NAVIGO RESEARCH

MARKET INTELLIGENCE AND ADVISORY

[3rd Annual]

Australian
HRTECHREPORT

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

Introduction

Hello and welcome to the 3rd Australian HR Technology Report.

The Australian HR Technology Report is a study commissioned by Navigo Research, an independent research and advisory team operating under the Navigo Group. Navigo Research provides research and advisory services to users and suppliers of HR Technology. This research data is sourced and maintained by Navigo Research, from our own field activities, and is specifically focused on the Australian and New Zealand market.

In our first survey in 2010 we asked: "What is the uptake of HR solutions in Australia and how are they meeting the needs of HR departments?" To answer the question we conducted our inaugural Australian HR Technology Survey. As part of the second survey we expanded the questions from pure technology to include the "people and process" components of HR technology.

In late 2012 we again asked Australian organisations about the systems they are using in HR, their level of satisfaction and which solutions are being used to support specific HR process areas. We have also started to look at emerging technologies including mobile and social recruitment and the plans to adopt these.

This year's survey received valid responses from 243 Australian organisations, representing over 761,000 employees, making it the largest primary research study into Australian HR technology.

The results of the survey are presented here in the 3rd Australian HR Technology Report.

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 how specific "best of breed" solutions are being utilised and how satisfied their users are.

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 Michael Specht
Senior Advisors, Navigo Research

Contents

Primary research from 243 Australian organisations representing a total of over 761,000 employees

Key Findings

HR Technology solutions are getting road blocked

For the last two years cost and budget has been the major road block to investment in HR technology. This year we find that cost is still listed as the major roadblock for improving HR systems. Not only is cost the largest barrier to improvement this year, we saw an increase of almost 40 points - to 80% - of organisations citing this as a major barrier.

Operational efficiency for the third year in a row is listed as the main motivation for investing in HR technology. Against the backdrop of ageing HRIS platforms system modernisation is only the fifth highest driver. Australian organisations, unlike in other countries, are not motivated to change systems for the sake of technology. However advances in technology over the last 5 years now mean

newer solutions are able to drive greater efficiencies at lower cost.

Efforts around HR technology over the last twelve months have been primarily focused on maintenance of the existing ageing systems environment. Over 66% of organisations spent more time performing upgrades and introducing functionality on existing systems than any other activity. At the same time only 16% of organisations have been investing in new solutions.

Almost one quarter of organisations cited a lack of HR Technology strategy and management buy-in as roadblocks to investment. This suggests to us that many HR Directors don't see technology as a strategic enabler.

Lack of process hindering technology adoption

For technology adoption to be successful your business processes must be transparent and formalised. Formalised business processes help ensure you have repeatable quality outcomes each time the process is executed.

During our work with organisations we have observed that processes surrounding activities such as succession planning, employee on-boarding, talent analytics and salary planning tend to vary dramatically depending on the organisation.

Our research shows that these areas also have the lowest levels of technology adoption.

We believe that one of the reasons for poor technology adoption in these areas is due in part due to a lack of

formally defined processes. This is not helped that, when processes do exist, their application by managers varys dramatically making the use of technology solutions more difficult.

The highest dissatisfaction levels are in Succession Planning at 23%, Employee On-Boarding at 25% and Performance Management at 26%. Supporting previous findings that, once an organisation is able to adopt technology in a functional area, satisfaction with how that service is delivered greatly increases.

There is a real opportunity for organisations to increase the satisfaction levels around these functional areas through the introduction of formal processes supported by technology.

Lack of investment to replace ageing systems

HR technology used by Australian organisations is ageing. Two thirds of organisations have had their core HRIS for more than 5 years.

With an average sales cycle of 12 months and up to another 12 - 18 months implementation, a majority of organisations not already in the process of replacing their solutions will very soon be operating on solutions that have been in place for more than 7 years.

Today several of the most adopted HRIS solutions in Australia are based on old technology with some solutions still using technology from a generation ago. Technology has changed dramatically over the last 5 years and will continue to change.

Over the last 12 months organisations have spent more time performing software upgrades and implementing functionality in existing systems. Even when they have been investing in new technology it has been adding new systems to their environments instead of replacing their ageing HRIS solutions.

34% of organisations are spending less or nothing on technology in the coming 12 months, only 20% spending more. Given 66% of organisation spent a majority of their time on their existing solutions there is a lack of investment in new technology.

Organisations citing "Improve operational efficiency" as their primary motivation for investment in HR Technology are also most likely to cite "Cost and Budget" followed by "Time and Resources" as their primary roadblocks to investing in HR Technology.

Only 9% of organisations have spent a majority of their time replacing existing systems. With 16% of organisations investing in new systems and not replacing existing systems we predict organisations are actually increasing the complexity of their HR Technology landscape.

Two of the most dissatisfied functional areas, performance management, and learning management, are seeing the highest levels of future investment.

Talent Management is still at war with Payroll

Last year we predicted that Integrated Talent Management will war with integrated Payroll. Talent Management is still the new, sexy side of HR. The specialised vendors are offering comprehensive offerings that cover everything a HR director could ask for.

There is a difference this year. Firstly we are seeing a growth in talent management capability in the traditional "all-in-one" solutions and secondly two of the leading three TMS vendors, Taleo and SuccessFactors, have been purchased by leading HRIS vendors, Oracle and SAP respectively.

Both SAP and Oracle have reasonable market share in Australia with their traditional HRIS offerings and are working to integrate these offerings into their newly acquired TMS. With a fully integrated offering these vendors are able to address the dissatisfaction organisations have with stand-alone payroll solutions.

Over the last year we have seen a distinct growth in technology adoption across the functional areas covered by a TMS. We believe that HR directors are starting to focus on the strategic activities surrounding talent management.

We are seeing greater satisfaction with stand alone TMS vs using your HRIS to deliver against the TMS functional areas.

This trend, and the integration of leading TMS into traditional HRIS solutions, may result in HR Directors not needing to make the ugly choice: to integrate TMS or integrate Payroll.

Over the last 12 months HRIS vendors have begun to enhance their product offerings around TMS. As we indicated last year, expect to continue to see traditional HRIS vendors step up their TMS offerings.

HR needs to focus on emerging technologies

This year we looked at the adoption of new technologies across Australian organisations. Overall Australian organisations are lagging on the adoption of newer technologies such as SaaS, mobile, and social.

Take up in the Australian marketplace of SaaS, compared to other solutions for an organisation's primary HRIS, is extremely low with less than 1% of organisations using SaaS.

The CedarCrestone 2012-2013 HR Systems Survey Report has found internationally 18% of organisations have adopted a SaaS solution. They cite that SaaS solutions take less HR Technology resources to support and have almost half the implementation timelines yielding faster benefits to organisations. Given Australia's ageing HR technology landscape we recommend organisations seriously consider the use of SaaS solutions as a method of quickly improving their operational efficiency while at the same time reducing their ongoing costs.

As in previous years we found that HR Technology Leadership is primarily driven by HR which is critical for ensuring HR technology strategies align with broader

HR and organisational strategies. At the same time HR Directors need to ensure that they are not missing opportunities to leverage newer technologies such as SaaS, mobile and enterprise social platforms.

Certainly we are not recommending HR Directors become technology experts instead they should develop stronger partnerships with IT to ensure they are leveraging the best technology options for their organisations.

As more vendors offer solutions that incorporate emerging technologies we expect Australian organisations will by default gain access to these technologies.

Many local vendors defer the introduction of new features in products until customers ask for them. They should remember that many of today's greatest inventions would never have taken place if that were the case. Both the iPod and iPhone from Apple would have never been released if Apple had asked their customers what they wanted. We see significant opportunity for vendors to help their customers leverage these emerging technologies to deliver additional capability and value to their customers.

HR Directors need to watch market consolidation and the impact on traditional HRIS vendors

Method

Primary research for the Australian HR Technology Report conducted in the form of an online survey. The survey was carried out between October and November 2012.

Our respondent profile are individuals working in HR or IT, in Australia, for organisations with 200 or more employees.

In total over 4000 Australian organisations were approached, garnering 463 responses. Of these, 285 responses from 243 unique organisations fit our respondent profile.

This report contains the results drawn from the 243 organisations representing over 761,000 employees.

Where we received more than one response from an organisation all subjective (opinion) answers are included. Objective (fact) answers were compared and combined or investigated further if required.

Regarding Figures

Horizontal Bar Charts

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

This year we have kept the same methodology as last year where "dissatisfied" results are red, and neutral results (neither satisfied nor dissatisfied) are grey.

Limitations & Sampling Bias

Functional Areas Examined

The eleven functional areas that are examined in this report were chosen as they are the areas that typically use a HR technology solution.

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

The functional areas are:

- Payroll
- Recruitment
- Learning Management
- Performance Management
- Succession Planning
- Employee On-boarding
- Remuneration & Salary Planning
- Time & Attendance, Scheduling
- OH&S, Accident & Incident Reporting
- Organisational Charting & Workforce Modelling
- Business Intelligence, Reporting, Analytics

Level of Satisfaction

This report uses "satisfaction" as a measure to assess the success of the various HR solutions. We acknowledge that the "satisfaction" cited by any individual respondent will be a response to factors wider than the solutions 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 243 respondents the picture that forms will be representative of the quality of each solution.

Respondent Demography
Role

HR is significantly represented in respondents (94%) with the most common position being Manager (27%) followed by HR Systems Administrator (18%) and HR Director Senior Executive (17%) (fig 1) .

Less than 6% of respondents indicated their role is IT based, this is consistent with previous surveys.

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** (200 - 499 employees)
- **Small-Medium Enterprise** (500 - 999 employees)
- **Medium Enterprise** (1,000 - 4,999 employees)
- **Medium-Large Enterprise** (5,000 - 9,999 employees)
- **Large Enterprise** (10,000+ employees)

Sampling Bias

The Navigo Group offers HR Technology related products and services and our customers do account for a higher percentage of the survey population than the total market. This could cause a sampling bias that represents the HR solutions Alesco, chris[21] and Aurion as more popular than reality.

Our aim is to get an accurate representation of the market, and this year to try and address this bias we invited the majority of HR vendors to promote the survey to their customer base.
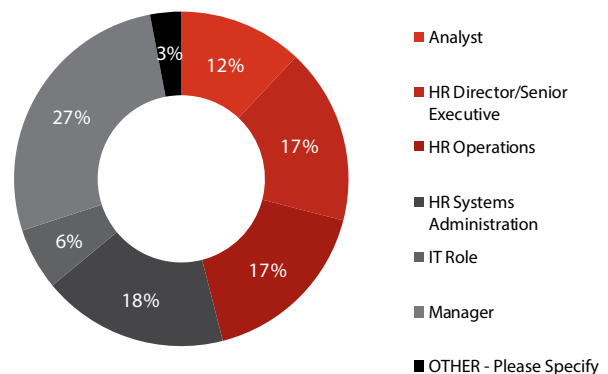

Fig.1. Position title of respondents (n=285)

This year we have introduced a new bracket for organisations between 200 and 499 employees and reduced the number of segments in the 1,000 to 9,999 range from three to two. The respondent population by organisation size is illustrated in fig 2.
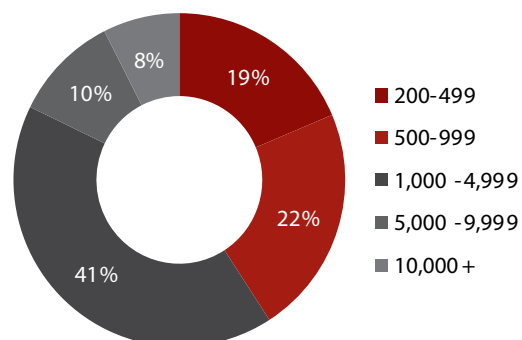

Fig. 2. Organisation Size of Respondents (n=243)

Industry

The industry list we used in the survey aligns with the Australian Bureau of Statistics and is used in publications such as the Department of Education, Employment and Workplace Relations - Australia Jobs 2012

Industry	%
Accommodation and Food Services	0.82%
Administrative and Support Services	0.00%
Agriculture, Forestry and Fishing	2.47%
Arts and Recreation Services	0.82%
Construction	2.88%
Education and Training	16.46%
Electricity, Gas, Water and Waste Services	7.82%
Financial and Insurance Services	7.00%
Health Care and Social Assistance	7.00%
Information Media and Telecommunications	3.70%
Manufacturing	2.88%
Mining	3.29%
Other Services	0.00%
Professional, Scientific & Technical Services	0.00%
Public Administration and Safety	26.75%
Rental, Hiring and Real-estate Services	5.35%
Retail trade	1.23%
Transport, Postal and Warehousing	2.47%
Wholesale Trade	0.00%
Other as per survey	7.00%

Fig. 3. Industry of respondents (n=243)

Organisations who responded employ over 761,000 employees

Human Resource Information Systems

We define Human Resource Information Systems (HRIS) as the main system for master record management and core HR management functions.

In this year's survey, we asked respondents about their core HRIS and acknowledged that it may be separate to their payroll function.

Overall 90% of respondents used a HRIS in 2012, in comparison to 82.5% in 2011 and 73% in 2010.

4.1% of respondents don't have a HRIS, down marginally from last year 4.6%

86% of respondents indicated they use a module of their HRIS to process payroll.

In most organisations with more than 1,000 employees HRIS remains the key technology piece for HR and is usually driven by payroll.

Most Adopted HRIS Solutions

The most adopted HRIS in Australia are predominantly local HR solutions and SAP HCM (fig 4).

The HRIS adopted most amongst the survey population is chris[21] by Frontier Software at 23%, Alesco by Talent2 at 22%, Aurion by Chandler Macleod Group at 18% and SAP HCM by SAP at 10%.
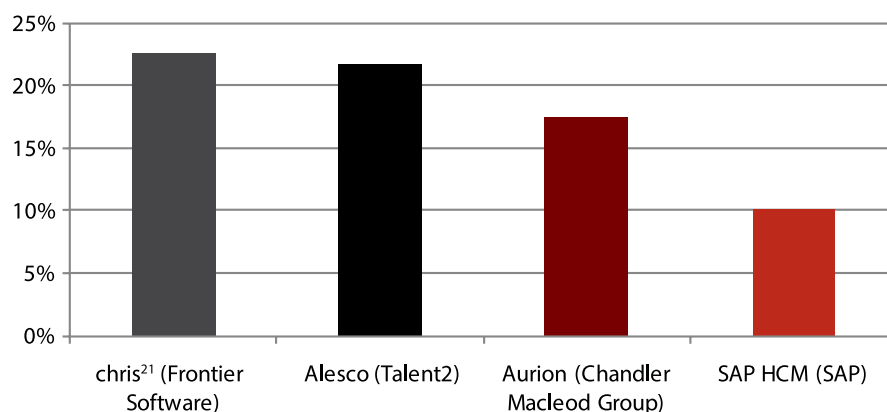

Fig. 4. Most Adopted HRIS Solutions (n=243)

In total, 34 different HRIS solutions were cited including other well known names such as Preceda, PeopleOne, PeopleSoft, Exolvo, Empower and others.

Internationally there has been consolidation in the HR Technology marketplace with major vendors such as Oracle and SAP acquiring many different products. Navigo Research believes the Australian market is about to undergo significant change

through acquisition or vendors deciding to focus their development efforts on a limited suite of functionality.

Over the past three years we have seen a change in respondent share. In tracking the top 5 solutions over this period we see that local vendors (chris[21], Alesco, Aurion) still have the "lions share" at a combined 63% with the international vendors (SAP HCM, PeopleSoft) at 13%.

Solution/Vendor	2010[1] (n=164)	2011 (n=240)	2012 (n=243)
chris[21] (Frontier)	18%	28%	23%
Alesco (Talent2)	24%	14%	22%
Aurion (Chandler Macleod)	3%	6%	18%
SAP HCM (SAP)	15%	13%	10%
PeopleSoft (Oracle)	6%	10%	3%

Fig. 5. Top 5 solutions over last 3 years

Satisfaction with HRIS

As in previous years we asked our respondents how satisfied they are with their HRIS. Satisfaction scores for users of our four most adopted HRIS are shown in fig. 6.

Aurion leads the way with an impressive 68% of respondents indicating they are satisfied or very satisfied. Aurion also has the lowest dissatisfaction rating at 9%.

chris[21], although the most adopted, ranks a close second with a satisfactory rating of 67% up from last years 64%. Surprisingly chris[21] also shows an increase in dissatisfaction this year up from 11% to 17%. Alesco, the second most adopted solution, had a significant decrease in very dissatisfied and dissatisfied this year down from 8% and 12% to 2% and 11% respectively.

Overall satisfaction amongst our "Top Four" runs at 65% compared to 33% for all other HRIS. Not surprisingly, overall dissatisfaction runs at 13% amongst our "Top Four" compared to 28% for all other HRIS.

Of dissatisfied and very dissatisfied respondents in the four most adopted solutions, 91% have been using the system for greater than 2 years and 61% more than 5 years, of this same group 23% indicated they are looking to change HRIS in the next twelve months compared to 64% of all other HRIS.

While Australian organisations on average tend to keep their HRIS System for greater than 5 years we believe that the effort required to change a solution does not outweigh the impacts of dissatisfaction with your current solution.
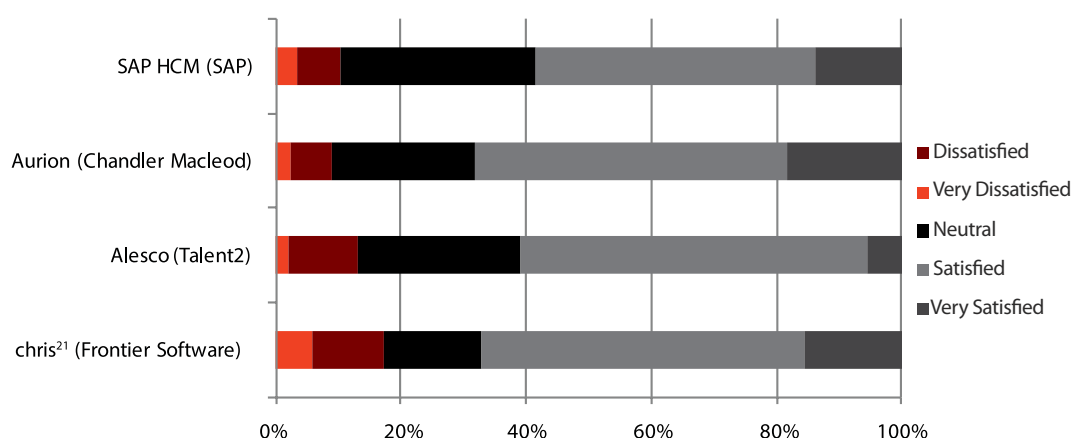

Fig. 6. Top 4 Satisfaction (n=211)

(1) As mentioned in the Limitations section in our first year we excluded customers of Navigo which excluded all Alesco by Talent2 responses when looking at the most adopted HRIS in Australia. For the ability to track the trends the 2010 breakdown has been re-calculated to include Alesco so that we can start to understand trends around the top 5 solutions.

HRIS Spending

This year we asked respondents to indicate expected expenditure on HR Technology this year. Of the surveyed organisations, 35% are planning to spend more on HR Technology over the next twelve months, which is good news for vendors. With 44% of organisations planning to spend the same amount on HR Technology over the next twelve months.

When comparing organisations that plan to spend more this year, only 26% are currently very dissatisfied or dissatisfied with their HRIS. A majority of the organisations looking to spend more are either satisfied or very satisfied with their HRIS. We believe for vendors this highlights that successful account management of existing clients has the potential to increase revenue.
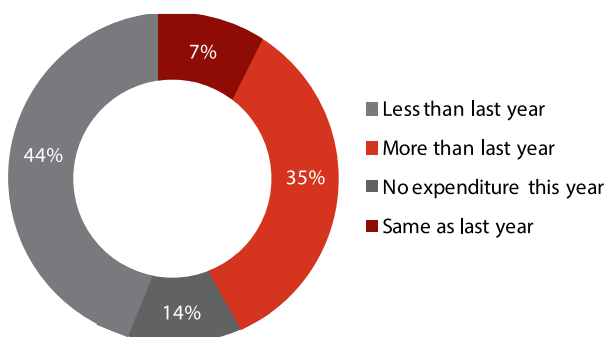
HRIS Age

It is generally accepted that the workload to implement a new HR/Payroll solution is significant and it seems once they have been implemented, organisations keep them for an extended period. Over 60% of organisations have had their HRIS more than 5 years, while another 26% have been running for between 2 and 5 years.

62% of organisations that have had their HRIS more than 5 years are satisfied or very satisfied. Those that have had their HRIS between 2 and 5 years are 50% satisfied or very satisfied.

87% of organisations planning to move have had their HRIS for 2 years or more.

It is not surprising that the most adopted HRIS are the oldest with Alesco and SAP topping the list with 69% of organisations running them for more than 5 years.

Legend:
- Less than last year
- More than last year
- No expenditure this year
- Same as last year

7%, 35%, 14%, 44%

Fig. 7. Expenditure on HRIS this year (n=203)

HRIS	> 5 years with HRIS
chris[21]	61%
Aurion	60%
SAP	69%
Alesco	69%

Fig. 8. HRIS Solution Age (n=243)

HRIS Deployment

We asked respondents what the deployment model for their primary HRIS is. The most common deployment model remains on-premise with only 22% indicating hosted or outsourced solutions.

A surprising 19% of respondents could not answer this question on the deployment for their HRIS. This result may be influenced by the fact that only 6% of respondents were from an IT role and only 18% in an HR Systems role with the remainder being HR practitioners. Take up in the Australian marketplace of SaaS for an organisation's primary HRIS is extremely

low with less than 1% of organisations using SaaS. We are not surprised by this as, until recently, there have been limited options for Australian organisations with over 200 employees to purchase HRIS solutions that offer SaaS as a deployment model. The authors expect this situation to change over the coming years with vendors such as Workday and PeoplesHR entering the Australian marketplace and as existing vendors move to provide more SaaS/cloud based payroll offerings such as SuccessFactors Employee Central.

The authors also note that the use of SaaS offerings is more prevalent in functional areas where stand-alone applications are used such as Recruitment.
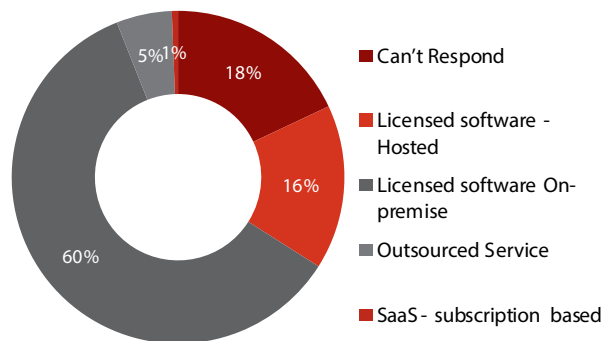
Fig. 9. HRIS Solution Deployment Approach (n=177)

Legend:
- Can't Respond — 18%
- Licensed software - Hosted — 16%
- Licensed software On-premise — 60%
- Outsourced Service — 5%
- SaaS - subscription based — 1%

Outsourcing

We asked respondents if they outsourced any of their HR/Payroll Operations to a Business Process Outsourcer (BPO). Surprisingly almost 75% of organisations indicated that they did not outsource any of the HR/Payroll operations to a traditional BPO.

Just over 4% of organisations are currently considering to outsource some of their HR/Payroll Operations within the next twelve months.

22% of respondents who outsource some or are thinking about outsourcing some of their HR/Payroll operations to a BPO are considering replacement of their HRIS in the next twelve months.
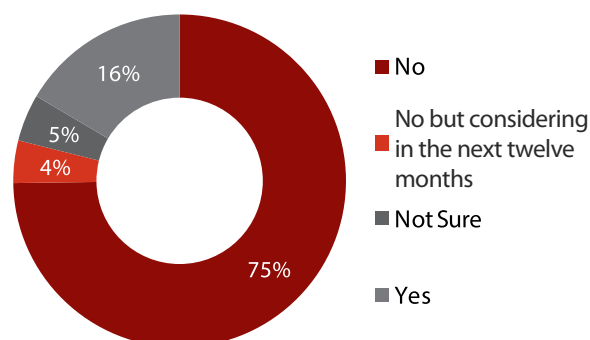
Fig. 10. Use of Business Outsourcing (n=216)

Legend:
- No — 75%
- No but considering in the next twelve months — 4%
- Not Sure — 5%
- Yes — 16%

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 2,000.

The average result across all organisations is 94 employees per HR person, a decrease by 7% over last year.
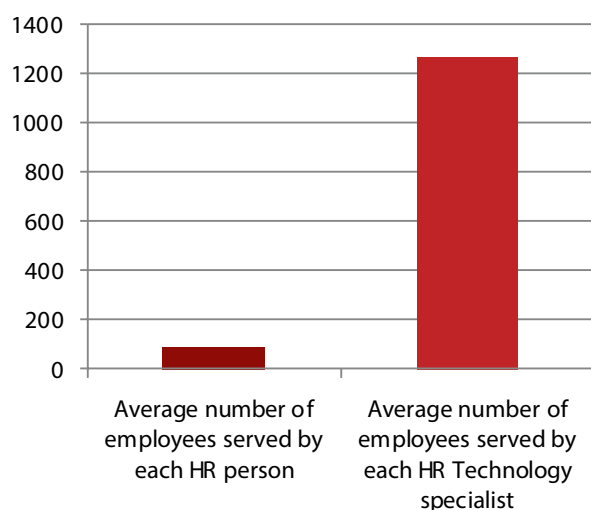

Fig. 11. Average number of employees per HR person (n=243)

HR Tech Personnel

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

HR technology personnel are of course much less common than total HR personnel. Again many organisations, including large enterprises, cited no full time resources working in this capacity.

The average result across all organisations is 1,264 employees per HR Tech person, an increase of 20% over last year.

Organisational Size	HR Person	HR Tech
Small Enterprise (200 - 499 employees)	57	191
Small - Med Enterprise (500 - 999 employees)	62	232
Medium Enterprise (1,000 - 4,999 employees)	191	750
Med - Large Enterprise (5,000 - 9,999 employees)	111	3071
Large Enterprise (10,000+ employees)	96	5612
Average	94	1264

Fig. 12. Average number of employees per HR person by Organisation Size (n=243)

Processes supported by technology are rated far more satisfactory than others.

Analysis by Functional Area

This section of the report analyses software solutions by the different functional areas in HR.

Respondents were asked about what types of solutions they use, along with the specific name, how well that solution satisfies and this year we also included questions of current and future expenditure in each functional area.

- Payroll
- Recruitment
- Learning Management
- Performance Management
- Succession Planning
- Employee On-boarding
- Remuneration & Salary Planning
- Time & Attendance, Scheduling
- OH&S, Accident & Incident Reporting
- Organisational Charting & Workforce Modelling
- Business Intelligence, Reporting, Analytics

Terminology

This section uses specific terms as shorthand, which are important to understand to avoid confusion. A "functional area" or "solution category" is how we have defined a distinct functional area of HR, for example "Payroll". We have surveyed eleven solution categories this year, up from nine in our last report. We have combined several categories into common functional areas that more closely align with how the HR function operates. The authors note that this change has resulted in a number of anomalies when comparing to previous years results.

A "system type" or "system adoption" is how we have defined the type of solution used in each area, for example "We use a module of our HRIS". We have broken system use down into four categories this year.

The complete list is:
- No Solution
- We use a module of our HRIS
- Other System
- Don't Know/Can't respond

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

Expenditure

We asked respondents to indicate their expected expenditures (purchases, upgrades and consulting) on HR technology across each functional area. We have broken expected expenditure into four categories this year:

- More than last year
- Same as last year
- Less than last year
- No expenditure this year

Functional Area Analysis

This year we asked respondents to provide further details on the solutions adopted for each functional area. It's common practice for organisations to use modules of their HRIS to deliver these functional areas.

To provide readers a view on the other solutions being used, in the analysis (excluding payroll area) we've combined HRIS solutions in a single result as "Module of HRIS".

Analysis on solution satisfaction has changed this year. We are not looking at individual solution satisfaction unless the results for a specific vendor standout from the others

Systems Overview

Technology Adoption by Functional Area

Again this year each functional area surveyed (e.g. Payroll) has a unique profile of systems adoption (e.g. mostly HRIS-based or mostly stand-alone). In fig 13 the red 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 OH&S (82%), Recruitment (79%) and Business Intelligence, Reporting, Analytics (63%), followed by technology for management, and finally for strategy and building business value.
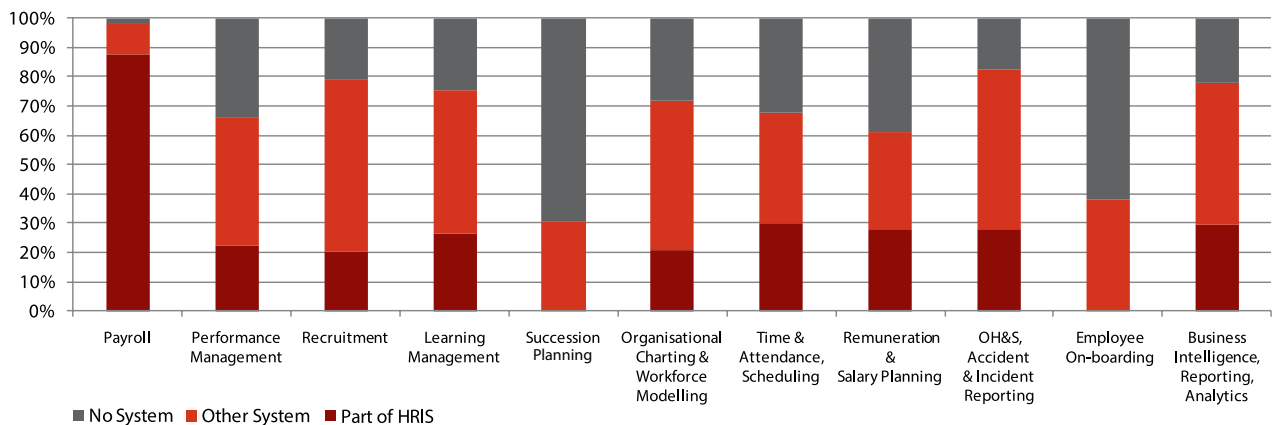

Fig. 13. System adoptions in each category

This year we have seen a growth in system adoption across most functional areas.

Payroll adoption has dropped slightly from 98% last year to 97%, however this year we allowed respondents to answer they were unable to respond which attracted 1.5% of responses.

The system adoption in the new areas we surveyed was not surprising to the authors, OH&S at 83%, Time and Attendance at 67% and Remuneration at 61%. Business Intelligence and Reporting had a substantial jump from 43% adoption last year to 78%. We believe this is primarily due to us increasing the scope of the question to look at general reporting. System adoption in the area of Organisational Charting & Workforce Modelling has also increased year on year, 56% to 71%.

There was a growth in adoption in the performance management area from 50% last year to 66% this year.

Adoption for Recruitment grew from 68% last year to 78% this year, a reasonable 10% growth year on year.
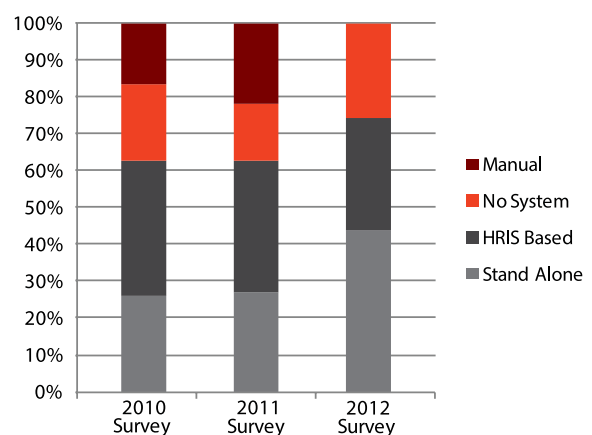

Fig. 14. System adoption across all functional areas (n=243)

System Satisfaction

As in the last 2 years, we see a definitive split between satisfaction with technology enabled functional areas and non technology enabled functional areas. This profile has changed slightly, with adjustment in our survey areas, however the trend remains the same as last year. The more manual your processes, the less satisfactory they will be.

The graph below (fig 15) shows satisfaction with solutions, by type, as aggregate across all functional areas (Payroll, Recruitment, et al). Solution types were satisfactory or very satisfactory as follows: Stand-alone software 44%, Part of HRIS 58%, No Solution 6%.
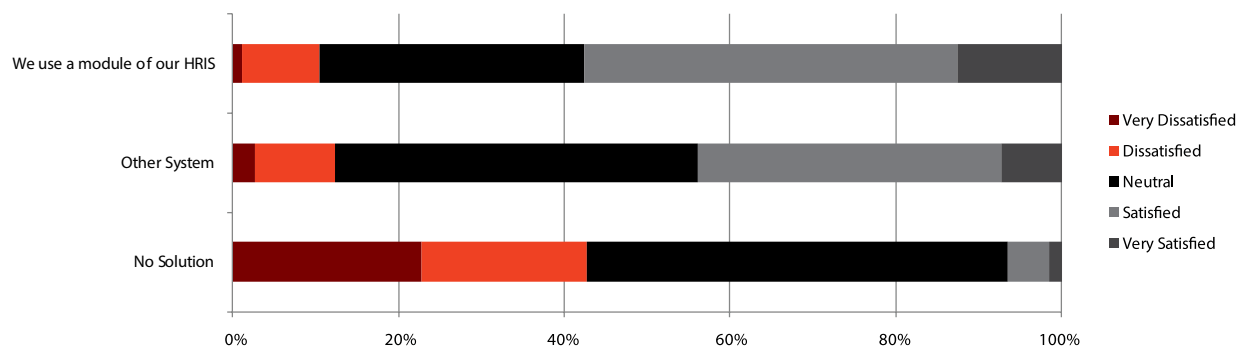

Fig. 15. Satisfaction with system adoption across all categories (n=243)

Organisations are much less satisfied with Payroll systems that are not integrated with their core HRIS.

Payroll

Payroll adoption and satisfaction

As with last year 97% of respondents use technology to process payroll with 1.5% claiming they run payroll manually and the other 1.5% unable to respond.

Of the 97% some 86% use integrated HRIS for payroll and 11% use a stand-alone solution.

Payroll technology use has a much higher technology adoption ranking than any other area with OH&S 82% and Recruitment and Business Intelligence/Analytics next at 78%. Given the significant administrative overhead associated with payroll operations this is not surprising.

When the level of satisfaction for Payroll is compared to the average of all solution areas, fig 17, as in previous years Payroll stands out as having the highest level of overall satisfaction.
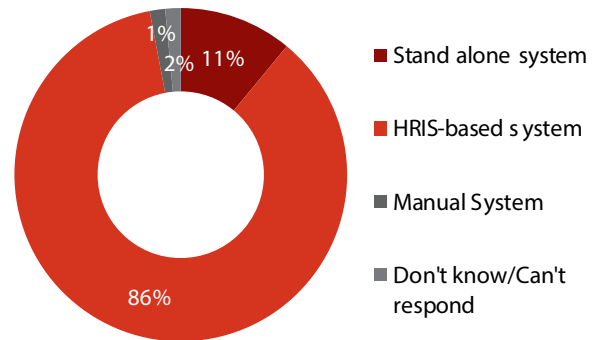
72% of organisations with HRIS-based Payroll are satisfied or very satisfied, up 2 points from last year, this is the highest level of satisfaction of any solution type in any functional area.
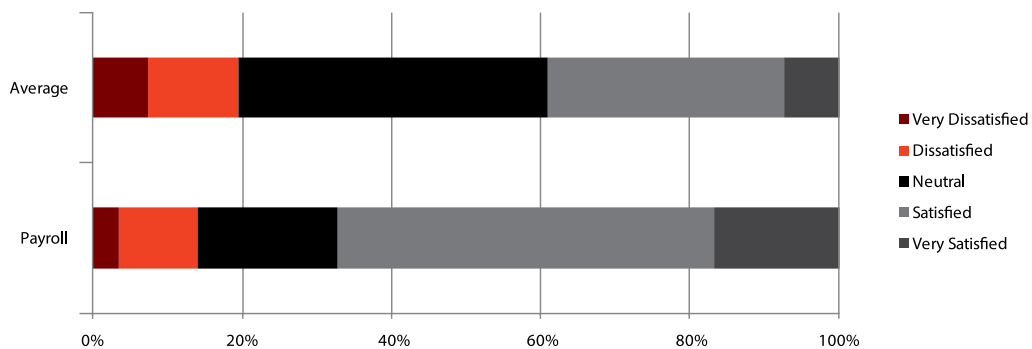

Fig. 16. Payroll solution adoption (n=243)

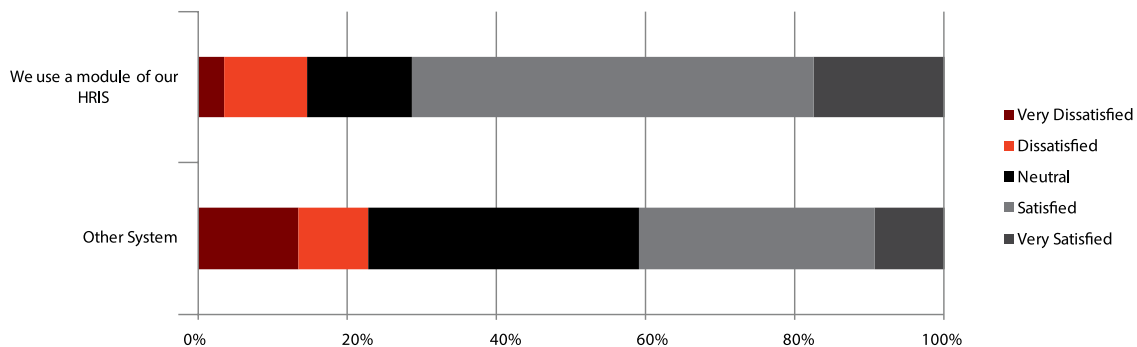- ■ Stand alone system
- ■ HRIS-based system
- ■ Manual System
- ■ Don't know/Can't respond

Fig. 17. Satisfaction with Payroll system adoption (n=215)

- ■ Very Dissatisfied
- ■ Dissatisfied
- ■ Neutral
- ■ Satisfied
- ■ Very Satisfied

Fig. 18. Payroll satisfaction vs all others (n=215)

- ■ Very Dissatisfied
- ■ Dissatisfied
- ■ Neutral
- ■ Satisfied
- ■ Very Satisfied

Currently, as in previous years, organisations that have a Stand-alone system for Payroll are more likely to have the functional area under perform. This means that organisations who use Talent Management Systems as their primary HRIS may have under performing Payroll.

The authors predict that this situation will change as solutions such as SuccessFactors and Taleo are now owned by SAP and Oracle respectively. As they become tightly integrated into the purchasers' Payroll offerings they will morph from pure Talent Management solutions into comprehensive HRIS solutions. It is expected that this will put additional pressure on local Payroll providers to develop either stronger talent management capabilities or partner with Talent Management System providers.
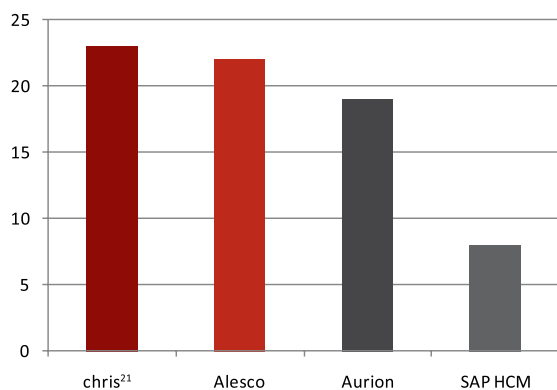

Fig. 19. Most adopted Payroll solutions (n=230)

Solution/Vendor	2011	2012
chris[21] (Frontier)	23%	23%
Alesco (Talent2)	11%	22%
Aurion (Chandler Macleod)	5%	19%
SAP HCM (SAP)	11%	8%

Fig. 20. Top 4 adopted payroll solutions compared to 2011 survey results

None of the "Top Four" had dissatisfied customers amongst Small Enterprise organisations.

Payroll Solution Adoption

The four most adopted Payroll solutions in Australia are the payroll modules of HRIS systems (fig. 19).

We find the four most adopted Payroll solutions are the same as the four most adopted HRIS solutions, not surprising given 91% of respondents indicate they used a module of their HRIS for payroll processing.

The Payroll solutions adopted most amongst the survey population are chris[21] by Frontier Software at 23%, Alesco by Talent2 at 22%, Aurion by Chandler Macleod at 19% and SAP HCM by SAP at 8%.

In total, 34 different Payroll solutions were cited which included other well known names such as PeopleOne, Preceda, Empower, Exolvo (PayGlobal), PeopleSoft (Oracle) and others.

Compared to last year we see a change in respondent share - it is significant to note that Sage MicrOpay has dropped out of the four most adopted solutions. Last year Sage MicrOpay rated as the most dissatisfactory of the top five Payroll solutions in Australia, this aligns closely with general dissatisfaction with stand-alone Payroll systems.

In tracking the four most adopted solutions over this period we see that local solutions (chris[21], Alesco, Aurion) have the lions share at a combined 64% with the global representatives (SAP HCM, PeopleSoft) at 8%.

Satisfaction with Payroll Solutions

We asked our respondents to score their level of satisfaction with the current Payroll solution. Satisfaction scores for users of our four most adopted Payroll solutions are shown in fig. 21.

Aurion leads the way with an impressive 82% of respondents indicating they were satisfied or very satisfied. Aurion also has the lowest dissatisfaction rating at 4%. chris[21], the most adopted, ranks a close second with a satisfactory rating of 77% up from last years 68%.

Overall satisfaction amongst the four most adopted runs at 75% compared to 48% for all other HRIS solutions. Not surprisingly overall dissatisfaction runs at 9% amongst the four most adopted compared to 26% for all other HRIS solutions. Less than one percent of the four most adopted users reported they were very dissatisfied with their Payroll solution compared to 26% of all others.

Across all functional areas dissatisfaction levels were higher in functional areas where technology was not being used. The highest dissatisfaction levels are in Succession Planning at 23%, Employee On-Boarding at 25% and Performance Management at 26%. Supporting previous findings that once an organisation is able to adopt technology in a functional area satisfaction with how that service is delivered greatly increases.
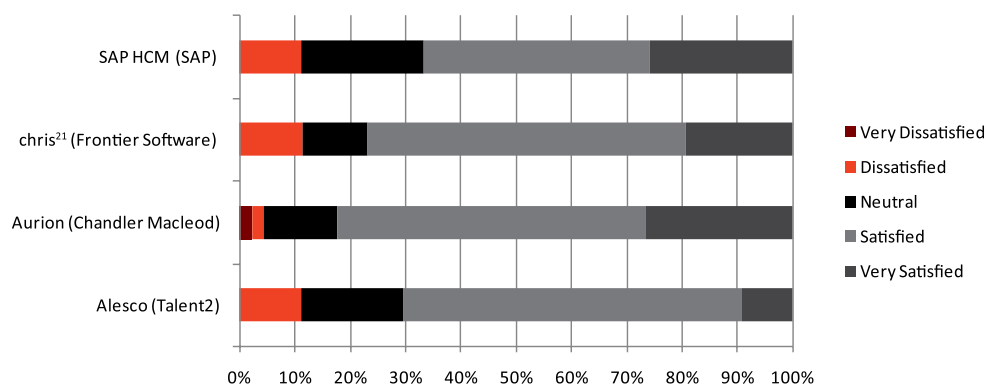

Fig. 21. Most Adopted Payroll Solution Satisfaction (n=243)

Expenditure on Payroll

A majority of organisations plan to spend the same amount this year as they did last year on Payroll technology, with 24% of organisations planning to spend more.

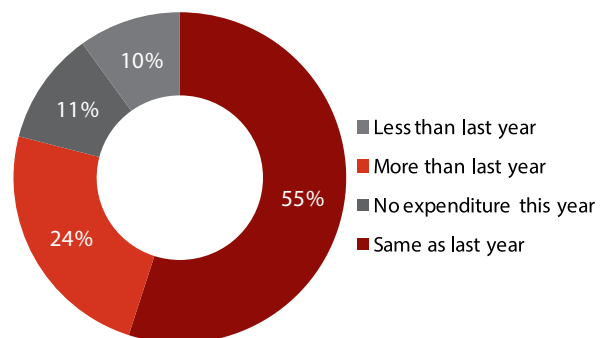Only 21% of organisations are planning to spend less or nothing on Payroll technology.

Fig. 22. Expenditure on Payroll technology (n=243)

Performance Management

This year sees growth in adoption of Performance Management technology - up fifteen points to 64% compared to last year at 49%. Last year we reported that CedarCredstone's 2009-2010 HR Systems Survey concluded that performance management systems were a key differentiator between high and low performers and that organisations should look towards implementation of such systems. Historically adoption of technology in Australia has lagged behind the US by 2 to 3 years. The authors believe we are now seeing Australian organisations "catching up" with their US counterparts in the deployment of performance management systems.

Compared to last year we have seen a significant increase, 21% to 42%, in organisations using a stand-alone system to deliver performance management capability, see fig. 24. The use of Stand-alone solutions is consistent across the talent management areas supporting our belief in a lack of deep functionality from traditional HRIS solutions.
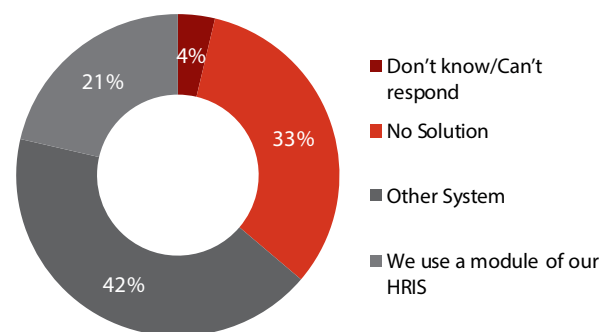

Fig. 23. Performance Management System Adoption (n=243)

Performance Management Solution Adoption

Over 40 different Performance Management solutions are cited with well known names such as PageUp People, Saba and Taleo most noted outside the 4 most adopted.

Performance Management along with Succession Planning are the only two functional areas where In-House solutions ranked within the top four most adopted solutions. This is a significant change from last year.
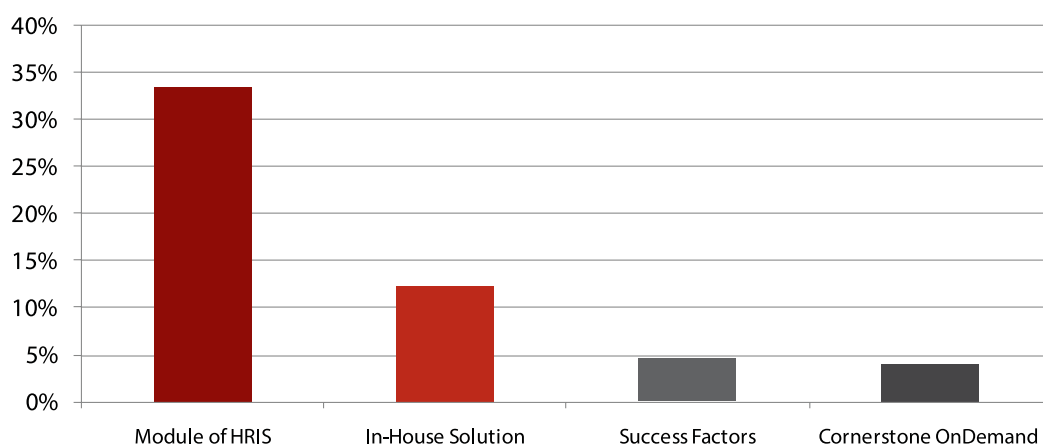

Fig. 24. Performance Management System Adoption (n=155)

Satisfaction with Performance Management

We asked our respondents to score their level of satisfaction with the current Performance Management Solution. While Performance Management has had significant growth in technology adoption the functional area has the highest overall dissatisfaction. Almost 27% of respondents saying they are dissatisfied or very dissatisfied with their current solution.

Organisations that use a module of their HRIS tend to be more satisfied, by only 5 points, than organisations who use a stand-alone system.

The satisfaction level for the three most adopted stand-alone systems SuccessFactors, Cornerstone OnDemand and PageUp People runs at 75% which supports our view that specialist solutions are the best approach.

Overall satisfaction amongst our local HRIS vendors runs at 52% further supporting our view that most HRIS systems lack depth of functionality in Performance Management. On average 42% of those citing Alesco, Aurion and chris[21] as their HRIS use a separate system for Performance Management.
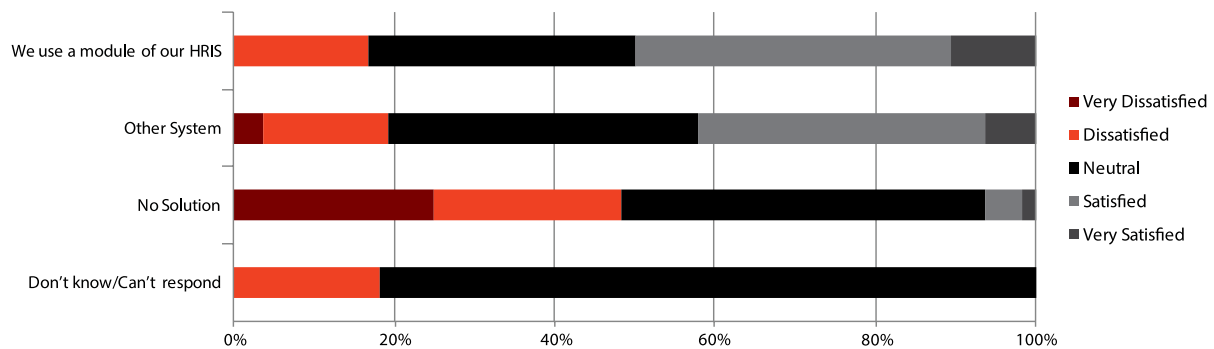

Fig. 25. Type of Solution Satisfaction (n=232)

Expenditure on Performance Management

Over 26% of respondents indicated that they would be spending more this year on Performance Management technology than last year. 20% of organisations reported that year over year they will be spending more in the areas of Payroll, Recruitment, Learning Management and Business Intelligence, Reporting and Analytics.

11% of organisations are looking to spend less than last year, the second highest level. The authors see this as a concern as many organisations reported the highest level of dissatisfaction with current Performance Management solutions.
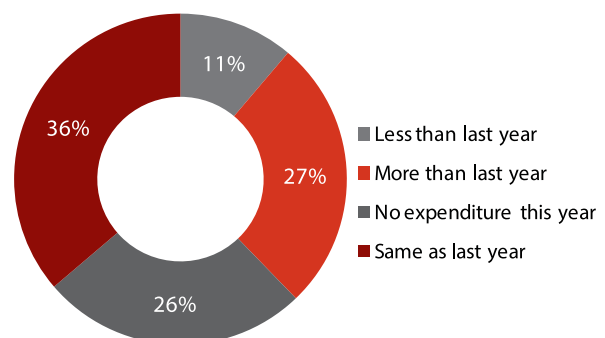

Fig. 26. Expenditure on Performance Management Solutions (n=243)

Recruitment

This year sees growth in the adoption of Recruitment technology up 11 points to 78% from 67% last year.

We reported last year that Recruitment technology had the highest stand-alone adoption at 43%, this year the trend continues with an increase to 58%. Stand-alone systems continue to dominate the recruitment market in both adoption - 57% compared to 20% of organisations using their HRIS - and overall satisfaction - 27% compared to 10% of organisations when using a module of their HRIS.

Recruitment Solution Adoption

The Recruitment Management solution, other than a "Module of HRIS", adopted most amongst the survey population is PageUp People, NGA.net, Big Red Sky and Taleo.

PageUp People are a highlight. They have a higher adoption than any other vendor and, not being a stand alone recruitment Solution but a Talent Management Solution, they consistently appear across several functional areas. SuccessFactors from SAP and Taleo from Oracle also appear consistently across our report to a smaller degree than PageUp People.

Two of the four most adopted Recruitment systems in Australia are Talent Management Solutions as recognised in the Gartner 2013 Talent Management Magic Quadrant Report, PageUp People and Taleo.

Some 35 different Recruitment solutions are cited with

Recruitment technology use ranks third in technology adoption at 78% behind Payroll and OH&S of the functional areas surveyed.
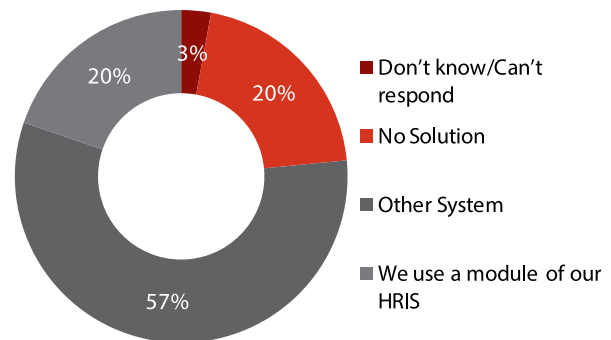

Fig. 27. Recruitment Solution adoption (n=243)

all of the most adopted HRIS vendors being mentioned along with niche players such as Mercury eRecruit and Springboard (HRX).

Compared to last year we see all non-HRIS vendors increase their share of the market with both PageUp People and NGA.net now having a greater share than any of the HRIS representatives.
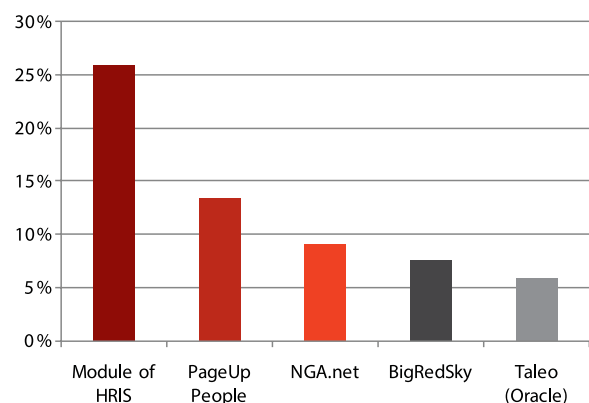

Fig. 28. Most Adopted Recruitment Solutions (n=186)

Medium-Large and Large organisations are more likely to have a stand-alone recruitment solution compared to Small and Medium sized organisations.

Satisfaction with Recruitment

We asked our respondents to score their level of satisfaction with the current Recruitment Management Solution. Satisfaction scores for users of our four most adopted recruitment solutions are shown in Fig 29.

Overall dissatisfaction for respondents with a recruitment solution was equal to the overall dissatisfaction for those with no solution! This indicates to the authors there is room for improvement from vendors and that potentially some recruitment solutions are not delivering a solid return on investment for organisations.

PageUp People is a clear leader with 68% of respondents indicating they were satisfied or very satisfied. PageUp People also had the lowest

dissatisfaction rating at 3.5%. The rest of the four most adopted have very similar satisfaction levels in the low 40% range.

Satisfaction ratings for PageUp People, compared to the other three most adopted standalone systems, is favourable. PageUp People has a 23 point lead 68% to 45%.

On average 58% of those citing Alesco as their HRIS use a separate system for Recruitment Management with a further 8% having no technology solution at all. This trend continues across all four most adopted HRIS systems, with 61% of those indicating they use a separate system for Recruitment Management with a further 14% having no technology solution at all.
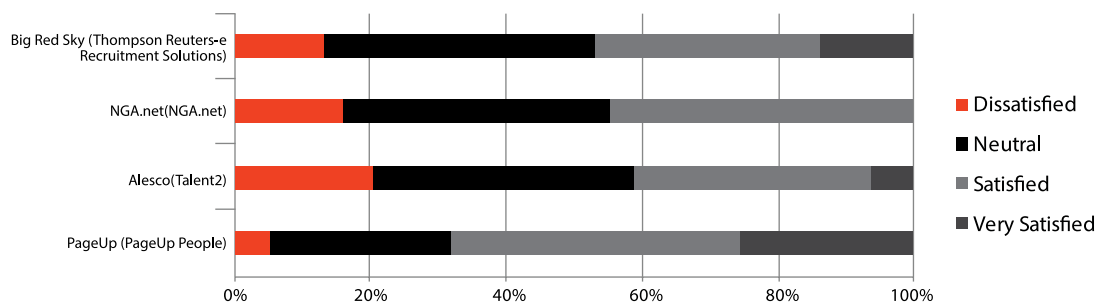

Fig. 29. Most adopted solution satisfaction (n=36)

Expenditure on Recruitment

Recruitment also has the third highest level for organisations reducing their expenditure over the coming twelve months. This is not surprising given the fact that Recruitment is the third highest area for existing technology adoption. Traditionally, Recruitment has been one of the first areas outside of Payroll to use technology to help enable the operational delivery of its processes.

The Recruitment market is not totally mature with almost 26% of respondents indicating that they would be spending more this year than last year. This just

behind the expenditure on Performance Management and Learning Management the three highest levels of proposed expenditure in the next year.
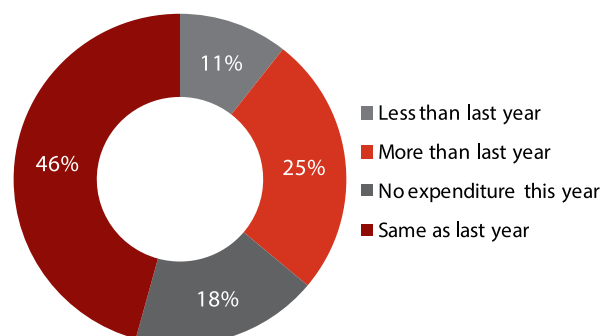

Fig. 30. Expenditure on Recruitment Solutions (n=197)

Learning Management

This year sees real growth in adoption of Learning Management technology up eleven points to 78% from 67% last year.

We reported last year that Learning Management technology adoption had ranked second at 63%. This year it drops to 5th but 75% of organisations indicated they use some Learning Management technology, an increase of 15 points.
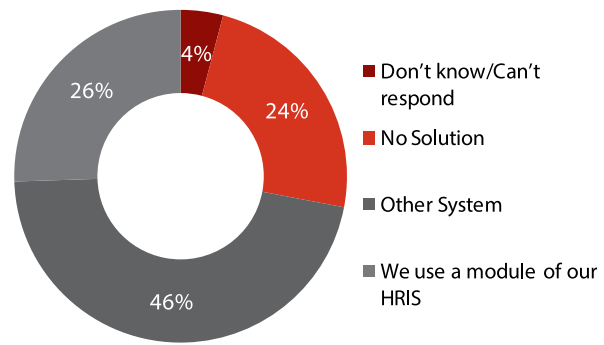

Fig. 31. Learning Management Solution Adoption (n=243)

Learning Management Solution Adoption

The Learning Management solution adopted most amongst the survey population is a module of an organisation's HRIS, however the authors note that none of the listed HRIS solutions have deep learning management and content delivery capabilities.

More than 40 different Learning Management solutions were cited with well known names such SuccessFactors, SouthRock, and Moodle most noted outside the four most adopted.

Three of the four most adopted non-HRIS Learning Management solutions in Australia have less overall adoption than the lowest adopted HRIS solution. This potentially indicates that the current offering of vendors are not meeting the needs of HR organisations.

Medium-Large and Large enterprises are less likely to use a module of the HRIS 21% against 28% for Small to Medium sized enterprises.
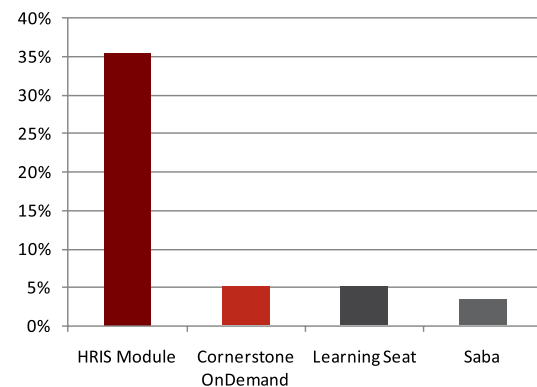

Fig. 32. Most Adopted Learning Management Solutions (n=175)

Satisfaction with Learning Management

We asked our respondents to score their level of satisfaction with the current Learning Management solution.

Overall satisfaction levels are inline with the average across all functional areas.

Satisfaction scores for users of our four most adopted Learning Management solutions are shown in Fig 33, including a breakdown of HRIS-modules.

LearningSeat and Cornerstone OnDemand both returned very high satisfaction scores of 91% and 89% respectively. In addition no respondents reported being dissatisfied with either solution.

Overall satisfaction amongst the four most adopted HRIS based solutions is 58%. An average of 52% of those citing Alesco, Aurion and chris[21] as their HRIS solution use a separate system for Learning Management with a further 18% having no technology solution at all.

There is a clear satisfaction gap between stand-alone Learning Management solutions and HRIS based solutions with HRIS based users 33% less satisfied.
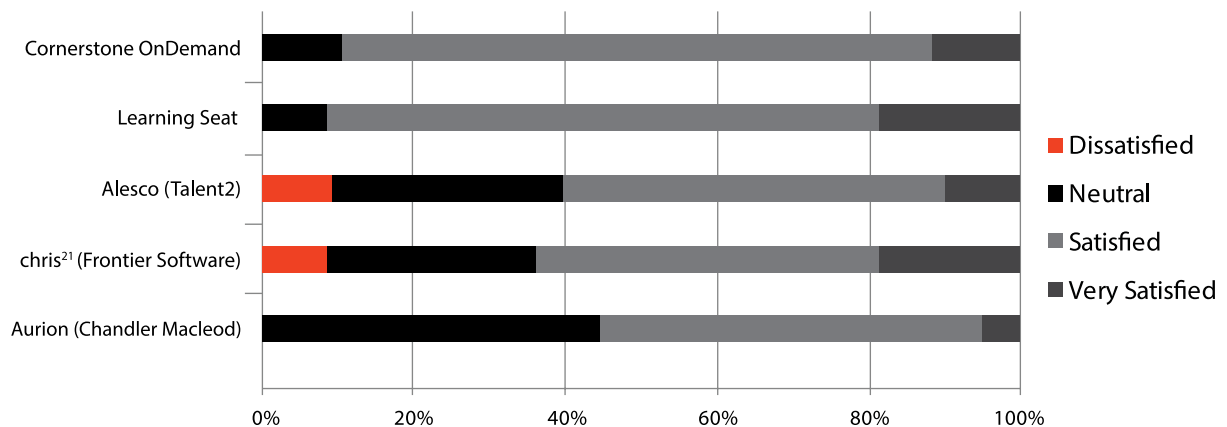

Fig. 33. Most adopted solution satisfaction (n=175)

Expenditure on Learning Management

Almost 26% of organisations plan to spend more on Learning Management technology over the next twelve months, the second highest level behind Performance Management at almost 27%.

It is good to see 45% of organisations with no solution are planning to spend more in the next twelve months. Unfortunately almost a third of organisations with no solution plan to spend less or nothing on Learning Management technology over the next twelve months.
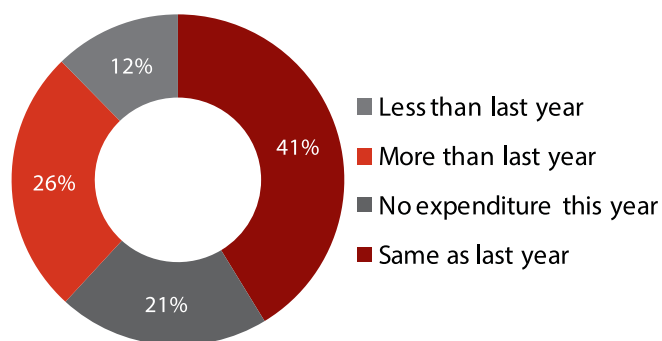

Fig. 34. Most adopted solution satisfaction (n=175)

Succession Planning

In the continued trend this year of greater technology adoption we see Succession Planning adoption at 34%, up seven points from last years 27%. Still Succession Planning ranks the lowest in technology adoption.

This year more than 65% of respondents indicated they have no technology solution for Succession Planning.

We are not surprised by the relatively low take up of technology around Succession Planning. The process area tends to be one of the last delivered by an HR department, due to the requirements of having other areas, such as learning, performance, and competency frameworks.
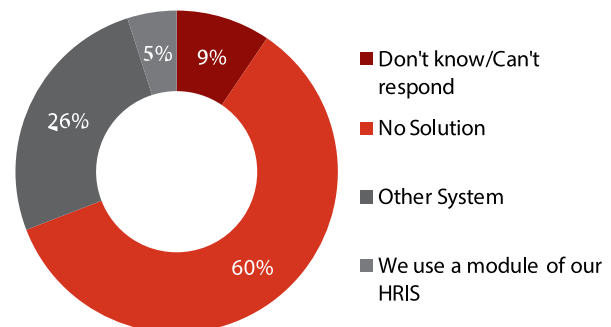

Fig. 35. Total Respondents (n=243)

Succession Planning Solution Adoption

Succession Planning and Performance Management are the only functional areas where the use of an In-House solution ranked in the four most adopted solutions. Of the In-house solutions Microsoft Excel was the most commonly cited solution for managing Succession Planning.

A review of organisations who use a module of their HRIS for Succession Planning showed that no single HRIS provider has a significant number of organisations using their product for Succession Planning. Significant use of In-house developed systems supports our view

that historically off the shelf systems don't provide the required functionality for organisations.

Other non-HRIS vendors mentioned include Cornerstone OnDemand,Taleo and Peoplefluent. We expect that the growth in these solutions will reduce the use of In-house solutions.

Large enterprises are more likely to have a Succession Planning solution, this is consistent with the view that larger organisations tend to have a more mature HR approach.
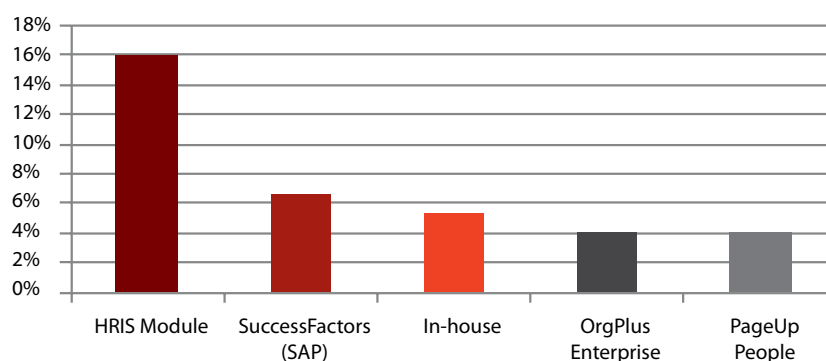

Fig. 36. Total Respondents (n=183)

Satisfaction with Succession Planning

We asked our respondents to score their level of satisfaction with the current solution. Succession Planning ranked the lowest overall satisfaction across all functional areas when compared to the average satisfaction, with only 16% of organisations satisfied.

Just over 10% of organisations with a technology solution for Succession Planning were satisfied with only one vendor, PageUp People, being listed in the Very Satisfied category.

There is a clear satisfaction gap between stand-alone Succession Planning solutions, 71% satisfied, against HRIS based solutions 33% satisfied.

While one of the lowest areas of technology adoption, across the last two years we have seen a considerable change in the use of technology around Succession Planning.
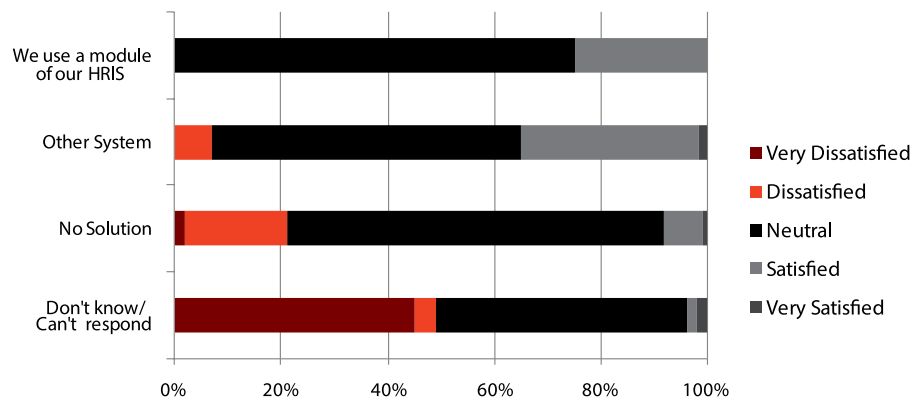

Fig. 37. Succession Planning Satisfaction (n=209)

Expenditure on Succession Planning

Based on the overall satisfaction respondents have with existing Succession Planning solutions it is not surprising only just over 15% of organisations are planning to spend more this year.

Expenditure on Succession Planning is the lowest across all functional areas with 48% of organisations indicating less or no expenditure in the coming twelve months.

Organisations using a solution other than their HRIS had the highest level of overall expenditure with 72% of respondents planning to spend the same or more in the coming twelve months. This compares to organisations using a module of their HRIS at 63%.

Small enterprise organisations have the highest level of additional expenditure in the coming twelve months at 23% followed by Large enterprise at 19%.
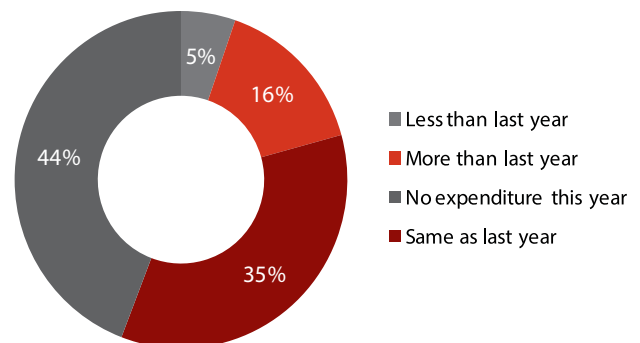

Fig. 38. Expenditure on Succession Planning Solutions (n=188)

Organisational Charting and Workforce Modelling

This year we combined Organisational Charting and Workforce Modelling under the single functional area.

Organisational Charting and Workforce Modelling ranks 6th overall in technology adoption at 72%, an increase from 57%, and in the mid-range when it comes to technology adoption.

In this year's survey more than 25% of respondents indicated they have no technology solution for Organisational Charting and Workforce Modelling a reduction from 32% last year.
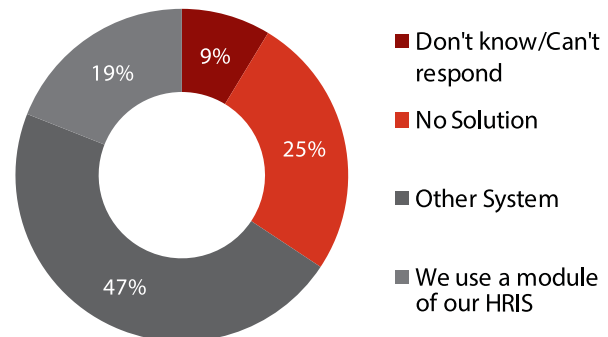
Fig. 39. Org Charting and Workforce Modelling Solution adoption (n=242)

Org Charting and Workforce Modelling Solution Adoption

Adoption of OrgPlus[1], at 43%, is significantly higher than any other solutions used for Organisational Charting and Workforce Modelling leading its closest competitor by 32 points.

Close to 50% of organisations using the four most adopted HRIS indicated they use another solution for

Organisational Charting and Workforce Modelling. This finding is similar to other HR functional areas indicating all-in-one HRIS either don't provide the functionality or lack the required return on investment.

Medium-Large and Large enterprises are more likely to use a technology solution compared to Small to Medium sized enterprises (38% vs 25%).
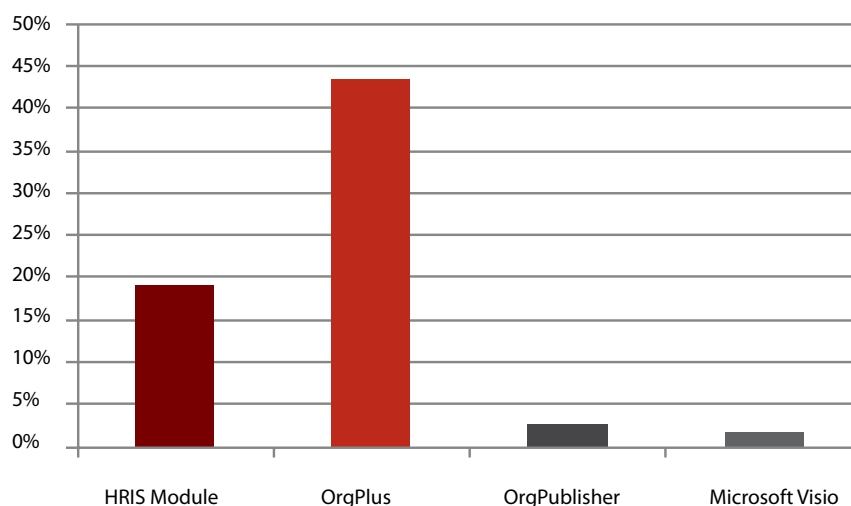
Fig. 40. Org Charting and Workforce Modelling Solution adoption (n=242)

(1) The Navigo Group offers HR Technology related products and services and our customers do account for a higher percentage of the survey population than the total market. This could cause a sampling bias that represents OrgPlus as more popular than reality.

Satisfaction with Org Charting and Workforce Modelling

Overall satisfaction amongst the four most adopted solutions runs at 65% with no respondent indicating they are very dissatisfied. The overall satisfaction of Organisational Charting and Workforce Modelling solutions is slightly higher than the average across all functional areas, 43% to 40%.

There is a minimal satisfaction gap between stand-alone solutions 66% satisfied compared to HRIS based solutions at 65% satisfied.

Technology use continues to deliver greater levels of satisfaction with technology supported solutions reporting an overall satisfaction level of 42% compared to 12% for no technology solution.
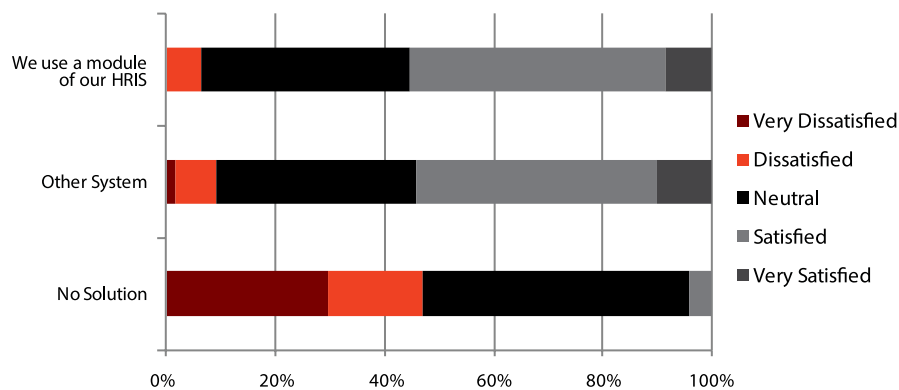

Fig. 41. Organisational Charting and Workforce Modelling Satisfaction (n=203)

Expenditure on Organisational Charting and Workforce Modelling

Only 16% of respondents plan to spend more on Organisational Charting and Workforce Modelling this year than they did last year. This is four points below the average, 20%, across all functional areas.

32% of organisations plan to spend less or nothing on Organisational Charting and Workforce Modelling this year. 57% of organisations with no solution plan to spend less or nothing on Organisational Charting and Workforce Modelling technology over the next twelve months.

Almost 19% of small organisations plan to spend more next year on Organisational Charting and

Workforce Modelling than last. No Medium-Large organisations are planning to increase their expenditure in the coming year.
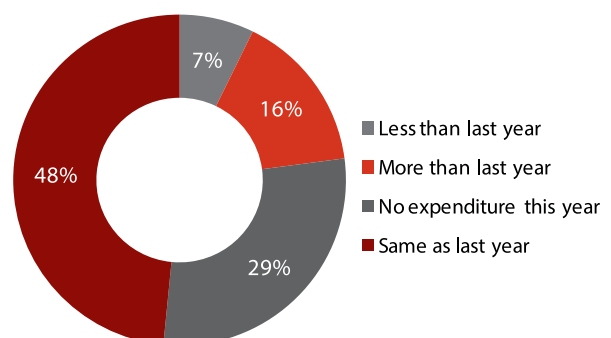

Fig. 42. Expenditure on Organisational Charting and Workforce Modelling (n=192)

Time and Attendance, Scheduling

Time and Attendance, Scheduling technology ranks 7th in the technology adoption area at 64%, just behind Organisational Charting and Workforce Modelling at 65% and just ahead of Performance Management at 63%.

36% of respondents use a solution other than their HRIS to deliver Time and Attendance, Scheduling functionality.

In 2012 more than 30% or respondents indicated they have no technology solution for Time and Attendance, Scheduling. This is not surprising given the specialised nature of the functional area.

Medium-Large and Large organisations are more likely to have a Time and Attendance, Scheduling solution at 79%.
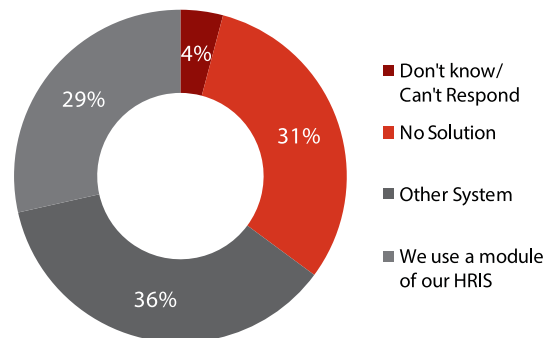

Fig. 43. Time and Attendance, Scheduling Solution Adoption (n=243)

Time and Attendance, Scheduling Solution Adoption

Due to the close alignment of Time and Attendance with Payroll processing, most HRIS solutions have developed deep time and attendance functionality. As such, we have not combined the HRIS solutions into a single figure.

Three of the four most adopted Time and Attendance, Scheduling solutions in Australia are modules of HRIS, see Fig. 44. The most adopted solution is global leader Kronos with 14% of overall adoption.

Outside of the four most adopted solutions other stand-alone solutions mentioned included RosterOn and WorkBrain (Infor). Once again In-house solutions ranked highly coming in just below SAP HCM (SAP) as the 5th most adopted solution.

Over 30 different stand-alone solutions are mentioned. Outside the four most adopted no single solution was mentioned by more than one organisation.

Of organisations using the four most adopted HRIS systems, close to 43% indicate they use another system for Time and Attendance, Scheduling with a third indicating Kronos as the other system. 46% of organisations using Kronos also used chris[21] as their HRIS.
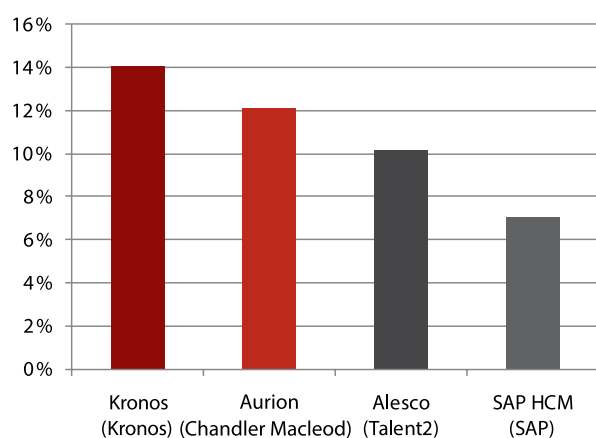

Fig. 44. Most Adopted Time and Attendance, Scheduling Solutions (n=157)

Satisfaction with Time and Attendance, Scheduling

There is a small satisfaction gap between stand-alone Time and Attendance, Scheduling solutions, 61% satisfied against HRIS based solutions, 56% satisfied.

Overall satisfaction amongst the four most adopted solutions runs at 56% with no respondent indicating they are very dissatisfied. None of the four most adopted solutions received a very dissatisfied rating.
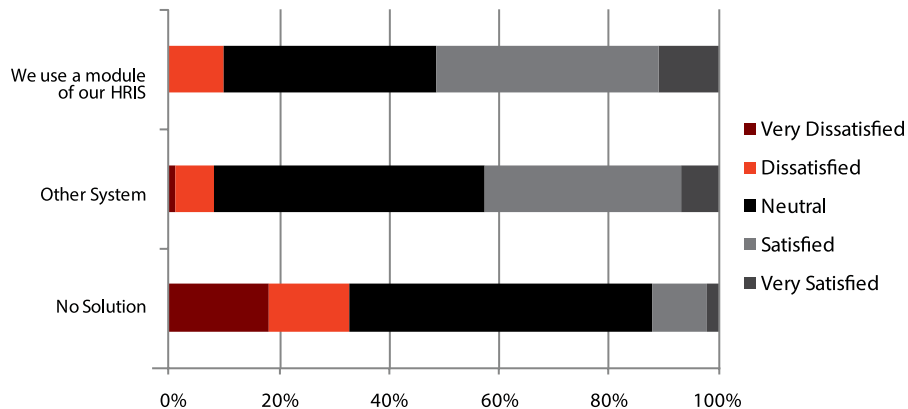

Fig. 45. Time and Attendance, Scheduling Satisfaction (n=159)

Expenditure on Time and Attendance, Scheduling

Almost 50% of respondents said they would be spending the same on Time and Attendance, Scheduling this year as they did last year.

Organisations with a stand-alone solution responded they would be spending more, by 10 points, over the next year compared to organisations using a module of their HRIS, 23% to 13%.

Organisations using a module of their HRIS are spending more on Time and Attendance, Scheduling solutions than organisations using a stand-alone solution.

20% of organisations who are very satisfied with their solution plan to spend more this year than last.
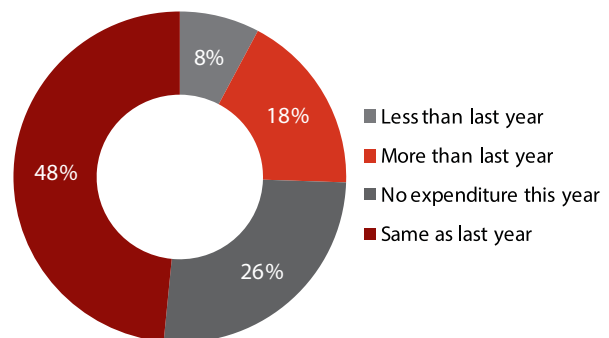

Fig. 46. Expenditure on Time and Attendance, Scheduling Solutions (n=192)

Remuneration and Salary Planning

This year we introduced Remuneration and Salary Planning as one of the new functional areas. Remuneration and Salary Planning solution adoption ranks low at 9th in the technology adoption area at 60%, just in front of On-Boarding and Succession Planning.

31% of respondents indicated that they use a solution other than their core HRIS. More than 36% of respondents indicating they have no technology solution for Remuneration and Salary Planning.

When compared to Small and Medium sized organisations Australia's Medium-Large and Large organisations are more likely to not have a Remuneration Planning solution. A surprising result given the complexity of Remuneration and Salary Planning in organisations of this size.
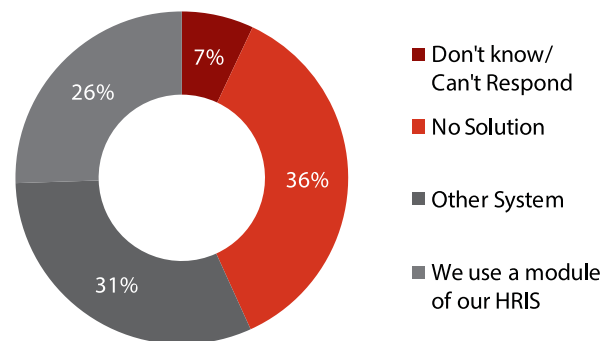

Fig. 47. Remuneration and Salary Planning Solution Adoption (n=243)

Remuneration Solution Adoption

Given the low level of technology adoption, limited products and high usage of In-house solutions we have included HRIS in our breakdown. Two of the four most adopted Remuneration and Salary Planning solutions in Australia are modules of HRIS, Fig 48.

The Remuneration and Salary Planning solution adopted most amongst the survey population is Remesys. HRIS solution providers Aurion (Chandler Macleod), In-house solutions and chris[21] (Frontier Software) round out the four most adopted solutions. Pivot, with 5% adoption, is the third most adopted stand-alone solution for Remuneration and Salary Planning.

Close to 41% of organisations with one of the four most adopted HRIS systems indicated they use another system for Remuneration and Salary Planning with just over 50% of these indicating Remesys as the other system.

Experience has shown the authors that while remuneration information is stored in an organisations HRIS, a majority of organisations will use spreadsheets for analysis around salary planning. This topic will be looked at further in the next survey.
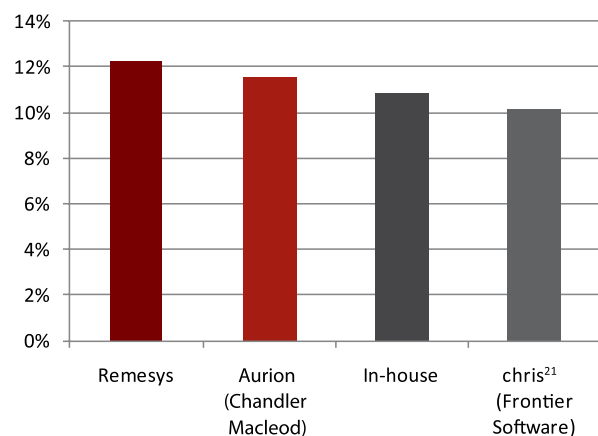

Fig. 48. Most Adopted Remuneration and Salary Planning Solution (n=138)

Satisfaction with Remuneration Planning Solutions

Satisfaction across the various types of adoption is shown in Fig. 49.

Organisations who use a remuneration system other than their HRIS have a higher chance of being very satisfied, 20%, than if they used their HRIS, 10%.

No commercial stand-alone products are rated very dissatisfied, the only stand-alone solutions to receive this rating were internally developed ones.
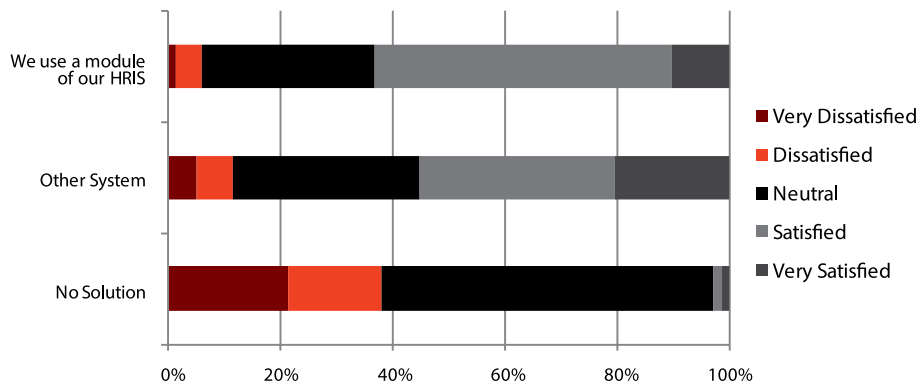

Fig. 49. Remuneration Planning Satisfaction (n=226)

Expenditure on Remuneration and Salary Planning

Almost 12% of organisations plan to spend more on Remuneration and Salary Planning over the next twelve months. If the expenditure is undertaken this should increase the technology adoption from 60% to 72%.

Close to 40% of organisations with no solution are dissatisfied with their current arrangements. It is a concern that 57% of them are planning to spend less or nothing on Remuneration and Salary Planning over the next twelve months.
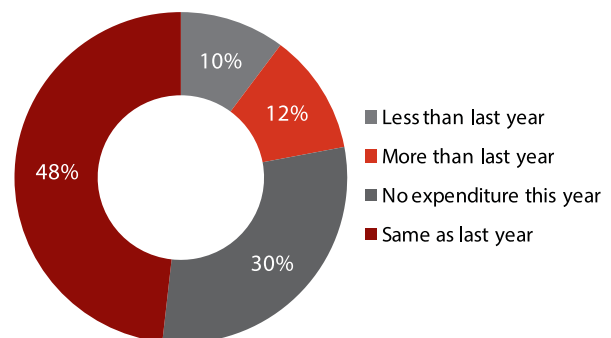

Fig. 50. Remuneration Planning Satisfaction (n=195)

Internally developed remuneration systems were the only stand-alone remuneration systems to have been ranked very dissatisfied.

OHS, Accident and Incident Reporting

OHS, Accident and Incident Reporting technology ranks 2nd in the technology adoption area at 82% only behind Payroll technology use at 98%.

The high technology adoption is most likely due to the legislative compliance requirements of this area in Australia.

Adoption of OHS, Accident and Incident Reporting is less common in organisations with less than 1,000 employees. Small Enterprise organisation are more likely than any other group to have no OHS, Accident and Incident Reporting solution with only 13% adoption.
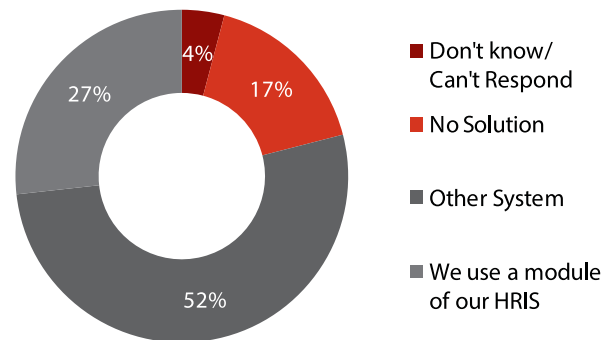
Fig. 51. OHS, Accident and Incident Reporting Solution Adoption (n=243)

OHS, Accident and Incident Reporting Solutions Adoption

The four most adopted OHS, Accident and Incident Reporting solutions in Australia are modules of HRIS, see Fig 52. Around 34% of respondents use a module of their HRIS for their OHS, Accident and Incident Reporting solution.

The OHS, Accident and Incident Reporting solution adopted most amongst the HRIS solutions are Aurion (Chandler Macleod), chris[21] (Frontier Software), Alesco (Talent2) and SAP HCM (SAP).

No one solution stands out as a preferred alternative with a mixture of systems including In-house, Online Compliance Systems and Figtree most represented. Many of the systems listed under the heading "Other Systems" are focused on specific industries.
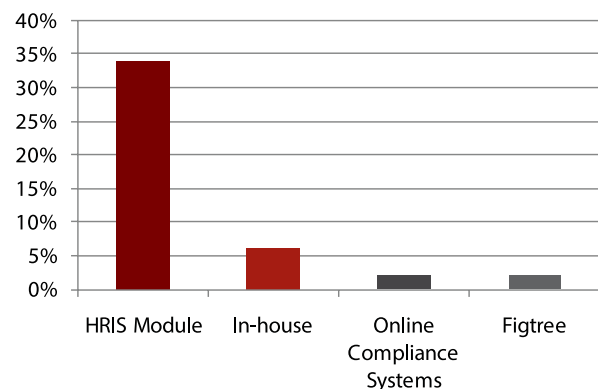
Fig. 52. Most Adopted OHS, Accident and Incident Reporting (n=192)

Satisfaction with OHS, Accident and Incident Reporting solutions

Satisfaction scores for OHS, Accident and Incident Reporting solutions are shown in Fig 53.

Satisfaction of users of stand-alone solutions and modules of HRIS for OHS, Accident and Incident Reporting had an equal overall dissatisfaction level of 11% each.

Modules of an HRIS are marginally ahead of stand-alone solutions from a satisfaction perspective 45% to 35%.
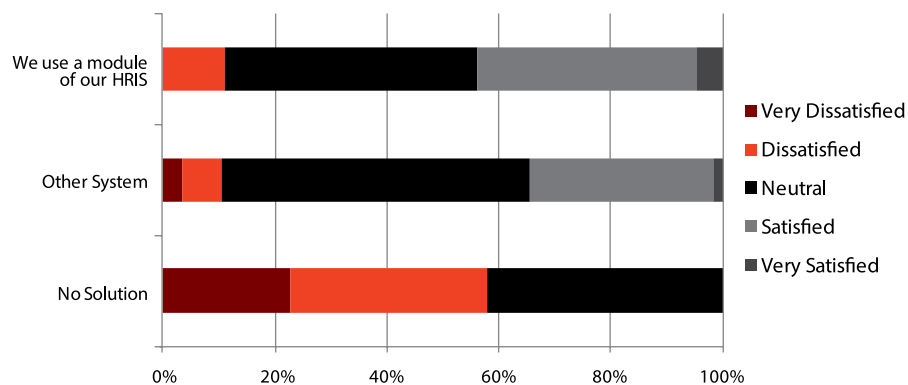

Fig. 53. OHS, Accident and Incident Reporting Satisfaction (n=211)

Expenditure on OHS, Accident and Incident Reporting

The OHS, Accident and Incident Reporting functional area has the lowest number of organisations looking to spend less on solutions in the coming twelve months. Over 57% of organisations with no solution plan to spend less or nothing on OHS, Accident and Incident Reporting over the next twelve months.

Twice as many organisations that use a module of their HRIS for OHS, Accident and Incident Reporting are looking to spend more in the next twelve months than those that use a stand-alone system.
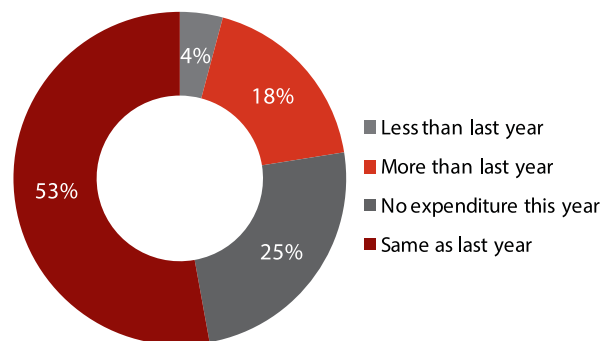

Fig. 54. OHS, Accident and Incident Reporting Expenditure (n=191)

Due to the significant legal implications of non-compliance HR departments in small organisations should consider technology adoption to support OHS.

Employee On-boarding

Employee On-boarding is another new area we assessed during 2012. Employee On-boarding technology adoption ranks 2nd last at 43% only in front of Succession Planning at 34%.

In 2012 almost 49% of respondents indicated they have no technology solution for Employee On-boarding. With effective Employee On-boarding programs being a key driver of employee engagement this could be a "quick-win" area for HR.

HRIS based solutions for Employee On-boarding are extremely scarce (13%) with only Succession Planning being rarer.

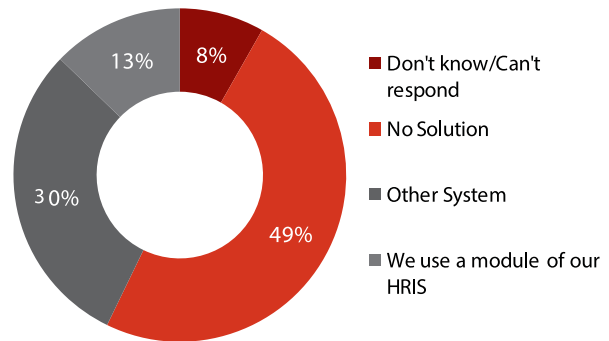30% of respondents use a stand-alone solution to deliver Employee On-boarding to their organisation.

Fig. 55. Employee On-boarding Solution adoption (n=243)

Employee On-boarding Solution Adoption

Most organisations in Australia have adopted their HRIS to support the Employee On-boarding process, see fig. 56.

29 different solutions were cited to support the On-boarding processes, with In-house solutions, at almost 8%, cited more than any other solution.

Of the four most adopted HRIS close to 50% indicate they use another system for their On-boarding solution. Around 14% of those use a Talent Management System to deliver their On-boarding technology requirements.

Medium to Large organisations are more likely to have an On-boarding solution, at 60%, than Small to Medium sized organisations, at 45%.
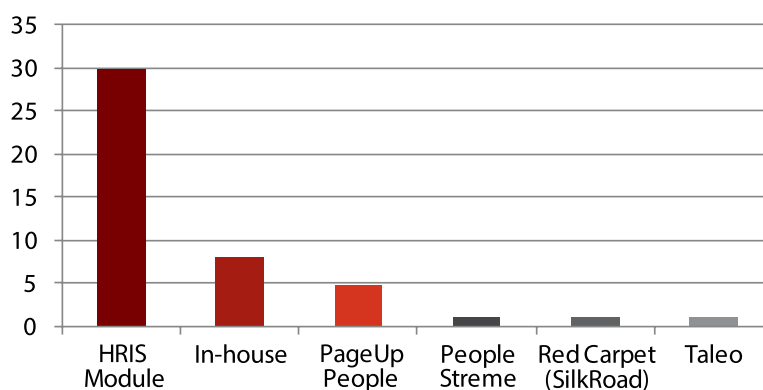

Fig. 56. Most Adopted Employee On-boarding Solution adoption (n=104)

Satisfaction with On-boarding solutions

Satisfaction scores for users of our most adopted On-boarding solutions are shown at Fig 57.

Overall satisfaction amongst the four most adopted runs at 55%.

There is a large gap between Talent Management based On-boarding solutions in the four most adopted, 100% satisfied against HRIS based solutions at 30% satisfied.
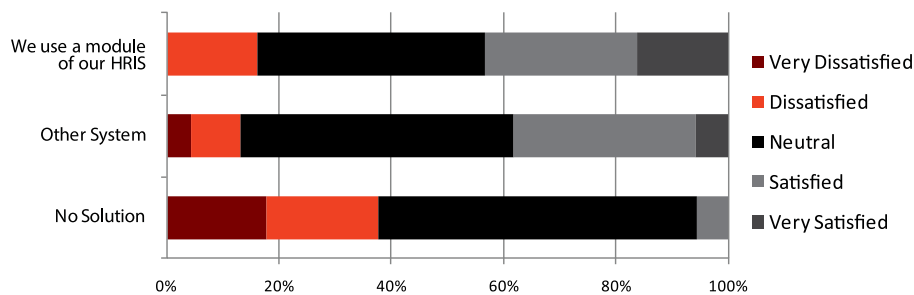

Fig. 57. On-boarding solutions Satisfaction (n=220)

Expenditure on Employee On-boarding

20% of organisations plan to invest further in Employee On-boarding over the next twelve months. Another 37% will be spending the same amount over the next twelve months.

57% of organisations with no solution plan to spend less or nothing on Employee On-boarding technology over the next twelve months.

42% of organisations who are planning to spend more on Employee On-boarding technology over the next twelve months are dissatisfied or very dissatisfied.
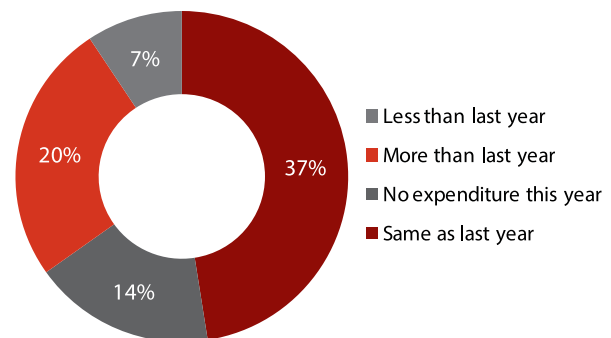

Fig. 58. On-boarding solutions Satisfaction (n=172)

Effective employee on-boarding programs extend beyond day one activities and are proven to increase the engagement of your employees.

Business Intelligence, Reporting and Analytics

Business Intelligence, Reporting and Analytics technology ranks 4th behind Payroll, OH&S, and Recruitment in technology adoption at 77%. This has jumped 34 points year on year and can be attributed to the broadening of the functional area from just Business Intelligence.

45% of respondents indicated they used a solution other than their HRIS, almost double from last year.

Around 20% of respondents indicate they have no technology solution, last year we reported 57% of organisations had no solution or a manual solution. Almost 12% of large organisations have a Business Intelligence, Reporting and Analytics solution and 36% of small organisations have no solution.
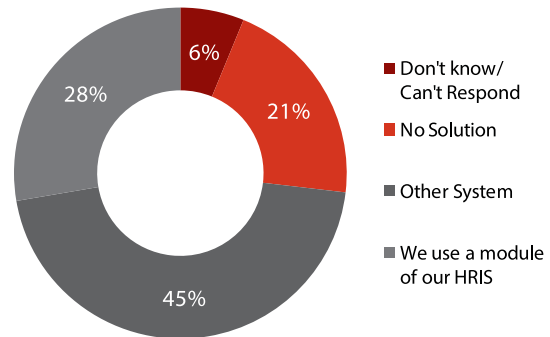

Fig. 59. Business Intelligence, Reporting and Analytics Solution adoption (n=243)

Business Intelligence, Reporting and Analytics Solutions Adoption

The most adopted solutions were Module of HRIS, Cognos (IBM), Oracle Enterprise BI/Discoverer (Oracle) - and Business Objects (SAP). Numerous other "traditional" Business Intelligence solutions were also mentioned by respondents including Oracle Hyperion, Crystal Reports and SQL Server Reporting Services (Microsoft).

50% of organisations using in the top four most adopted HRIS indicate they use another solution. Around 22% of those use Oracle Enterprise BI/Discoverer (Oracle) to deliver their Business Intelligence, Reporting and Analytics requirements.
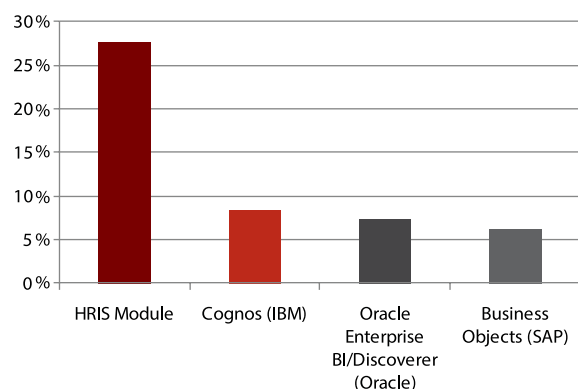

Fig. 60. Most adopted Business Intelligence, Reporting and Analytics solutions (n=177)

Satisfaction with Business Intelligence, Reporting and Analytics Solutions

In line with other functional areas 63% of respondents with No Solution indicated they were very dissatisfied or dissatisfied, Fig. 61.

76% of respondents have no specialised Business Intelligence, Reporting and Analytics solution and of those 55% are dissatisfied or worse. Yet more than 50% intend to spend nothing or less on Business Intelligence, Reporting and Analytics technology over the next twelve months.

Close to 30% of respondents use a module of their HRIS for their Business Intelligence, Reporting and Analytics solution.

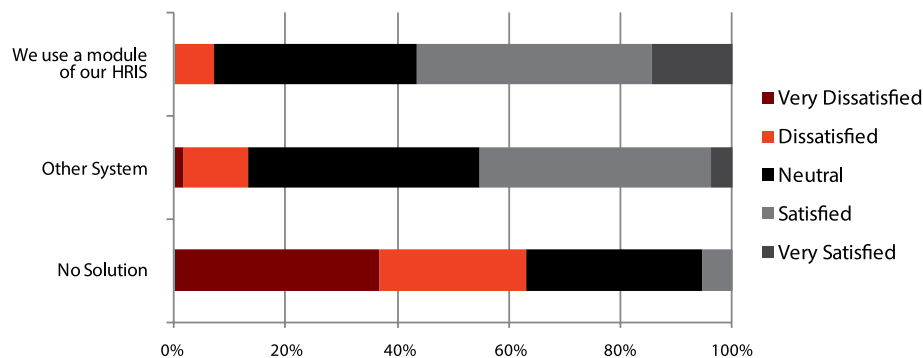Overall satisfaction amongst amongst the four most adopted solutions runs at more than 61%.

Fig. 61. Business Intelligence, Reporting and Analytics Satisfaction (n=213)

Expenditure on Business Intelligence, Reporting and Analytics

Almost 24% of organisations plan to spend more on Business Intelligence, Reporting and Analytics over the next twelve months, one of the highest levels.

Despite the value add of Business Analytics solutions 57% of organisations with no solution are planning to spend less or nothing over the next twelve months.
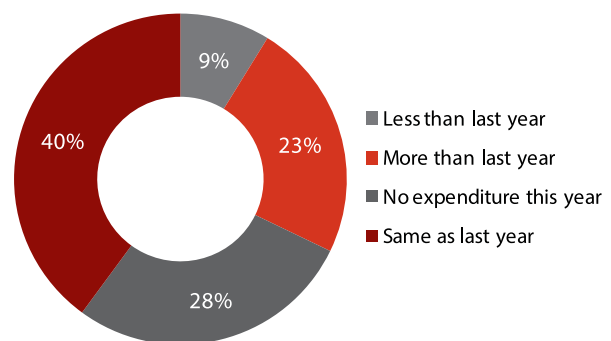
Fig. 62. Expenditure on Business Intelligence, Reporting and Analytics Solutions (n=193)

HR Technology professionals need to develop business cases that clearly demonstrate how investment in HR Technology will reduce operating costs in real dollar terms to assist in gaining support for their business cases.

Investment in HR Technology

Effort expended over the last twelve months

In an attempt to understand the drivers around investment in HR Technology we asked respondents where they have spent the majority of their effort in the last twelve months. Not surprisingly over 66% of organisations spent a majority of their time on their existing solutions.

35% of organisations spent a majority of their effort performing upgrades on existing solutions and another 31% spent time implementing functionality in existing solutions.

Only 16% of organisations have focused on the implementation of new solutions during the last twelve months. This is not estimated to change in the next twelve months with only 13% of organisations indicating they will be implementing a new HRIS in the next twelve months.

Effort over the last twelve months did not change dramatically by organisation size. 44% of Medium-Large organisations replaced existing solutions and only 20% of them implemented new solutions. The authors believe that organisations in this size bracket seem to be adding complexity to their HR Technology landscape instead of consolidating on a common platform.
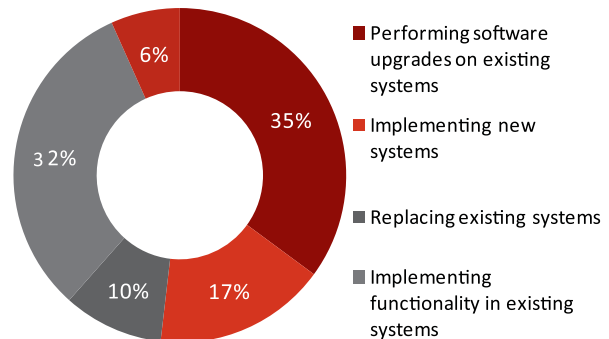

Fig. 63. Effort over last twelve months (n=299)

After Payroll the Recruitment functional area has the highest number of organisations looking at expenditure on technology in the coming twelve months.

Main Motivations for Investing in HR Technology

This year, HR's primary motivator for improving HR technology is the desire to "Improve operational efficiency", at 31% this is practically unchanged from 2011 (33%) and 2010 (32%). Further "Reduce operational costs/headcount" has been consistently listed over the last 3 years in the top 4 and this year is the second highest.

HR's continued challenge is to alleviate the overhead of transactional HR to focus more completely on the strategic aspects. Increasing process efficiency through technology is a major stepping stone towards that goal.

This year we have seen system modernisation (11%) continue to increase as a motivation to invest in HR technology. This is significant as the current trends for "modern" systems are primarily SaaS deployed indicating that as organisations go through the modernisation phase we should see an increase in the usage of SaaS.

Position	Motivation
1st	Improve operational efficiency
2nd	Meeting business objectives/strategy
3rd	Reduce operational costs/headcount
4th	Compliance/Legislative requirements
5th	Systems modernisation
6th	Mergers and Acquisitions
7th	Global initiative/directive

Fig. 64. The most common motivation (n=218)

Main roadblocks to investment

HR's biggest roadblock remains "Cost and Budget" with almost 80% of organisations citing this as one of their major roadblocks to investment in HR technology. This has been consistent over the last three years as the number one roadblock.

We believe this presents a unique opportunity for providers to demonstrate how their proposed solutions improve operational efficiency in real terms, i.e. not just in time savings.

Over a quarter of respondents also cited "Management Buy-in" and "Lack of HR Technology Strategy" as roadblocks suggesting that HR technology may not be recognised as a strategic enabler for HR.

Organisations citing "Improve operational efficiency" as their primary motivation for investment in HR Technology are also most likely to cite "Cost and Budget" followed by "Time and Resources" as their primary roadblocks to investing in HR Technology.

Position	Roadblock
1st	Cost and Budget
2nd	Time and Resources
3rd	Management buy-in
4th	Lack of HR Technology strategy
5th	Existing system and technology restrictions
6th	Poor understanding of available HR solutions
7th	Lack of decision making availability

Fig. 65. The most common roadblocks (n=216)

HR Technology Leadership

A new question this year - who within the organisation drives HR technology leadership and strategy. Over 50% of organisations responded that HR is the main driver behind their HR technology leadership and strategy, and just over 27% saying it was driven by representatives from multiple groups, including HR.

Nearly 10% of respondents were not sure or said no-one drove their HR Technology leadership.

Somewhat unsurprising is the fact that in organisations under 1,000 employees, almost 10% of respondent organisations, there is no one directing HR technology from a strategic perspective. A little over 5% of organisations listed IT as the driving force of their HR technology leadership.

Position	Leadership driver
1st	HR (50.7%)
2nd	Combination of representatives (27.2%)
3rd	IT (5.5%)
4th	Other (5%)
5th	Not sure (4.6%)
6th	No one (4.6%)
7th	Finance (2.4%)

Fig. 66. HR Technology leadership drivers (n=217)

Regardless of who owns HR Systems, organisations need a champion who will plan, manage and provide oversight on the HR Systems landscape.

HR needs to develop an understanding of how emerging technologies can assist in delivering efficiencies.

New Technology and Trends

At Navigo Research we see a number of key trends/themes across technology for 2013 and beyond. The technology landscape is evolving and sometimes new trends do not amount to practical business impacts nor do they all relate directly to HR. However we believe some key technologies have the potential for major impact on HR operations. The big trends we see facing businesses today are mobile, cloud computing, Big Data, social media, gamification and agile business processes.

Over the course of 2013 we will begin to look in more detail at each of these areas. As part of this survey we wanted to begin to understand the current thoughts within the HR Industry. We asked respondents about their current and future use of three key technologies; HR Mobile Solutions, Social Recruiting Tools and Enterprise Social Platforms.

The relatively low levels of adoption in Australia of these new technology areas when compared to international studies could be due to the fact that over 50% of organisations' HR technology leadership is driven by HR. HR practitioners have not been traditionally at the forefront of technology innovation. With the growing benefits being seen internationally, the authors see a need for this situation to change rapidly.

HR Mobile Solutions

As a population, Australians love our mobile devices. Over 76% of Australians now own smartphones with another 8% expected to do so by mid 2013[1]. In addition to this over 40% of respondents now have a tablet device.

This year we asked respondents what are their plans for the use of tablets and smartphones for HR functions such as booking leave, payslips and approvals. Surprisingly over 72% of organisations indicated they have no immediate plans or are unsure of any plans for using HR Mobile Solutions within their organisations.

Only 5% of organisations have currently deployed HR Mobile Solutions, however with 23% of organisations planning some form of HR Mobile adoption in the next twelve months this situation could change dramatically by the end of 2013.

Unfortunately, only 12% of organisations are planning to increase their expenditure on HR Mobile Solutions, with over 55% stating there will be no expenditure this year.

The highest usage of HR Mobile Solutions was organisations sized between 1,000 - 2,499 employees at 5%, a very small adoption.
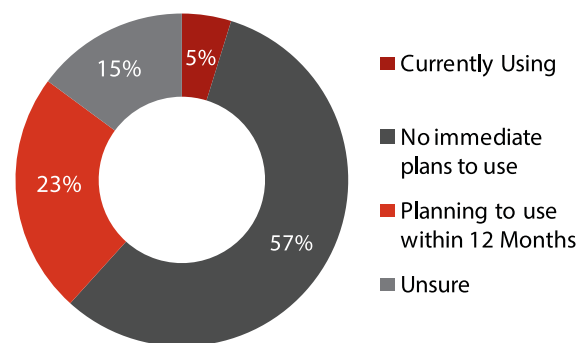

Fig. 67. HR Mobile Solutions (n=216)

Social Recruiting Tools

The use of social technologies for recruiting is not new and this year we asked respondents what their adoption of social recruiting tools was. 21% of respondents are currently using social recruiting tools with almost 20% planning to begin using them within the next twelve months. Within twelve months we estimate 41% of organisations will be using social recruiting tools within their recruitment processes.

This usage is not surprising given the tremendous growth social media has had in the last few years with Facebook having almost 11.5 million Australian users/accounts, LinkedIn with 2.75 million profiles and newer entrants such as Instagram and Pinterest with 1 million and 640,000 users respectively as at the end of March 2013.[1]

Adoption of Social Recruiting tools is evenly spread across all organisation sizes with no single group having a significantly higher adoption than the others.

We found that almost 18% of organisations are planning to increase their expenditure on Social Recruiting Tools, with 44% stating there will be no expenditure this year and 33% remaining at the same level as last year.

The authors found that almost 18% of respondents do not know if their organisation are using or planning to use social tools as part of the recruitment process, potentially indicating a gap in HR strategic planning and the teams responsible for support and maintenance of the organisation HR Technology landscape.
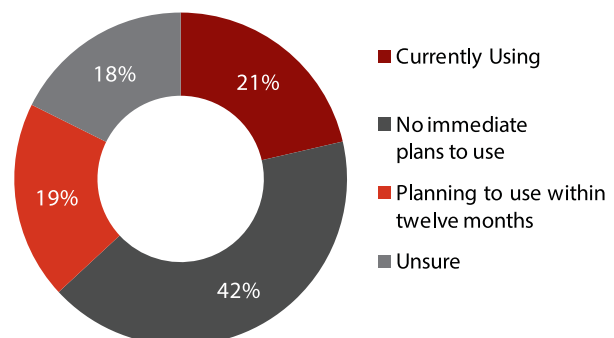

Fig. 68. Social Recruiting Tools (n=215)

(1) Social Media Statistics Australia
March 2013 http://www.socialmedianews.com.au/social-media-statistics-australia-march-2013/
Retrieved 9 April 2013

Enterprise Social platforms

We asked respondents about their adoption of Enterprise Social platforms - used to help with collaboration, knowledge sharing and socialisation across the enterprise. Other names for this type of software include wikis, team collaboration and knowledge management platforms.

Only 17% of respondents currently use an Enterprise Social Platform with just under 6% looking to implement one in the coming twelve months. Leaving over 75% of HR departments with no plans to use Enterprise Social platforms.

Like HR Mobile Solutions only 12% of organisations are planning to increase their expenditure on Enterprise Social platforms, with just under 50% stating there will be no expenditure this year and 34% remaining at the same level as last year.

A recent McKinsey Global Institute report, The social economy: Unlocking value and productivity through social technologies, found that general adoption of Enterprise Social Platforms across organisations is expected to be 75% by the end of 2013. This discrepancy between HR's plans around Enterprise Social platforms and that of the broader organisation are a concern.

Change management activities are critical for adoption of social platforms in the enterprise and HR is the most obvious group to assist in supporting these deployments.

Organisations with less than 2,500 employees are less likely to have plans to introduce Enterprise Social platforms than larger organisations.
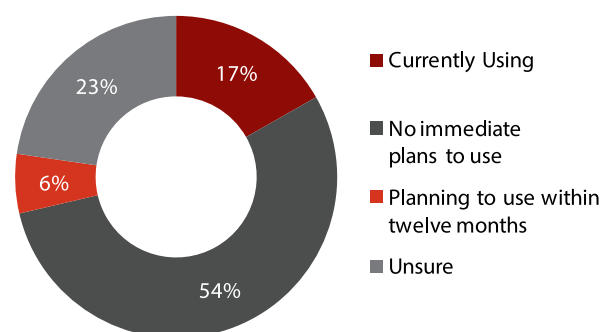

Fig. 69. Enterprise Social Platforms (n=213)

HR Directors and Managers need to gain a broader understanding of their organisations plans for Enterprise Social platforms.

With the growth of Big Data, HR Directors and Managers need to focus more resources on analytic projects or risk being overlooked as broader Enterprise wide activities take place.

About the Authors

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Peter has worked in the HR technology industry for over 18 years as a developer, product designer, technical consultant and business analyst.

He has worked on large-scale HRIS implementations (Australia Post, PNG Government) and numerous upgrades and migrations for corporate and government organisations.

Peter established the annual survey in 2010 to provide education, awareness and understanding of how organisations use technology to solve Human Resource issues.

Michael Specht

Senior Advisor, Navigo Research

Michael brings over 20 years experience to the Navigo Research team as a result of his varied roles within the HR Technology space.

Michael has experience as a vendor, customer and consultant, however his most recent role as a business owner completed the equation. His niche areas of expertise include HR Technology systems, project management, development and implementation of HR solutions, ERP HR/Payroll systems, employee portals and social networks.

Michael's expert knowledge and first hand experience, allows him to objectively identify pain-points for managers, then recommend the right solution to align business strategy and people.