Australian HRTECHREPORT 2011

NAVIGO

Primary research and analysis

of HR Technology use in Australia,

by Navigo.

Disclaimer

The information in the Australian HR Tech Report 2011 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 2011."

Executive Summary

In late 2010 and early 2011, Navigo conducted primary research of Australian HR departments by phone and email. We reached 250 organisations, each employing over 500 employees in Australia (dubbed "Enterprise level") and received survey responses from HR Directors, Managers and Technologists. These organisations represent a total of over 1,000,000 employees in Australia. Their responses have been compiled to create this report.

Over 82% of enterprise level organisations in Australia use a Human Resources Information System (HRIS) in 2011. HRIS use is diverse, with respondents using 28 different HRIS. Chris21 (28%), Alesco (14%) and SAP HR (13%) are the most commonly used HRIS, however Oracle e-Business is rated the most satisfactory. HRIS usage differs across industries.

For the first time in 2011, organisations are using integrated Talent Management Systems (such as SuccessFactors and Taleo) as their HRIS. These systems do not have integrated Payroll and organisations without HRIS-integrated Payroll are less satisfied with their Payroll.

HR department's employ one HR person for every 101 employees, and one HR tech resource for every 1050 employees. Staffing ratios vary widely across organisations.

26% of organisations use collaborative documents for HR Standard Operating Procedures. These documents are rated slightly more satisfactory than standard documents. Corporate collaboration software is driving higher adoption here. On Site applications are used more commonly than SaaS, however confusion over application adoption illustrates that HR Directors and Managers are not necessarily driving system use based on technology trends.

Increasing efficiency is the main motivation for improving HR systems (as it was in 2010). Business Intelligence is less of a driver in 2011.

Cost is still the main roadblock against improving HR systems, however it effects fewer organisations as Australia recovers from the GFC. This year some organisations reported no roadblocks to implementing HR Technology.

Organisations are still using manual systems in 2011 (31%), however technology-based systems are rated far more satisfactory (over 55% satisfaction). Payroll, Self-Service, Applicant Tracking (ATS) and Learning Management are the most commonly technology-enabled applications; Workforce Planning and Succession Planning are the most commonly manual systems. Stand-alone Applicant Tracking Systems are very common (43%).

The larger an organisation is, the more technology it is likely to use . BI tools are not popular in organisations under 5,000 employees. Organisations with over 10,000 employees are likely to have more budget restrictions than in 2010.

Industries have highly varied system use. Manufacturing is the most motivated by efficiency, the least blocked by costs and heavy users of SAP HR (19%). Services are most concerned with Applicant Tracking and Learning Management. Education are heavy users of Alesco by Talent2 (56%).

We invite you to read our conclusions and recommendations on page 61.


Primary research from 250 Australian organisations
representing a total of over 1,000,000 employees

Contents

Introduction

Hello and welcome back to the Navigo Australian HR Tech Report 2011.

The Navigo Australian HR Tech Report is a study commissioned by Navigo, a specialist HR systems and technology consultancy in Australia and New Zealand whose aim is to re-invent HR through strategically aligned people, process and technology.

In 2009 we asked the question: What is the uptake of HR solutions in Australia and how are they meeting the needs of actual HR departments? To answer the question we conducted our inaugural Australian HR Tech Survey. That survey received valid responses from 164 Australian organisations, representing over 730,000 employees. The results were great, deep and rich, and it left us wanting to push it further.

In late 2010 and early 2011 we launched the survey again, this time expanding the questions from pure technology to include the "people and process" components of HR tech. This year's survey received valid responses from 250 Australian organisations, representing over 1,000,000 employees, making it to our knowledge, the largest primary research study into Australian HR technology ever conducted.

The results of the survey are presented here in the Navigo Australian HR Tech Report 2011.

The first half of the report looks at overall trends, including HR technology staffing, process and technology adoption. We show which are the most popular HRIS, and show you how they compare. We show you specific solutions used in a variety of solution categories and how satisfactorily they are rated by their users.

The second half of the report delves into the detail analysing the data against organisation size (in employees), and then against the most common industry categories. This should allow you to benchmark your organisation against similar organisations and find answers specific to your needs.

We thank everyone who contributed to the report. We simply couldn't do it without you.

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

Enjoy the report

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 2010 and 31st January 2011.

Our respondent profile was people working in HR or IT, in Australia, for organisations with 500 or more employees.

In total over 4,000 Australian organisations were approached, garnering 342 responses. Of these, 250 responses were from unique organisations and fit our respondent profile.

This report contains the results drawn from those 250 organisations representing over 1,000,000 employees.

The report analyses overall results and then subsets the survey population by both industry and organisation size. This allows the reader to benchmark their organisation against others with similar human resource requirements.

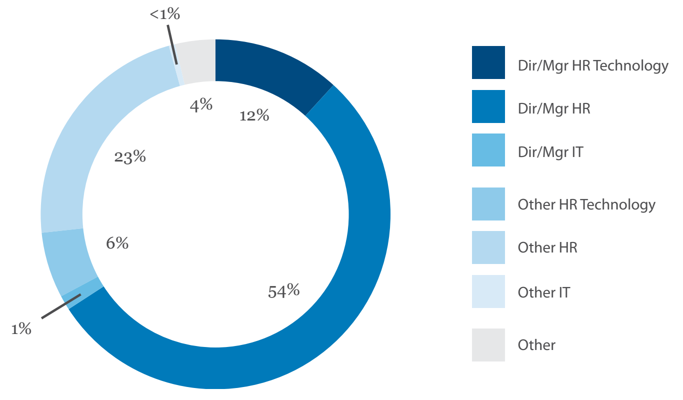
Respondent Demographics

Position Title

Respondents were generally in HR (95%) with the most common respondent being HR Director or Manager (54%) (fig 1).

Other common titles included HRIS/HR MIS/HR Systems Managers, HR Reporting/HR Shared Services Managers, and HR Project Consultants.

Fig. 1. Position title of respondents



Organisation Size (Employees)

This report slices respondent organisations into segments by their total number of employees. Each segment has been named for ease of reading.

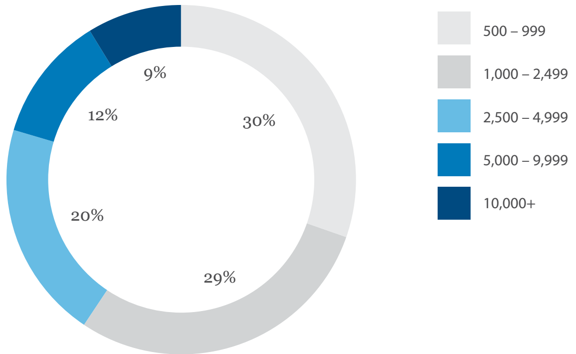
The organisation size segments we present are:

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

Respondent organisations were spread across these categories. This year there are a higher percentage of larger scale respondents than in 2010.

The respondent population by organisation size is illustrated in fig 2 below.

Fig. 2. Organisation size of respondents



Industry

The report slices respondent organisations into segments by industry. The industry list we highlight in this report is non-exhaustive; not every industry had enough respondents to analyse in depth.

The industry segments we present in detail are:

- **Manufacturing**
- **Property and Business Services**
- **Government Administration and Defence**
- **Education**
- **Health and Community Services**

If your specific industry is excluded please contact us and we may be able to make information available.

The respondent population by industry is illustrated in fig 3 below.

Fig. 3. Industry of respondents

Agriculture, Forestry and Fishing	1%
Mining	2%
Manufacturing	10%
Electricity, Gas and Water Supply	2%
Construction	4%
Wholesale Trade	2%
Retail Trade	7%
Accommodation, Cafes and Restaurants	2%
Transport and Storage	4%
Communication Services	0%
Finance and Insurance	7%
Property and Business Services	10%
Government Administration and Defence	12%
Education	7%
Health and Community Services	10%
Cultural and Recreational Services	1%
Personal and Other Services	4%
NONE GIVEN	16%

Regarding Figures

Horizontal Bar Charts

Horizontal bar charts in red and blue chart satisfaction against various systems or technologies.

In the last report "dissatisfied" results were grey, in this report "dissatisfied" results are red, and neutral results (neither satisfied nor dissatisfied) are grey.

Box Plots

Box plots are used to represent the varied responses to HR staffing. Each box plot represents the median result and upper and lower quartiles of each sample.

The whiskers represent the maximum and minimum figures, but have been capped at 1.5x the inter-quartile range.

Outliers are not shown on the graph but are mentioned in the text where relevant.

Limitations

Level of Satisfaction

This report uses "satisfaction" as a measure to assess the success of an HR system.

We acknowledge that the "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.

Our intent is that by reporting on the combined satisfaction of 250 respondents the picture that forms will be representative of the quality of each solution.

Solution Areas Examined

The nine solution areas that are examined in this report are not intended to be a comprehensive list of all facets of HR.

We have chosen them because we believe they are topical and represent a broad cross-section of both transactional and strategic concerns.

Sampling Bias

Navigo offers independent consultancy around the Alesco HRIS by Talent2. Therefore Navigo customers do account for a higher percentage of the survey population than of the total market.

Our aim is to get an accurate representation of the market, however this could create a sampling bias that represents Alesco HRIS as more popular than in reality.

Last year, the chart "top five most popular HRIS" excluded our customers to try and exclude the bias. This year, we present the data as collected and ask readers to take this into account.

Research Results

Primary research results from the Australian HR Tech Survey 2011.

HRIS

Use of HRIS

We asked respondents to tell us which HRIS they used, if any. Some respondents replied with the name of an HRIS which was actually either a dedicated Payroll system, or an integrated Talent Management System (TMS).

In fig 4 we have grouped fully featured HRIS with integrated TMS and classed these as valid. Where people specified Payroll systems (such as Micropay) we have itemised these separately.

Taking into account these criteria: 82.5% of respondents use an HRIS in 2011, in comparision to 73% in 2010.

Fig. 4. Use of HRIS

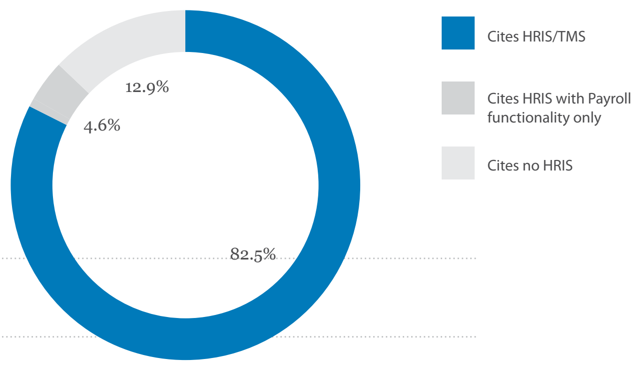
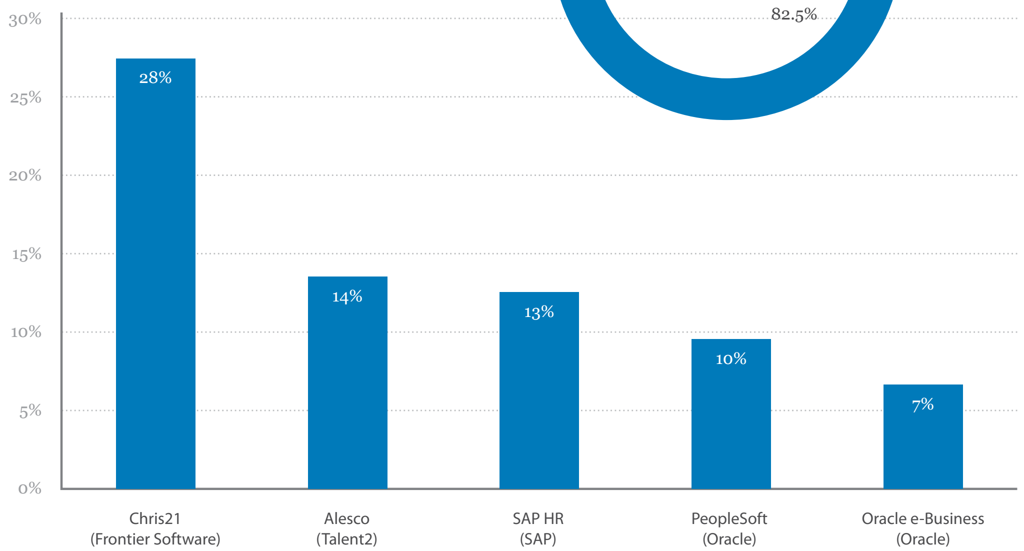


Fig. 5. Most popular HRIS



The top five HRIS in Australia are a mixture of local HR systems (Tier 2 systems), and the HR components of international HR systems (ERP's, or Tier 1 systems) (fig 5).

The most popular HRIS amongst the survey population is Chris21 by Frontier Software at 28% adoption[1]. Alesco by Talent2 (14%), SAP HR (13%), PeopleSoft (10%) and Oracle e-Business (7%) round out the top five.

In total, 28 different HRIS were cited including other popular names such as Aurion, Preceda, Connex, Ellipse, PeopleOne, Authority, Masterpay, Agresso, Kronos, Leader and others.

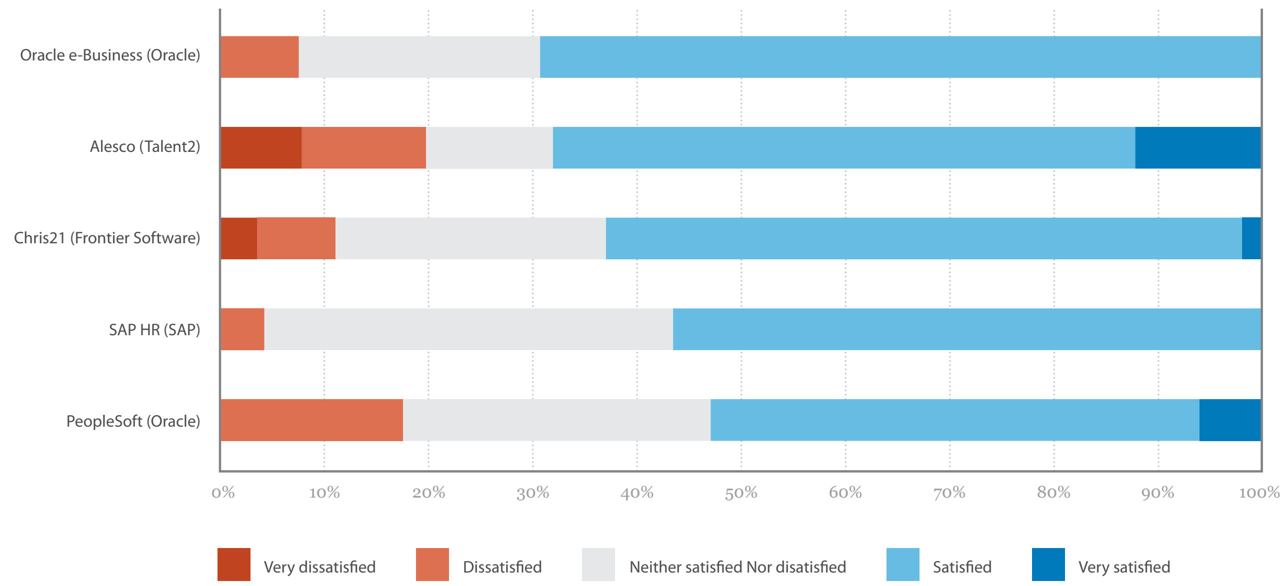
1 Please see notes on limitations about the accuracy of this figure and why it differs from 2010.

Satisfaction with HRIS

Each of the top five most popular HRIS have been scored by the satisfaction of their users (fig 6).

Oracle e-Business is the most satisfactory system as rated by its users, with 69% of users either satisfied or very satisfied. Chris21, although the most adopted, is only the third most satisfactory of the top five at 63%. Alesco, the second most satisfactory, is rated most dissatisfactory, illustrating that some aspects of Alesco may not be a perfect fit for every organisation.

Fig. 6. Satisfaction with most popular HRIS



The rise of integrated Talent Management Systems

2010 saw the increase in popularity of integrated Talent Management Systems, like SuccessFactors and Taleo.

In our 2010 research components of these integrated Talent Management Systems (TMS) were occasionally used in specific areas in HR. For example Performance Management or Applicant Tracking.

However, in 2011 when asked which HRIS was used, a handful of survey respondents cited their TMS, even to the point of relegating Tier-1 systems, such as Oracle e-Business to the role of stand-alone Payroll solutions.

This is very interesting, as traditionally the "source of truth" HRIS has been integrated with Payroll, a place where HR data must remain perfect at all times.

We'll explore this trend further through this report...

This year some respondents cited their Talent Management Systems as their HRIS, even to the point of relegating Tier 1 systems, such as Oracle e-Business, to the role of stand-alone Payroll solutions.

HR Staffing

HR personnel

Respondents were asked how many HR employees worked in their organisation.

The ratio of HR employees to total employee population varied widely. Some outlier organisations cited as few as 20 employees per HR person; others cited over 1,000.

The median result across all organisations was 101 employees per HR person (figs 7 and 8).

HR Tech personnel

Respondents were asked how many people worked full-time on managing HR technology.

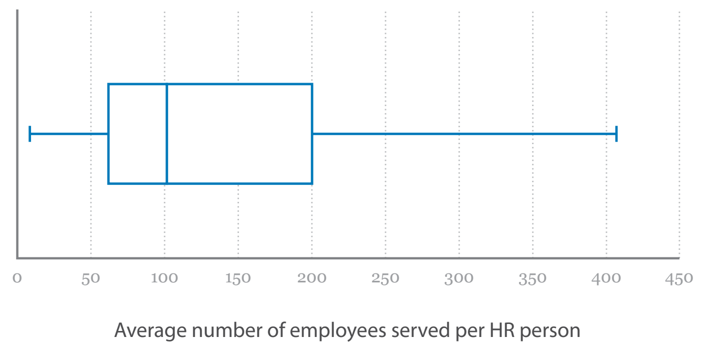
HR technology personnel were of course much less common than total HR personnel. Many organisations, including those with 10,000+ employees cited no full time resources working in that capacity, possibly as a result of outsourcing,

The median result across all organisations was 1050 employees per HR Tech person.

Fig. 7. Average number of employees per HR person

Average number of employees served by each HR person	101
Average number of employees served by each HR technology specialist	1050

Fig. 8. Average number of employees per HR person



Standard Operating Procedures

Enterprise collaboration software exploded in 2010 with Wikis and Sharepoint experiencing massive growth.

So we asked respondents to identify how they documented their standard operating procedures (fig 9) to learn if it was with collaborative software.

94% of surveyed organisations have documented Standard Operating Procedures. Most (68%) use standard, non-collaborative, documents such as Microsoft Office files.

A smaller number, 26%, use collaborative documents such as Sharepoint or Enterprise Wiki software.

Fig. 9. Use of Standard Operating Procedures

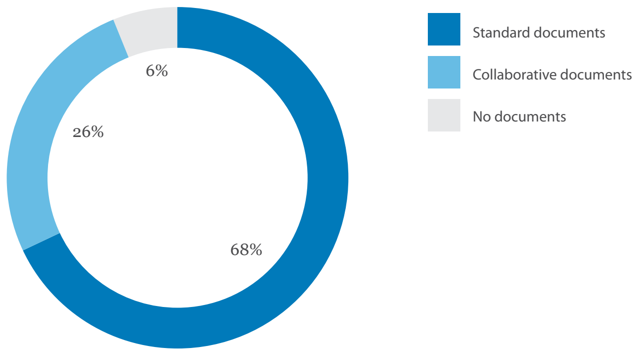
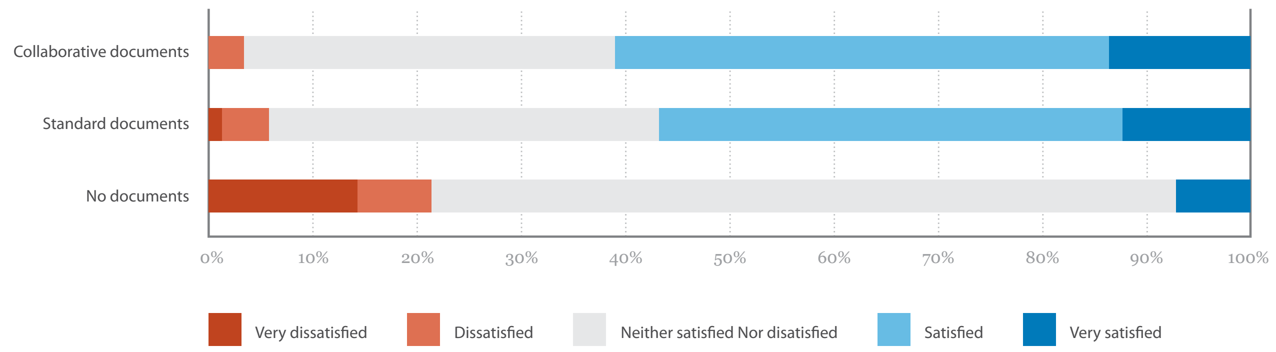


Fig. 10. Satisfaction with Standard Operating Procedures



Despite being less widely adopted, collaborative documents are rated slightly more satisfactory (fig 10).

Those without documentation are the most dissatisfied (21% dissatisfied or very dissatisfied), although also the most apathetic, with many who have no opinion.

The HR Tech Report team at Navigo are big fans of collaborative documents; we keep all of our procedures online and editable. We find that Wiki documentation improves efficiency by keeping documents up to date.

From our experience we are curious if the results shown above paint a true picture. HR Managers and Directors may be "satisfied" with their Standard Operating Procedures, however, if their key staff all left tomorrow would these documents be complete and current enough to onboard a new team?

Next year we will ask this more direct question.

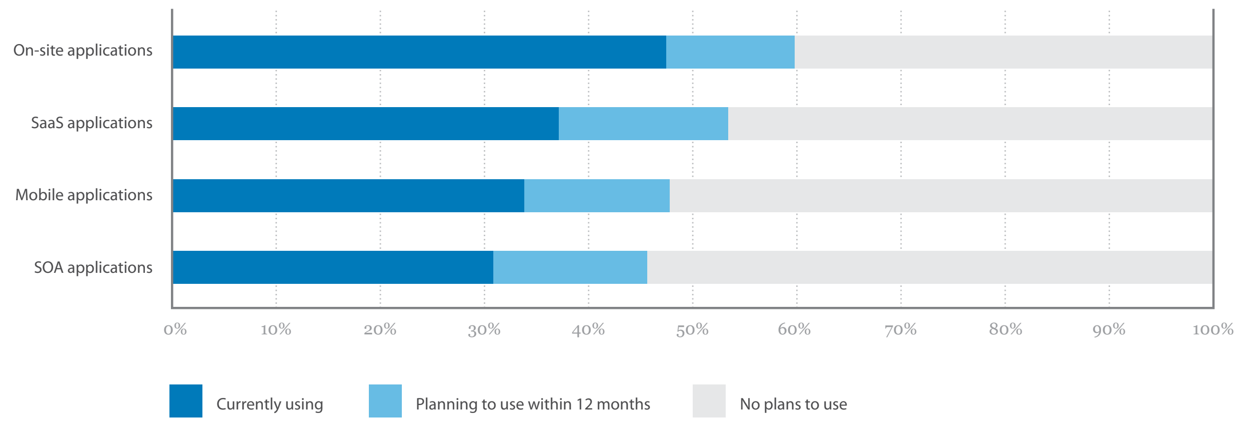
Meanwhile, those few without procedures should investigate the time savings they could provide.

Despite lower adoption rates, using collaborative software is more satisfactory then using standard documents.

Technology Adoption

Respondents were asked about the types of technology that they used, didn't use, or were planning to use within 12 months. Technologies included On Site, Software as a Service (SaaS), Mobile, and Service Oriented Architecture (SOA).

Fig. 11. Use of Technology



In the results of the survey, on-site applications were the most widely adopted, used by 47% of survey respondents. SaaS was second, being used by 37%, Mobile (34%) and SOA (31%) (fig 11).

Of those without each technology type, a number of them were planning to adopt it within 12 months. This number didn't vary much. At the highest end, 16% of respondents plan to adopt SaaS, and at the lowest, 12% of respondents plan to adopt On-site applications.

These figures are likely to be inaccurate, due to the discrepancies in response of our respondents.

For example amongst the survey responses there are those who say they have "no plans to use" On-site applications then respond they use an On-site application to meet a particular need.

77% of respondents indicated no plans to adopt any of the technologies, probably an indication of other ongoing priorities or uncertainty about technology use.

HR Directors and Managers are uncertain about technology adoption probably due to other ongoing priorities.

Key Inf uences

Motivators for improving HR systems

Respondents were asked to name their biggest motivators for improving HR technology.

This year HR's primary motivator for improving HR systems and technology was the desire to save time and/or increase efficiency (fig 12). At 33% this is practically unchanged from 2010 (32%). As in 2010, HR's challenge is to alleviate the overhead of transactional HR so as to focus more completely on the strategic aspects. Increasing process efficiency through technology is a major stepping stone towards that goal.

Fig. 12. Most common *motivations for* improving HR systems and technology

Increasing workforce intelligence (10%), reducing costs (10%) and improving people management (8%) were all common motivators. Also of interest, 2011 sees an increase in HR departments motivated to improve ease of use, and replace outdated systems.

Fig. 13. Change in most common *motivations* since 2010

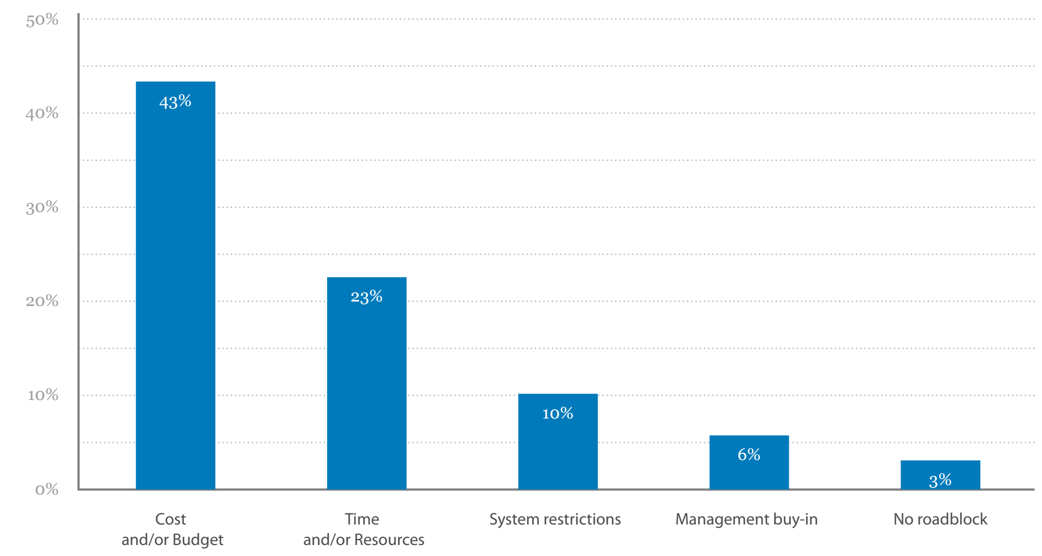
Position	Motivation	Change in Rankings (Since 2010)
1st	Reduce time spent and/or increase efficiency	No change
2nd	Improve people management	▲ 1
3rd	Reduce costs	▲ 1
4th	Improve workforce intelligence and/or reporting	▼ 2
5th	System modernisation and/or existing are outdated	▲ 2
6th	Improve ease of use and/or simplicity	▲ 2
7th	Improve data validity	▼ 1
8th	Improve system integration	▼ 3

Roadblocks against improving HR systems

Respondents were asked to name their biggest roadblocks against improving HR technology.

This year, HR's biggest roadblock remains solution cost and/or budget restrictions, however at 43% this is a 23.25% drop from last year, probably due to a slow recovery from the GFC. Most interesting is the new entrant to the top-5, organisations that cite "No Roadblock" to HR systems improvement. In 2010 post-GFC, no respondent gave this answer; in 2011, it rockets into 5th position. These results combine to suggest that things are improving for HR.

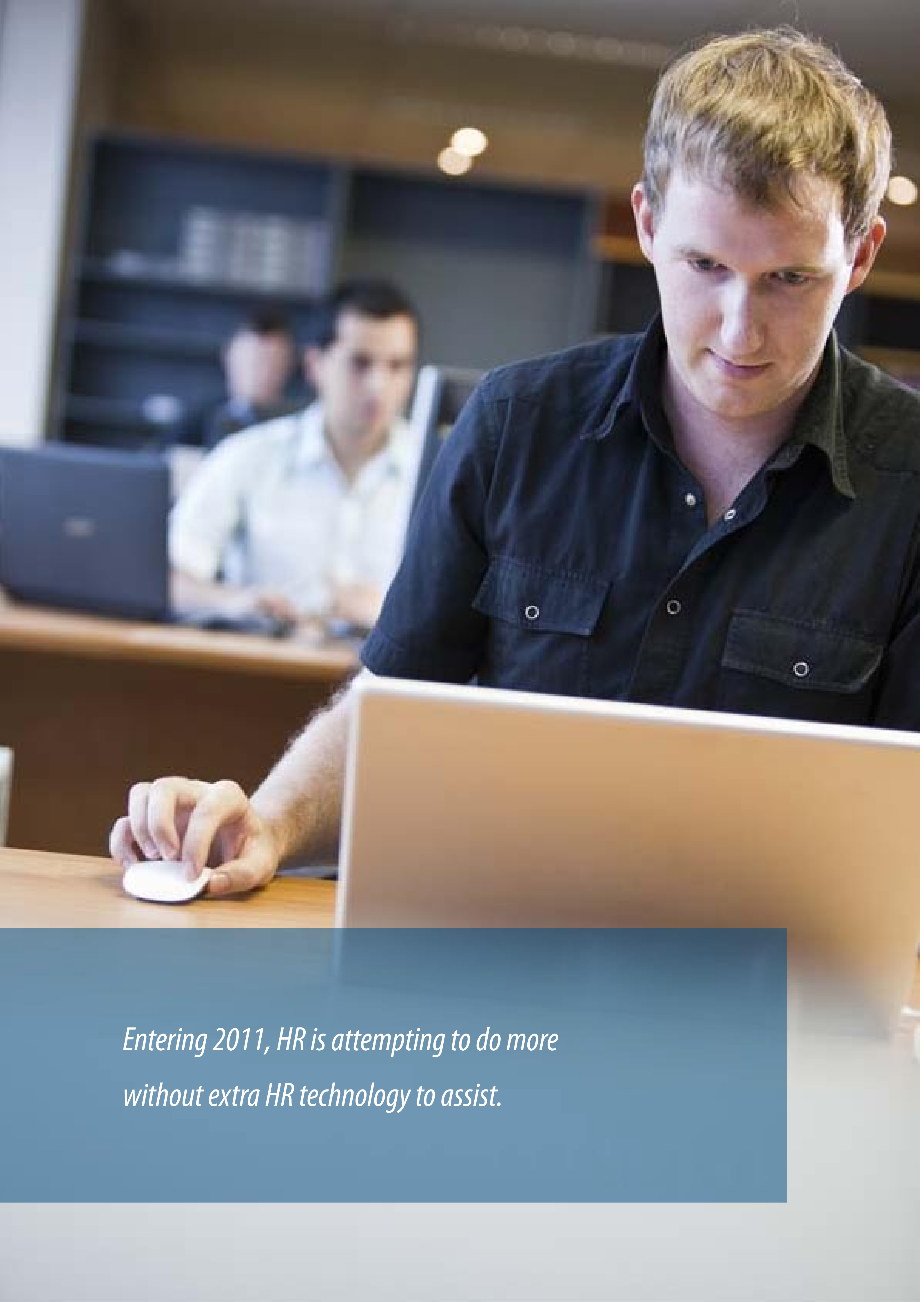
Fig. 14. Most common *roadblocks against* improving HR systems and technology



HR's biggest roadblocks remain cost and budget. This is a 23.25% drop from last year as Australia recovers from the GFC. This year, organisations report "No Roadblock" for the f rst time.

Fig. 15. Change in most common *roadblocks* since 2010

Position	Roadblock	Change in Rankings Since 2010
1st	Cost and/or budget	No change
2nd	Time and/or resources	No change
3rd	Existing system restrictions	▲ 1
4th	Management buy-in	▼ 1
5th	No roadblocks	NEW
6th	Compliance and/or global alignment	NEW
7th	Product knowledge	▼ 1
8th	IT knowledge	▼ 3



Entering 2011, HR is attempting to do more without extra HR technology to assist.

Analysis by Solution

The following section of the report analyses separately each category of HR solution we have surveyed in 2011.

Respondents were asked about different areas of their work, what type of systems they use to perform in that area, and how well that system satisfies.

Terminology

This section uses specific terms as shorthand, which are important to understand to avoid confusion:

A "solution area" or "solution category" is how we have defined a distinct functional area of HR. For example "Payroll". We have surveyed nine solution categories in 2011. The complete list is:

- Payroll
- Employee and Manager Self-Service
- Applicant Tracking
- Learning Management
- Organisational Charting
- Performance Management
- Business Intelligence
- Workforce Planning, and
- Succession Planning

A "system type" or "system adoption" is how we have defined the type of system used in each area. For example "Stand-alone software". We have broken system use down into four categories in 2011. The complete list is:

- No system
- Manual system
- HRIS-based system
- Stand-alone system

In some instances we refer to "technology" adoption. Where "technology" is cited it refers to the total figures for the two technology-based system types: HRIS-based and Stand-alone.

Lastly we have asked respondents to rate their satisfaction with a system on a scale from one to five, where one represents "Very dissatisfied" and five represents "Very satisfied".

Combined, Solutions, Systems and Satisfaction show a complete view of what methods HR uses.

Example

Some examples of Solution, System and Satisfaction combined include:

- Stand-alone Payroll is not as satisfactory as HRIS-based Payroll.
- Few organisations have no Self-Service system, and they are commonly very dissatisfied.

Systems Overview

System Adoption

Each solution category surveyed (e.g. Payroll) has a unique profile of systems adoption (e.g. mostly HRIS-based, or mostly Stand-alone). In fig 16 the blue sections represent technology use, whilst the grey represents manual systems or non-systems use. The adoption of technology can be likened to an HR hierarchy of needs: First payroll, where technology use is nearly ubiquitous (98%), followed by self-service (77%), recruitment (67%) and learning (63%), followed by systems for management, and finally systems for strategy and building business value.

Fig. 16. System adoptions in each category

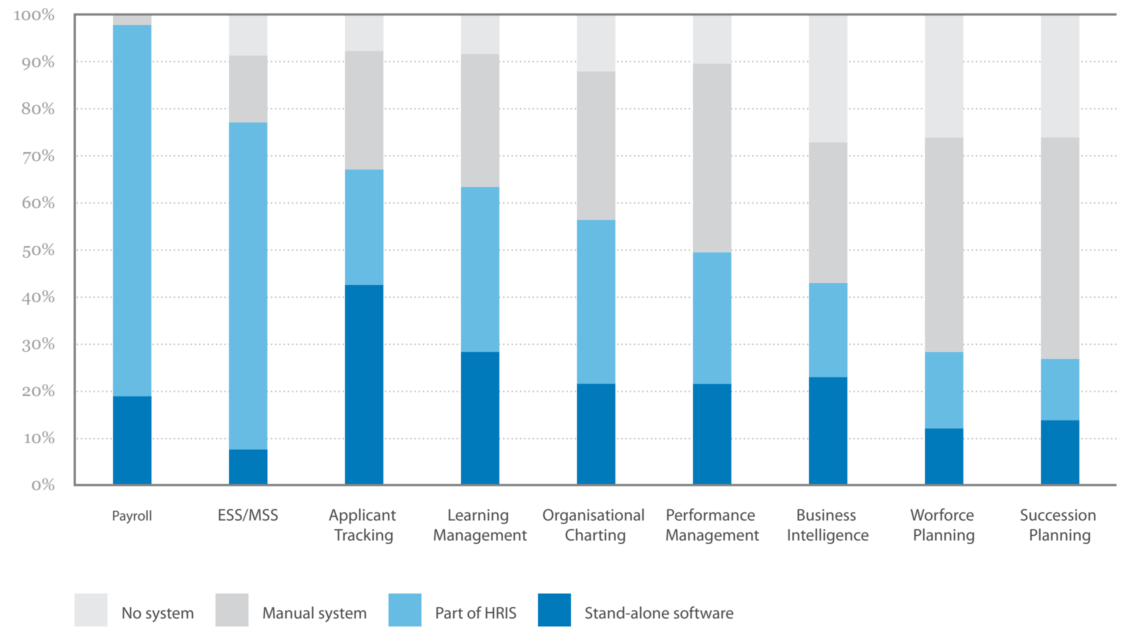
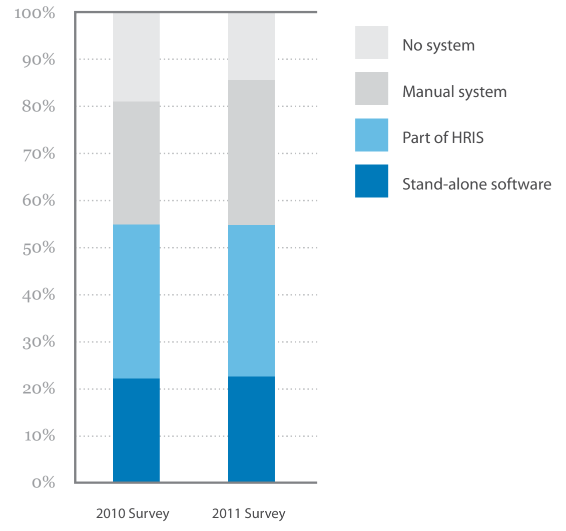


Fig. 17. System adoptions across all categories



Comparing those areas surveyed in 2010 with the results for 2011[1] (fig 17), we see little change in technology adoption. It remains steady at 55%. There is however an increase in manual systems use. It climbs to 31%.

Entering 2011, HR is attempting to do more, without extra technology to assist.

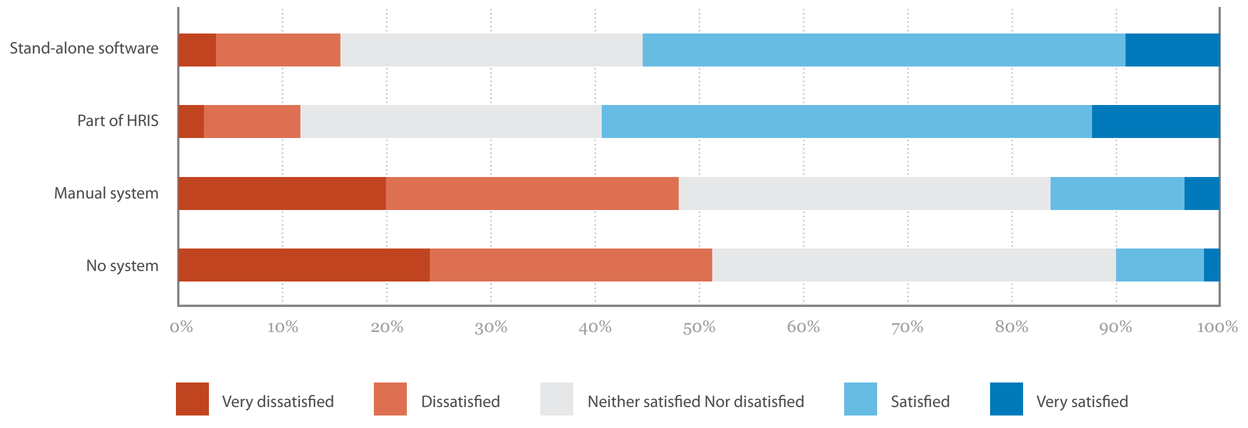
1. Our 2010 report excluded Payroll and Workforce Planning

System Satisfaction

As in 2010, we see a definitive split between satisfaction with technology enabled systems, and non technology enabled systems. This profile has changed slightly with the addition of Payroll and Workforce Planning to our survey areas, however the trend remains the same as last year.

The more manual your processes, the less satisfactory they will be.

Fig. 18. Satisfaction with system adoptions across all categories



In 2011, as in 2010, technology based systems are rated far more satisfactory than others.

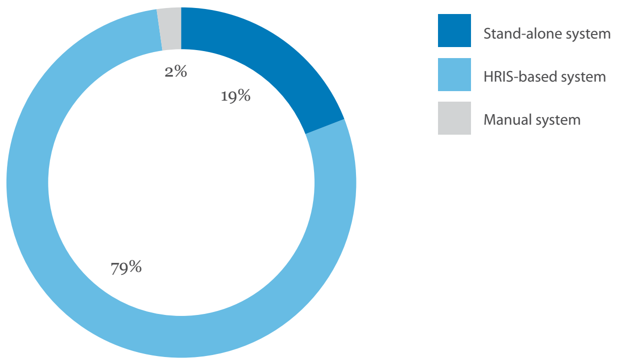
The graph above (fig 18) shows satisfaction with systems, by system type, as aggregate across all solution areas (Payroll, Self-Service, et al). System types were satisfactory or very satisfactory as follows: Stand-alone software 55%, Part of HRIS 59%, Manual 16%, None 10%.

The more manual your processes, the less satisfactory they will be.

Payroll

Payroll adoption and satisfaction

Fig. 19. Payroll system adoption

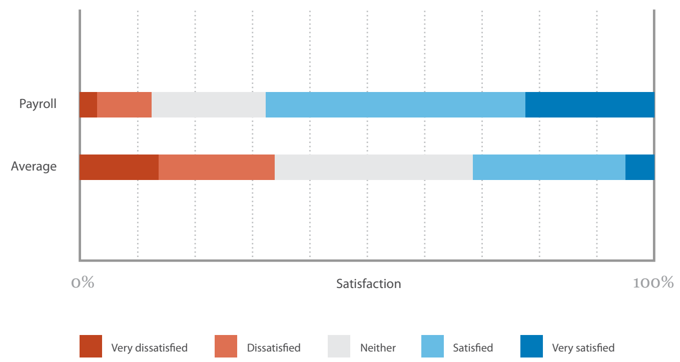


The results for Payroll systems are unique amongst the areas surveyed.

98% of respondents use technology for Payroll; 2% claim to run Payroll manually.

The 98% is comprised of 79% who use HRIS-integrated Payroll, and 19% who use a Stand-alone system (fig 19). These areas represent much higher technology adoption than for any other areas.

Fig. 20. Payroll satisfaction vs all others

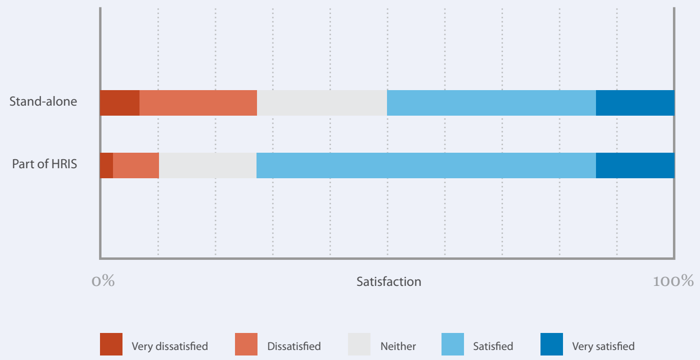


When the level of satisfaction of each solution area is compared, only Payroll stands out.

All other solution areas match closely to the "Average" in fig 20; Payroll is much different.

On average only 12% of respondents are dissatisfied with their Payroll system. Immature or dissatisfactory Payroll systems are just not tolerated.

Fig. 21. Satisfaction with Payroll system adoption



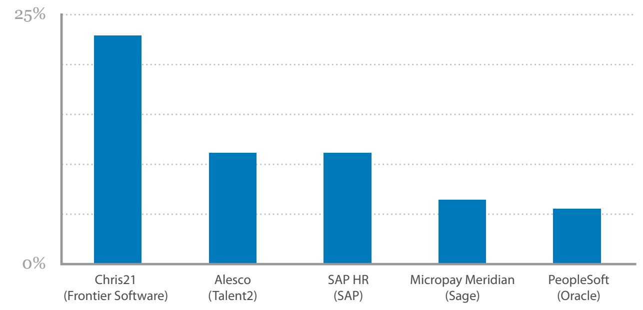
70% of organisations with HRIS-based Payroll were satisfied or very satisfied, the highest level of satisfaction of any system type in any solution area.

HRIS-based systems also hugely out perform Stand-alone systems, a situation unique to Payroll.

This means that those organisations who use integrated Talent Management Systems as their HRIS are much more likely for Payroll to under perform.

How Payroll systems compare

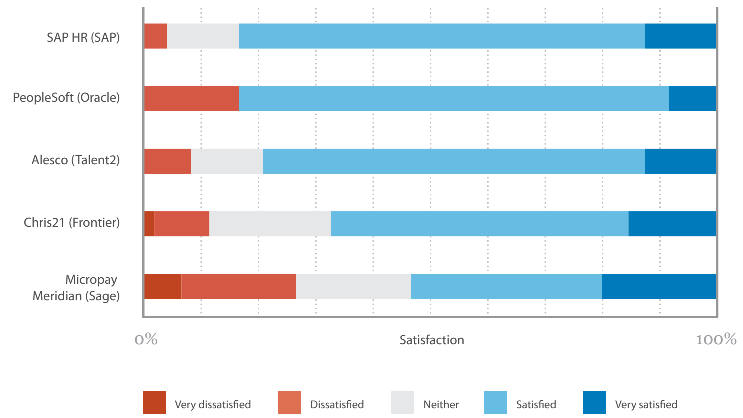
Fig. 22. Most popular Payroll systems



Chris21 by Frontier Software is the most adopted Payroll solution from our survey population at 23% (fig 22). Given the very high level of HRIS integrated Payroll this is not surprising.

More surprising is Micropay Meridian by Sage, the most common Stand-alone solution for Payroll is the fourth most adopted Payroll solution overall.

Fig. 23. Satisfaction with popular Payroll systems



SAP then PeopleSoft are the most satisfactory Payroll solutions in Australia rated by user satisfaction, with 83% satisfied or very satisfied (fig 23).

Chris21 is not rated best overall, although it does compare well with a rating well above average.

Micropay Meridian, although commonly implemented, is rated most dissatisfactory of the top 5 Payroll solutions in Australia with 27% dissatisfied or very dissatisfied.

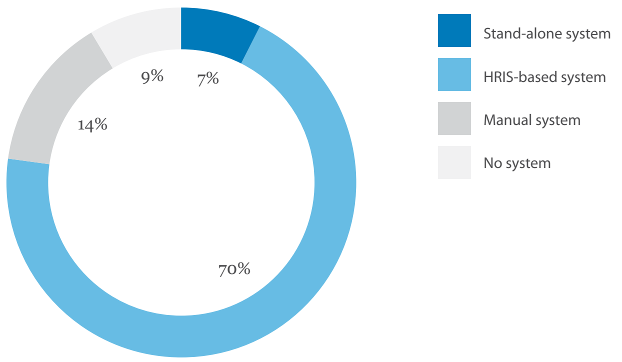
The dissatisfaction with Micropay aligns closely with the general HR dissatisfaction surrounding all Stand-alone Payroll systems.

Organisations are less satisf ed with Payroll systems that are not integrated with their HRIS.

Employee & Manager Self-Service (ESS/MSS)

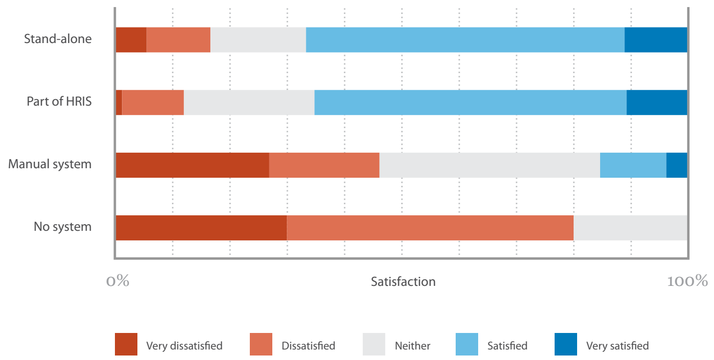
ESS/MSS adoption and satisfaction

Fig. 24. ESS/MSS system adoption



ESS/MSS remains highly popular technology. It is most commonly part of an organisation's HRIS (70%); this has increased 15.3% since 2010 (58%). Overall technology adoption has increased from 68% in 2010 to 77% in 2011. Soon, organisations without self-service will truly be the exception.

Fig. 25. Satisfaction with ESS/MSS system adoption



Both HRIS-based and Stand-alone ESS/MSS are rated very satisfactory, and those organisations without it are more actively dissatisfied than ever before.

Respondent organisations without ESS/MSS were feeling the absence. 0% were satisfied, and 80% were dissatisfied or worse, the highest level of dissatisfaction for any system type in any solution area (fig 25).

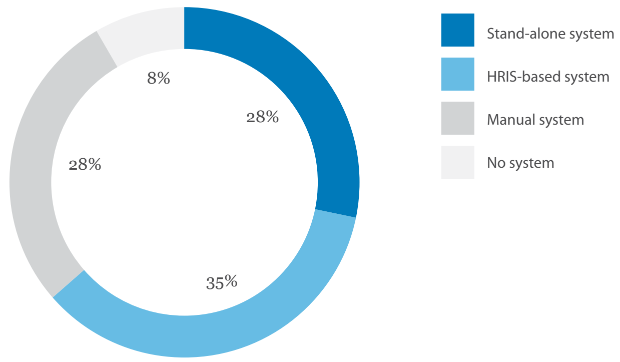
Since HR's main motivator is increasing efficiency and reducing time spent on transactional HR, it remains the strong recommendation of this report that every organisation find some way to implement self-service technology, whether through their HRIS or a Stand-alone solution.

Self service remains highly popular. Tech adoption has increased 11.6% since last year, and organisations without Self service are more dissatisf ed than ever before.

Learning Management (LMS)

LMS adoption and satisfaction

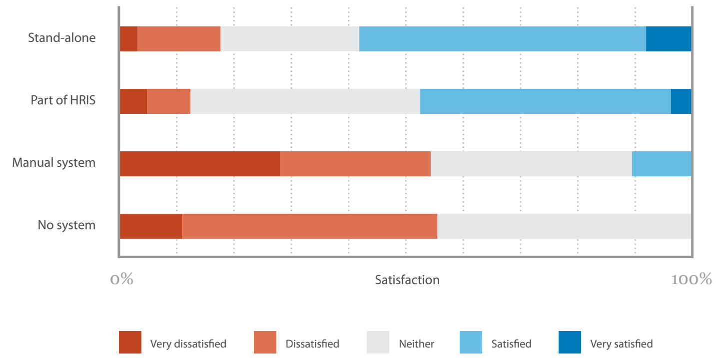
Fig. 26. LMS system adoption



In 2010 Learning Management systems were the most commonly technology enabled of the solution areas. In 2011 they fall behind Applicant Tracking, 63% to 67%.

HRIS-based LMS are most common at 35% adoption. They are not, however, rated most satisfactory.

Fig. 27. Satisfaction with LMS system adoption



As last year, Stand-alone LMS are rated more satisfactory than other LMS system types with 58% either satisfied or very satisfied (fig 27).

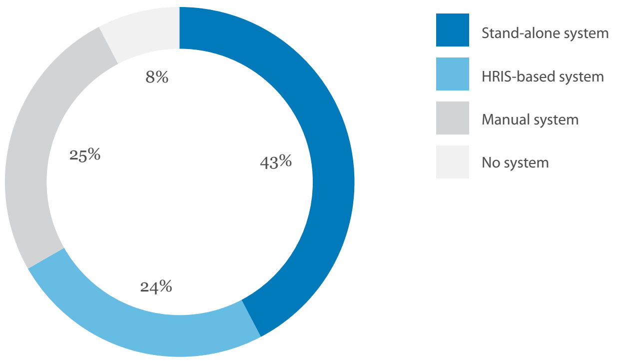
Illustrative of this result was the outstanding success of LearningSeat, a LMS point solution with 3% market adoption. Our survey results place LearningSeat as the single most satisfactory system surveyed in any area outside of Payroll, with 83% of surveyed users being satisfied or very satisfied.

Learning Management and Applicant Tracking are still the most commonly technology enabled areas. Those without systems are realising adoption is a serious priority.

Applicant Tracking / Recruitment (ATS)

ATS adoption and satisfaction

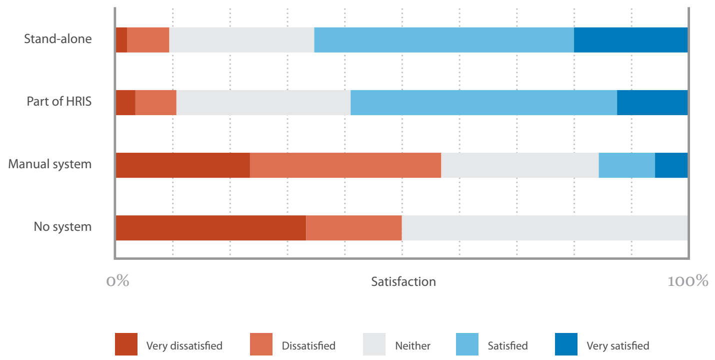
Fig. 28. ATS system adoption



As in 2010, Applicant Tracking has the highest Stand-alone system adoption. 43% of organisations surveyed use Stand-alone ATS.

ATS is the third most technology enabled solution area overall. 67% of organisations surveyed use some ATS technology.

Fig. 29. Satisfaction with ATS system adoption



Not only are Applicant Tracking systems the most commonly used of all Stand-alone systems, they are also consistently rated most satisfactory by their users.

Although HRIS generally outperform Stand-alone systems, with ATS Stand-alone systems outperform.

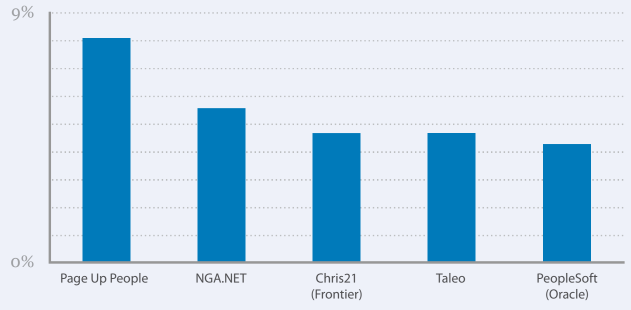
The huge importance of talent acquisition has given rise to popular and excellent quality solutions, which we examine on the following page.

Those performing Applicant Tracking manually are very actively dissatisfied (57%), as are those with no system (50%). However, those with no ATS system were also the most apathetic of any group in any solution area, with 50% neither satisfied, nor dissatisfied.

Applicant tracking has the highest stand-alone system use and is one of the two top technology enabled areas surveyed. If you lack systems here, get them.

How ATS systems compare

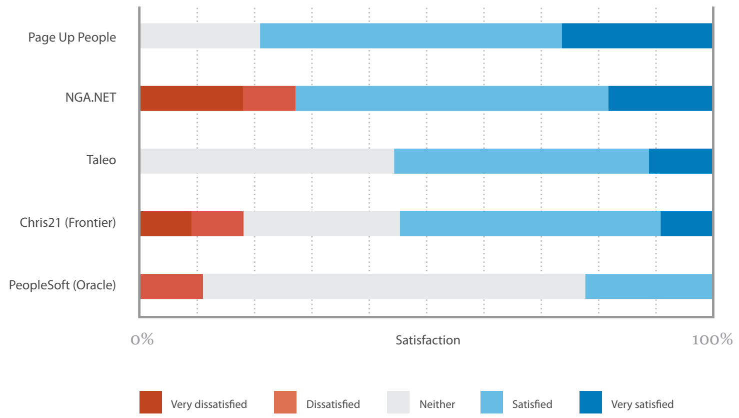
Fig. 30. Most popular ATS systems



Unlike every other solution area, three of the five most common ATS systems are Stand-alone.

PageUp People (8%) and NGA.NET (6%) take the top spots. Chris21 and Taleo (a TMS that grew from ATS beginnings) share the third spot, where each of them hold a 5% share of adoption (fig 30).

Fig. 31. Satisfaction with popular ATS systems



PageUp People and NGA.NET, the two most commonly implemented systems in Australian Applicant Tracking are also the two rated most satisfactory by their users.

79% of users of PageUp People are satisfied or very satisfied with their solution, 73% of NGA.NET users are the same (although NGA.NET also has some dissatisfied users). Taleo (56%), is again practically tied with Chris21 (55%) in third position.

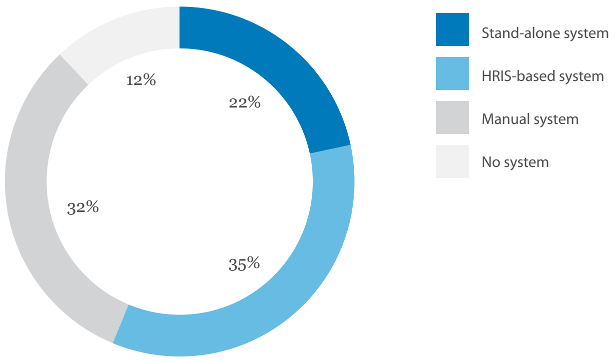
If your organisation is performing manual applicant tracking, you should consider the benefits of using a technology based alternative – your HRIS or one of these mature Stand-alone systems.

Vendors Page Up People and NGA.NET lead the market, as both the most-adopted systems and also the systems most highly rated by their users.

Organisational Charting

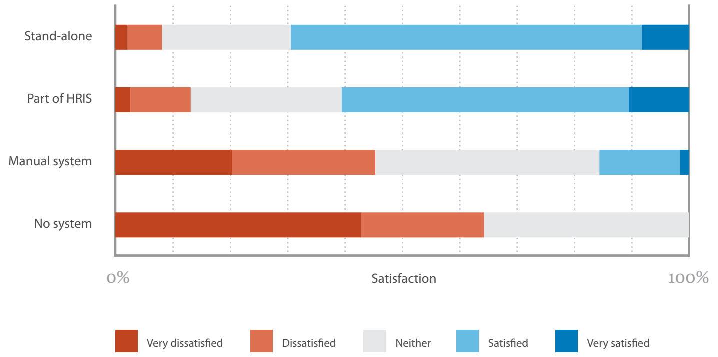
Org Charting adoption and satisfaction

Fig. 32. Org Charting system adoption



Organisational charting is mid-range in levels of overall adoption, HRIS and Stand-alone technology adoption. As last year, roughly one third of respondents (32%) use manual solutions such as Visio or Powerpoint (fig 32).

Fig. 33. Satisfaction with Org Charting system adoption



None of the organisations surveyed without an organisational charting system were satisfied with the result, 64% were dissatisfied or very dissatisfied.

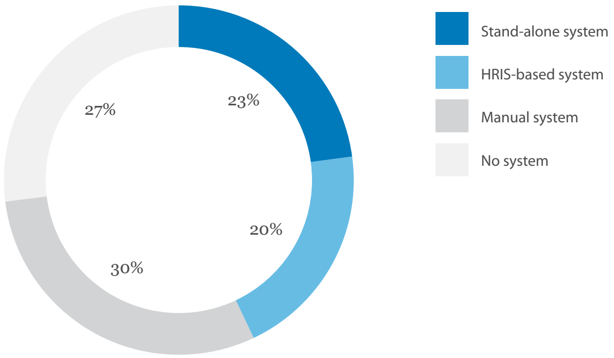
As with most systems, technology use delivered greater levels of satisfaction, with Stand-alone systems (69%) slightly preferred to HRIS-based (61%).

Organisational charting is mid-range in levels of overall adoption.
As with most systems, technology use delivers greater levels of satisfaction.

Business Intelligence (BI)

BI adoption and satisfaction

Fig. 34. BI system adoption

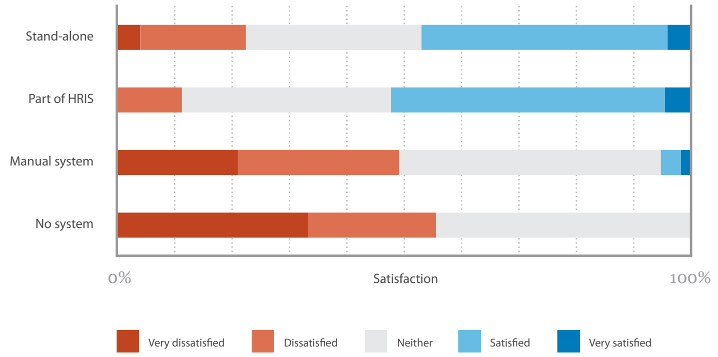


Business Intelligence has the most even split between all four system types. This is quite unusual.

Of all solution areas, Business Intelligence tops the list in being ignored by HR.

Additionally HRIS-based BI systems are strangely rare (20%), with only Workforce and Succession Planning tools being rarer.

Fig. 35. Satisfaction with BI system adoption



Business Intelligence is therefore very problematic. 57% of respondents have no specialised business intelligence system and of those, an average of 52% are dissatisfied or worse (fig 35).

In 2010 we concluded "business intelligence is elusive": At the time, the second most important motivator for improving HR technology was reporting and intelligence, yet there seemed to be no concrete decision on how to actually achieve it.

In 2011 there is still no answer to the BI problem, however the motivation to improve reporting and intelligence has dropped two places to fourth.

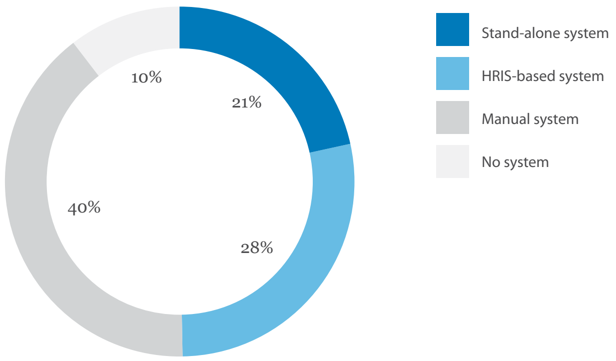
BI has been put in the "Too Hard" basket for now.

There is strong dissatisfaction with reporting solutions.
Business Intelligence solutions has been put in the "Too Hard" basket for now.

Performance Management System (PMS)

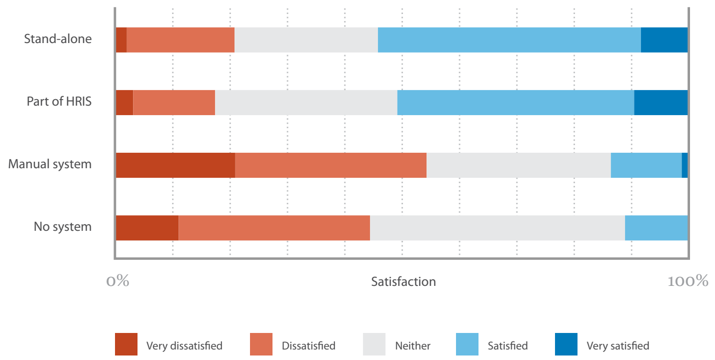
PMS adoption and satisfaction

Fig. 36. PMS adoption



CedarCredstone's 2009-2010 HR Systems Survey concluded that PMS was the key differentiator between high and low performers and that all organisations should rush to implement. Despite this, in Australia between 2010 and 2011 we see almost no change in system adoption. Technology use remains static at 49%, up just one point from 48% in 2010.

Fig. 37. Satisfaction with PMS adoption



In Performance Management Systems the overall trends apply with little change since 2010.

Those organisations without technology enabled systems are dissatisfied. Those with technology enabled systems are highly satisfied.

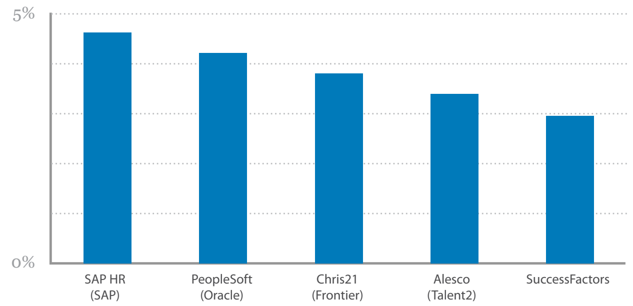
The business case for PMS seems proven, as the users we've surveyed testify. International commentators are driving organisations to implement. And yet all aspects of PMS adoption in Australia remain unchanged at present.

No one is picking it up, perhaps the ongoing debate about the structure and effectiveness of regimented performance reviews is the cause?

Performance Management System adoption remains static since 2010.

How PMS compare

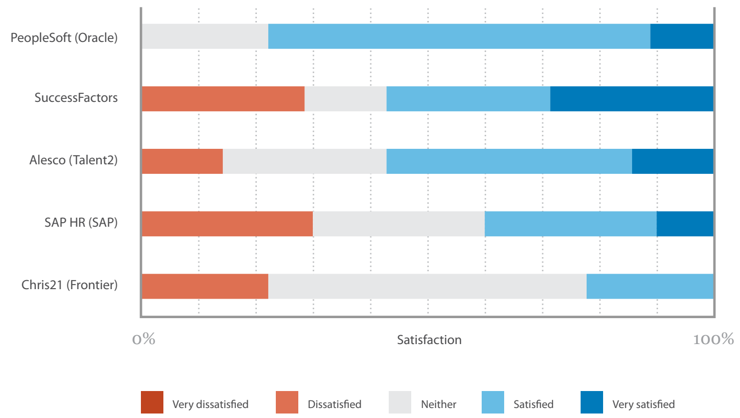
Fig. 38. Most popular PMS



The most popular PMS in Australia are the major tier 1 and 2 HR systems including SAP HR (4.6%), PeopleSoft (4.2%), Chris21 (3.8%) and Alesco (3.4%).

SuccessFactors appears in fifth place at 3.0% adoption, and is the only popular Stand-alone PMS in our survey population (all others sit at 1.0% or less).

Fig. 39. Satisfaction with popular PMS



PeopleSoft is rated the most satisfactory PMS by its users with 78% satisfaction. We will be curious to see if the new Oracle Fusion HCM applications lives up to this high standard.

SuccessFactors is tied with Alesco as the second most satisfactory PMS in Australia at 57%, although SuccessFactors appears to have a larger number of dissatisfied customers. Two of the respondents who are satisfied with SuccessFactors as a PMS, have cited it as their HRIS; perhaps integration makes a difference.

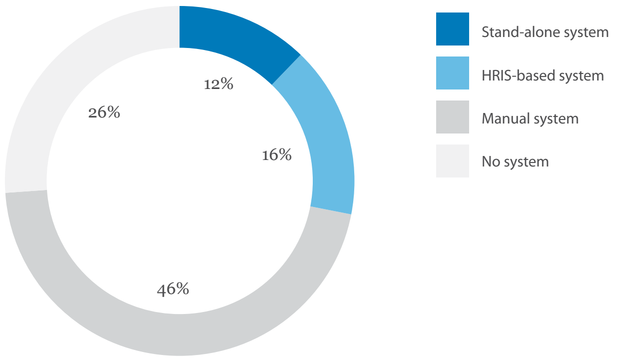
Chris21 under performs here and despite high adoption levels, users are generally unconvinced.

SuccessFactors stands out as a popular Stand-alone system performing well alongside entrenched vendors

Workforce Planning

Workforce Planning adoption and satisfaction

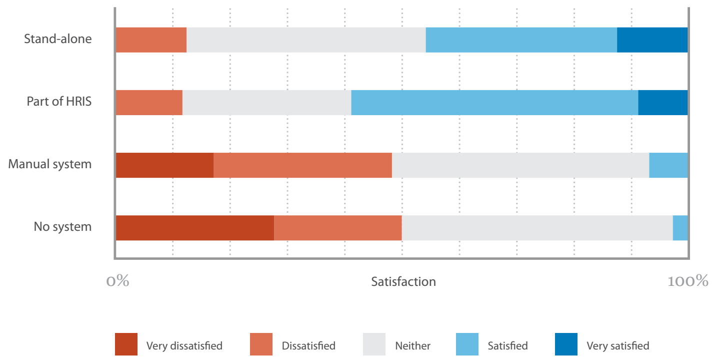
Fig. 40. Workforce Planning system adoption



Workforce Planning has the second lowest level of technology adoption of areas surveyed at 28%. Above only Succession Planning at 27% (fig 40).

It also has the second highest instance of Manual Systems use at 46%. Below only Succession Planning at 47%.

Fig. 41. Satisfaction by system type



2011 is the first year we have surveyed Workforce Planning technology. It is interesting to see the similarities between this and Succession Planning on the following page.

Both areas share the same low level of technology based system adoption, high level of Manual System adoption, and high dissatisfaction with Manual Systems.

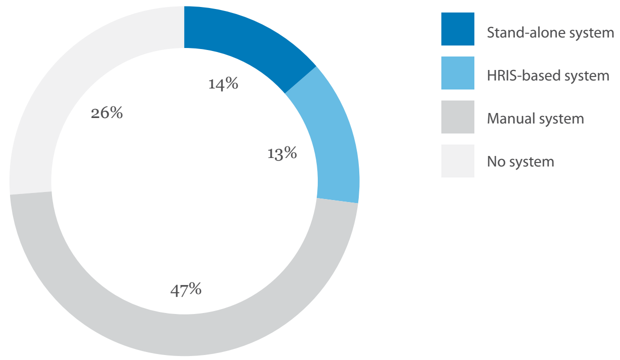
Few organisations use Stand-alone systems (12%). When asked which system they used, many responded that they used an in-house technology of their own construction.

Workforce Planning and Succession Planning have similar high percentages of manual systems use, which is very rarely satisfactory.

Succession Planning

Succession Planning adoption and satisfaction

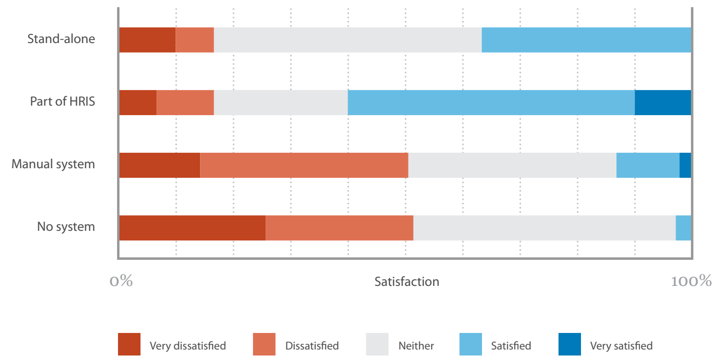
Fig. 42. Succession Planning system adoption



Succession Planning has the lowest level of technology adoption of all areas surveyed at 27% down from 30% in 2010 (fig 42).

In 2011 a huge 47% of organisations perform Succession Planning manually. This has increased significantly since last year, up 27.6% from 34% in 2010, and is now the largest manual systems use of any category surveyed.

Fig. 43. Succession Planning satisfaction by system type



In 2010 we commented that Australia was ill prepared for the coming retirement of the baby boomer generation and encouraged the use of simple systems in the short term, which could expand in power and complexity as time progressed.

In 2011 we have seen these simple manual systems adopted by those who were previously without any systems. We have not, however, seen the satisfaction with manual systems improve.

Of the 47% of all organisations who perform Succession Planning manually, 50% are dissatisfied or very dissatisfied with their solution. Only 13% find it satisfactory or better.

Those organisations who now have a simple Succession Planning framework should continue their growth in this area, the first step of which should be implementing some kind of technology solution.

As organisation size increases, so does technology adoption. Business Intelligence and strategic technology isn't popular in organisations under 5000 employees.

Analysis by Organisation Size

The following section of the report slices respondent organisations into segments by their total number of employees.

An organisation with 10,000+ employees has vastly different systems use, HR staffing, motivators and roadblocks than an organisation with just 500 employees.

By presenting our data in groups by organisation size, we allow the reader to both cut through to the area that best represents their organisation and to see the trends that appear as organisations grow in scale.

Each segment has been named for ease of reading. The segments we present are:

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

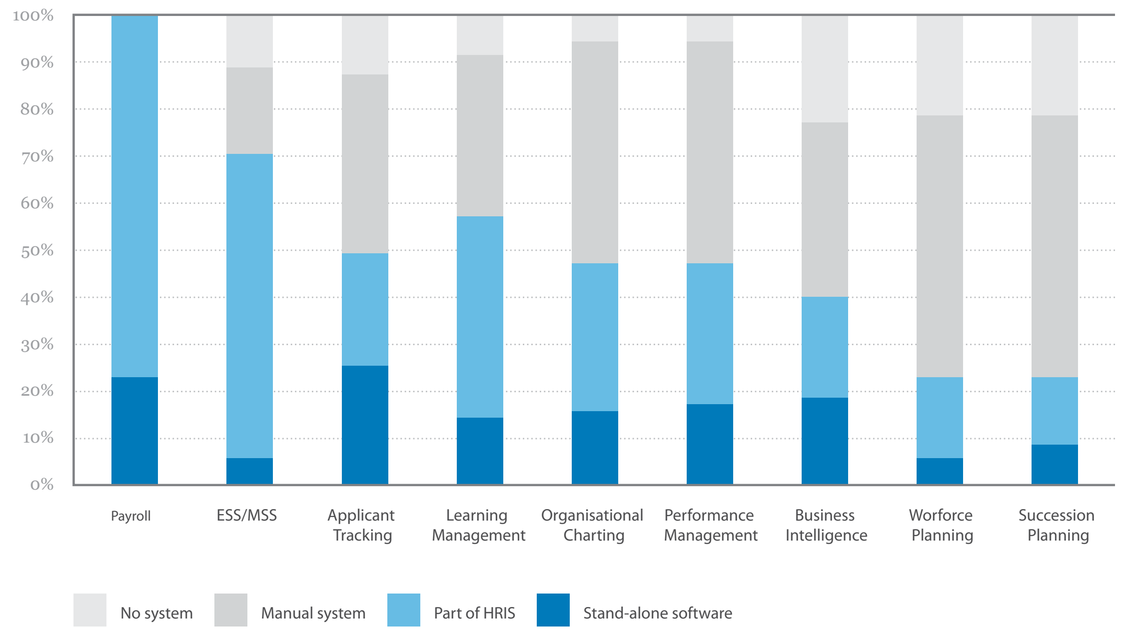
Respondent organisations were spread across these categories. This year there are a higher percentage of larger scale respondents than in 2010.

System Adoption and Motivation by Organisation Size

Small Enterprise (500 – 999 employees)

Small Enterprise has a lower ratio of HR employees than average, and are above averagely motivated by improving efficiency. They are less technologically enabled than larger segments. At this level, process burden is a major concern.

Fig. 44. System adoptions in each category



Small Enterprise are less technologically enabled than all larger segments (51%). HRIS-based systems are used at 36%, comparable with other segments, however Stand-alone systems are very rarely adopted. At 15% this adoption is the lowest of all segments (fig 44).

To replace the absent Stand-alone systems, Small Enterprise has the highest usage of manual systems at 37%. This relates to their above average concern with time and efficiency (manual systems are more time consuming and inefficient than technology based systems).

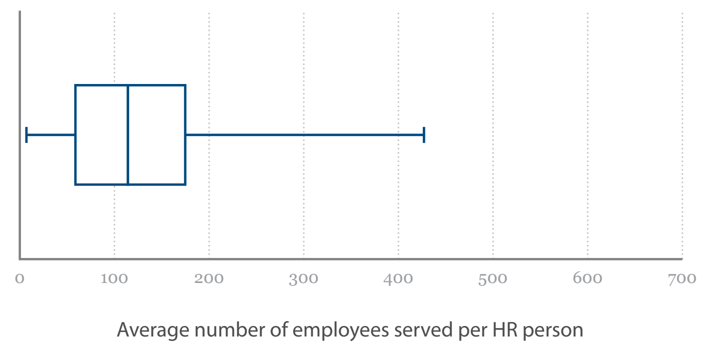
As in 2010, Payroll, Self-Service and Learning Management are Small Enterprise's most adopted technologies. Business Intelligence, Workforce Planning and Succession Planning the least.

To grow, Small Enterprise should look at the differences between themselves and Small-Mid Enterprise; notably the increased use of specialised Stand-alone Applicant Tracking systems and the improved ratio of HR staff.

Overall technology use is 51%

Payroll, Self-Service and Learning Management are Small Enterprise's most adopted technologies

Fig. 45. HR staffing

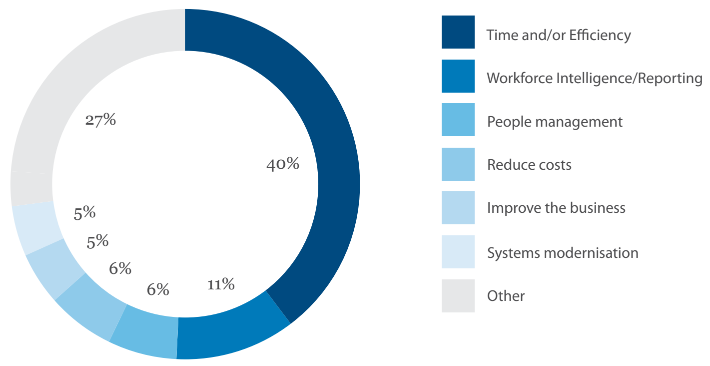


Small Enterprise has a lower ratio of HR employees than average, with 118 employees to each one HR person (fig 45).

Coupled with low technology adoption and the subsequent lower efficiency, this low HR staffing puts extra restrictions on time and resources.

In Small Enterprise, each HR person serves 118 employees, 17 more than the survey average

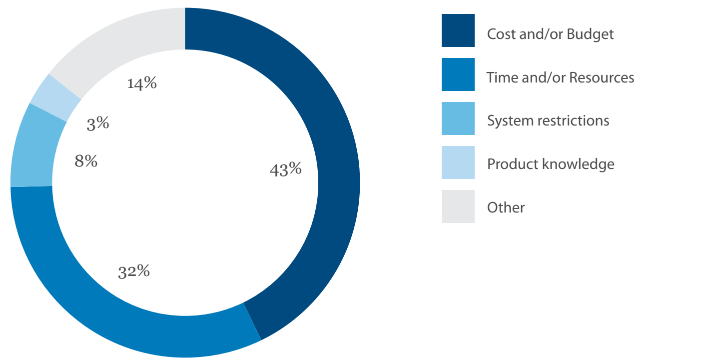
Fig. 46. Motivations for improving HR systems



Small Enterprise is above averagely concerned with improving efficiency and reducing time spent on operations (40%).

Workforce intelligence and reporting has dropped in importance since last year, from 22% to 11%, although it remains the second most important motivation.

Fig. 47. Roadblocks against improving HR systems



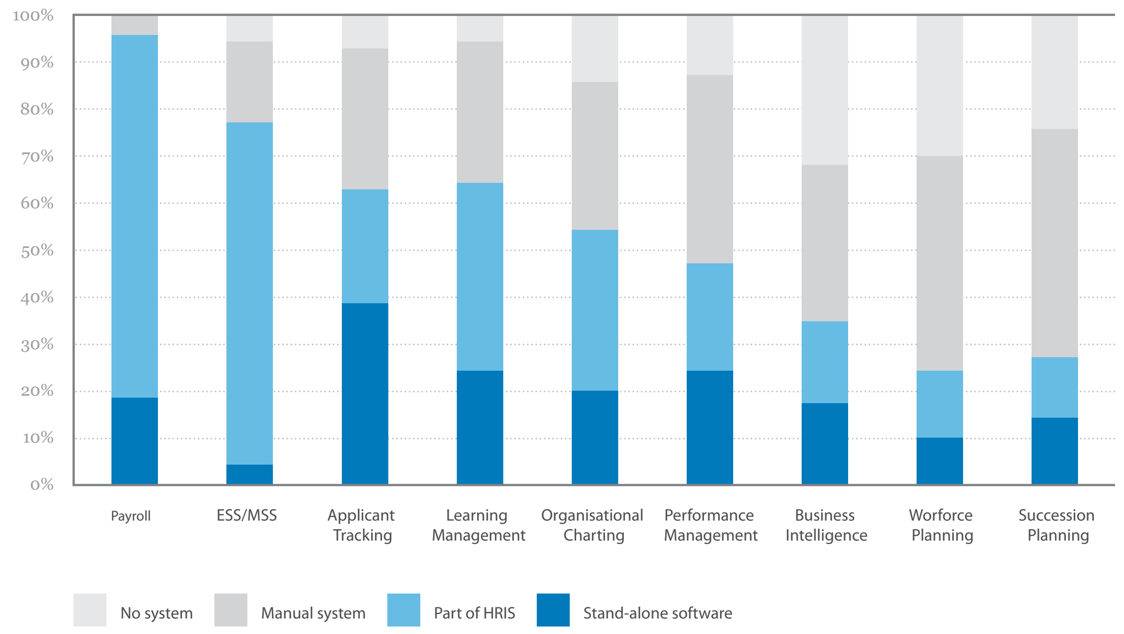
Small Enterprise is constrained by cost and budget (43%), a drop of 11 points since 2010 (54%). To match, their time and resources roadblock has increased from 17% in 2010 to 32% in 2011.

As Small Enterprise recovers from the GFC, they have found the money to improve systems and efficiency and now need to find the time and resources to make it happen.

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

Small-Mid Enterprise are better equipped than smaller organisations. Despite a better ratio of HR staff and greater use of technology, they are still above averagely motivated by efficiency and can find improvements through better systems.

Fig. 48. System adoptions in each category



With Small-Mid Enterprise we begin to see the trend that as organisation size increases, so does technology adoption. Although still below average, Small-Mid Enterprise at 54% has more technology use than smaller enterprise. HRIS-based systems remain the same as in Smaller Enterprise at 35% use, but Stand-alone system use is higher at 19% (fig 48).

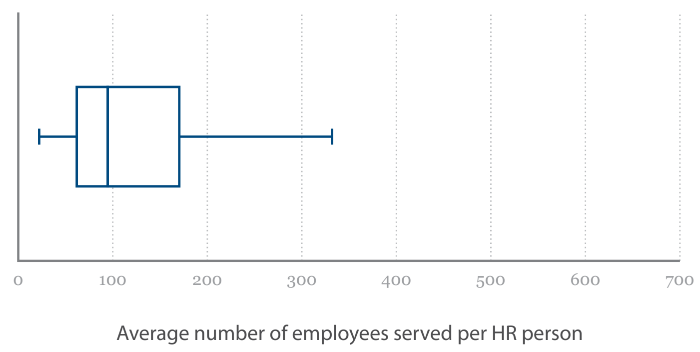
Driving this change is a massive uptake in Applicant Tracking Systems which for every size of organisation remains the most commonly Stand-alone system. Also across the board, manual systems are traded in for Stand-alone.

As in 2010, Stand-alone software helps Applicant Tracking join Payroll, Self-Service and Learning Management as the most commonly adopted technologies for Small-Mid Enterprise.

Overall technology use is 54%

Stand-alone software helps Applicant Tracking join Payroll, Self-Service and Learning Management as the most commonly adopted technologies for Small-Mid Enterprise

Fig. 49. HR staffing

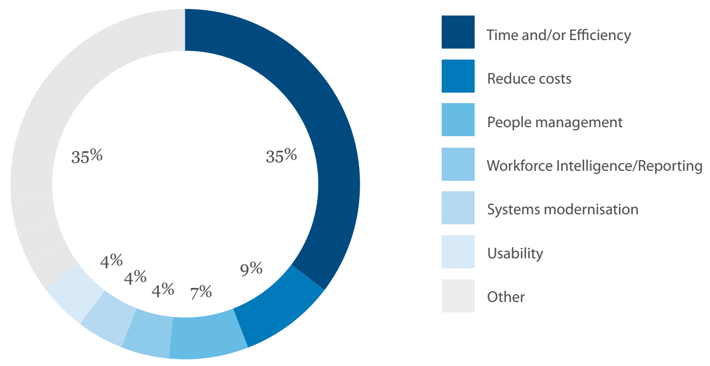


Small-Mid Enterprise has a ratio of HR employees slightly better than average, with one HR Person for every 97 employees.

Small-Mid Enterprise combines better use of systems with a better ratio of HR staff, and is better equipped than smaller organisations.

In Small-Mid Enterprise each HR person serves 97 employees, 4 less than the survey average

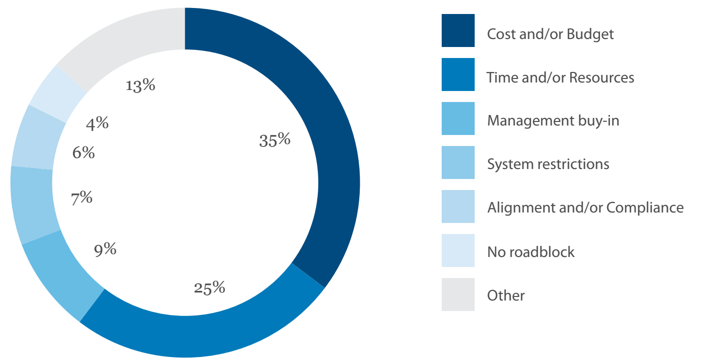
Fig. 50. Motivations for improving HR systems



Despite a better ratio of HR staff and greater use of technology than Small Enterprise, Small-Mid Enterprise is still above averagely motivated by efficiency (35% against the average of 33%).

Here also, Workforce Intelligence has dropped in priority since 2010, falling behind cost reduction and people management as larger concerns for Small-Mid Enterprise.

Fig. 51. Roadblocks against improving HR systems



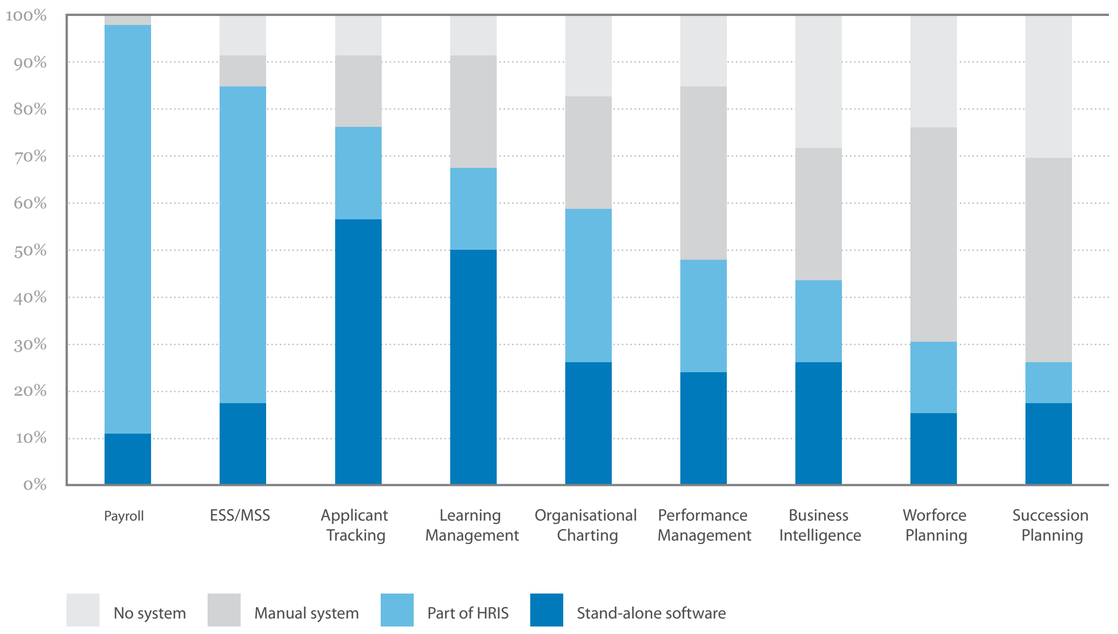
Small-Mid Enterprise is below averagely constrained by cost and budget (35% against an average of 43%), a drop of 35% from 54% in 2010.

As with Small-Enterprise, now that money is becoming available post-GFC, time and resources are more of a concern, up 8% from 17% in 2010 to 25% this year.

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

With the best ratio of HR employees (1 to 89), and good technology adoption aligned with the average "hierarchy of needs" – Mid Enterprise is below averagely motivated by efficiency, but above averagely roadblocked by costs.

Fig. 52. System adoptions in each category



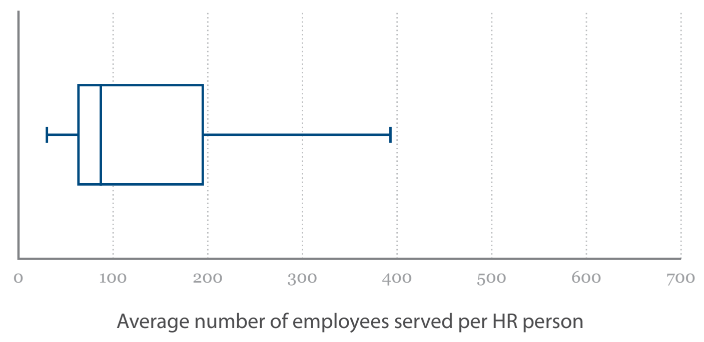
Mid Enterprise has the average level of technology adoption for all groups surveyed. Their technology adoption graph is aligned with the average HR system "hierarchy of needs" as defined in the earlier sections. Applicant Tracking and Learning Management join Self Service and Payroll as heavily technology enabled systems (76% and 67% respectively) (fig 52).

Overall HRIS use remains around average at 32%, but total technology adoption rises to 59% on the back of extra Stand-alone system adoption, now at 27%.

Overall technology use is 59%

Mid enterprise technology adoption matches the HR system "hierarchy of needs"

Fig. 53. HR staffing

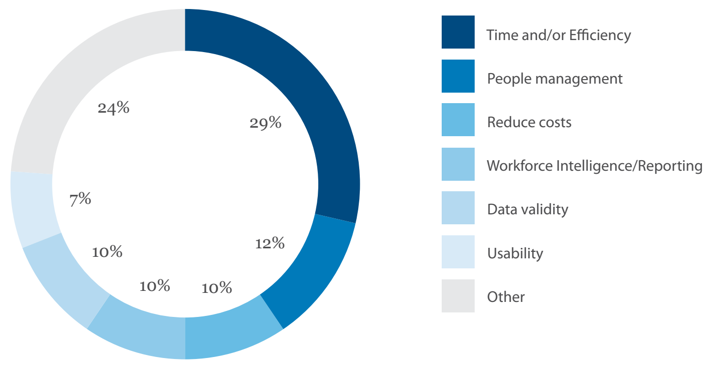


Mid Enterprise has the highest ratio of HR employees, with one HR Person for every 89 employees.

This above average number of HR employees gives Mid Enterprise more time and resources at their disposal.

In Mid Enterprise, each HR person serves 89 employees, 12 less than average and the highest ratio overall

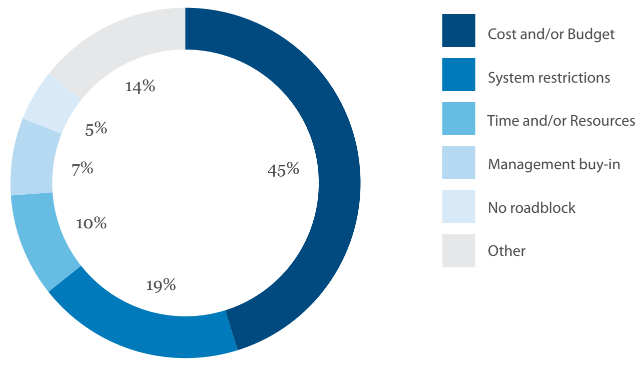
Fig. 54. *Motivations for* improving HR systems



Mid Enterprise is below averagely motivated with improving efficiency (29%).

Instead, similar to 2010, a diverse range of other motivations surface, including people management, cost reduction, intelligence and data validity.

Fig. 55. *Roadblocks against* improving HR systems



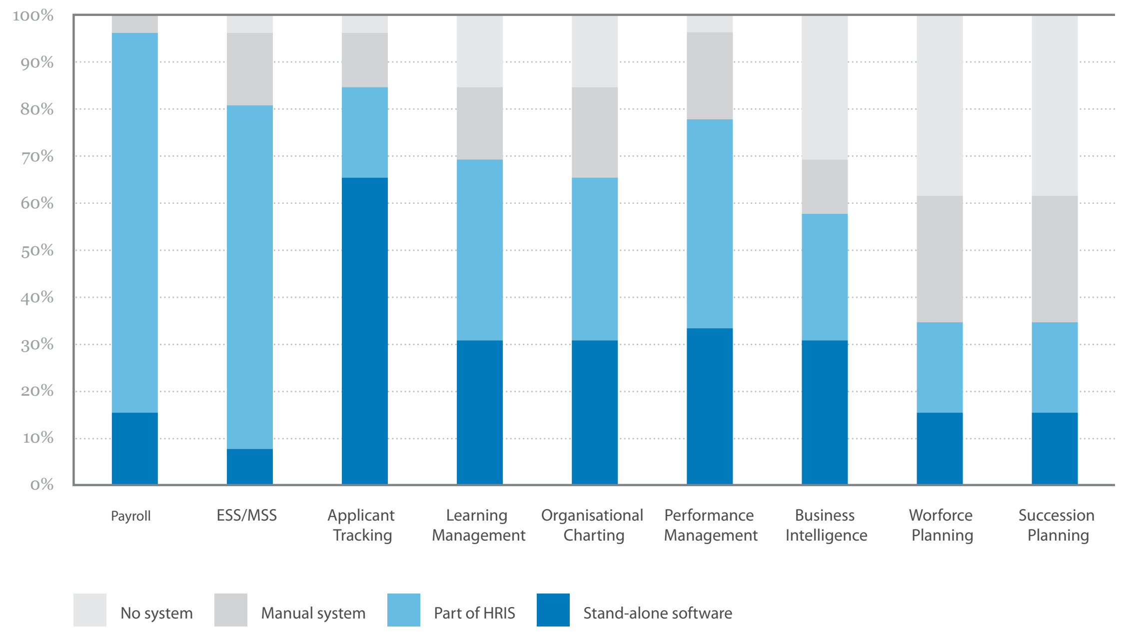
Alone amongst all groups, for Mid Enterprise the cost and budget roadblock increased in prevalence between 2010 and 2011, up 6% to 45%.

In 2010 restrictions with existing systems was a large roadblocks for this group, in 2011 they increase again, up 10% to 19%. Overcoming restrictions would incur significant costs; the two may be related.

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

Constrained by budget, Mid-Large Enterprise has the lowest ratio of HR employees to employees (1 to 175) and it falls to HR tech to do the heavy lifting. Mid-Large is the smallest size of organisation where BI technology becomes popular.

Fig. 56. System adoptions in each category



A surprisingly large number of Mid-Large Enterprise surveyed this year use Performance Management systems (PMS) (78%). This is both significantly higher than 2010 (53%), and significantly higher than any other size segment in 2011. Last year international commentators promoted PMS adoption as beneficial. Perhaps this is related.

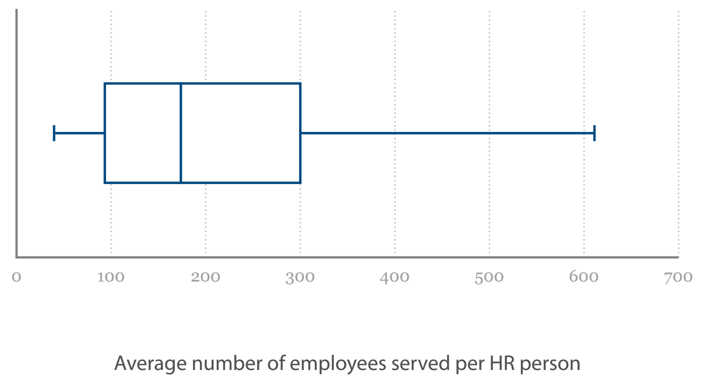
Mid-Large Enterprise is the smallest scale where we see Business Intelligence tools become popular. 58% of Mid-Large Enterprises use BI technology. For those without, significantly fewer persist with Manual systems use.

To grow, Mid-Large Enterprise should look at the differences between themselves and Large Enterprise; notably the increased use of "strategic" technologies, Workforce Planning and Succession Planning and the improved ratio of HR staff.

Overall technology use is 67%

Mid-Large Enterprise focus extensively on Applicant Tracking and Performance Management

Fig. 57. HR staffing

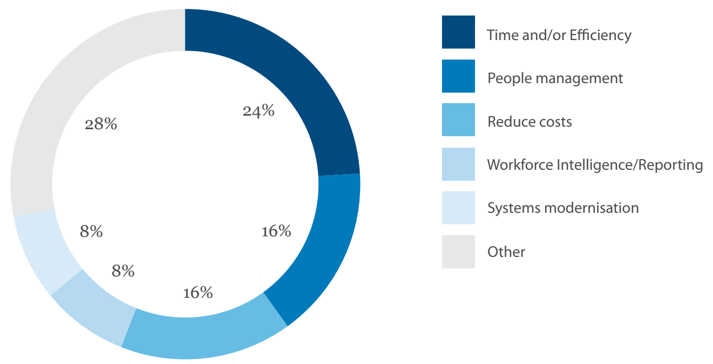


Mid-Large Enterprise has the lowest ratio of HR employees, with one HR Person to every 175 employees which is 74 more than average (fig 57).

Ratios vary widely in this segment. Extreme cases include three organisations that each cite one HR person for every 550 employees or more.

In Mid-Large Enterprise, each HR person serves 175 employees, 74 more than average

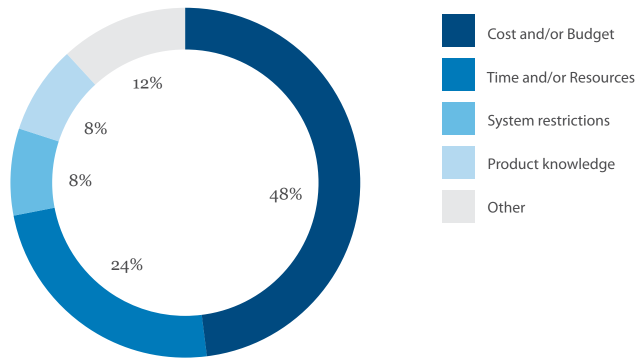
Fig. 58. *Motivations for* improving HR systems



Mid-Large Enterprise is below-averagely motivated with improving efficiency (29%).

Instead, similar to 2010, a diverse range of other motivations surface, including people management, cost reduction, intelligence and data validity.

Fig. 59. *Roadblocks against* improving HR systems



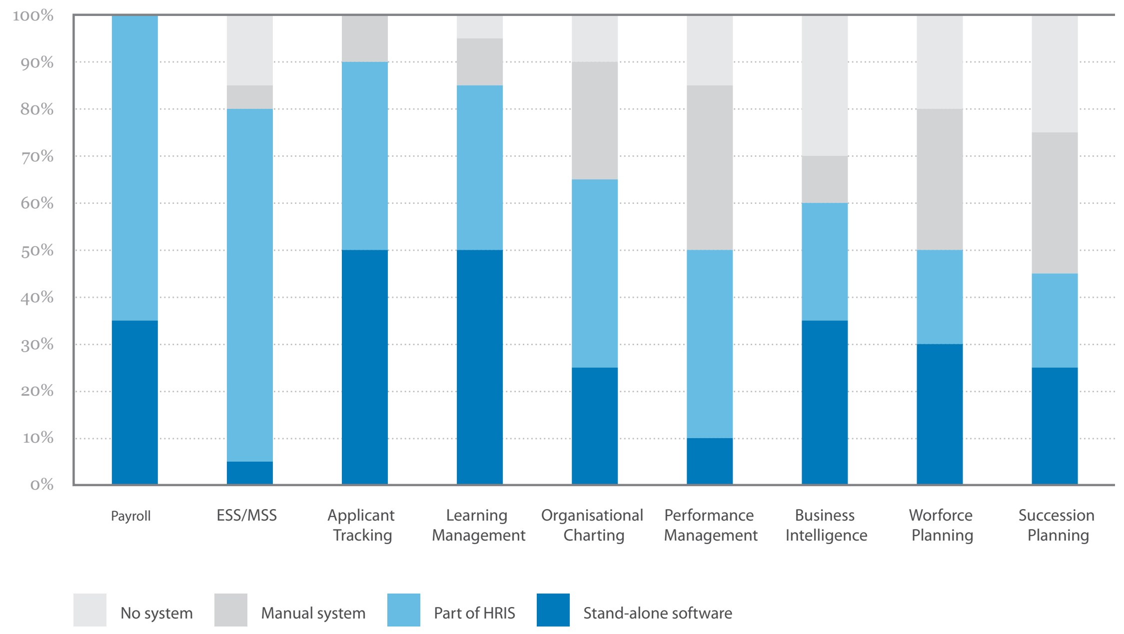
Mid -Large Enterprise is above averagely roadblocked by cost and budget (48%), however this has decreased since 2010 (53%) as they recover from the GFC.

As in 2010, time and resources is the second biggest roadblock (24%) with other roadblocks of minor importance.

Large Enterprise (10,000+ employees)

With the highest levels of technology adoption, Large Enterprise is also the most constrained by the cost and budget. They are the most concerned about People Management and highest adopters of "strategic" technologies.

Fig. 60. System adoptions in each category



Large Enterprise has the highest rate of technology adoption, comprised of both the highest HRIS usage (40%) and the highest Stand-alone system usage (29%). In total, 69% of all solution categories are technology enabled (fig 60).

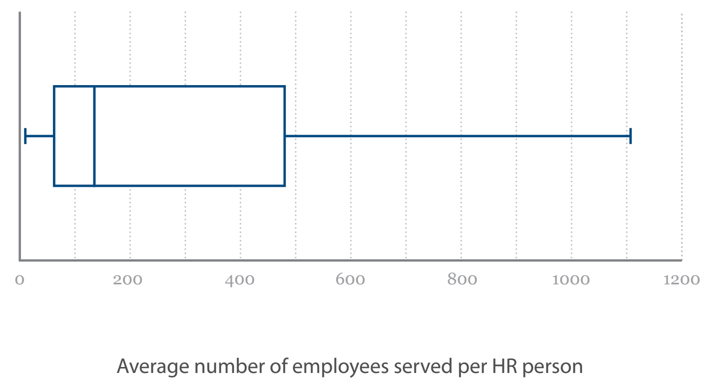
Driving this is above average use in all areas, but especially an extra focus on "strategic" technologies with Workforce Planning and (as in 2010) Succession Planning at higher levels of technology adoption in Large Enterprise than in any other segment (50% and 45% adoption respectively).

Motivation for People Management also leads to increased adoption of Applicant Tracking and Learning Management systems. As with Mid-Large Enterprise, Business Intelligence is an integral part of overall adoption at larger sizes, rarely manual (10%) and commonly technology enabled (60%).

Overall technology use is 69%

Large Enterprise puts extra focus on "strategic" technologies such as Workforce Planning

Fig. 61. HR staffing

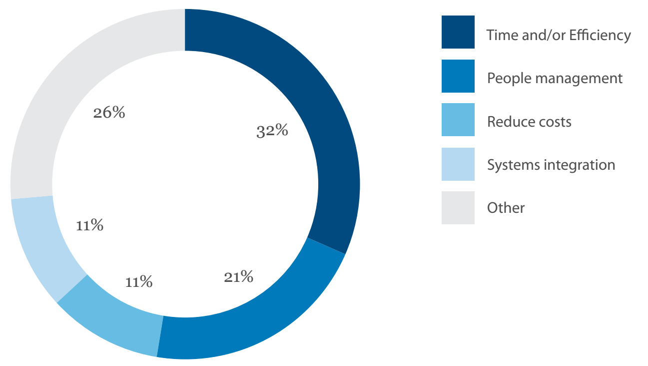


Large Enterprises HR employee ratios vary widely. Extreme results from Large Enterprise include one organisation that cites one HR person to every 20 employees, whilst another cites one to over 1,000 employees.

Overall, Large Enterprise has a lower ratio of HR employees than average, with one HR Person to every 136 employees.

In Large Enterprise, each HR person serves 136 employees, 35 more than average

Fig. 62. Motivations for improving HR systems

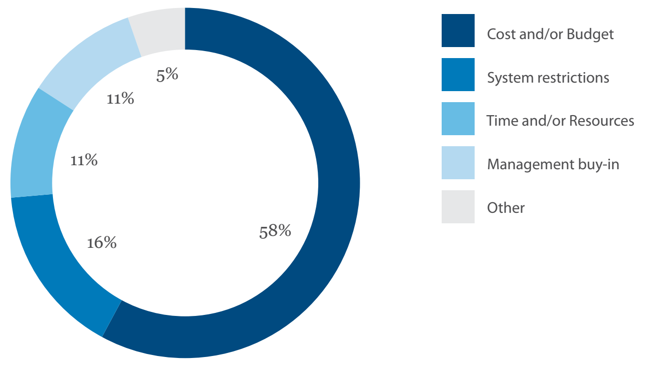


As in 2010, Large Enterprise is the most concerned about improving people management of all organisations sizes (21%).

In 2010 people management was deemed more important than increasing efficiency.

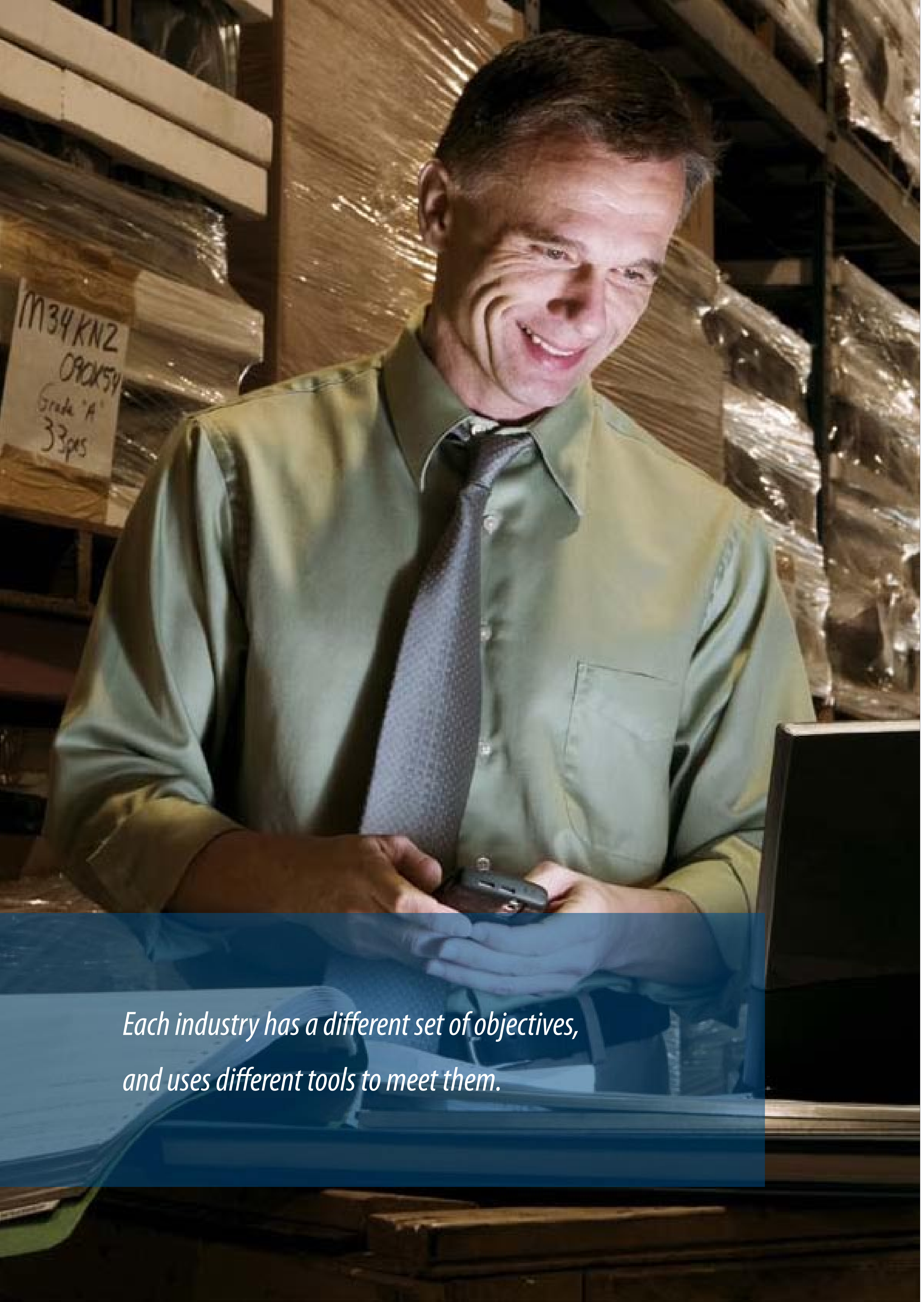
However, in 2011, possibly due to lower than average ratios of HR staff, efficiency has overtaken all others to be the main concern.

Fig. 63. Roadblocks against improving HR systems



Large Enterprise is more concerned about solution cost and budget. The most concerned about budget of all organisation sizes (58%).

Even worse, whilst all other groups have decreased budget concerns post GFC, for Large Enterprise this roadblock has *increased* in significance since 2010 (46%). For Large Enterprise, nothing else compares.



Analysis by Industry

The following section of the report slices respondent organisations into segments by industry.

The enterprise organisation landscape is vastly varied and organisations have different needs based on their different industries.

Whilst it is possible to draw overall conclusions about HR technology, we believe the picture is incomplete without a more detailed analysis.

Again, by presenting data in groups, we allow the reader to find the results that best represent their organisation.

The industries below represent a non-exhaustive set of data. They are the five most common industries who responded to the survey, where we believe we have enough responses to present accurate figures.

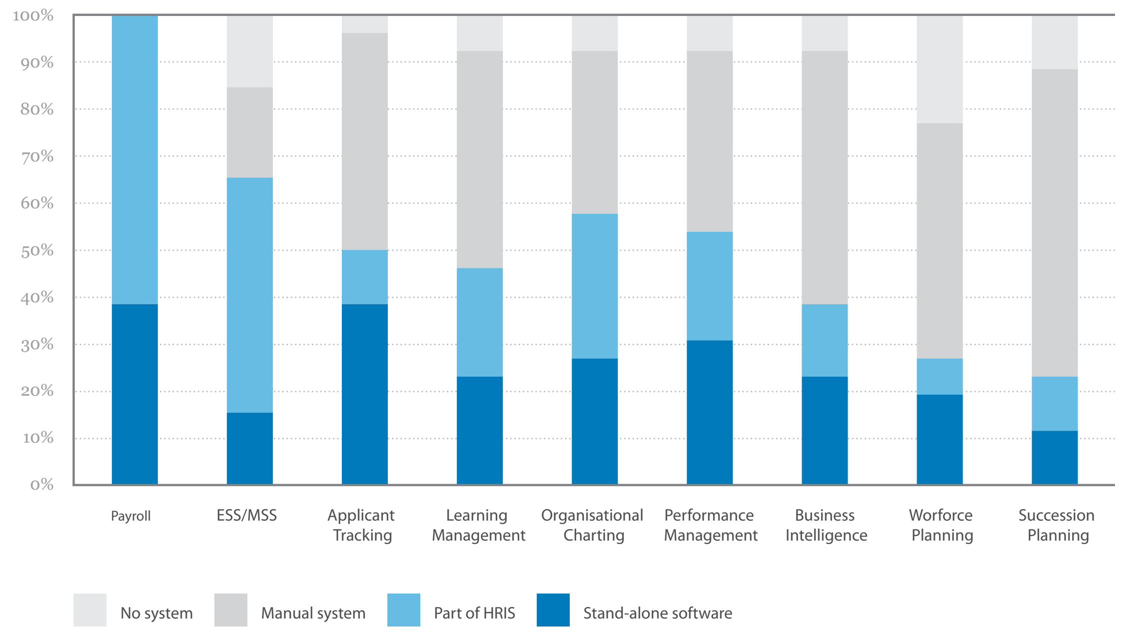
The segments we present and their percentage of the total respondent population are:

- **Manufacturing** (10%)
- **Property and Business Services** (10%)
- **Government Administration and Defense** (12%)
- **Education** (7%)
- **Health and Community Services** (10%)

Manufacturing

Manufacturing is the most motivated by improving efficiency and the least blocked by costs. They have the highest adoption of Stand-alone Payroll, the highest adoption of Tier 1 HRIS, but low ESS use and low overall technology use.

Fig. 64. System type adoption by solution area



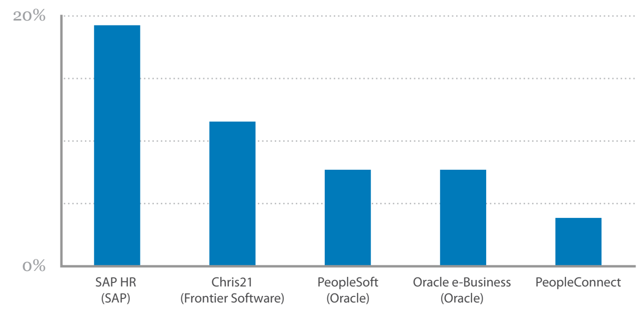
Manufacturing has the highest instance of stand-alone Payroll (38%) (see fig 64) and the highest instance of Tier 1 HRIS use (see next page).

However, conversely, Manufacturing is below average in adoption of Learning Management and Applicant Tracking, two key areas of talent management, has one of the lowest adoptions of Self-Service technology and the lowest overall technology adoption of all the industries we highlight (51%).

For organisations in Manufacturing integrated Payroll, higher Self-Service use and more technology overall may be ways to find the efficiency they seek.

Manufacturing has the lowest overall technology adoption of all industries we highlight at 51%.

Fig. 65. Most popular HRIS



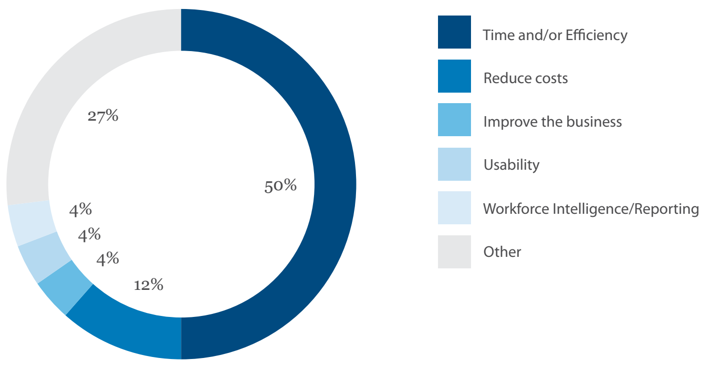
The most popular HRIS in the manufacturing sector is SAP HR with 19% adoption.

This is not too surprising given that SAP HR is a component of the broader ERP, which Manufacturing organisations will be attracted to by its in-depth Supply Chain Management (SCM) capabilities.

Chris21 falls to second place behind SAP for this Industry.

SAP HR is the most popular HRIS in Manufacturing with 19% adoption.

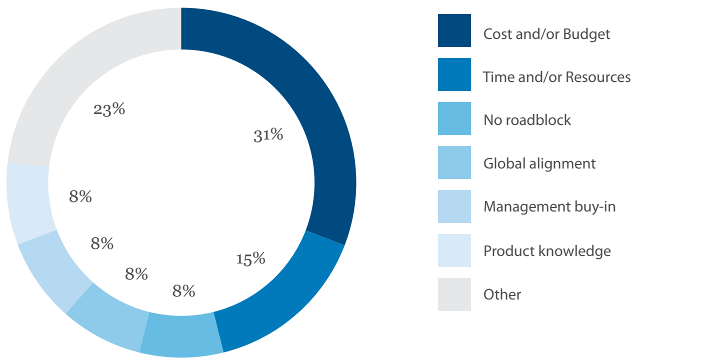
Fig. 66. Motivations for improving HR systems



Manufacturing is the most motivated by improving efficiency out of the industries we feature, with 50% of surveyed organisations stating this as their primary motivation (against an average of just 33%).

The other 50% of respondents gave a very diverse collection of motivations, with only cost reduction standing out at 12%.

Fig. 67. Roadblocks against improving HR systems



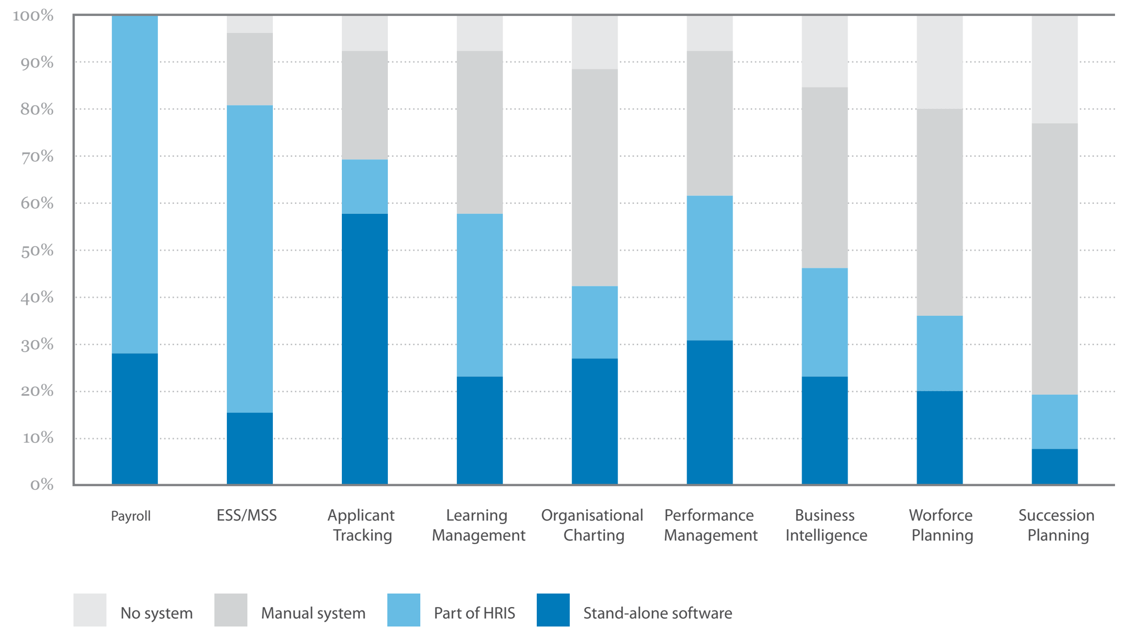
Manufacturing is the industry least blocked by costs and budgets out of the industries we feature (31%). They also have the highest instance of no roadblock (8%).

Together with the highest level of motivation for efficiency, Manufacturing organisations really get it. They understand that investing in systems yields benefits that deliver competitive advantage in their tough market.

Property and Business Services

Property and Business Services is doing it tough. Above averagely motivated by improving efficiency and above averagely roadblocked by cost, the Services Industry needs to work to reduce their process costs and overheads.

Fig. 68. System type adoption by solution area



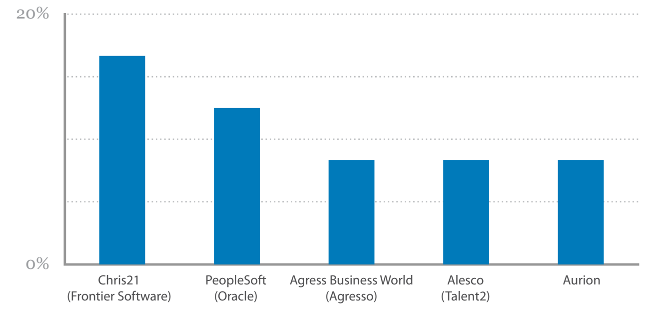
58% of Property and Business Services organisations use Stand-alone Applicant Tracking software. This is the highest instance of Stand-alone software in any solution area and any industry.

In addition, the Services Industry is significantly above average in it's adoption of Performance Management technology, 62% use HRIS-based or Stand-alone systems against an average of 49%. Learning management is also above average in the same way (69% against an average of 63%).

Together, the emphasis on Applicant Tracking, Performance Management and Learning Management are an indication that for the Services Industry, talent is everything. Their HR hierarchy of needs is very different from other organisations or Australia as a whole.

The Services industry has a higher focus on talent management than any other industry.

Fig. 69. Most popular HRIS

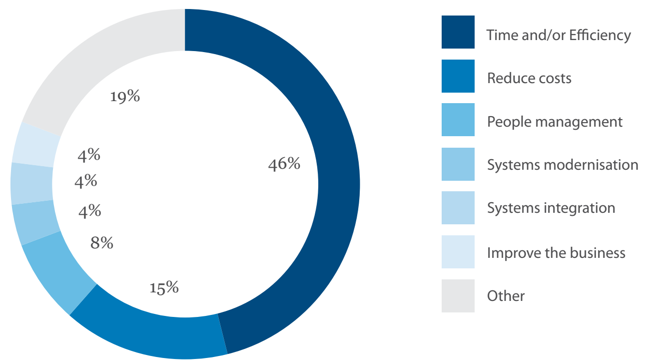


Chris21 is the most popular HRIS of Property and Business Services organisations surveyed (17%) followed by PeopleSoft at 12%.

Agresso Business World and Aurion tie with Alesco for third most adopted in this industry, all at 8% (fig 69).

Aurion, an Australian HRIS, is the 6th most popular HRIS overall. Agresso however is a niche solution: A professional services-focussed ERP. Agresso was only used by a handful of organisations surveyed, however all of them were within this industry grouping.

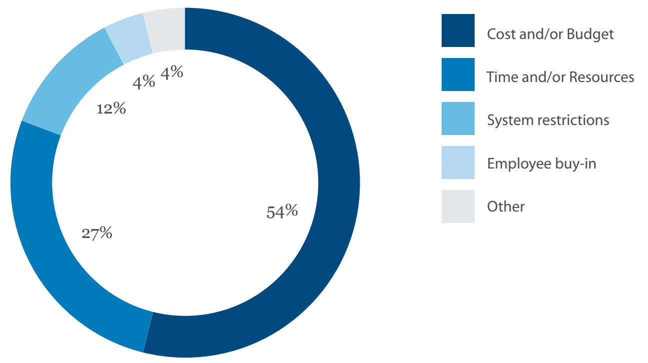
Fig. 70. Motivations for improving HR systems



Property and Business Services are the most motivated by improving efficiency out of the industries we feature and far more motivated than average.

46% of Services organisations are motivated by efficiency, 13% higher than the average of 33%.

Fig. 71. Roadblocks against improving HR systems



In addition, Property and Business Services are the most constrained by budget out of the industries we feature and far more constrained than average.

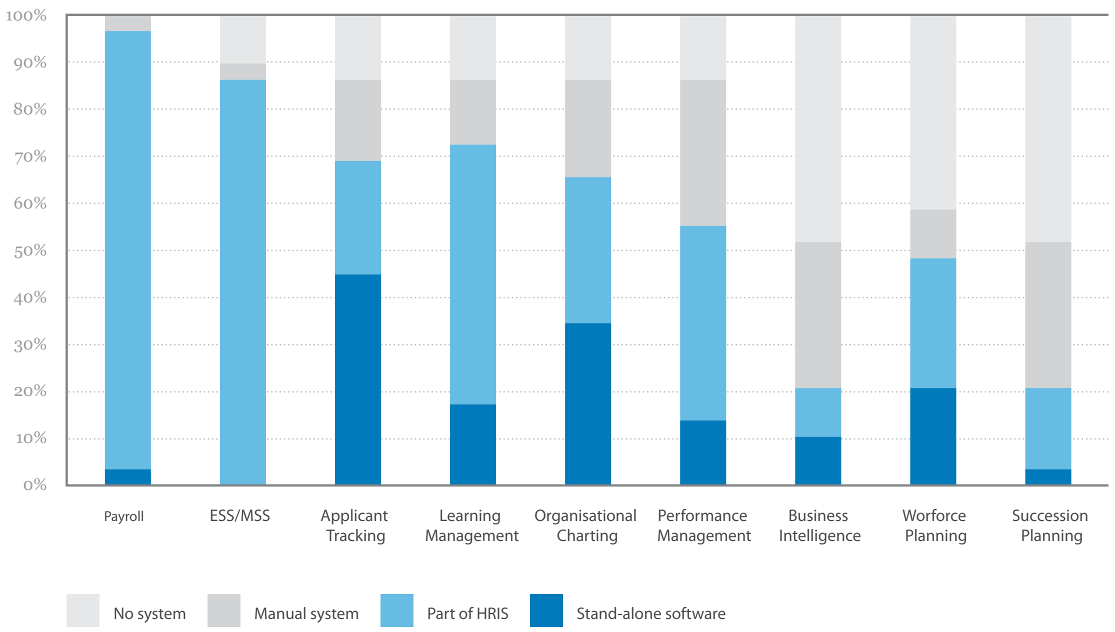
54% of Services organisations are roadblocked by budget, 11% higher than the average of 43%.

We can infer that the GFC has not yet left the Services industry completely.

Government Administration and Defense

Australian Government and Defense organisations favour Australian systems. Government is the most motivated by their people, but systems improvement fights against low management buy in. BI adoption is well below average.

Fig. 72. System type adoption by solution area

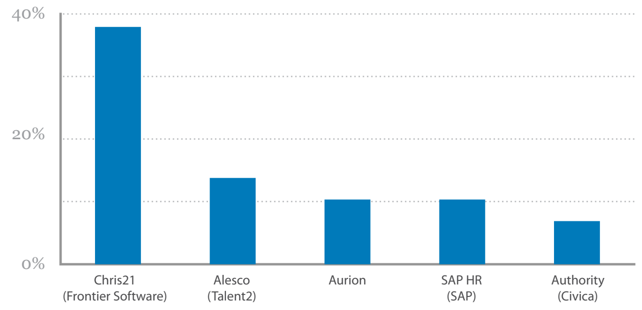


Government Administration and Defense has good adoption of HRIS-based Payroll (93%) and Self-Service (86%), good adoption of Applicant Tracking (69%) and Learning Management technology (72%), plus good overall technology use. At 59%, Government are the second highest users of HR technology out of all the industries highlighted.

Government however has low Business Intelligence system use and the lowest level of Succession Planning of all industries highlighted. 48% have no system at all for Succession Planning and only 21% have a technology-based solution.

For Government, adoption of Business Intelligence technology is well below average.

Fig. 73. Most popular HRIS

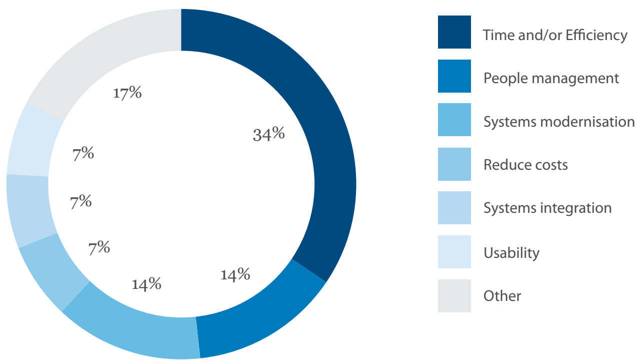


Australian Government and Defense organisations have shown an inclination for Australian-made systems. Four of the top five most popular HRIS in government are Australian-made: Chris21 (38%), Alesco (14%), Aurion (10%) and Authority (7%) (fig 73).

Authority from Civica is popular with smaller governmental organisations, however in organisations with over 500 employees it ranks only fifth.

Australian Government and Defense organisations favour Australian made HR systems.

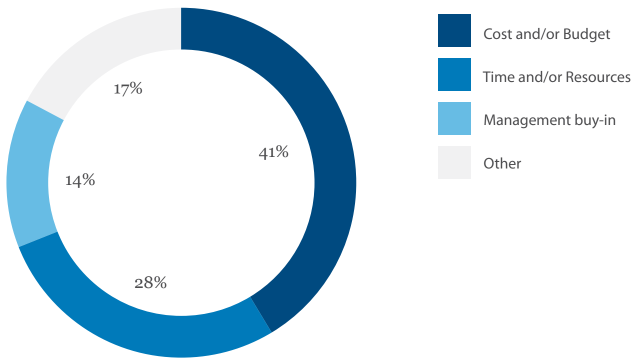
Fig. 74. Motivations for improving HR systems



Reducing costs is not a major motivator for Government to improve HR systems (7%). This is unique amongst the industry groups we highlight; for all others it is a major motivator.

Government is the most concerned of all groups with improving people management. In 2010, the "Blueprint for Reform" mapped out a framework for improving service delivery. A lot of the framework would be addressed by improving people management.

Fig. 75. Roadblocks against improving HR systems



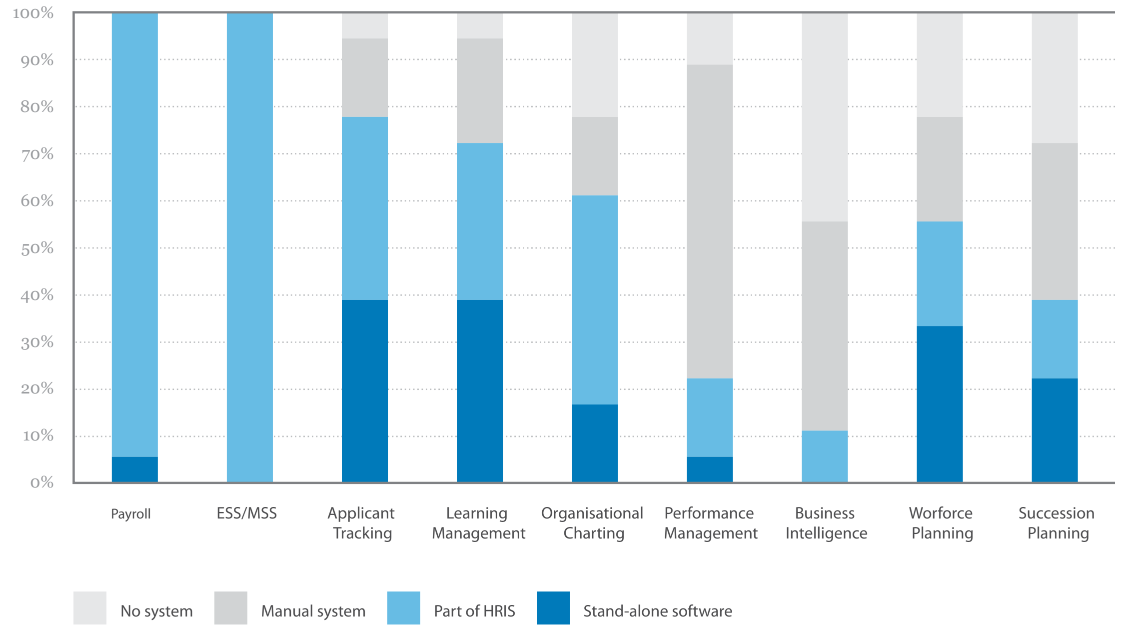
Although reducing costs is not a motivator for Government, cost and budget is a major roadblock for future improvement (41%).

Additionally, of all industry groups presented, Government is the most concerned by management buy-in with a comparatively high 14% citing this as their major roadblock to improvement.

Education

Education has truly diverse motivations for improving HR systems, but is universally roadblocked by costs and time. Alesco HRIS is most common. Performance Management and BI have very low technology adoption.

Fig. 76. System type adoption by solution area



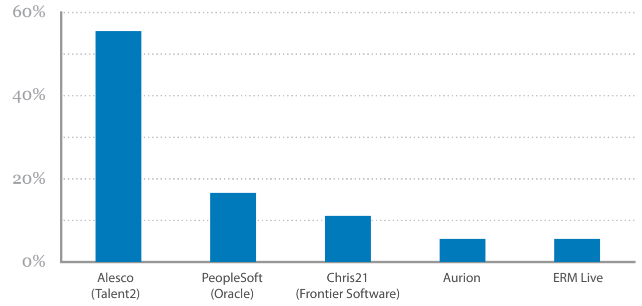
Unique amongst organisations surveyed, as in 2010, 100% of Education organisations surveyed use an HRIS. This drives 100% Payroll technology adoption and 100% Self-Service adoption across the entire industry, the highest of all industries surveyed. Education has the highest overall technology use of all highlighted industries (60%).

Despite this very high use of HRIS technology, Education has the lowest instance of Performance Management technology. Just 22% of Education organisations use technology here. To meet their needs, 66% of Education organisations instead perform Performance Management manually. This figure is so high that it is in fact the most common manual system use out of every category in every industry!

Given that Manual systems don't satisfy like technology based systems, it feels like there is an opportunity here to adopt technology and meet Education's needs in a better way.

Education has complete Self-Service adoption through HRIS use, but Performance Management has very low technology use and the highest Manual systems use.

Fig. 77. Most popular HRIS



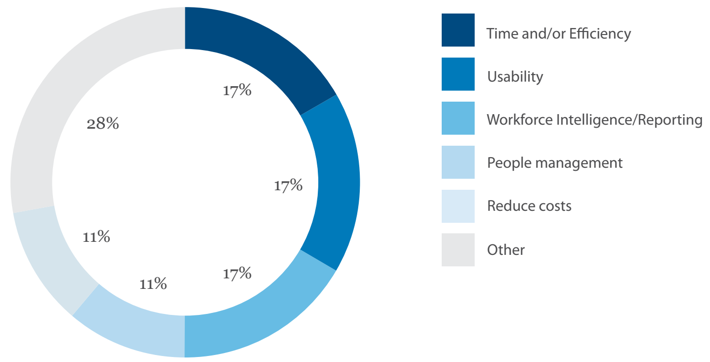
In the Education sector, Alesco by Talent2 is by far the most popular HRIS with 56% of all Education organisations having adopted it.

There is no other HRIS with major adoption here. The next nearest competitor, PeopleSoft from Oracle, has only 17% adoption (fig 77).

In our experience, Alesco HRIS is very common amongst Universities, however there is also a chance of small sample bias here due to Navigo's customer list (see Limitations).

Alesco by Talent2 is the most popular HRIS in Education with 56% adoption.

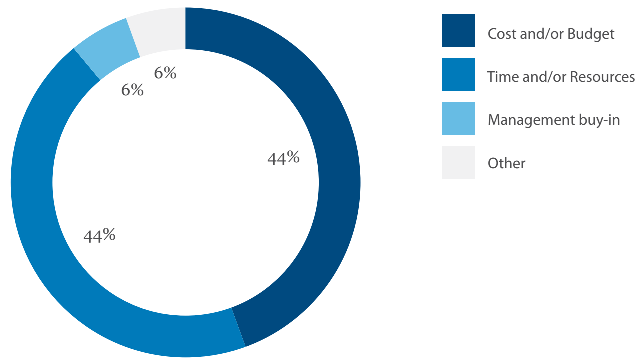
Fig. 78. Motivations for improving HR systems



Education is alone in having truly diverse motivations for improving HR systems. Tied for first position at 17% are the motivations to improve efficiency, usability and intelligence. Tied in next place are the motivations to improve people management and to reduce costs.

Education organisations seem to be in very diverse situations.

Fig. 79. Roadblocks against improving HR systems



Despite this diversity, Education is concerned with only cost, budget, time and resources.

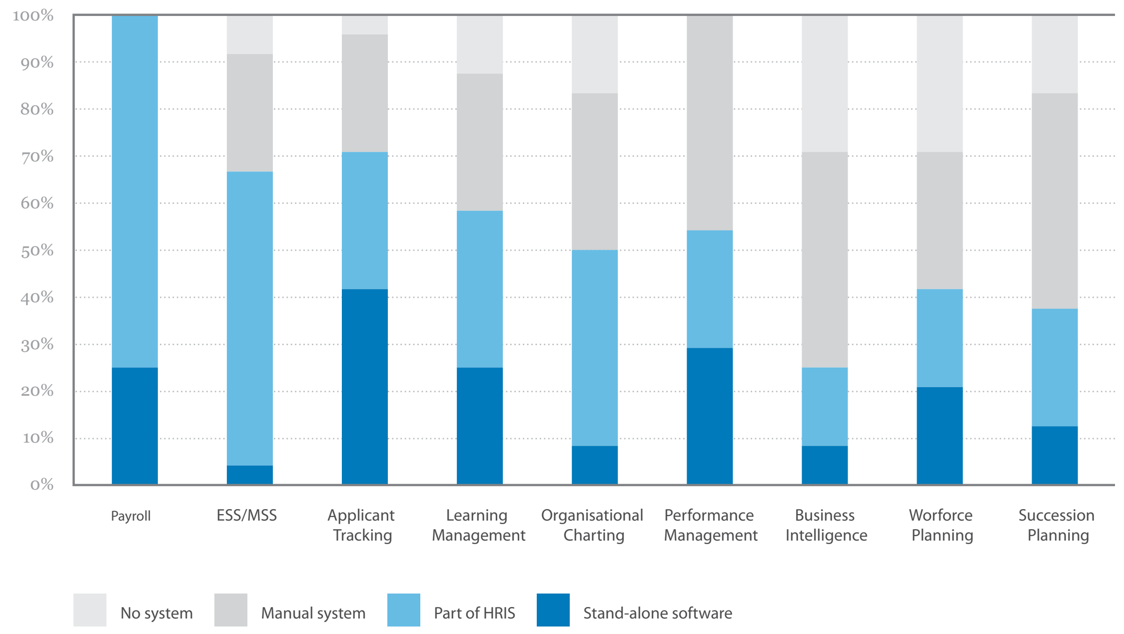
Other concerns are minor by comparison; Those two alone represent 88% of the roadblocks facing Education in 2011.

This is a unique clarity of focus.

Health and Community Services

Health and Community Services are a close match to the broader marketplace. High adoption of Chris21, close to average motivations and roadblocks. Kronos is above-averagely common, and ESS/MSS use is below average.

Fig. 80. System type adoption by solution area



Health and Community services are a close match to the overall marketplace, with three exceptions: Self-Service, Performance Management and Business Intelligence.

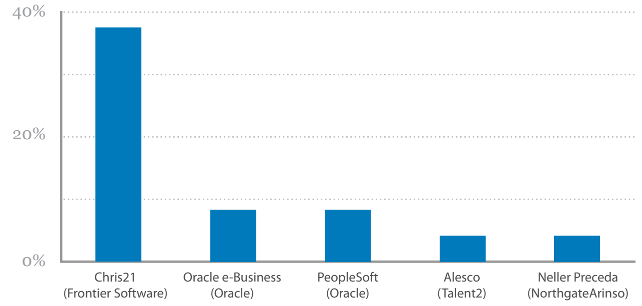
Health has the lowest Self-Service technology use of all industries highlighted. Only 67% of Health organisations use Self-Service technology, significantly below the average of 77%.

100% of Health organisations are performing some kind of Performance Management, with slightly higher than average technology use (54% against an average of 49%).

Lastly, only 25% of Health organisations use Business Intelligence technology, significantly below the average of 43%.

The Health industry has above average use of Performance Management, but below average use of Self-Service and Business Intelligence.

Fig. 81. Most popular HRIS



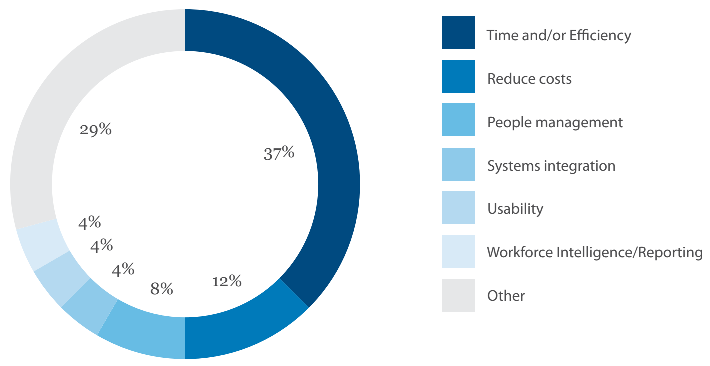
Chris21 is the most commonly adopted system for Health, with the same high level of adoption as in Government (38%) (fig 81).

In Health, some organisations said they use Kronos as their HRIS.

This does not feature for any other industry group as strongly as for Health, reflecting Health's strong focus on time and attendance.

Chris21 is most popular. Kronos is also commonly used as an HRIS for Health and Community Services.

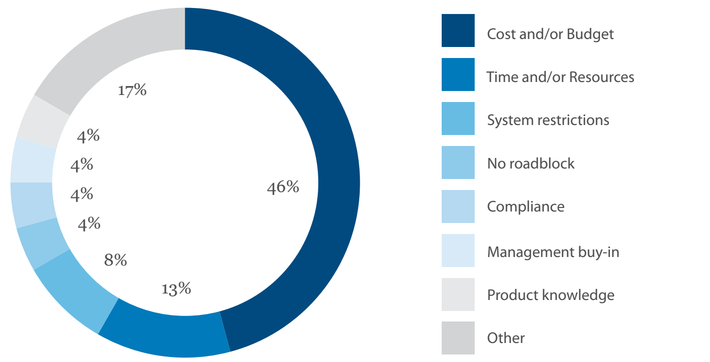
Fig. 82. Motivations for improving HR systems



Health and Community Services' motivations are very typical and match closely to the overall marketplace.

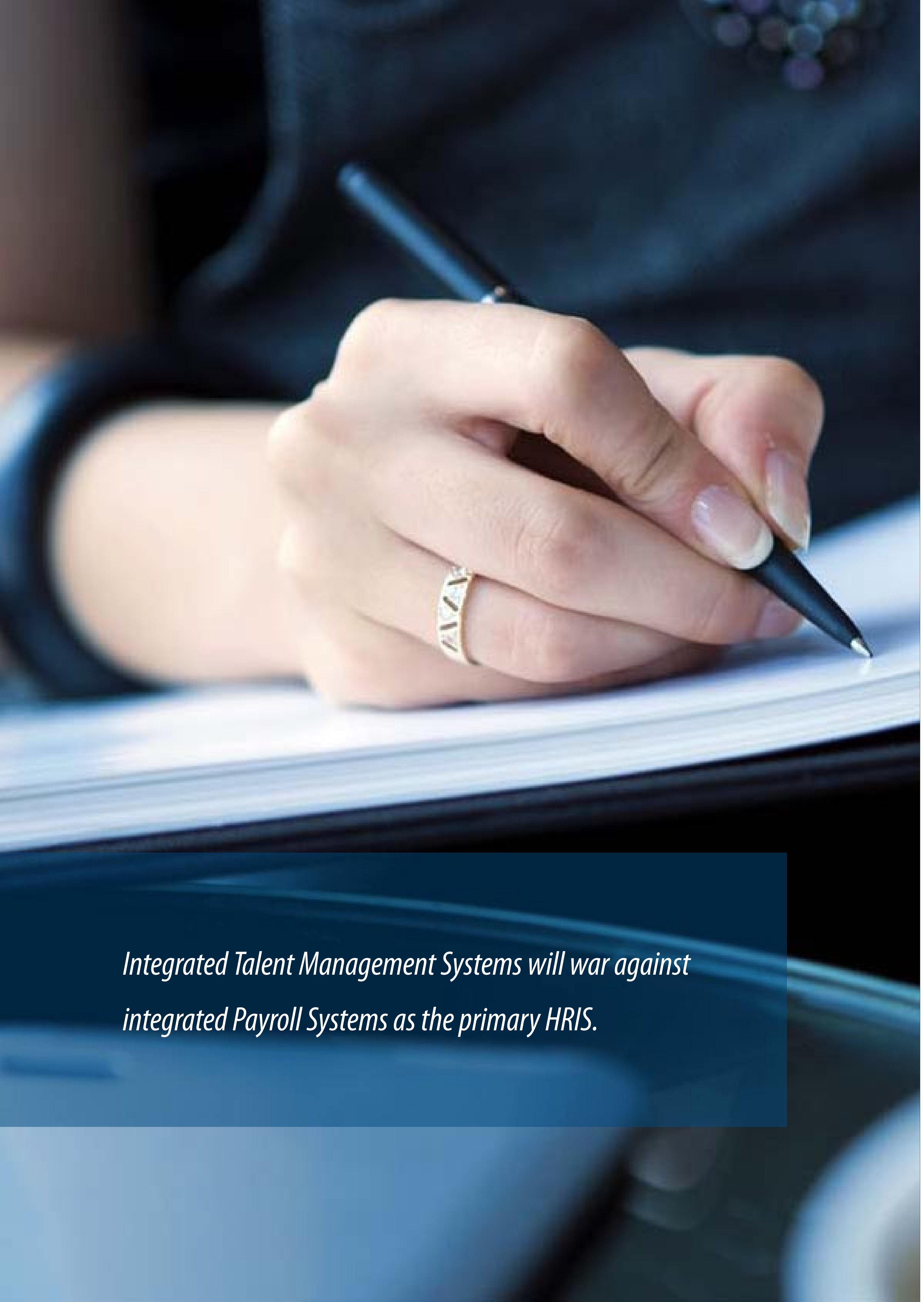
Health is near averagely motivated by improving time and efficiency (37% against an average of 33%). Reducing costs (12%) and improving people management (8%) are secondary and tertiary concerns.

Fig. 83. Roadblocks against improving HR systems



Health is near averagely roadblocked by cost and budget (46% against an average of 43%), and below averagely roadblocked by time and resources (13% against an average of 23%).

Other than these roadblocks are many and varied.



Conclusions and Recommendations

1 Different HR departments have different hierarchies of needs

Our research shows that there is an overall "hierarchy of needs" for HR systems in the Australian market.

Organistions most commonly need Payroll and Self-Service, followed by talent systems, then reporting and finally strategic systems.

However when analysing in more detail we discover that every organisation has unique needs.

This year we examined different industries as well as organisation sizes, and in more detail. The results we found show that there were strong differences in the way different industries do business.

The differences are varied, from different favoured HRIS, higher or lower HR staffing, different system adoptions, different motivations and roadblocks.

Small organisations have a different hierarchy than larger organisations. For example, Small Enterprises have a heavy reliance on manual systems and Learning Management, while Large Enterprise have higher tech use and more Business Intelligence.

In addition each industry has a unique profile, such as Services, a knowledge industry where talent acquisition and training are key concerns, or Education, with highly manual performance management.

Therefore, when planning improvement priorities, work out your hierarchy of needs based on what other similar organisations are doing. Then empower the highest needs with the best possible system.

2 HR is doing more without technology to assist

In 2011, organisations are recognising needs, but not enabling their solutions with technology.

Manual systems use has increased in 2011, but technology systems use has not. HR is universally doing more than before but without technology to assist.

This is a problem. Technology based systems use, be it through HRIS or a Stand-alone system, has been rated far more satisfactory than manual systems use in both 2010 and 2011.

A good example is Succession Planning. There is a 27.6% increase in manual systems use, but with no increase in technology use this has led to a drop in overall satisfaction.

Although It makes sense to adopt systems in the lightest way at the start, adding layers of detail and complexity over time, this is only feasible if the end goal is a streamlined technology based solution.

For organisations with manual systems, wherever possible view these as "proof of concept", rather than finished product.

If you have adopted a manual system and it achieves a benefit, then we recommend you don't stop there. Continue and find technology that matches your business process. Then implement it.

The benefits in process efficiency, time and cost savings and the satisfaction which they deliver, will make the investment worthwhile.

3 Efficiency and cost reduction are key; BI takes a back seat

In 2010, the after effects of the global financial crises were still evident with organisations primarily focusing on budget and cost cutting.

We found organisations delaying their buying decisions to adopt HR systems, even when technology adoption could have provided higher process efficiency at reduced cost.

We recommended that organisations take a second look at the cost savings that HR systems could provide, and that vendors focus on ROI in their pitches.

In 2011 things have changed.

Improving HR systems so as to reduce cost is now the second equal most common motivation. Budget and cost is still the major roadblock though much reduced.

More organisations are finally understanding that cost savings are easy to find through efficiency, in all areas of business and especially in HR.

This increased focus on cost savings has come at the cost of a decreased focus on Business Intelligence.

In 2010 we reported that there was a lot of confusion around BI tools. It seems in 2011 that BI has been thrown in the "Too Hard" basket.

Intelligence for the sake of Intelligence is no longer enough of a motivation to deal with the complexity of BI implementation.

These tools are still being used, but as part of a broader picture, motivated by improving efficiency and reducing cost.

4 Motivations change more rapidly than HR can act

The influences on HR systems improvement have changed significantly in a year, but the actual systems used have changed much less.

Performance Management tools were deemed highly important by industry sources last year, however the levels of adoption now remain unchanged.

It seems that despite fast moving market changes, trends and opinions, creating actual change in enterprise systems doesn't happen nearly as fast.

This aligns with our experience as practitioners, where sales processes can take 18 months or more and organisations purchasing systems without the ability to implement them.

In our opinion these emphasise that organisations need to remain focused on their long term roadmap, their hierarchy of needs, rather than reacting against short term changes.

Organisations should set high level goals to pursue; goals that are of universal benefit, for example "to increase process efficiency" or "improve management of key talent".

They should then pursue these into the long term, ignoring short term changes and avoiding reactionary action wherever possible.

5 Integrated Talent Management will war with integrated Payroll

Talent Management is the new, sexy side of HR. Integrated talent management vendors, such as Taleo and SuccessFactors are building comprehensive TMS systems which include everything a HR Director could ask for, except for Payroll.

In 2011 we see for the first time organisations with integrated Talent Management Systems using these as their HRIS; their information system, or "source of truth".

Traditionally, HRIS has included integrated Payroll, but in these instances it doesn't.

Payroll is less new and possibly less sexy, but far more important to get right. With the Queensland Health Payroll problems making headline news in 2010 we can see what happens when things go badly wrong.

Our report shows that organisations without HRIS integrated Payroll systems are far less satisfied with their Payroll. It's not just risk of failure, or issues with data integrity, it is the lack of integrated reporting capabilities on key metrics such as total remuneration, budgets and commitments.

It will always be important to be satisfied by Payroll. However for HR Directors to move forward to the new strategic future they dream of, it will become increasingly important to be satisfied by Talent Management.

HR is currently faced with an ugly choice: To integrate TMS or integrate Payroll. Neither is a perfect option. In either case strategies will need to be implemented to ensure perfect data in both systems simultaneously.

Expect to see traditional HRIS vendors step up their TMS offerings and niche stand-alone Payroll providers appear that integrate tightly with TMS.

6 HR Directors driving systems by needs, not tech trends

HR Directors are driving system usage based on needs, but not necessarily taking advantage of technology trends. They may not be aware of technology trends, or may be waiting on IT to suggest tech strategy.

We asked our respondents, mostly HR Directors and Managers, about technology adoption. We asked whether they were pursuing On Site and SaaS applications, mobile solutions and Service Oriented Architecture.

The results, which were clearly inaccurate, highlight that in many instances HR Directors and Managers don't know what technology they plan to use in 12 months time, let alone if they're already using them.

For certain, HR already has enough to concentrate on. They must spend time considering their people and the functional aspects of the systems they use, before beginning to explore the technology behind it.

However, advances in technology like SaaS, mobile and tablet computing are presenting opportunities for HR, if only they were to realise the possibilities.

Advances in SaaS are presenting low cost options for HR system adoption, available as an operating expense to overcome budget hurdles.

Advances in Mobile technologies could present opportunities to finally roll out Self-Service into computerless environments without the complexities of kiosk use.

Could HR be asking IT for opinions on the technology strategies that could serve them best?

We think so, and we'd recommend it as a first step toward HR's next systems project.

About the Authors

Peter Forbes

Peter Forbes is co-founder and Managing 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.

17 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

For more information about this report or to talk about getting access to our data, or to discuss other ways that Navigo can help you to re-invent HR in your organisation, contact:

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Process Improvement and Automation. More Time for Strategy

Systemisation, automation, documented and repeatable processes, best-in-class technology implementations, managed services and on-call support for maximum uptime.

Efficiency

This is what Navigo delivers every day. Whether it's a time consuming manual process you need streamlined, or a gap between technology and business process that you needed filled – we'll work with you to understand your needs and implement a solution that will free up your time for the more important things we know you'd rather be doing.

Learn more at Navigo.com.au

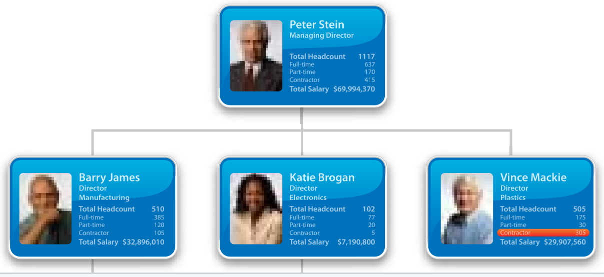
Automate Org Charting and Increase Reporting Efficiency

Of areas surveyed, org charting had one of the highest use of manual systems (30%) with dissatisfaction (34%). Manual org charting is a process that takes months, and by the time the charts are completed, departmental changes will have rendered the data inaccurate.

Automating this process increases your efficiency, liberates your resources and guarantees data accuracy.

But an intelligent charting tool does not stop there: Deployed on your intranet, with security to lock down your confidential data, your org chart becomes a visual reporting tool which empowers collaborative analysis and workforce decision-making in a new, exciting way.

Learn more at Navigo.com.au/orgchart



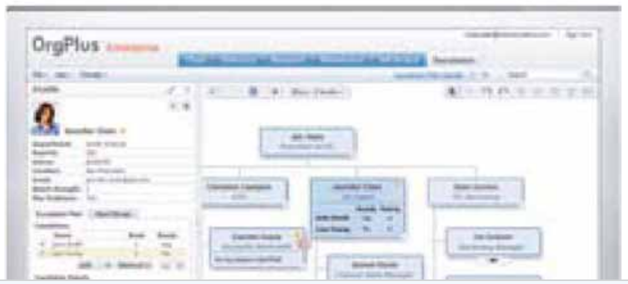
Succession Plan to Prepare for your Aging Workforce

Only 30% of Australian enterprise-level organisations use Succession Planning technology. 36% have no solution at all. We believe that in the near future, as senior management begins to retire, you will want an established succession planning system in place.

The benefit is not just for loss minimisation, nor for senior execs: Planning career paths will help you to reward and retain your star performers.

Where to begin? Simply, and adding layers of complexity over time. With a toolset that takes no time to learn and is flexible enough to grow with you as your process evolves.

Learn more at Navigo.com.au/succession



8 Reasons why Navigo is Unique

Not Just Services. Service. Guaranteed

We guarantee every professional services engagement will deliver specific value. If any client does not experience this, we will persevere at our own cost until value is achieved.

Full Team Support

Our consultants are backed by our established process methodologies which are documented, repeatable and proven on-site. With every Navigo consultant backed by the skills and experience of the entire team, you are never really dealing with just "one" consultant. Our work is therefore both highly efficient and great value for money.

Service from End-to-End

We provide end-to-end service. Not just technology, but process, training, managed services and ongoing support. As a client you benefit from higher quality, more cohesive solutions and help any time you need it.

All we do is Solutions for HR

Our consultants draw experience from work at over 100 HR sites every year. With such exposure to HR best-practices across multiple industries, our clients can expect confident and quick delivery of solutions correctly targeted to their needs.

Independent Straight-up Advice

We're an independent consultancy that offers advice on a range of HR systems, especially the Australian HRIS Vendors. You can rest assured our HRIS advice is straight-up, straight-forward and in your best interests.

Proven in HR

There are hundreds of reference sites across Australasia that actively recommend our services. Our proven quality of service means low risk for you. You can trust us to deliver, and again, we guarantee it.

Elegant Solutions to be Proud Of

Our solutions are designed to be straight forward for streamlined and highly efficient operation. We focus on automation, speed and simplicity. The result? Solutions that reduce the total cost of your HR system ownership.

"True" Consulting

Whilst delivering your outcome, our consultants can work to educate your team and transform our commission into an internally repeatable process. We call this knowledge transfer "True" consulting, designed to increase your self sufficiency and maximise your cost savings over time.

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