Overall, respondents were satisfied with the systems that they currently used. 45% of respondents were either satisfied or very satisfied with their systems, compared to only 28% of respondents that were dissatisfied or very dissatisfied. Very satisfied was the least common result, suggesting that despite systems being generally adequate there is usually identifiable room for improvement (see *fig 9*).

*fig 8.* Overall system adoption across all solution areas

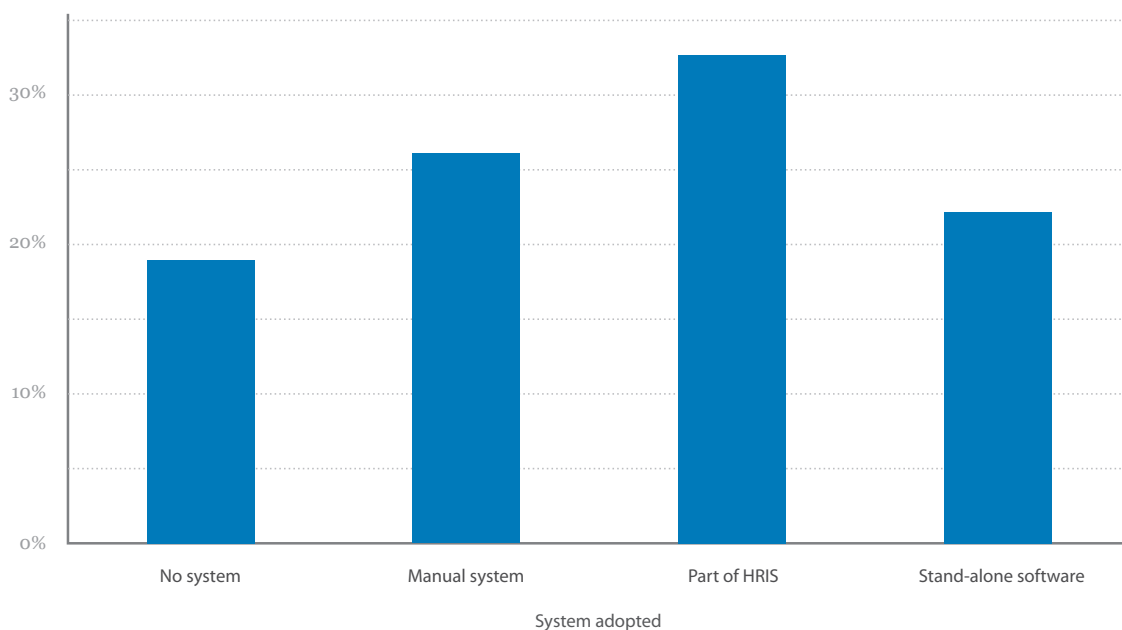
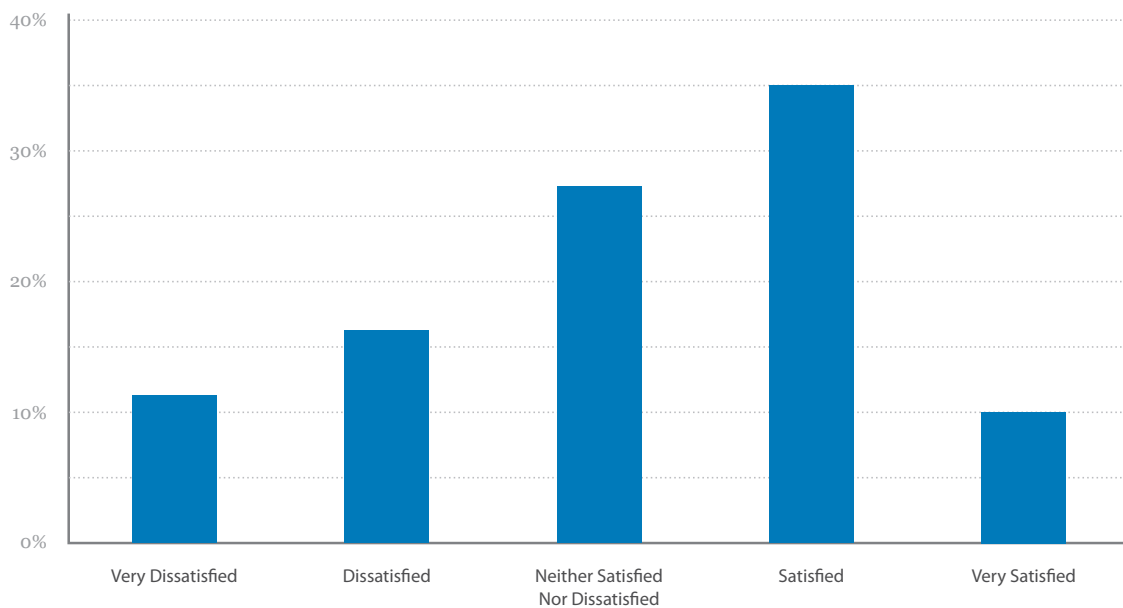






fig 9. Overall system satisfaction across all solution areas

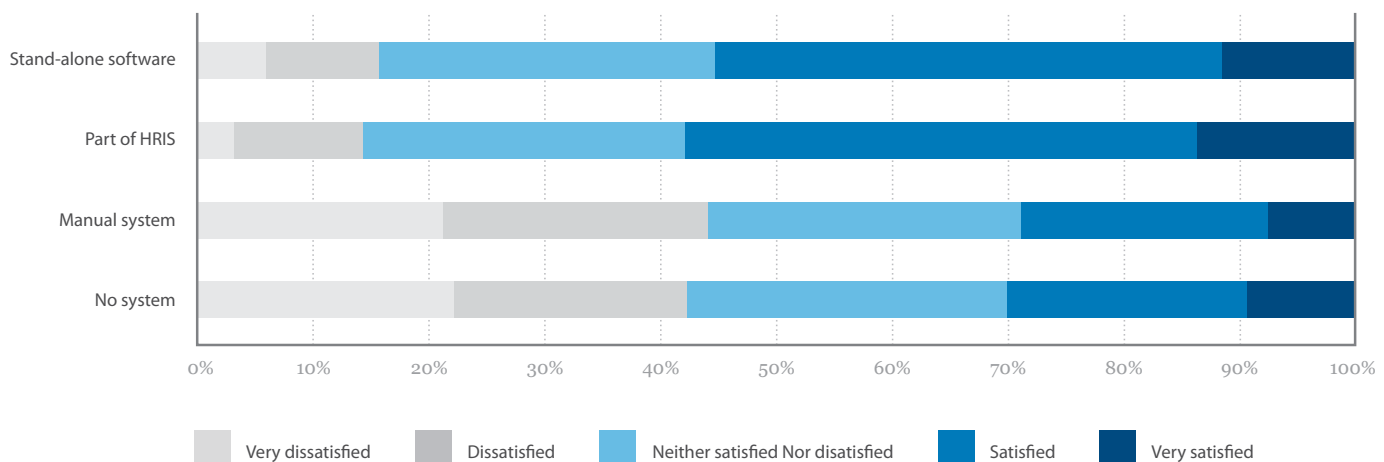


## The Technology Satisfaction Split

Most interesting is the correlation between the systems adoption and satisfaction (see fig 10). Here we see that average levels of satisfaction differ significantly by system adoption. Systems were satisfactory or very satisfactory as follows: Stand-alone software 55%, Part of HRIS 58%, Manual 29%, None 30%. On average, organisations with technology-enabled HR systems were 91% more satisfied than those without.

Respondents who had no system for an area of HR were slightly more satisfied than those who had a manual system but no software. This speaks to both the apathy of organisations that choose not to adopt any system in some areas of HR (eg: succession planning) and also the general failure of attempts to meet HR goals without HR technology.

fig 10. Satisfaction with system adoption across all solution areas



# Motivators and Roadblocks

Respondents were asked to identify their biggest motivator for, and biggest roadblock against, improving their HR systems and technology.

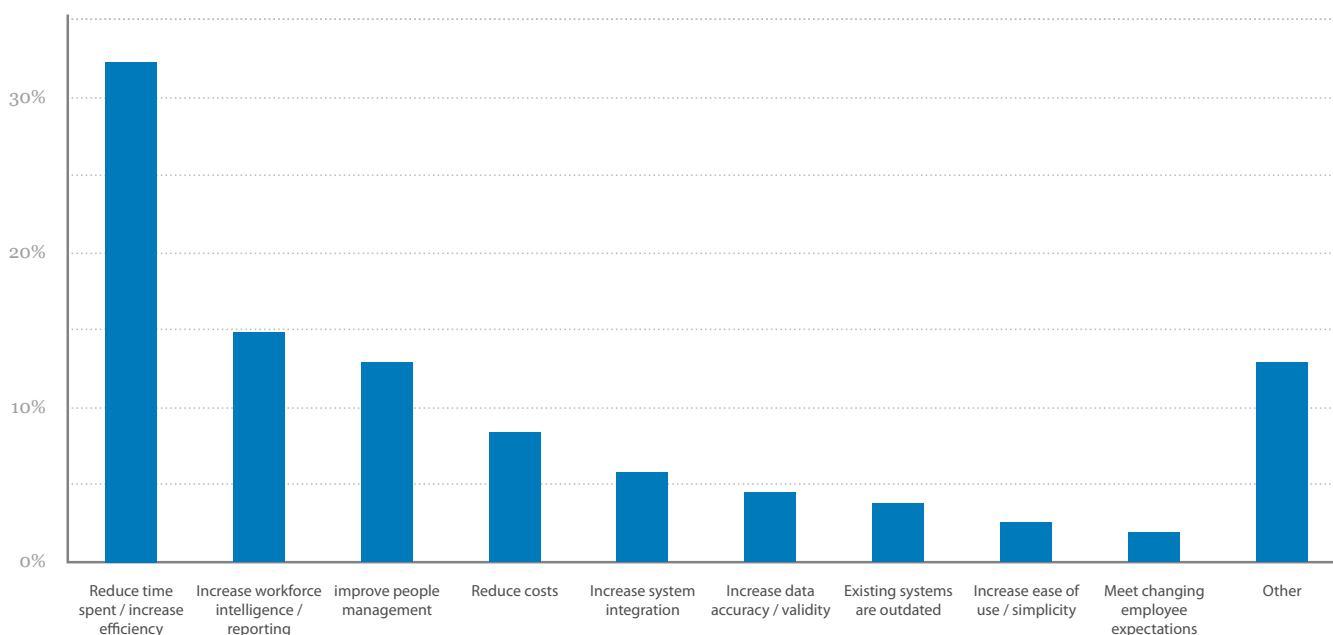
*32% of Australian enterprise cite increasing efficiency as their main motivator for improving HR systems.*

## Motivators

For 32% of organisations surveyed, increasing efficiency is the primary motivator for improving HR systems and technology (see *fig 11*). HR's desire to be "more strategic, less transactional" is widely documented. Add to this an economic crisis where hiring freezes and layoffs result in organisations needing to do more work with less human resource: this result is unsurprising.

However, the motivation to reduce costs did not rate as highly as expected. In lieu of the economic crisis and tightening budgets it is interesting that HR technology was not considered as a method for reducing overheads. Despite it's identified potential for increasing efficiency, organisations do not expect that this would equate to a rapid return on investment (ROI).

*fig 11.* Biggest **motivators** for improving HR systems and technology





*53% of Australian enterprise cite budget restraints as the main roadblock preventing improvement in HR systems.*

## Roadblocks

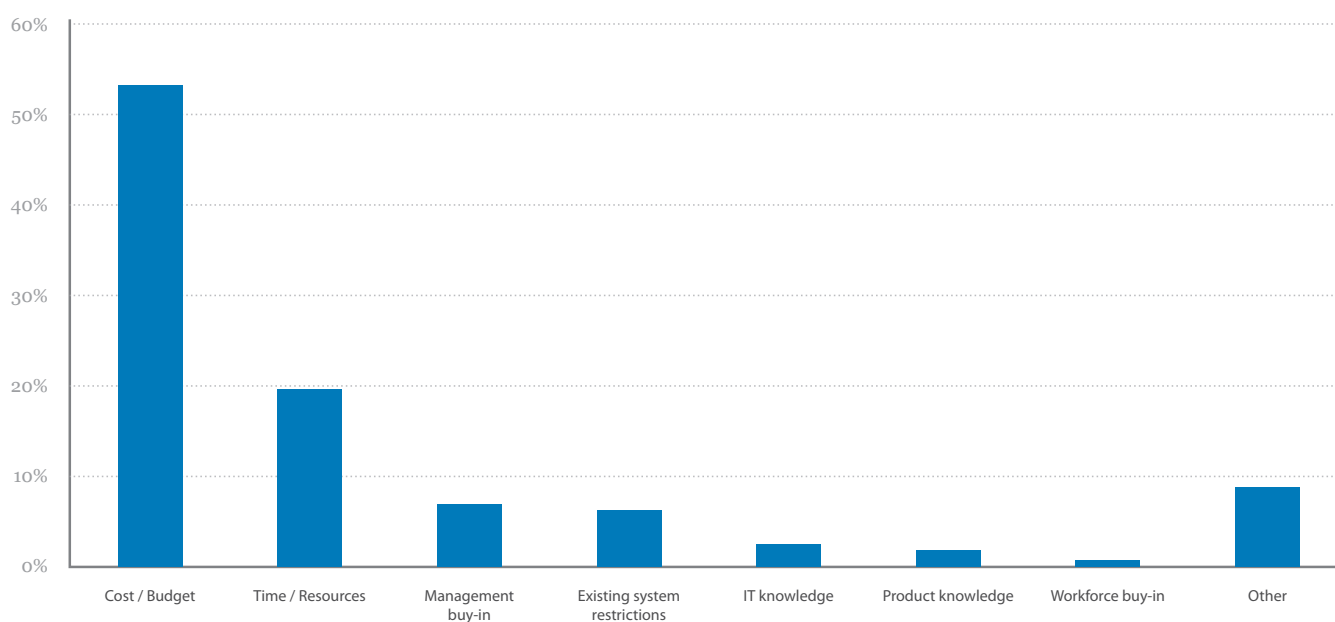
53% of organisations surveyed cited cost or budget as the primary roadblock preventing them from improving their HR systems and technology (see *fig 12*).


There was less diversity amongst responses for roadblocks than motivators, illustrating that whilst organisations have a diverse set of motivations, in the light of the global financial crisis, budget restrictions

have lately been the prevailing consideration.

With such restrictions on expenditure, HR must be prepared to support any proposal for systems improvement with a strong business case that illustrates a rapid ROI.

*fig 12.* Biggest **roadblocks** for improving HR systems and technology



An overhead, high-angle photograph of three business professionals in a meeting. A man in a dark suit is at the top, holding a pen and pointing at a document in a black folder. A woman in a light-colored blazer is at the bottom, holding a white folder. A man in a dark pinstripe suit is in the middle, looking down at the document. They are standing on a light-colored, tiled floor. A semi-transparent dark blue rectangle is at the bottom of the image, containing white text.

*Different facets of HR each have different levels of technology adoption. In every instance, technology-based systems are rated as most satisfactory.*

# System Adoption and Satisfaction by Solution Area

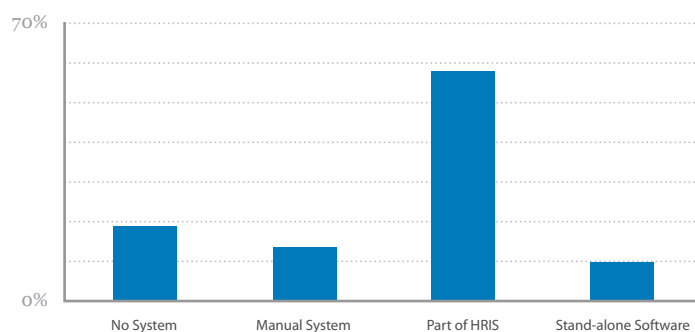
Respondents were asked which systems they had adopted for each of seven areas in HR. System adoption was segmented into four groups: Stand-alone software, Part of HRIS, Manual, or None. Email surveys captured purely quantitative data, phone surveys captured additional qualitative data such as product names, which were then mapped to the system adoption groups.

The results show that each HR solution area has a different profile of systems adoption. No one adoption type was a stand-out: Each of the adoption groups (Stand-alone software, Part of HRIS, Manual, or None) is most common in at least one instance.

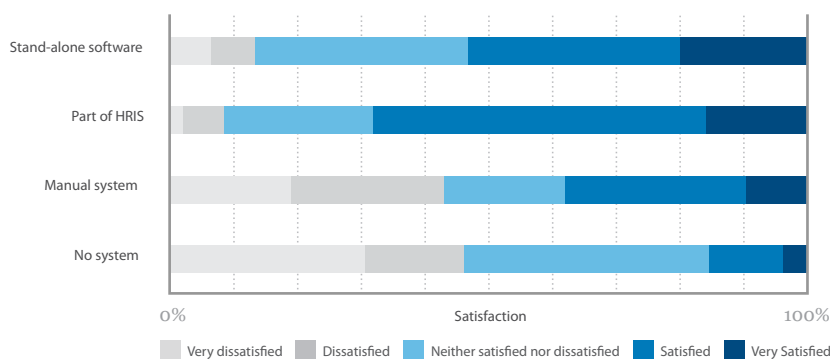
The trend that technology-enabled systems give higher satisfaction, explored above (see *fig 10*) is visible again here. In all seven solution areas surveyed, technology-based systems are more satisfactory than other responses.

In this section each HR solution-area is analysed in turn. For each we show the level of system adoption, and then the “solution-satisfaction” analysis similar to *fig 10* above.

*fig 13.* System Adoption  
ESS and MSS



*fig 14.* System Satisfaction  
ESS and MSS



## Employee & Manager Self-Service (ESS/MSS)

ESS/MSS is most commonly part of an organisation's HRIS (in 58% of organisations). HRIS also has the highest satisfaction rating (68% satisfied or very satisfied), justifying its place as the most common system.

Second most common are organisations with no ESS/MSS capability (13%) who were very commonly dissatisfied (only 15% satisfied or very satisfied).

Given that a successful ESS/MSS implementation delivers large increases in operational efficiency (the main motivating factor for improvements in HR systems technology, see *fig 11* above) the few organisations currently without ESS/MSS capabilities in their HRIS should investigate a stand-alone system.



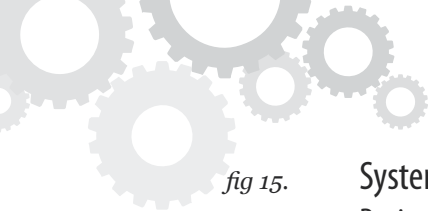


fig 15. System Adoption  
Business Intelligence & Reporting

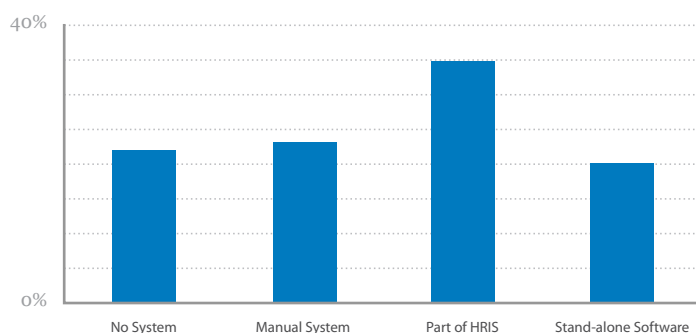


fig 16. System Satisfaction  
Business Intelligence & Reporting

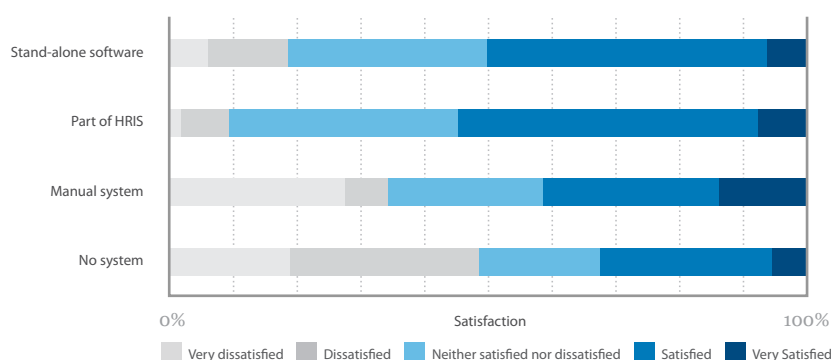


fig 17. System Adoption  
Organisation Charting

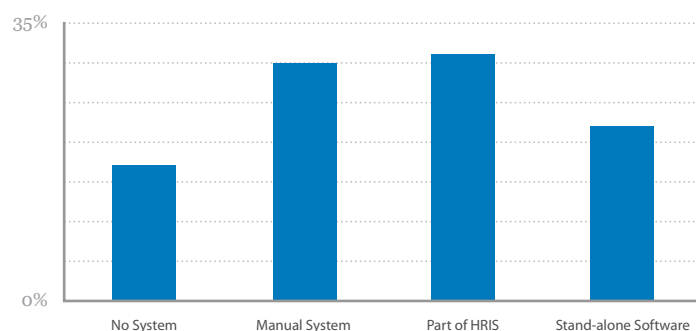
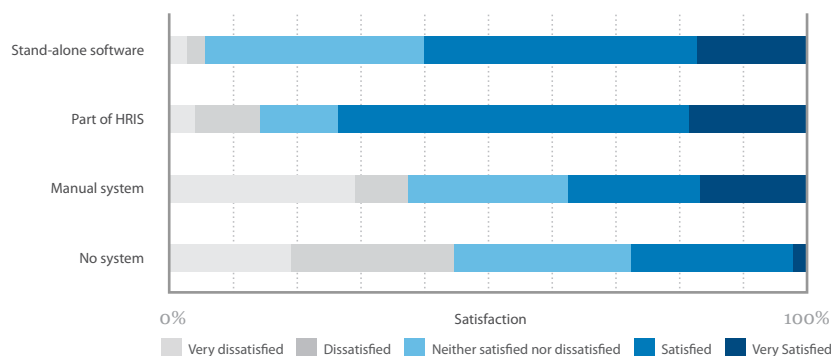


fig 18. System Satisfaction  
Organisation Charting



## Business Intelligence (BI) & Reporting

The questions surrounding business intelligence and reporting generated some confusion amongst the survey group, specifically regarding the manual system option.

From the qualitative data captured we believe this is over-represented and includes organisations who “manually” create reports using their BI or other workforce management tools. It is an area that we can improve upon in future studies.

Overall trends still apply. Those respondents who cite more technology-enabled systems are still more satisfied.

BI and reporting tools integrated with HRIS are the most prevalent, the cohesion and integration again making them the most popular and satisfactory systems.

## Organisation Charting

Of the solution areas surveyed, organisational charting had one of the highest incidences of manual system-use (30%), with manual use of drawing programs (such as Visio or Powerpoint) common-place.

These organisations are generally dissatisfied with their system. Systems are dissatisfactory, or very dissatisfactory as follows: No system 45%, Manual 38%, Part of HRIS 14%, Stand-alone 6%. Stand-alone software performed best.

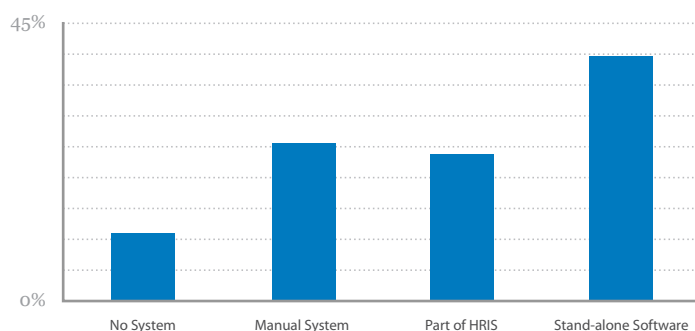
The most commonly mentioned stand-alone software is OrgPlus by HumanConcepts. The most common manual tool is Visio by Microsoft.

Manual org charting is time consuming, stand-alone software less so. Since efficiency is the main driver of HR systems & technology (see fig 11) this may explain the very low dissatisfaction with stand-alone systems.

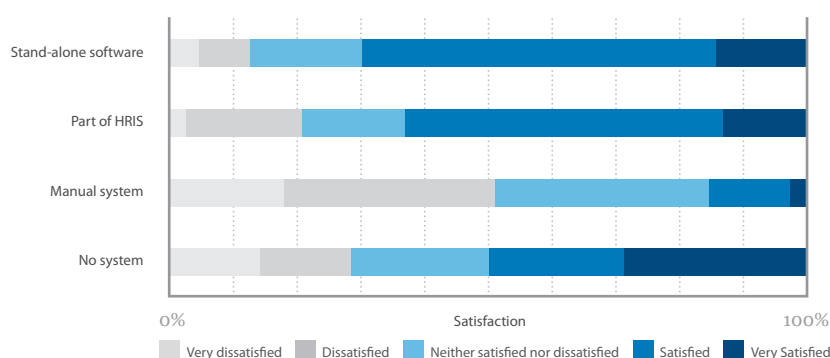




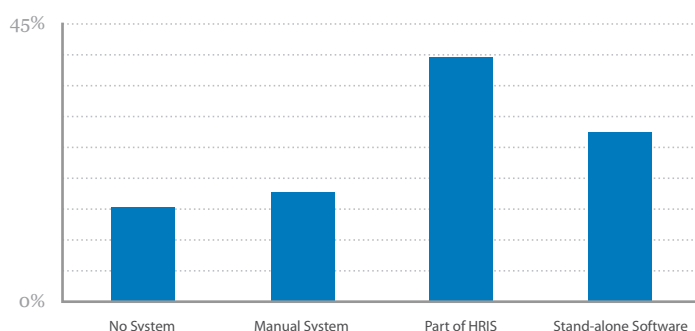
*fig 19.* System Adoption  
Applicant Tracking / Recruitment



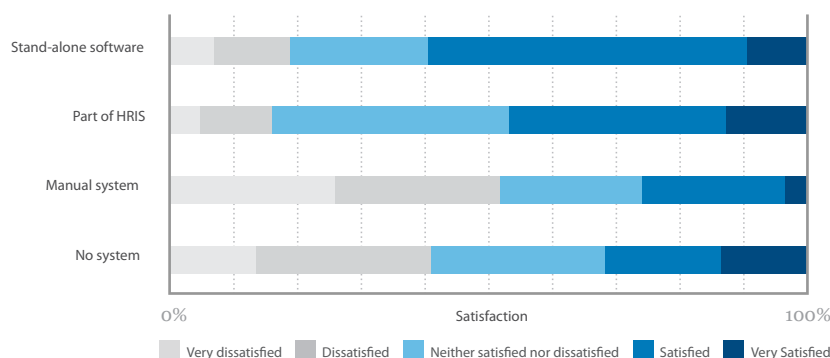
*fig 20.* System Satisfaction  
Applicant Tracking / Recruitment



*fig 21.* System Adoption  
Learning Management



*fig 22.* System Satisfaction  
Learning Management



## Applicant Tracking / Recruitment (ATS)

Applicant tracking / recruitment stands-out as the solution area where organisations most commonly adopt stand-alone systems. HRIS-based systems were less common.

Applicant tracking / recruitment is also the area with the largest differential in satisfaction amongst all the solution areas surveyed.

Satisfied or very satisfied results for those employing stand-alone software rated 70% versus 15% for those with manual systems.

Despite being the second most common, manual systems are deeply dissatisfactory compared to stand-alone software.

The large group of organisations with manual recruiting processes will be able to achieve a very noticeable improvement through adopting a stand-alone system.

## Learning Management (LMS)

Learning management is the most commonly technology-enabled out of all the solution areas surveyed.

67% of Australian enterprise employ either HRIS or stand-alone software for this purpose.

HRIS-based systems are most common at 40%. A number of respondents adopted HRIS, stand-alone and internal systems in conjunction with each other.

The most common stand-alone software cited was Saba Learning Suite.

As in other examples technology-based systems out performed the other options, but the differential in satisfaction between technology-enabled and manual is not as large as for many other solution areas surveyed.

fig 23.

## System Adoption Performance Management

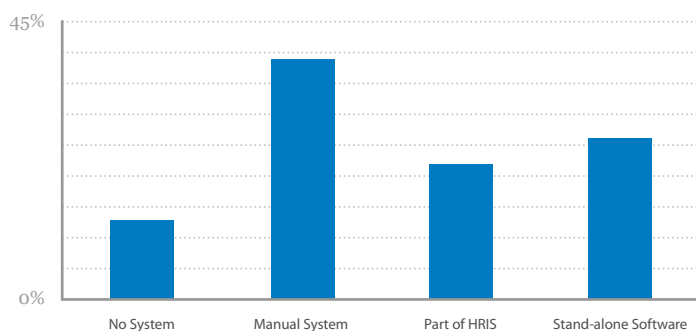


fig 24.

## System Satisfaction Performance Management

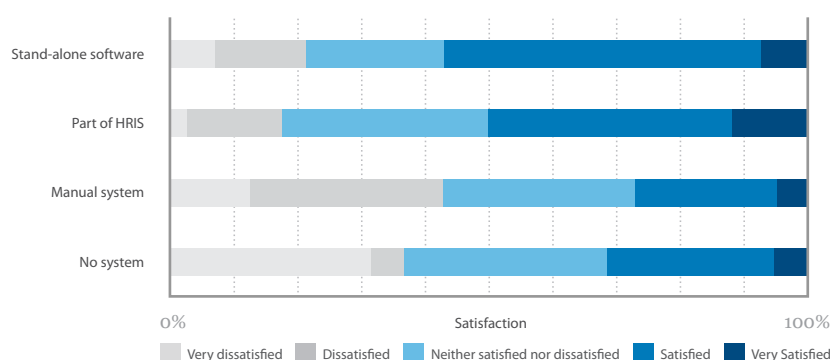


fig 25.

## System Adoption Succession Planning

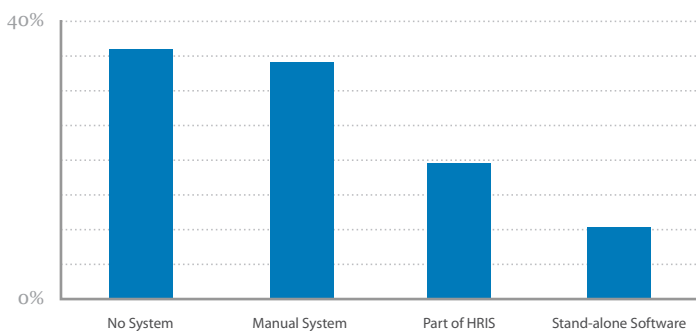
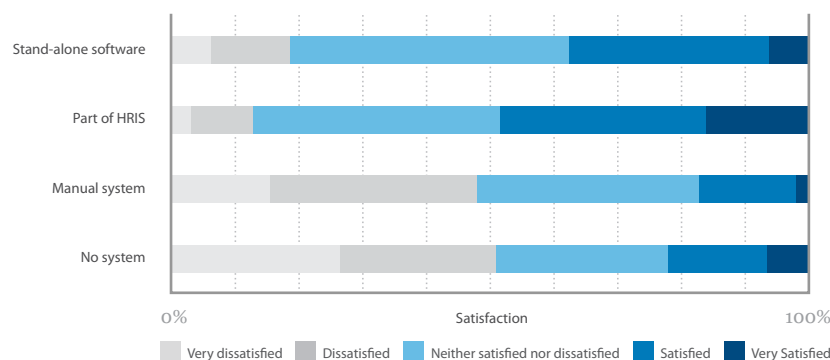


fig 26.

## System Satisfaction Succession Planning



## Performance Management

According to the CedarCrestone 2009–2010 HR Systems Survey: “Performance management was the key differentiator between higher performers and others this year. If you don’t have that, rush to implement.”<sup>2</sup>

Our results show that Australian enterprise-level organisations are ill-equipped for performance management: a combined 52% of organisations use manual systems or no system.

Stand-alone is the most common software, and is also the most satisfactory (57% satisfactory or very satisfactory). HRIS-based system adoption is low but second most satisfactory.

Commonly cited stand-alone performance management software included Peoplestreme, PageUp and Successfactors, many of which include systems for other areas of Talent Management.

## Succession Planning

Succession planning is a stand out result, with the lowest level of technology adoption amongst all of the solution areas surveyed.

Only 30% of Australian enterprise employ any succession planning software. Stand-alone succession-planning software is as uncommon as stand-alone ESS/MSS software at 10%.

This low adoption rate is not at all representative of the success of such software. Organisations that do employ it are rarely dissatisfied – 48% satisfied or very satisfied for HRIS-based, 38% for stand-alone, compared to only 17% for manual systems, a 31 point difference.

The low technology adoption level and general low satisfaction of manual alternatives should be a concern given the approaching retirement of the baby-boomer workforce.

<sup>2</sup> CedarCrestone, “HR Systems Survey, 12th Annual Edition”, 2009–2010





*Despite the approaching retirement of the baby-boomer workforce, only 30% of Australian enterprise-level organisations have any succession planning technology.*



## System Adoption by Industry

The enterprise organisation landscape is vastly varied. Whilst it is possible to draw overall conclusions about HR technology, the picture is incomplete without a more detailed analysis. The rest of this report provides that detail.

This page reviews the ten most common enterprise industry categories in our survey population.

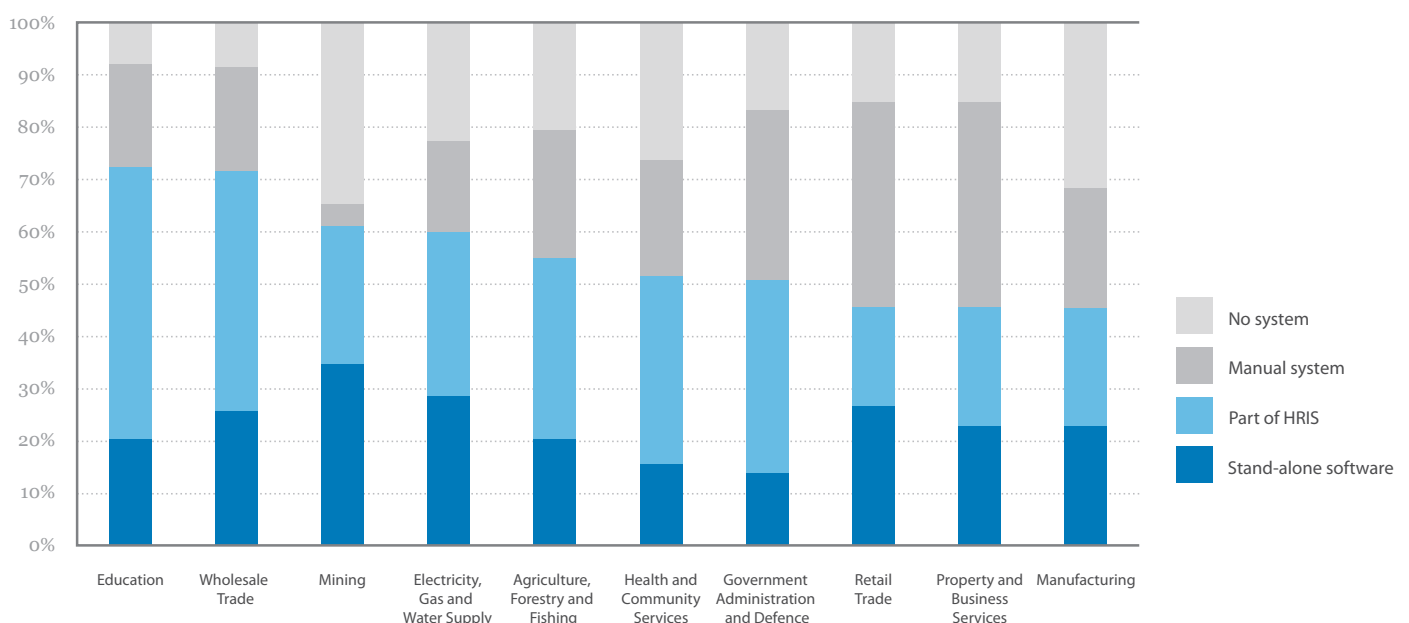
In the HRIS section, *fig 7* illustrates HRIS adoption by industry. *Fig 27* below shows overall system adoption across all surveyed HR solution areas, by industry. As before, there is a dynamic spread. Education and Wholesale Trade are the two top performers in both HRIS and systems adoption level.

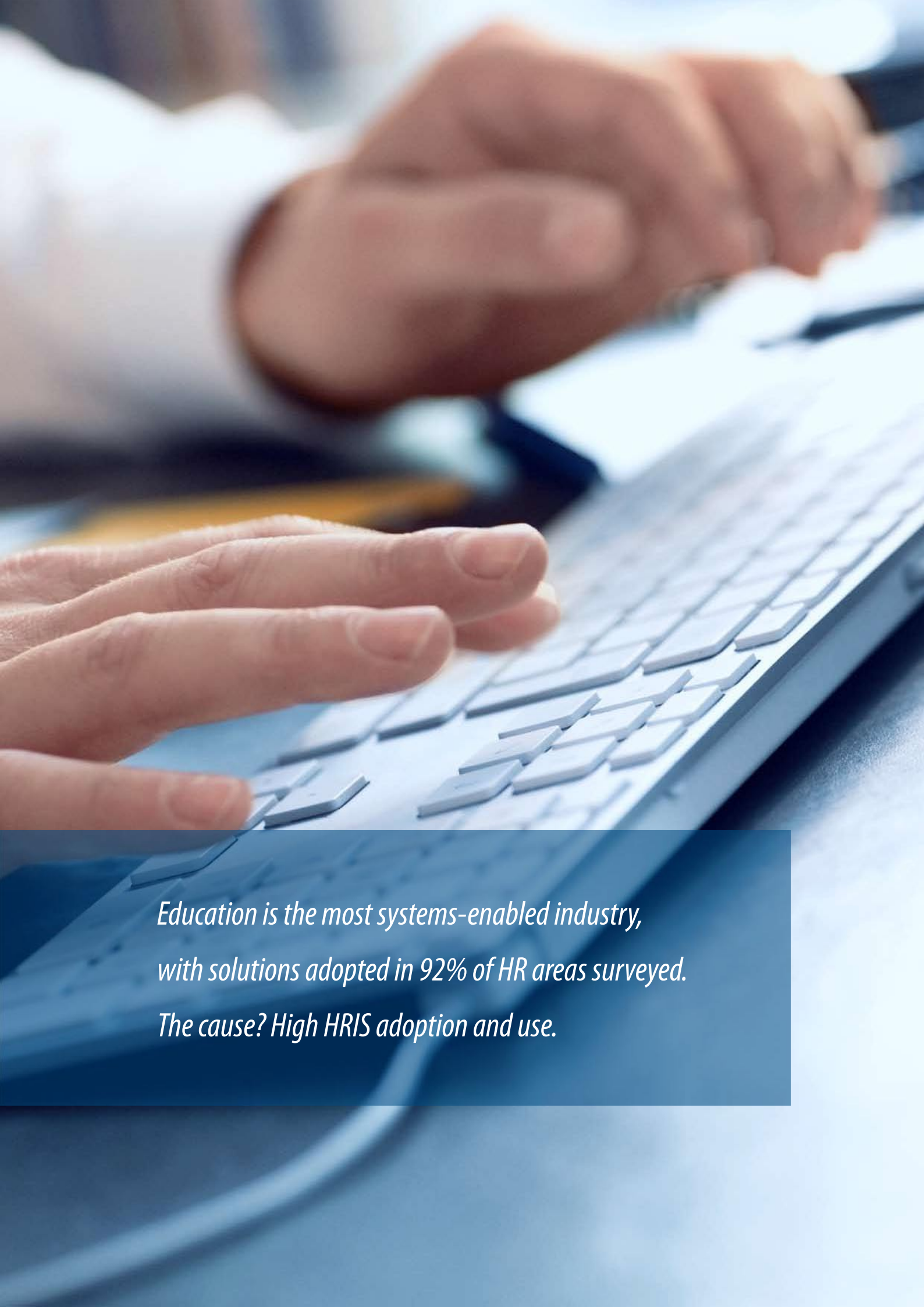
Of respondents in enterprise-level Education, the 100% HRIS adoption level drives systems adoption into 92% of the areas surveyed (72% technology enabled). This is the highest of all industries. Wholesale trade follows the same trend with 100% HRIS adoption, 91% solution adoption, 71% technology enabled.

Mining is a highlight industry with unique characteristics. Although rating 7th in HRIS adoption it rates third on technology adoption across surveyed solution areas, buoyed by the highest adoption level of stand-alone technology for any industry. It also has the highest level of solution areas with no system. A stand-out result that illustrates, perhaps, the mining industry's highly specialised needs.

At the low-end, Retail Trade, Property and Business Services, and Manufacturing are the industries least likely to employ HRIS systems (see *fig 7*), and likewise, score lowest in terms of HR solution technology adoption. As a consequence Retail Trade and Property and Business Services have the highest level of manual systems adoption (39%) – this may be a problem for them, considering the correlation between manual systems adoption and dissatisfaction (see *fig 10*).

*fig 27.* Overall system adoption across all areas, by industry





*Education is the most systems-enabled industry,  
with solutions adopted in 92% of HR areas surveyed.  
The cause? High HRIS adoption and use.*

# System Adoption and Motivation by Organisation Size

An organisation with 10,000+ employees has vastly different technology adoption, motivators and roadblocks than an organisation of 500 employees. In this section we analyse our survey data for groups of organisations at like scales, and present them in turn.

Our organisational grouping method is explained in the introduction, but is summarised here:

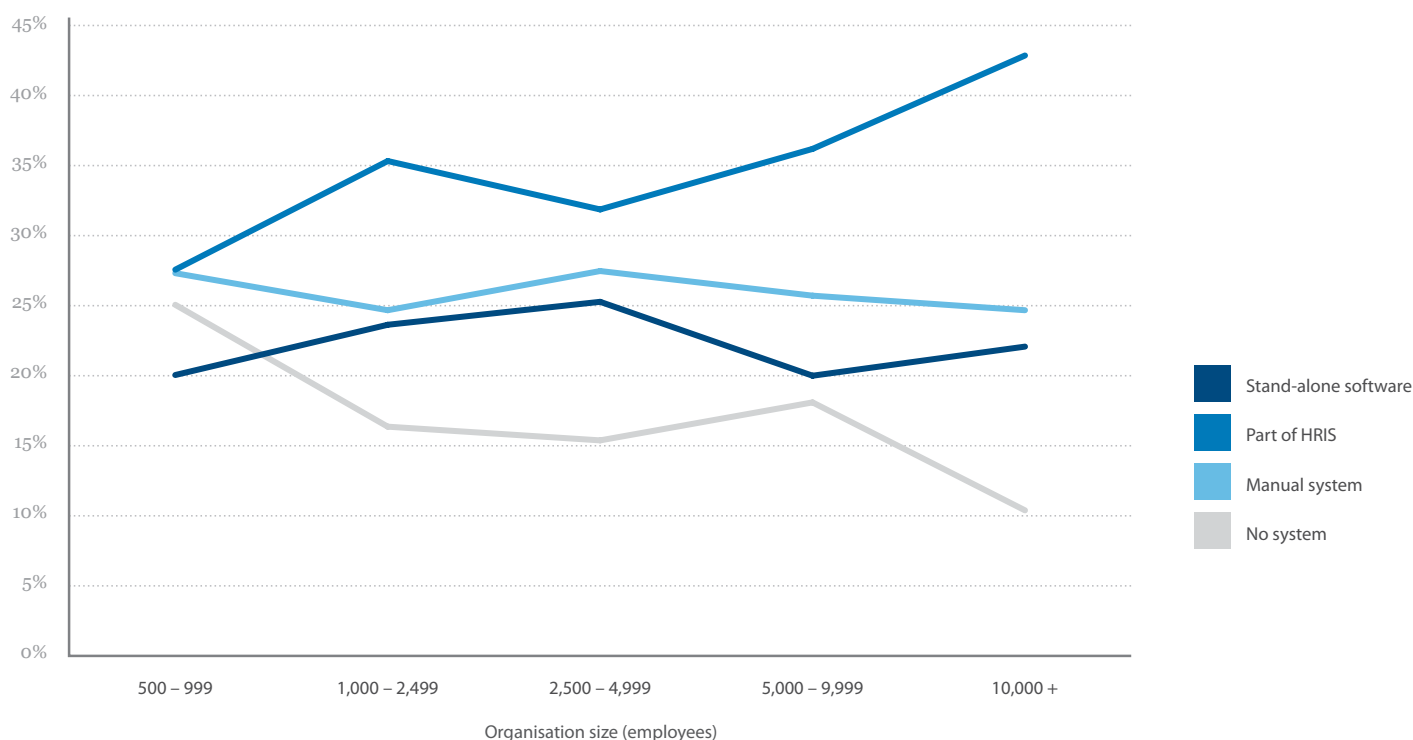
Small Enterprise (500 – 999 employees), Small-Mid Enterprise (1,000 – 2,499 employees), Mid Enterprise (2,500 – 4,999 employees), Large-Mid Enterprise (5,000 – 9,999 employees), and Large Enterprise (10,000+ employees).

## The Increasing Power of HRIS

Although level of adoption of manual and stand-alone systems do not change as organisation size increases, technology adoption does increase overall, through HRIS use as presented below.

The larger the organisation, the more likely they are to adopt a HRIS, upgrade it or make bespoke extensions to make it more capable. In larger organisations, areas which otherwise had no system are technology-enabled through their HRIS (see *fig 28*).

*fig 28. System adoption by organisation size*



*The larger an organisation is, the more functional areas of HR are technology-enabled as part of the organisation's core HRIS.*



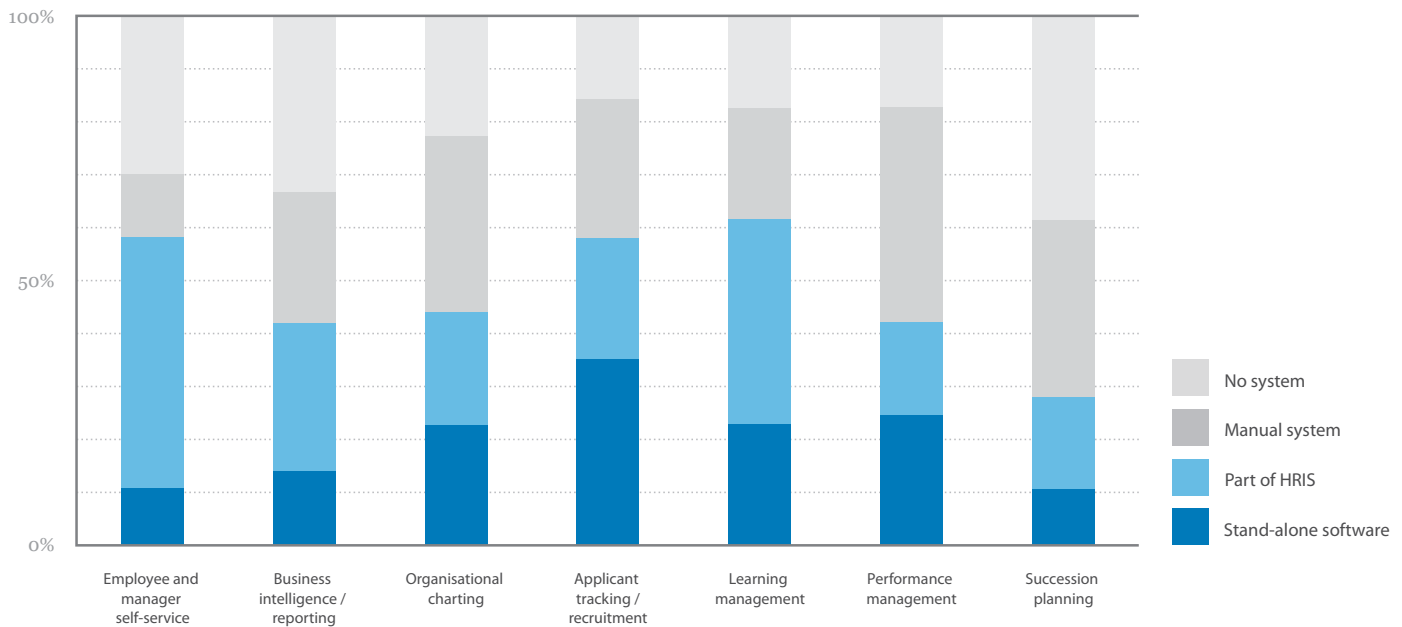


## Small Enterprise (500 – 999 employees)

Small Enterprise are the least technology-enabled group. Only 67% use a HRIS, below the average of 73%.

Only 48% of solution areas surveyed have technology-based systems, below the average of 55%.

fig 29. System adoption by solution area



Although the least technology-enabled group, Small Enterprise is not a larger user of manual systems than other segments (manual-systems use is relatively constant across all groups). Small Enterprise is most likely to abandon certain solution areas completely.

Of surveyed HR solution areas, 25% do not have systems in Small Enterprise. They are particularly limited in Business Intelligence & Reporting (33% have no system) and Succession Planning (39% have no system).

Technology is most commonly used for Learning management (61%), Self service (58%), and Applicant tracking (58%).

The recession may have hit Small Enterprise. Their primary motivation is still increasing efficiency (37%), but their secondary motivation is to use HR technology to reduce costs (16%)

fig 30. Motivators for improving HR systems & technology

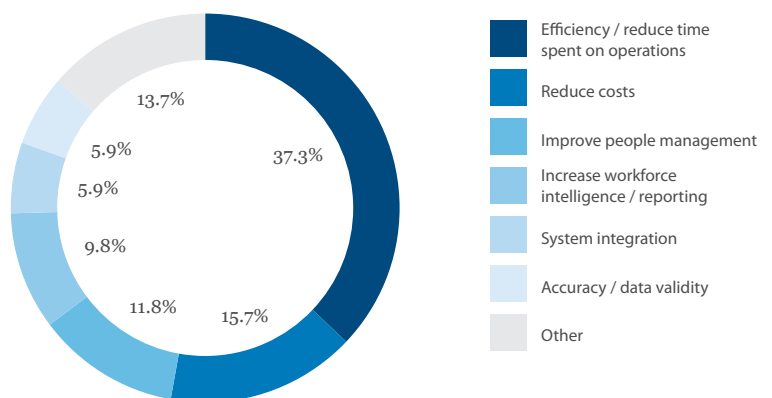
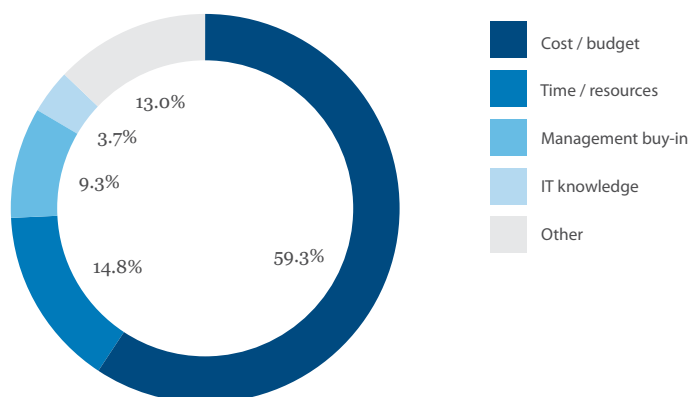


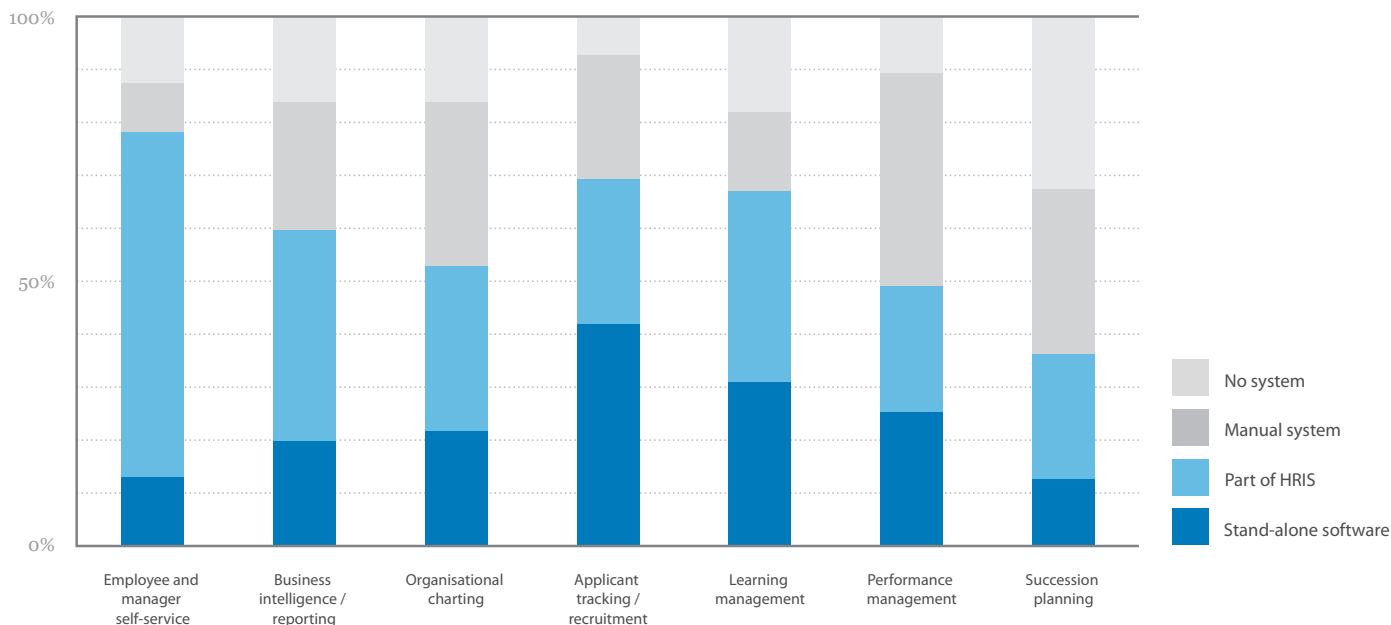
fig 31. Roadblocks for improving HR systems & technology



## Small-Mid Enterprise (1,000 – 2,499 employees)

Better-equipped across the board, Small-Mid Enterprise (and larger) are above average in their use of HR technology, 84% use a HRIS and 59% of surveyed HR areas have adopted technology-based systems.

fig 32. System adoption by solution area



In contrast to Small Enterprise, Small-Mid Enterprise is better equipped. Only 16% of HR areas are without systems (compared to 25% of Small Enterprise). Specialist HRIS and stand-alone software account for 59% of systems.

Small-Mid Enterprise is the most diverse segment in terms of motivations and roadblocks, survey respondents citing 20 different motivators and 11 different roadblocks.

For organisations greater than 1000 employees the motivation to increase workforce intelligence is in second position, where it stays for all organisations with less than 10,000 employees.

For Small-Mid Enterprise, common roadblocks are the same as for Small Enterprise: Budget (54%), time and resources (17%), and management buy-in (7%).

Small-Mid Enterprise is also concerned about the restrictions of existing systems.

fig 33. Motivators for improving HR systems & technology

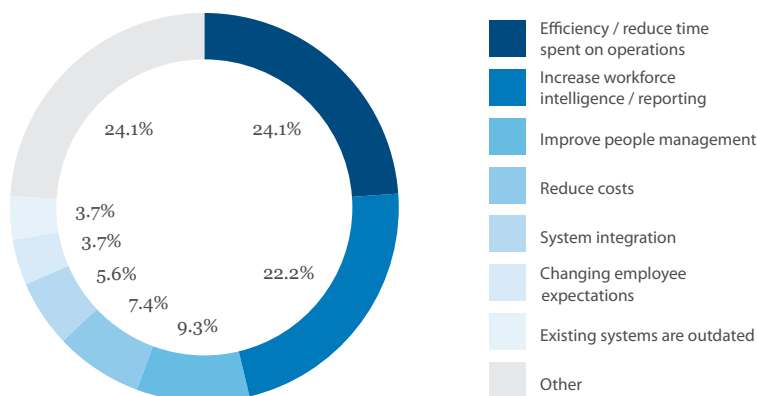
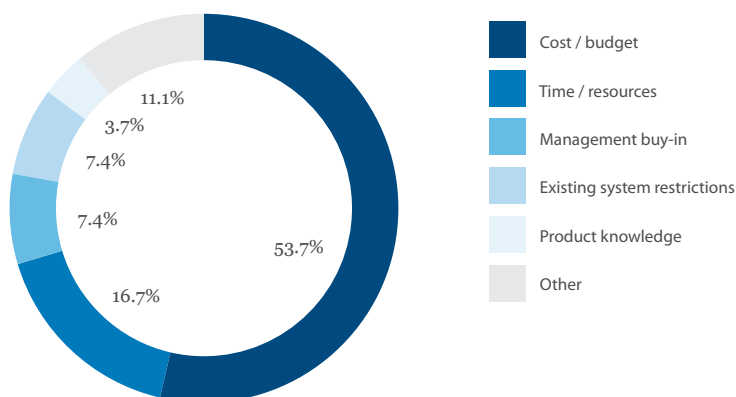


fig 34. Roadblocks for improving HR systems & technology

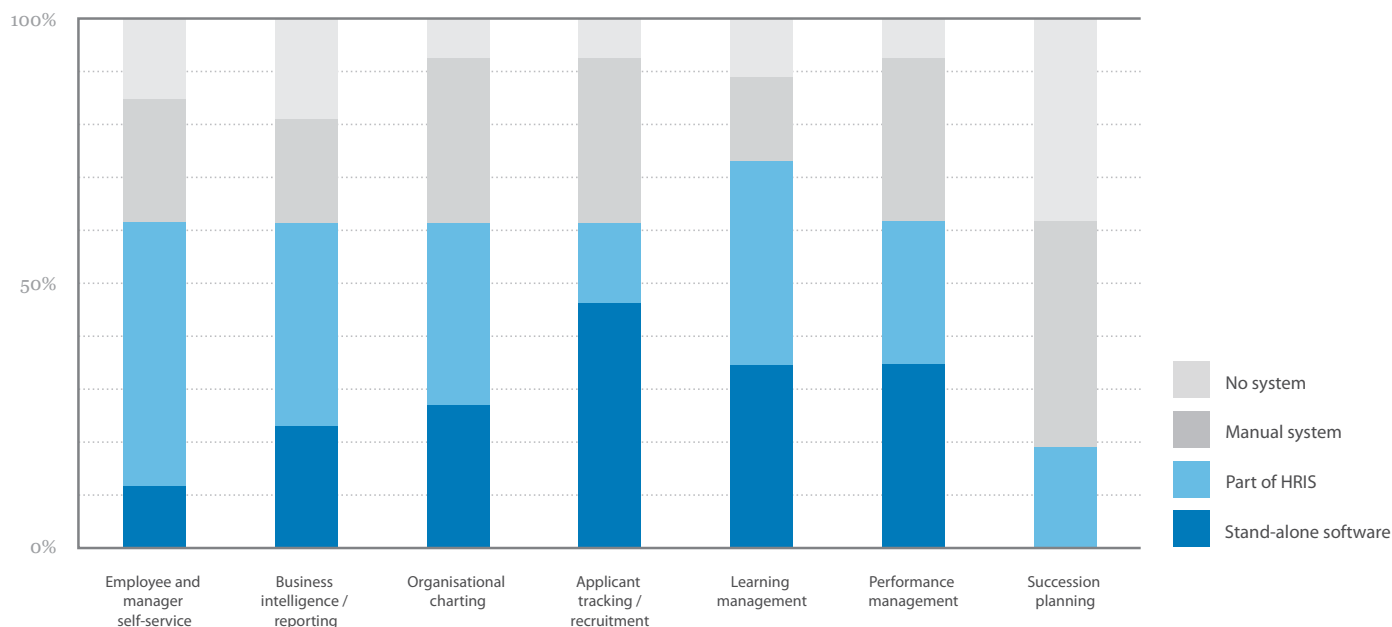




## Mid Enterprise (2,500 – 4,999 employees)

It might be expected that the larger the organisation, the more systems adopted, but this is not the case. Mid Enterprise is very similar to Small-Mid Enterprise: Systems adoption plateau between 1,000 and 4,999 employees.

fig 35. System adoption by solution area



Mid Enterprise with 2,000 – 4,999 employees does not out-perform Small-Mid Enterprise as expected.

Of the surveyed population, 80% use a HRIS and 57% of solution areas have HR technology implementations - very closely comparable to Small-Mid Enterprise.

Their Motivators and Roadblocks are almost identical. The top two motivations, to increase efficiency and increase workforce intelligence account for 44% (compared to 46% in Small-Mid Enterprise).

The top two roadblocks, budget and resources account for 67% (compared to 70% in Small-Mid Enterprise). Existing system restrictions are a larger roadblock for organisations at this size than Small-Mid Enterprise (16.7%).

fig 36. Motivators for improving HR systems & technology

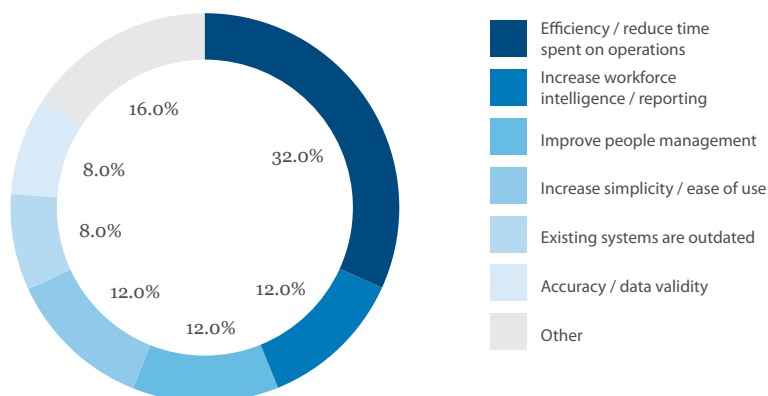
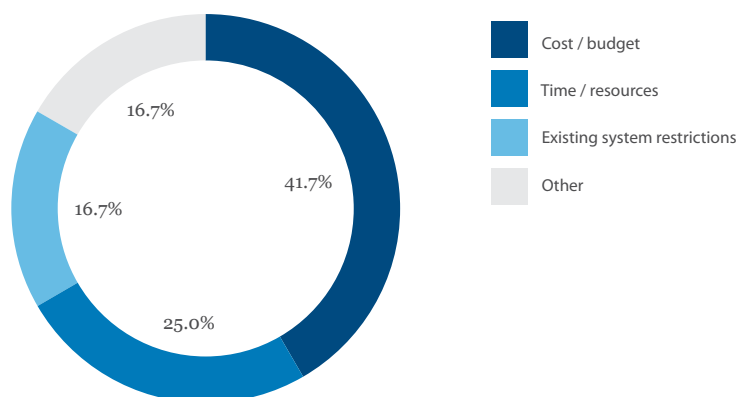


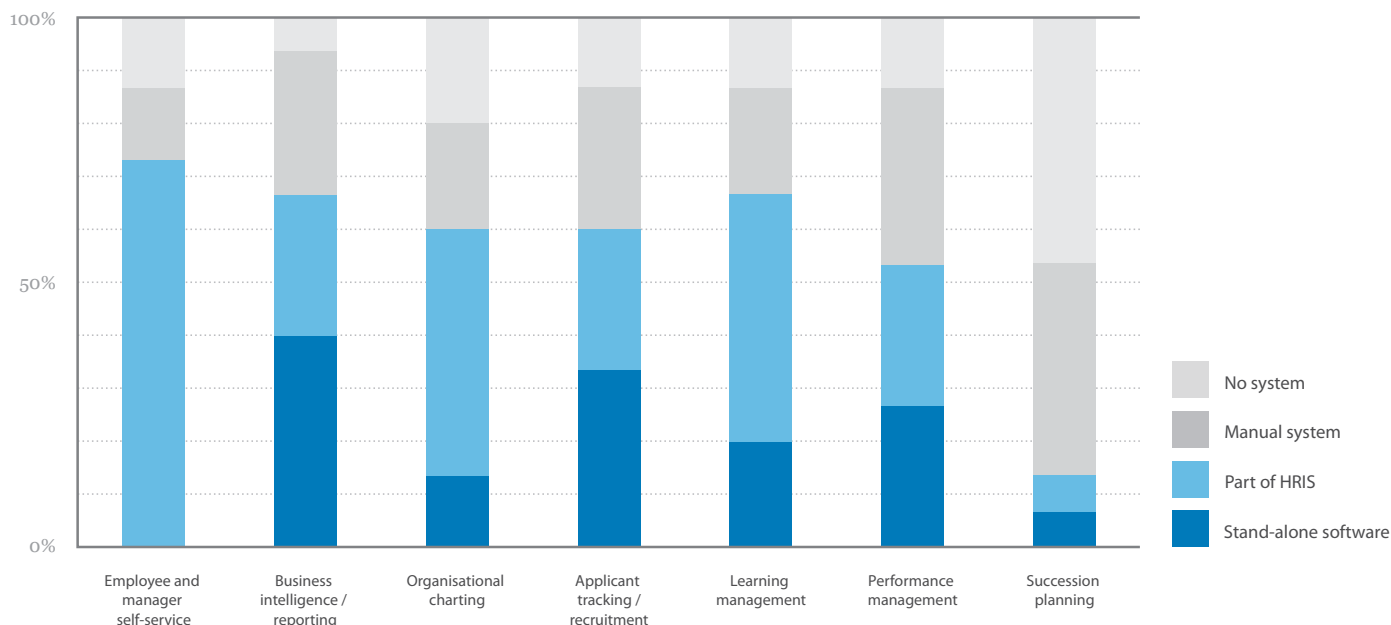
fig 37. Roadblocks for improving HR systems & technology



## Large-Mid Enterprise (5,000 – 9,999 employees)

Large-Mid Enterprise have higher HR system adoption rates, driven by increasing adoption of HRIS and wide-spread use of it's features. 100% of the surveyed population used a HRIS to address 36% of surveyed solution areas.

fig 38. System adoption by solution area



Large-Mid Enterprise are driven by integrated systems, and harness the most from their HRIS.

100% of the surveyed population use a HRIS. This level of HRIS adoption is highest of all organisation groups.

Stand-alone systems for ESS/MSS were never used by the survey population at this organisation size – HRIS-based systems account for 73% of this area, the highest adoption level for any solution area at any organisation size.

Alongside increasing reliance on HRIS-based systems, the solution adoption profile remains similar to previous groups. The priorities are the same: Learning Management is the most commonly technology-enabled solution (67%), Succession Planning the least (13%).

Roadblocks against improving HR systems are dominated by budget and resource constraints. Motivations are dominated by efficiency and workforce intelligence concerns, but the desire for even further integrated systems is an additional concern (14%).

fig 39. Motivators for improving HR systems & technology

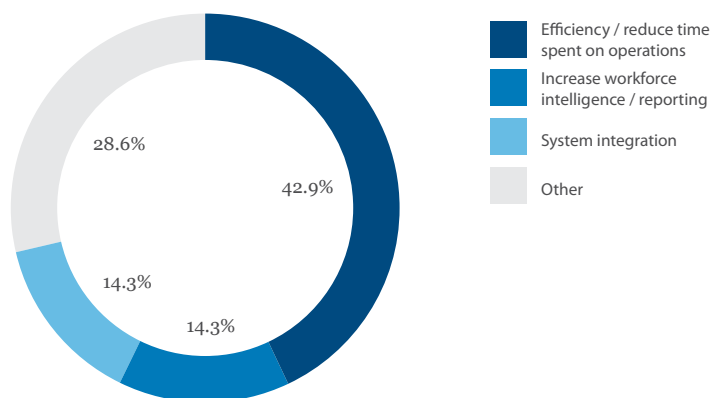
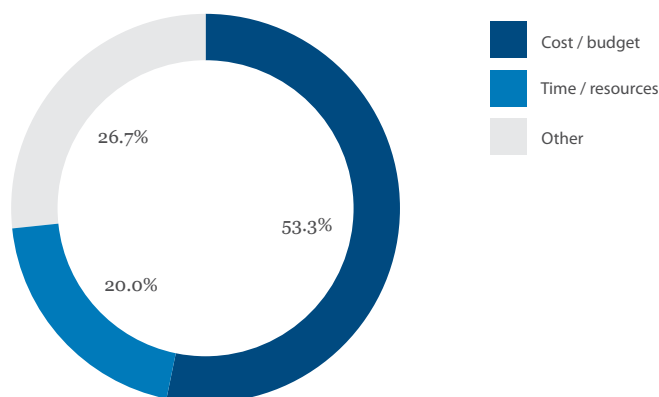


fig 40. Roadblocks for improving HR systems & technology

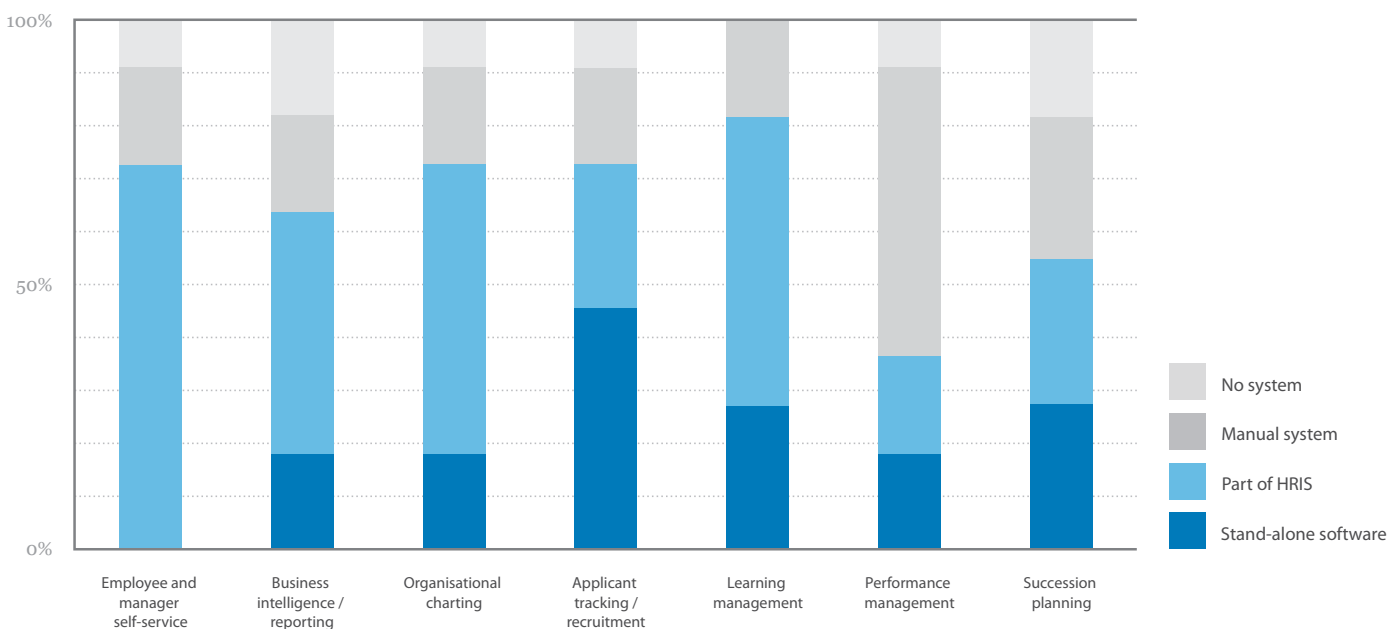




# Large Enterprise (10,000+ employees)

Large Enterprise operates in a different league to other enterprise. Below 10,000 employees, increasing organisation size is matched by incremental changes and increases. Large Enterprise has different priorities.

fig 41. System adoption by solution area



Large Enterprise follow the trend that larger organisations use more of their HRIS. HRIS are used by all but one surveyed organisation to deliver the highest percentage of systems of any organisation size: 43% of systems to surveyed areas.

In large enterprise ESS/MSS is never stand-alone. Learning management is still the most commonly technology-enabled solution, adopted in 82% of Large Enterprise, with the remaining organisations using manual solutions.

This is where similarities with smaller enterprise ends. Succession planning, seldom used by smaller organisations, is technology-enabled in 55% of Large Enterprise, significantly above the average of 30%.

The motivation to increase efficiency, in smaller organisations the main motivation, is in Large Enterprise reprioritised below improving people management (46%).

The budget roadblock, in smaller organisations the main roadblock, is in Large Enterprise equal with limitations on time and resources (46%).

fig 42. Motivators for improving HR systems & technology

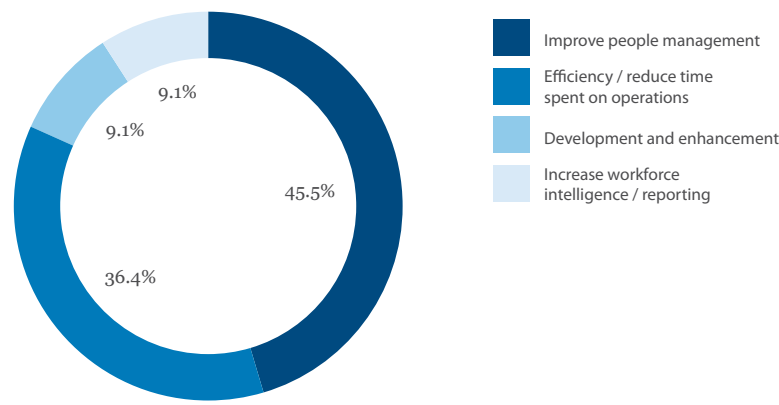
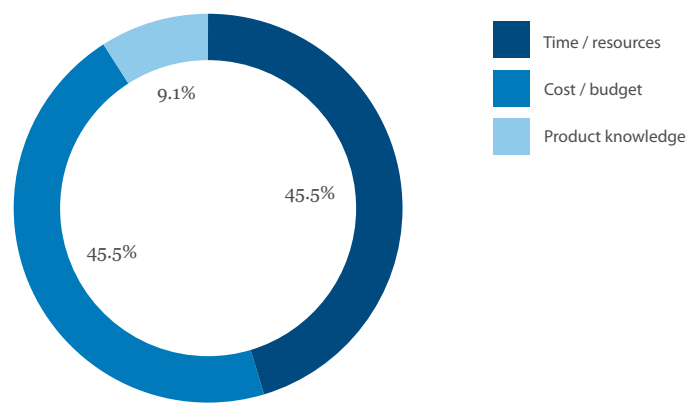



fig 43. Roadblocks for improving HR systems & technology





A low-angle, upward-looking shot of a modern building's glass facade. The image is dominated by the vertical lines of the window frames and the bright light coming through the glass. In the lower third of the frame, two people are silhouetted against the bright light, standing on a balcony or walkway. The overall color palette is cool, with blues and greys, and the lighting creates a strong contrast between the dark interior and the bright exterior light.

*Technology-based systems are the most satisfactory,  
driving efficiency in pursuit of strategy, yet with  
identifiable room for improvement. No one size fits all.*



# Conclusions and Recommendations

## 1 HRIS use in Australia is diverse

The majority of organisations with 500 or more employees use a HRIS either combined with payroll or on it's own.

Respondents cited 23 different HRIS. This finding correlates with our experience: The Australian market has a rich diversity of systems despite the consolidation of vendors that has occurred within the last decade.

International solutions such as SAP and PeopleSoft are popular with larger enterprises but Australian solutions will remain popular amongst the rest, and niche solutions will always exist to service their industry groups.

For organisations without HRIS who are looking to invest, do not discount local options. They are abundant, well-represented, increasingly mature and often cost-effective. The popularity of Chris21 is a stand-out result.

## 2 Technology-based solutions are more satisfactory

HR technology adoption is still disparate across Australian organisations. While most have conquered Employee and Manager Self Service, the amount of “paper-based” systems in place is still high for other functional areas.

This manual mentality likely continues into many transactional areas in HR. In our experience even areas ripe for automation and systemisation such as time-sheets and expenses are still done manually. Given this it is no wonder that higher functioning areas like Performance Management and Succession Planning are still over represented in manual or non-systems use.

A major highlight of the report's findings was the trend in system satisfaction: On average, organisations with technology-enabled HR systems were 91% more satisfied than those without. HR departments should be encouraged by this as it gives a clear direction: invest in your systems - they will return results.

If not already implemented, start with ESS/MSS, through your HRIS or a stand-alone solution, then move to the areas that will give your organisation the biggest increase in functional efficiency. Do not try to boil the ocean, areas without systems can often be started simply, then have layers of complexity and detail added over time. Succession planning is a good example of this.

Remember that it is careful planning, implementation, configuration and processes that will ensure you remain satisfied.



## 3 Organisations satisfied but rarely “very satisfied” with systems

Averaged across the seven solution areas surveyed, respondents “satisfied” with their systems were the most common, yet respondents “very satisfied” were the least common. For implemented systems it appears usual to have identifiable room for improvement.

When implementing a solution to an HR function, as a first step, an organisation will usually either create manual systems with perfect organisational fit but little technology-based efficiency, or select a standardised technology and attempt to fit it to their unique needs.

Technology-based systems will deliver greater satisfaction, but no matter how flexible the technology, there will usually be misalignment with existing process. We would speculate that it is this misalignment between the implemented outcome and business needs which accounts for the lack of “very satisfied”.

Bespoke solution development is an alternative, but such development comes at a price, and with risk involved in maintaining compatibility across upgrades.

Large vendors often have software development kits or API functionality allowing extension of their core ESS/MSS through flexible configuration rather than customisation. This far superior alternative has less overhead than customisations to a core system, yet many local Australian vendors do not deliver the capability.

If pursuing a “very satisfactory” fit between technology and business process, first consider extensions rather than customisations. If your vendor does not yet have a toolkit allowing you to extend your system, encourage them to develop one.

## 4 HR targets efficiency in drive toward strategy

For 32% of Australian enterprise-level organisations, increasing efficiency is the primary motivation for improving HR systems and technology. Increasing workforce intelligence and improving people management, two more strategic concerns, were the second and third most popular motivations.

In Accenture’s 2006 report on Australian HR they found that “many HR executives believe they suffer from a lack of time to work on strategic programs, largely due to the constant demands of delivering basic HR functions.”<sup>3</sup>

Examined in this context, the efficiency motivation may also have strategy as a driver: The by-product of an efficient, streamlined HR department is more time and resource to spend on higher-level and strategic workforce activities.

Although industry commentators sometimes speak with confusion on the direction HR should take towards their goal of strategy, for Australian organisations the target has been set: Reduce operational overhead to allow more time for strategic workforce initiatives.

If your goal is to liberate HR resource for more strategic endeavours, then pinpoint areas where manual systems are occupying resources and investigate technology-based solutions that can deliver the largest increases in functional efficiency to these areas.

The streamlining and automation that technology-based systems can deliver will result in time savings that are not possible through more manual systems.

Start with ESS/MSS if not already implemented.

3 Accenture, “Building a High Performance HR Organisation in Australia”, 2006



## 5 Reducing costs is not a motivator despite the GFC

For over half of the organisations surveyed, budget was the number one roadblock limiting the improvement of HR systems and technology. Given the economic climate during the survey (post GFC) this is not surprising. What is surprising is that improving systems and technology to reduce cost was not a more common motivation.

Despite the clearly identified increases in efficiency that HR systems improvement can deliver, HR does not directly equate this to cost savings. Given the increasing variability of technology licensing, from subscription to SaaS delivery, with increasingly flexible pricing models, it does not follow that HR technology is simply “too expensive”.

The problem lies with the difficulty of clearly stating the potential return on investment (ROI) of a new HR system. The return is there, in time savings, efficiency, and the opportunity cost of pursuing more strategic workforce planning - yet hard to quantify.

The solution lies with vendors, who need to more accurately enumerate the potential for cost savings and time-to-ROI on their technology in order to support their prospect's internal business cases.

It is business cases with quick and quantifiable ROI that are most likely to succeed in breaking through the cost/budget roadblock.

## 6 Organisations are ill-prepared for an aging workforce

36% of organisations surveyed have no Succession Planning systems or technology. Technology-based systems are poorly represented (30%). This low adoption is not representative of the success of such technology. Technology-based succession-planning systems are more satisfactory than manual systems use.

Talent Management, especially Succession Planning, will become more important as organisations look for ways to retain talent in the face of an aging population, pending retirements, and the resulting lower availability of skilled workers.

To ensure continuity in the organisation, HR should work in the short term to develop systems and processes for these activities.

Expanding complexity, power and efficiency through specialist technology can be explored once time and resources are available.

Many Talent Management toolsets couple Succession Planning and Performance Management, another area identified as key, yet also with a very low level of adoption in Australia.



## 7 True business intelligence is elusive

The second most important motivation for all organisation sizes above 1000 employees was to increase workforce intelligence and reporting.

With the majority of organisations having adopted a HRIS, the problem is knowing what data to extract and how to present information in a way that provides value and insight for executive level decision making.

Our survey asked about BI/reporting systems, but the information captured in regards to satisfaction likely maps more to satisfaction with operational reporting. The confusion around systems-use confirms that the system itself is of secondary importance.

Identifying the key metrics before deciding on the delivery tools (be it BI or data warehouse solution) will increase the likelihood that such tools will be successfully adopted.

The key issues are not with system choice, but with data accuracy and data ownership. In many instances HR still wars with IT and other departments on the source of truth for employee data.

The key is to ensure that your data is accurate before you need it to be.

## 8 No one size fits all

The organisational landscape in Australia is varied, not only through disparate systems use, but also through the individual requirements that organisations have for said systems.

While Small Enterprise pursues management buy-in for systems which have a strong ROI proposition, Large Enterprise struggles to find time and resources to allocate to improving people management.

Each industry has different types and levels of adoption, not just niche HRIS use, but greater or lesser levels of overall system adoption, and different leanings towards HRIS-based or stand-alone systems.

When benchmarking it is important for HR to consider organisations which operate within the same set of requirements, whilst also keeping an eye out for new ideas outside this scope.

For vendors it is important to remember that no one size fits all, and that the more flexible and configurable your core product, the more closely it will be able to map to your customers business process.

Remember always that there is often no one best practice, only many best-practices, each one situationally relevant to the unique needs of any individual organisation.





# About the Authors

## Peter Forbes

Peter Forbes is co-founder and Director of Navigo. A technology and process specialist with extensive experience in diverse HR departments around Australasia, Peter is the man behind Navigo's technical excellence.

15 years ago Peter began his IT career at an HR technology vendor working on HRIS development: From then until now Peter's work has been dedicated to HR. A regular speaker at HR technology conferences and active member of HRIS user groups, Peter is forever exploring the latest developments in HR technology.

## Rod Bishop

Rod Bishop is Communications Manager for Navigo. Determined to make a useful contribution to the industry, Rod conceived the idea behind this report and brought it to fruition.

Rod's focus is on helping organisations around Australia and New Zealand to learn how process and technology can deliver solutions for their real-world business objectives. By releasing this report he hopes to encourage dialog about HR systems and solutions within the Australian HR community.

## For More Information

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# About Navigo

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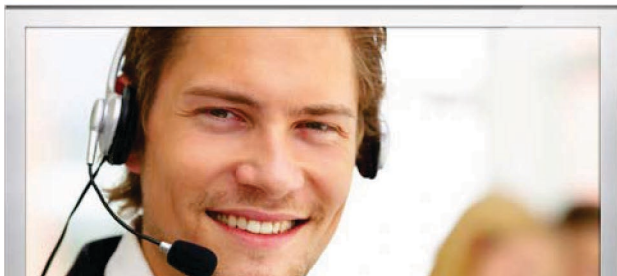
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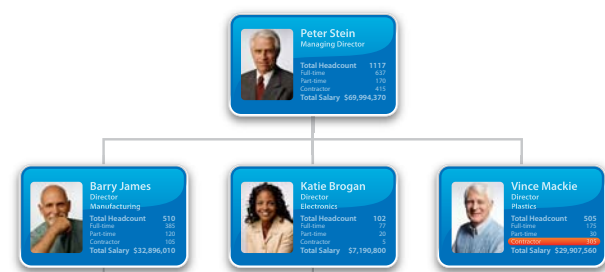
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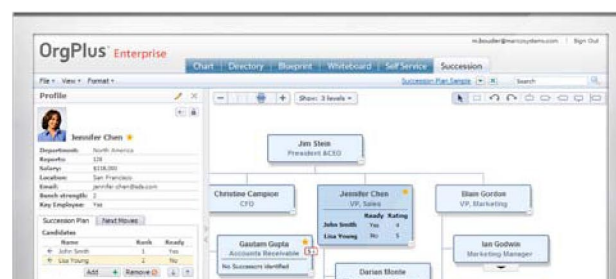
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