NAVIGO RESEARCH
MARKET INTELLIGENCE & ADVISORY

HR Systems Adoption

4th Australian HR Technology Report

Introduction

Welcome.

The Australian HR Technology Report is a study commissioned by Navigo Research, a research and advisory team operating under the Navigo Group.

This year's report sees responses from 288 different organisations representing almost 690K employees.

This year we have divided the survey results into two reports. This report looks at HR System Adoption in the different functional areas. The second report looks at aspects associated with the management of HR systems.

Over half of the core HRIS systems being used have been in use for more than seven years, and 74% over five years. Satisfaction results for these aging systems are an awful Net Promoter Score of -46.

Best of breed solutions show much better satisfaction rates then the same functionality deployed as a module of your core platform.

Recruitment tops the charts as the most SaaS adopted solution while performance systems are anticipated to have the most expenditure in the next 12 months.

Enjoy the report.

Peter Forbes and Michael Specht

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Core HRIS Overview

A Human Resource Information Systems (HRIS) is the core system of record for employee information.

Most adopted HRIS system

In our report we use the neutral term "most adopted" as opposed to terms like "most popular" or "most common" to mean what solution an organisation uses.

Over the last four years our respondent profile has changed by 70% each year however the general trend in the most adopted HRIS system has remained the same.

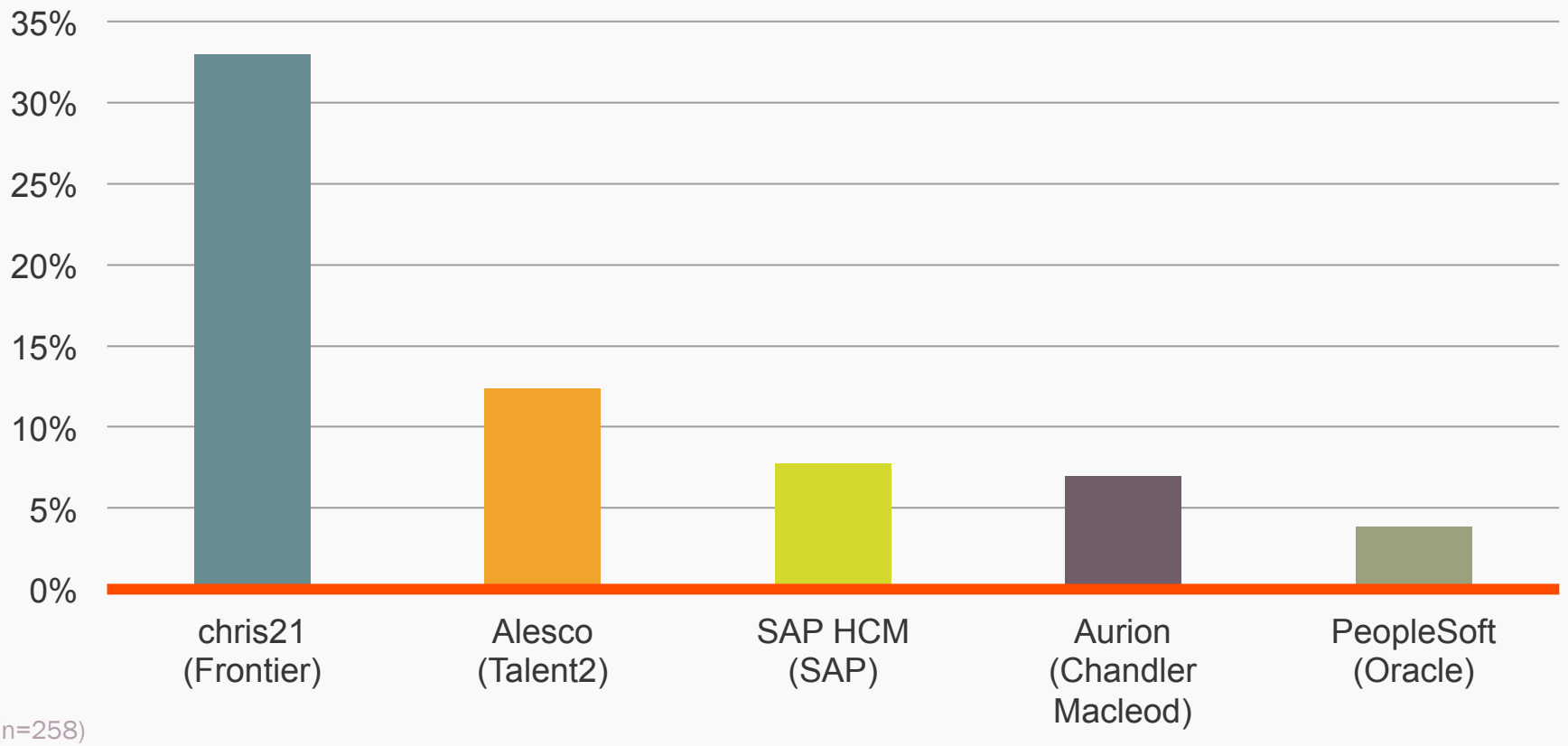
We know that some vendors have marketed the survey to their customer base with varying degrees of success. This has the potential to bias the results year over year. To try and combat this we have also taken the average adoption rate of the five most adopted vendors to understand the longer term trend.

The five most adopted solutions over the last four years has not changed, although their market share has adjusted. This indicates that while individual year results might vary the overall trend is correct.

Almost 55% of core HRIS systems have been in use for more than seven years, with another 13% in use for more than five years. These results are similar to international surveys.

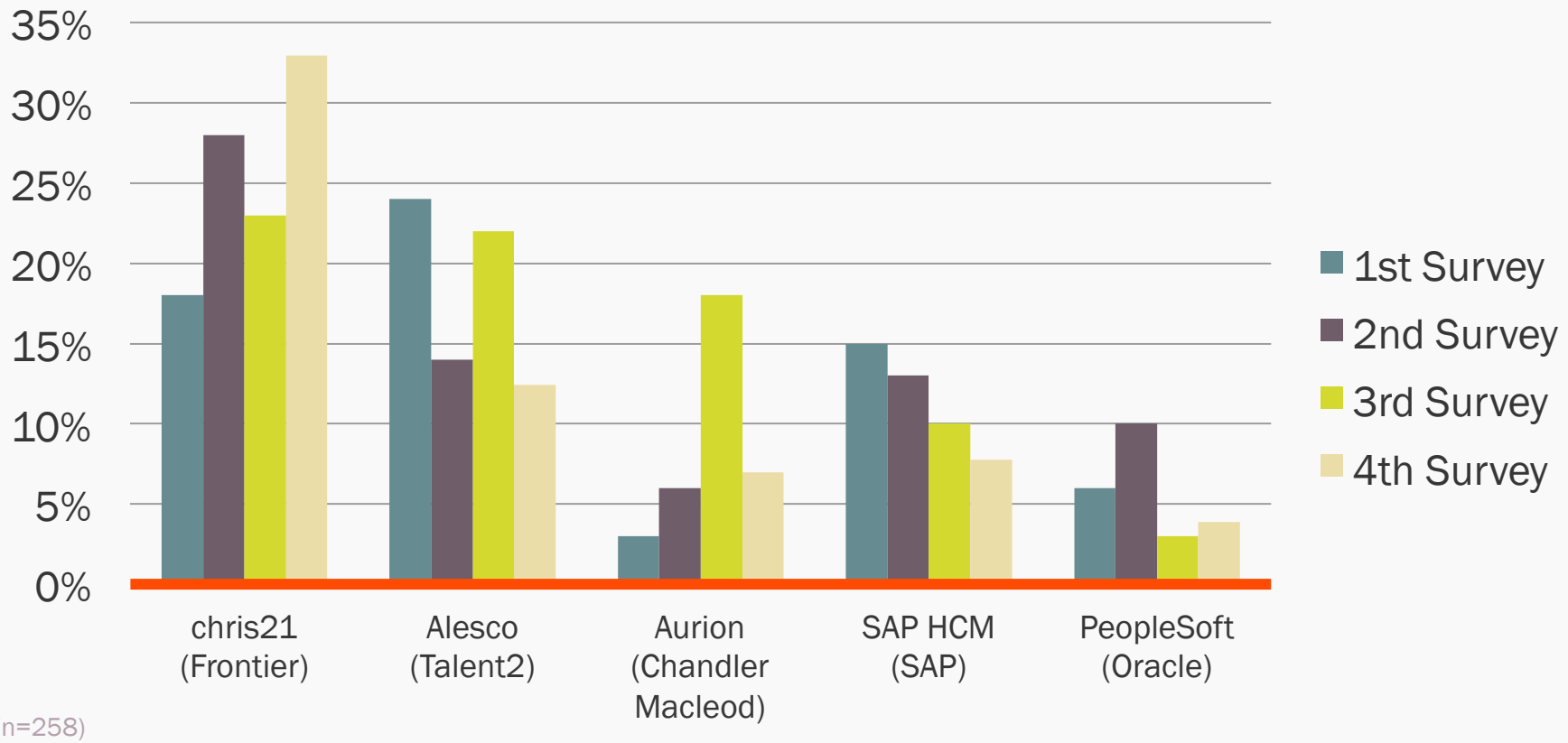
41 different core HRIS systems were mentioned by respondents in the survey. 8.53% of survey respondents indicated the *Other* category, the highest level ever.

Most adopted HRIS system



(n=258)

Most adopted HRIS system over 4 years



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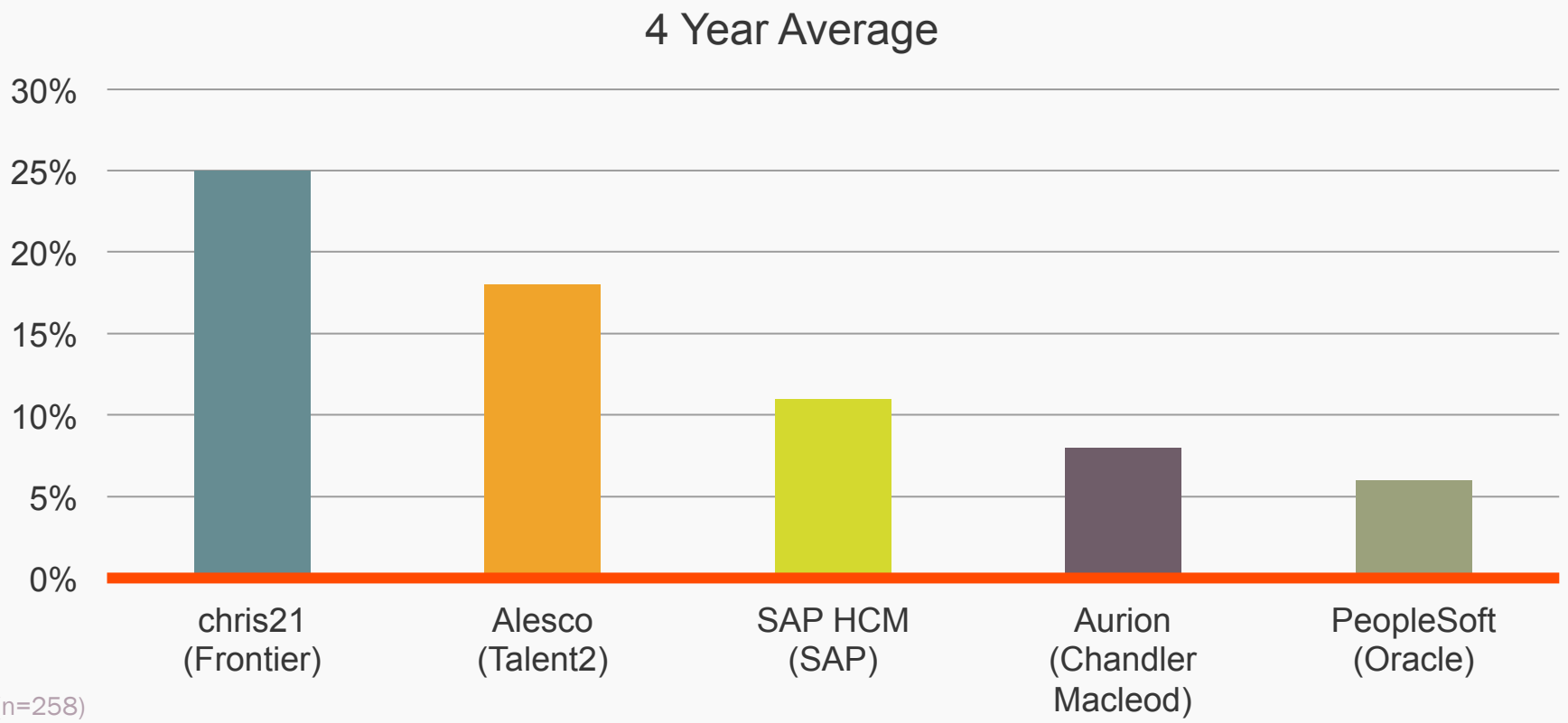
Most adopted HRIS system over 4 years



(n=258)

Satisfaction

Net Promoter Score (NPS) for Core HRIS systems is -46.

Almost 75% of respondents would not recommend their current HRIS solution to someone else!

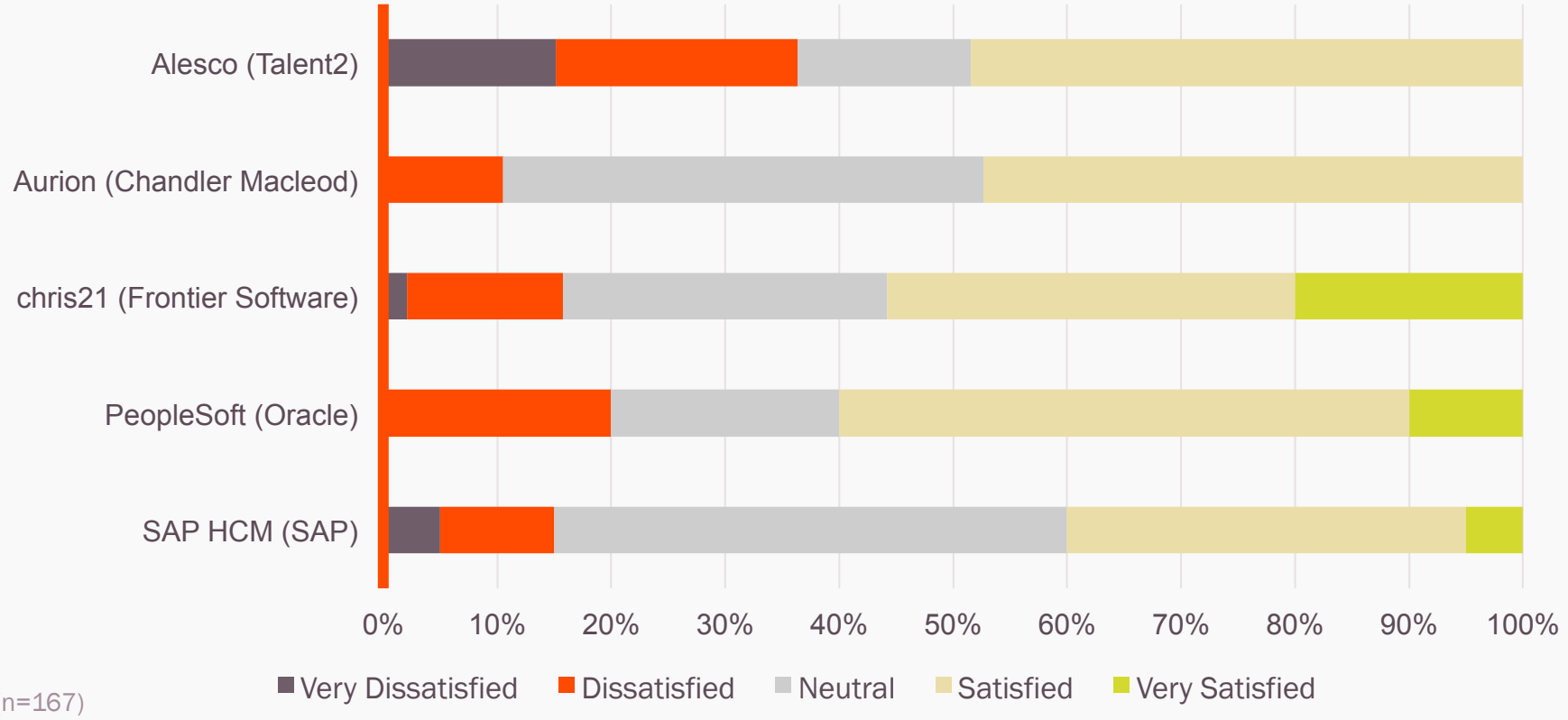
Overall respondents were more dissatisfied over customer service (communication, support and account management) than with the features of the Core HRIS. Talent2 received three times more *Very Dissatisfied* responses than any other vendor.

From an overall satisfaction rating neither Aurion and PeopleSoft received a *Very Dissatisfied* ratings. Overall Talent2 received the lowest overall satisfaction.

While Aurion had no respondents rate them overall as *Very Dissatisfied* they also received no *Very Satisfied* ratings indicating their customers are “sitting on the fence”.

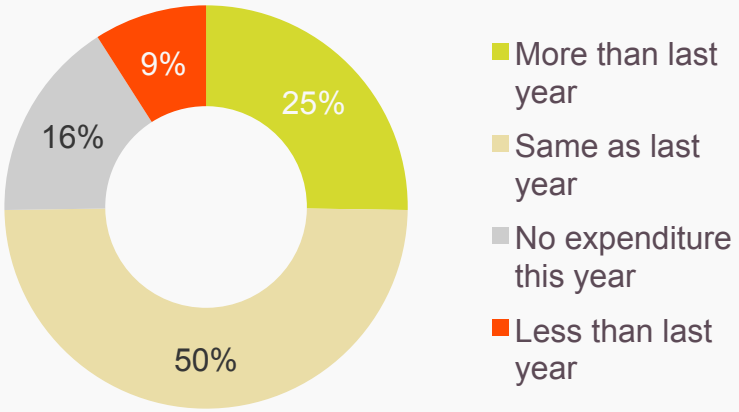
Only two HRIS vendors in the top 10 most adopted, PayGlobal and Technology One, received a NPS close to positive.

Overall satisfaction of HRIS systems



(n=167)

What are your expenditure plans in the next 12 months?



(n=213)

In the next year, 17% of respondents indicated that they will be replacing their Core HRIS platform. The primary reason being better functionality, followed by consolidation onto an enterprise platform.

Interestingly, only 46% of organisations who plan to replace their core HRIS in the next 12 months indicated they will be increasing expenditure. It is common for organisations who would like to replace a system be unable to obtain the necessary funding.

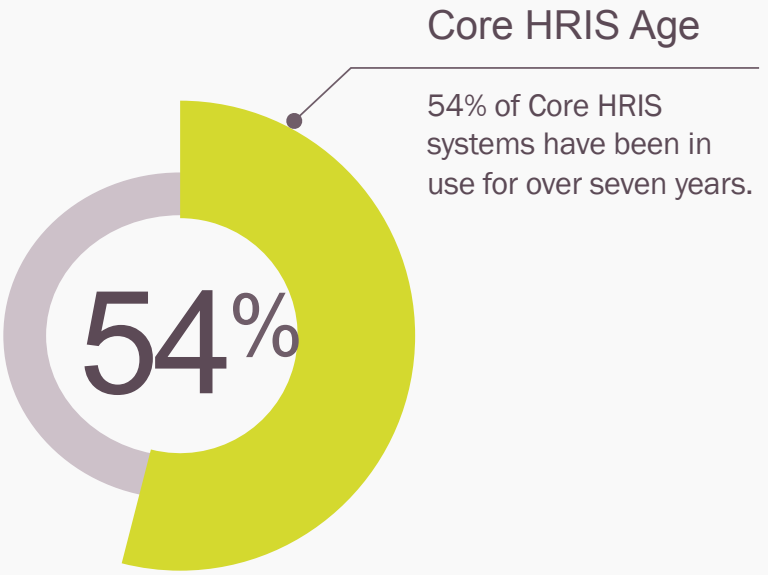
Almost 30% of small enterprises (100 – 500 employees) are planning to replace their core HRIS in the next 12 months. These same organisations are more likely to spend more on their systems in the next 12 months.

How long have you been using your HRIS?

Replacing your Core HRIS platform is a major exercise and it is not surprising that over 54% of all systems have been in place for more than seven years. Almost 70% of solutions have been in place for more than five years.

This means many systems are based on dated or ageing technology. These older products are sometimes limited in their ability to embrace technologies such as mobile and social.

16% of organisations with a system aged over seven years are planning to replace it in the next twelve months. However, the highest percentage of respondents looking to move HRIS in the next twelve months was in the two to five year age bracket.



(n=225)

Technology Adoption

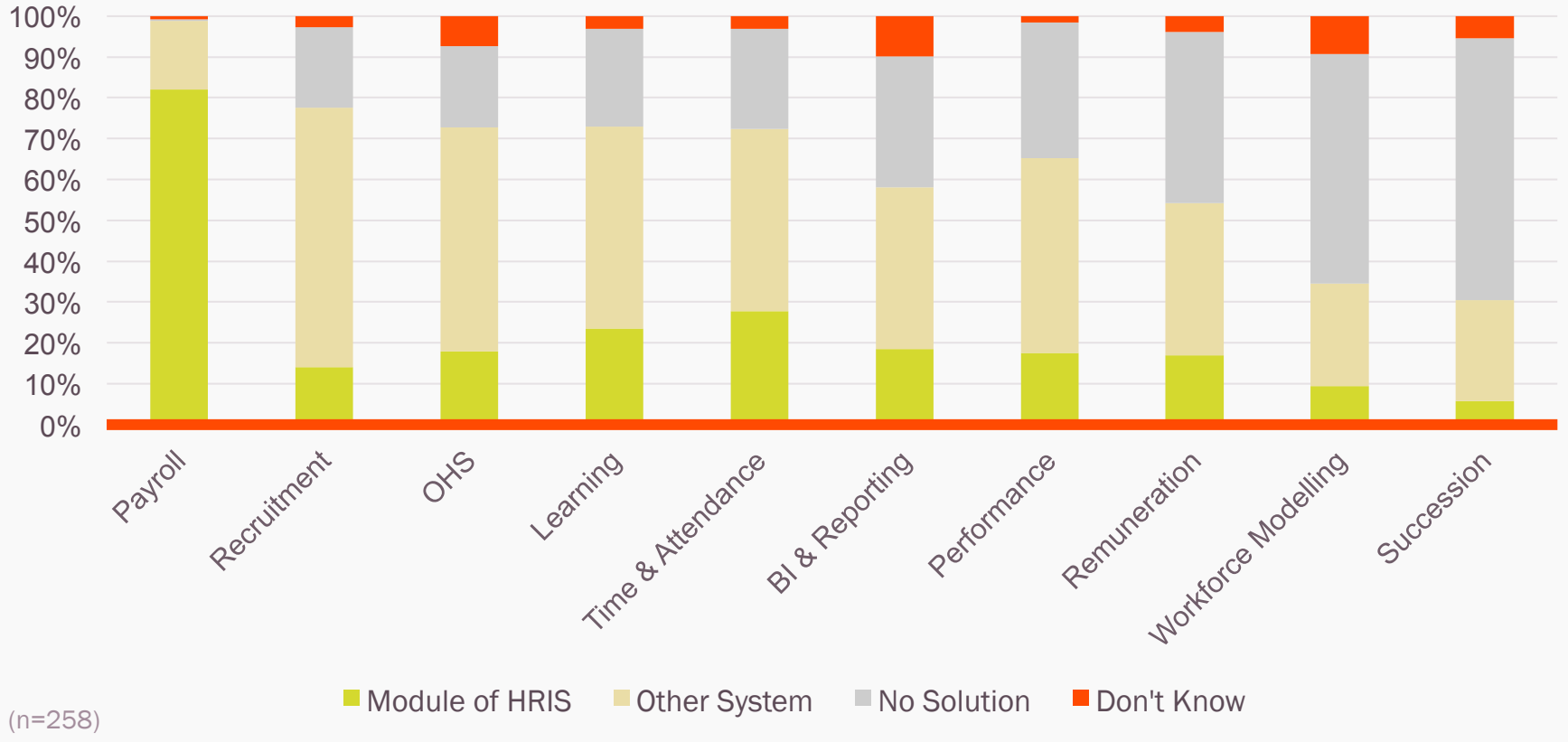
Payroll and Recruitment are the two functional areas with the highest levels of technology adoption.

Technology adoption is higher in functional areas where clear and consistent business processes can be defined.

Outside of the Payroll function, Time and Attendance is the largest area where your core HRIS is used instead of a “best of breed” solution.

Business Intelligence is the one functional area that respondents knew the least about what technology their organisation was using.

HR Functional Areas Technology Adoption



(n=258)

Payroll

Payroll systems complete the required calculations to correctly calculate pay, and associated payments including superannuation, tax, and third party payments.

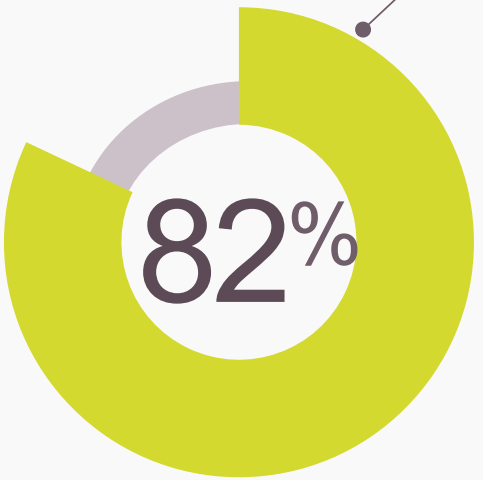
Payroll

Again this year Payroll has the highest level of technology adoption, we are still seeing less than 1% of organisations' not having a payroll solution.

Only 30% of respondents indicated that they will be looking to replace their payroll solution in the next 12 months, with 72% of these citing better functionality as the primary reason.

Organisations with 500 – 999 employees are most likely, 17% of organisations, to be using a SaaS based payroll solution.

Outsourced payroll solutions were used by 12.5% respondents in the 5,000 – 9,999 employees range.

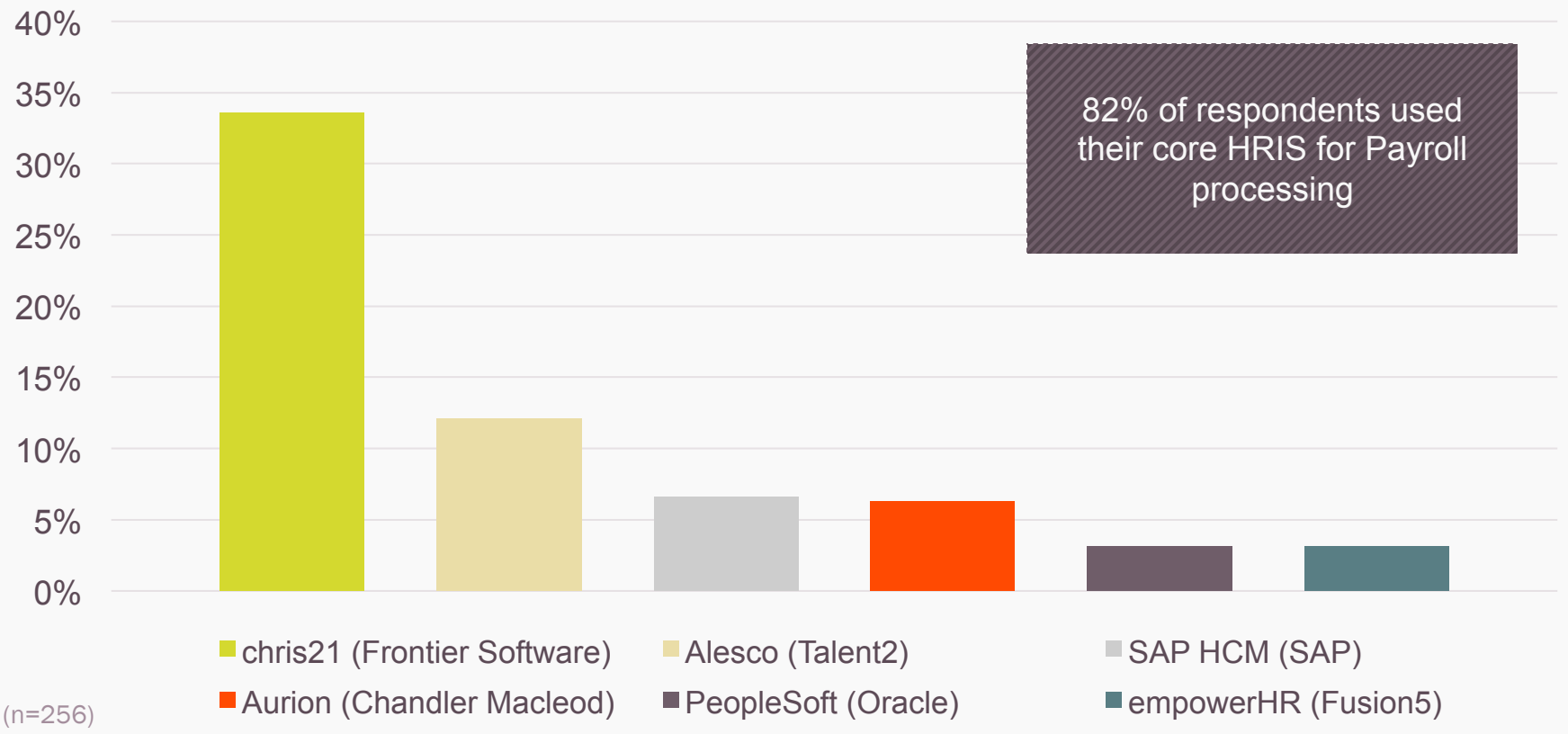


Module of HRIS

Majority of organisations use their Core HRIS for payroll.

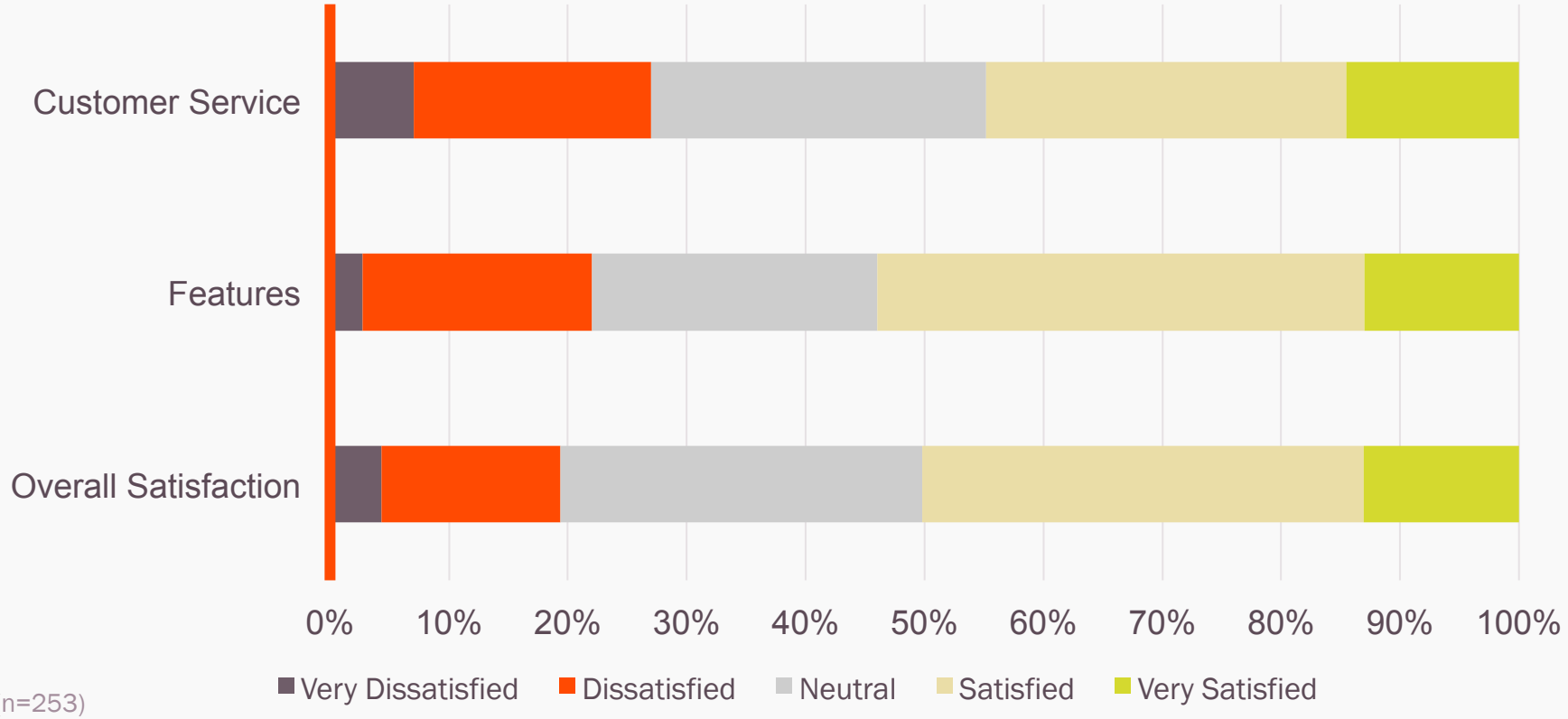
(n=256)

Five most adopted Payroll systems



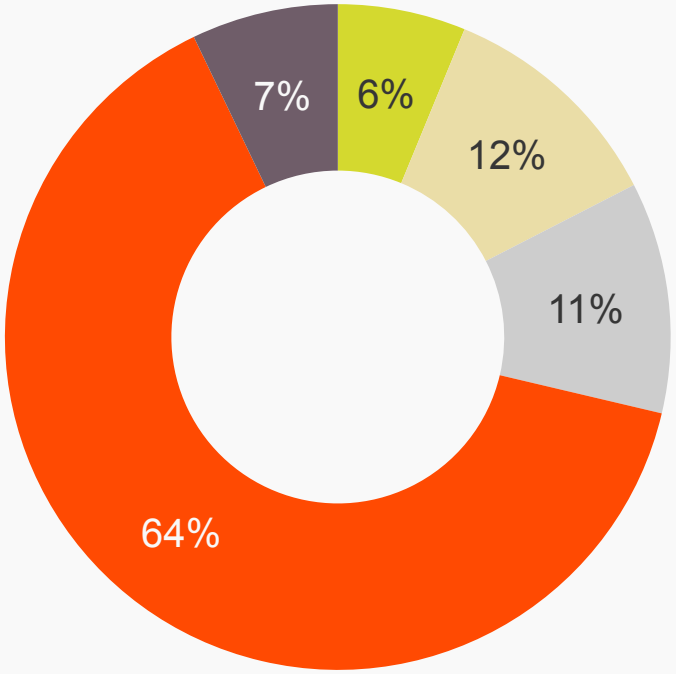
(n=256)

Satisfaction of Payroll systems



(n=253)

Deployment of Payroll systems



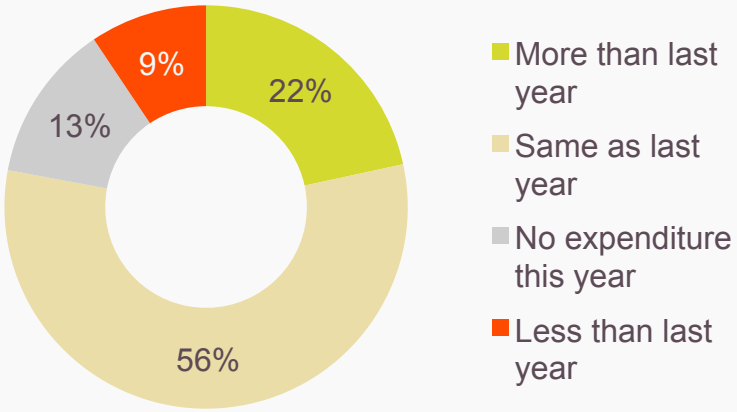
Given the high level of adoption of the Core HRIS as the preferred Payroll platform the deployment modes are very similar.

- SaaS - subscription based
- Don't Know
- Licensed software - Hosted
- Licensed software On-premise
- Outsourced Service

(n=239)

Expenditure and Age of Payroll systems

Expenditure over next 12 months



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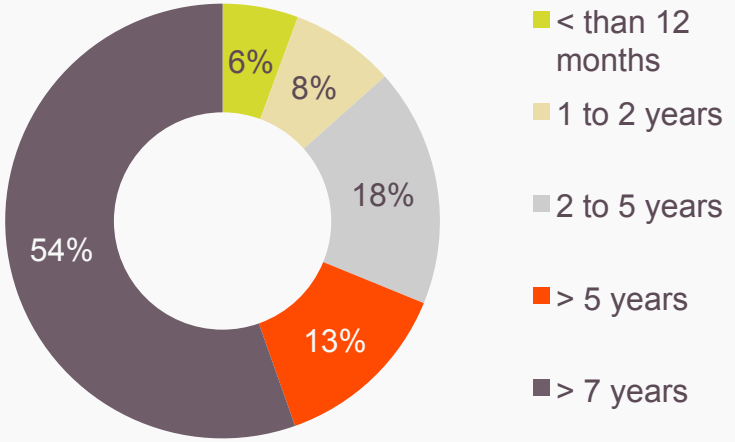


(Expenditure n=213 / Age n=239)

Recruitment

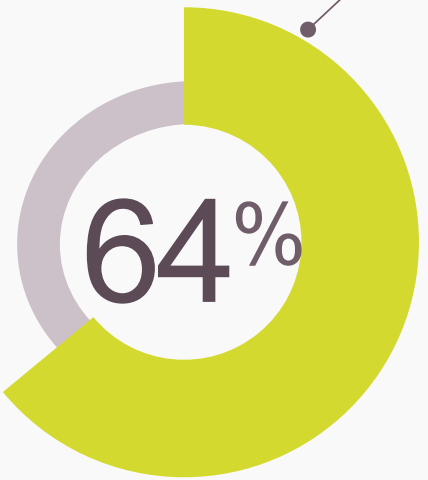
Recruitment refers to the process of attracting, screening, and selection of the qualified person for a job. At the strategic level it may involve the development of employer brand assets.

Recruitment

Recruitment is the only functional area where best of breed solutions rule the roost. This may be due to the early growth in Applicant Tracking Systems in the early 2000's when core HRIS platforms where unable to deliver this functionality.

PageUp People is once again the most adopted solution used by respondent organisations. However this year we saw a large number of new entrants with a total of 36 different systems mentioned.

Satisfaction with Best of Breed solutions is significantly ahead of those who use a module of their HRIS for recruitment.

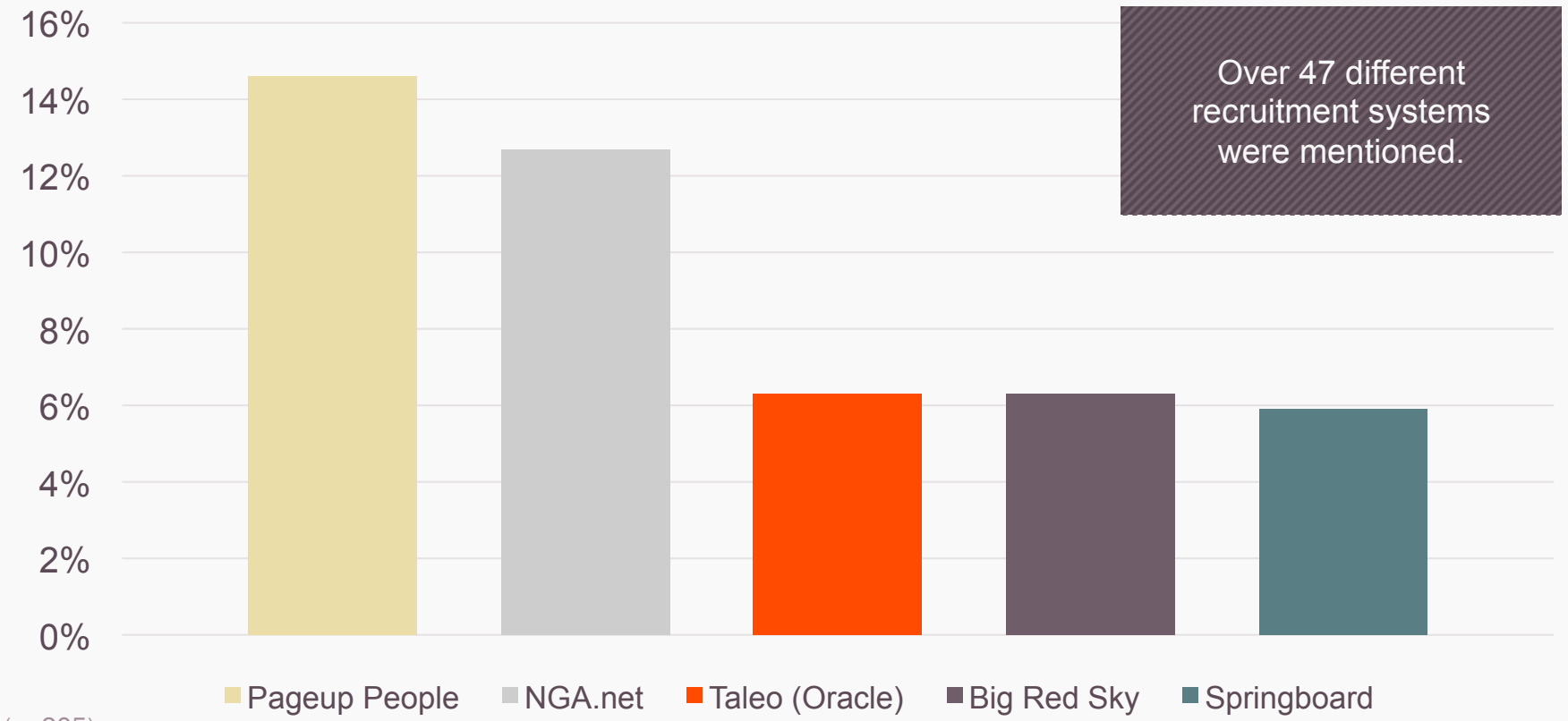


Best of Breed

As with previous years best of breed is most popular.

(n=256)

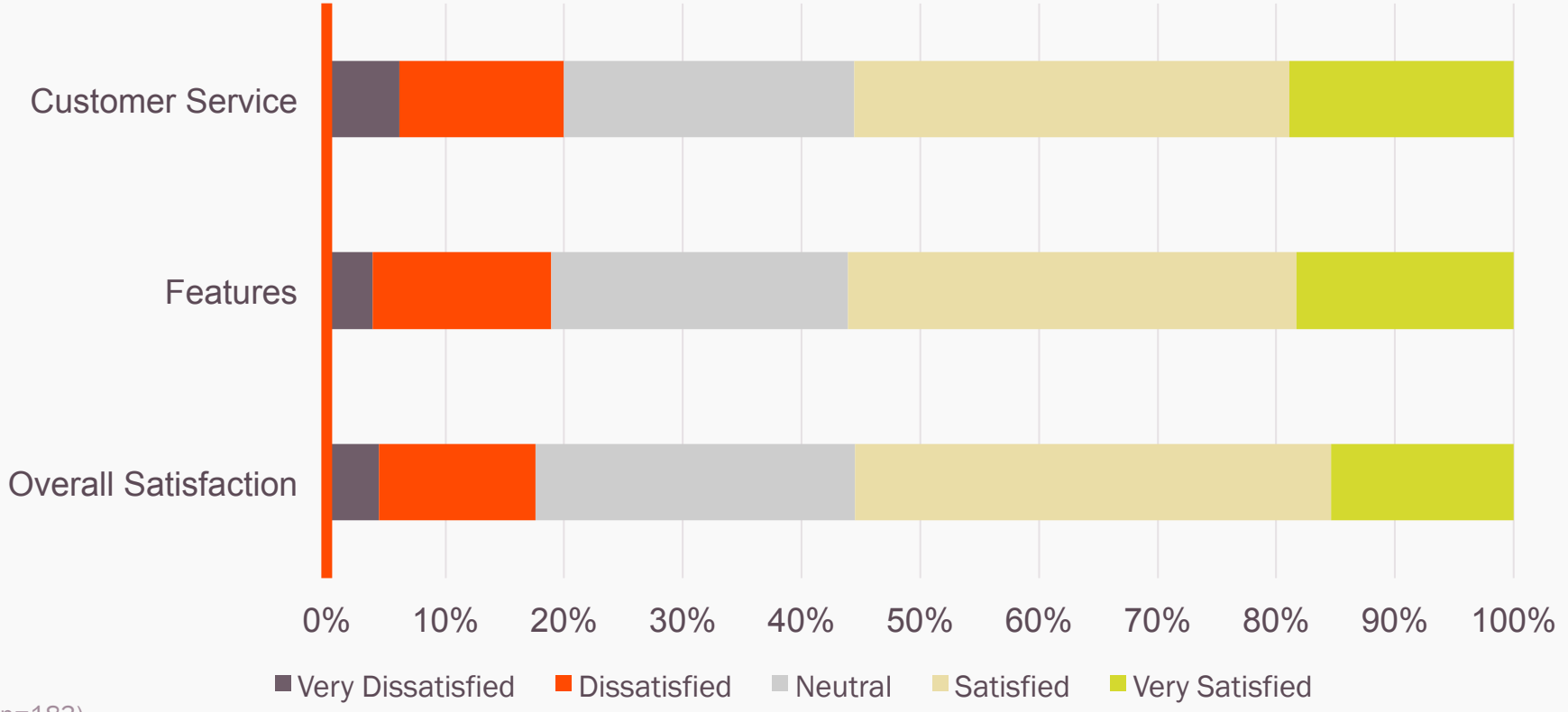
Five most adopted Recruitment systems



(n=205)

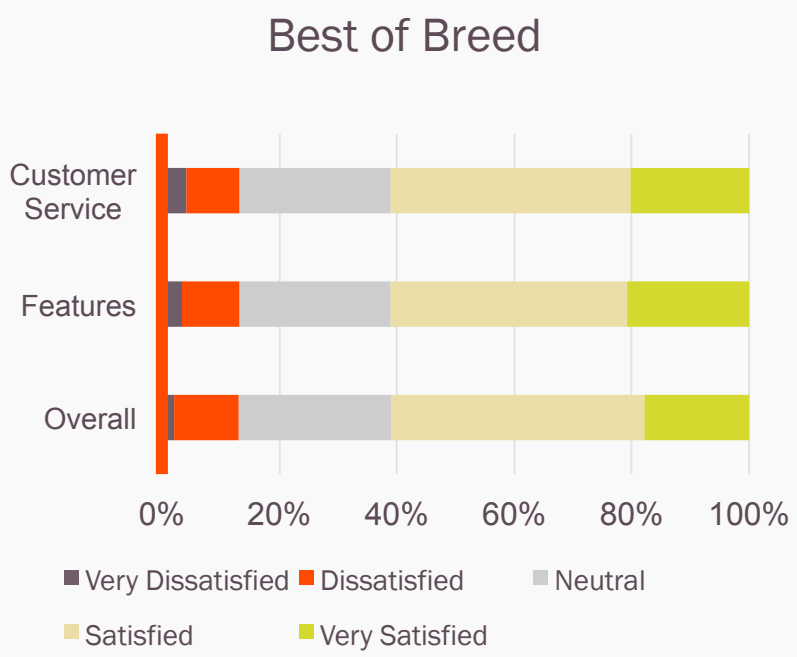
Satisfaction of Recruitment systems

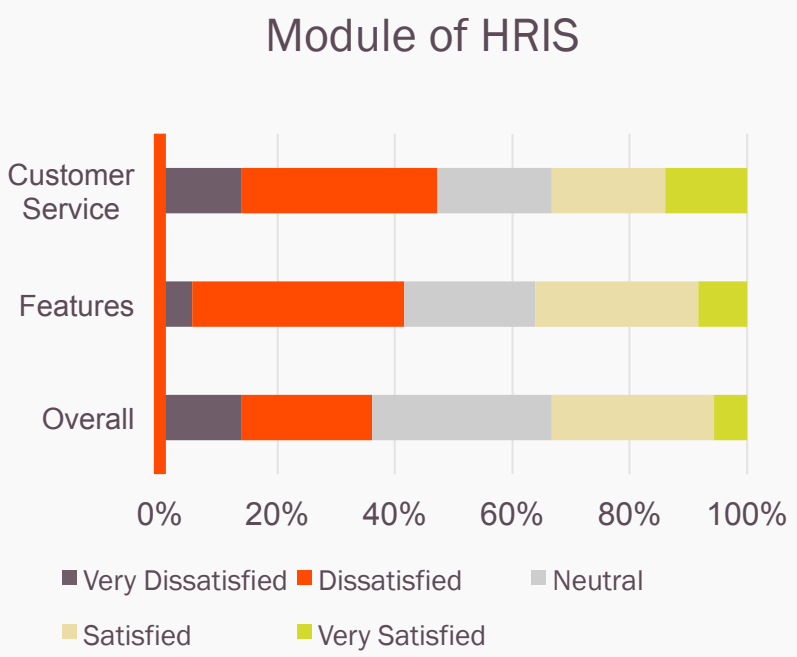
Organisations who used a non-HRIS solution were generally more satisfied.



(n=183)

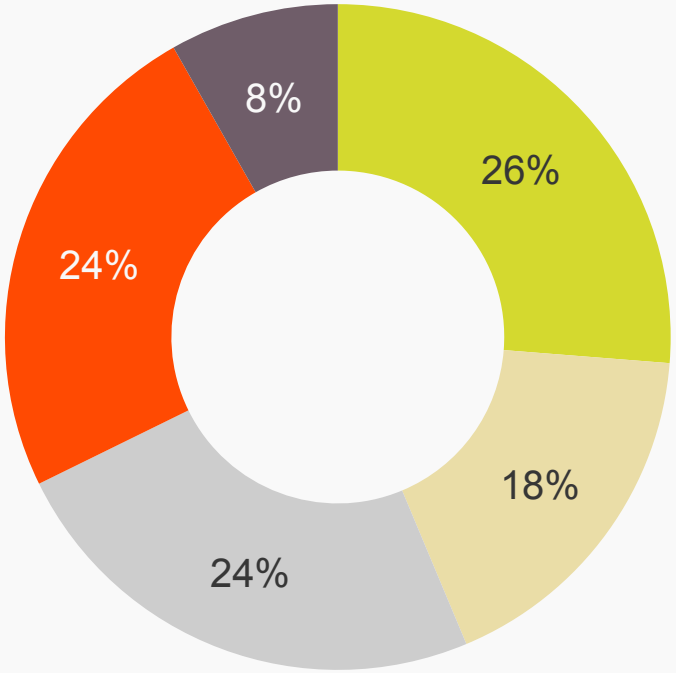
Satisfaction of Recruitment systems





(Best of Breed n=146 / Module of HRIS n=36)

Deployment of Recruitment systems



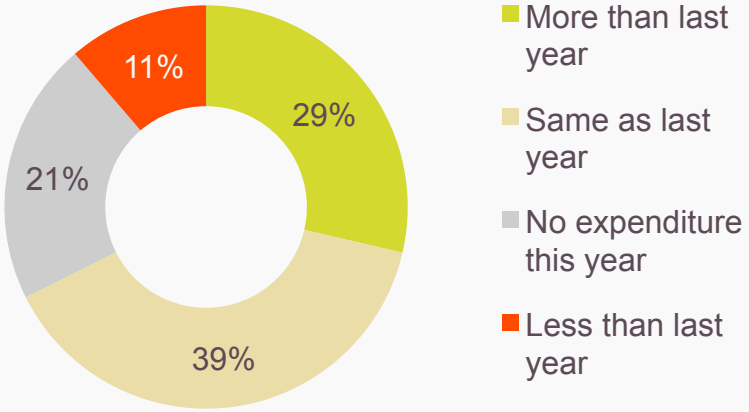
Cloud based deployments for recruitment solutions are the most popular, 58%, for best of breed solutions.

- SaaS - subscription based
- Don't Know
- Licensed software - Hosted
- Licensed software On-premise
- Outsourced Service

(n=183)

Expenditure and Age of Recruitment systems

Expenditure over next 12 months



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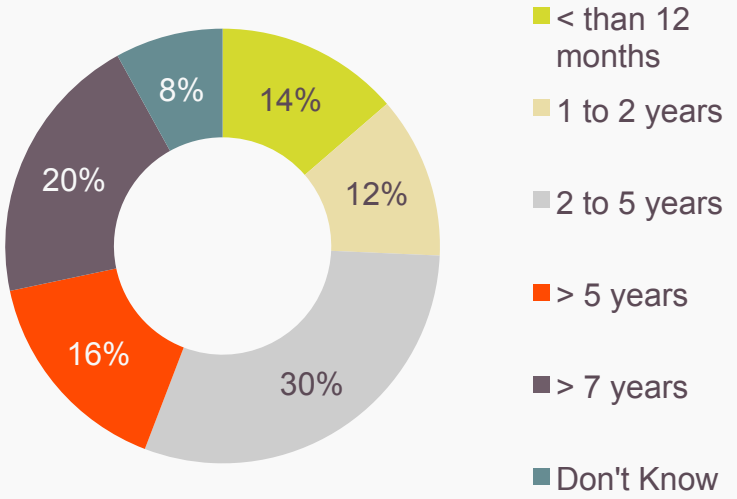


(Expenditure n=213 / Age n=183)

OH&S, Accident & Incident Reporting

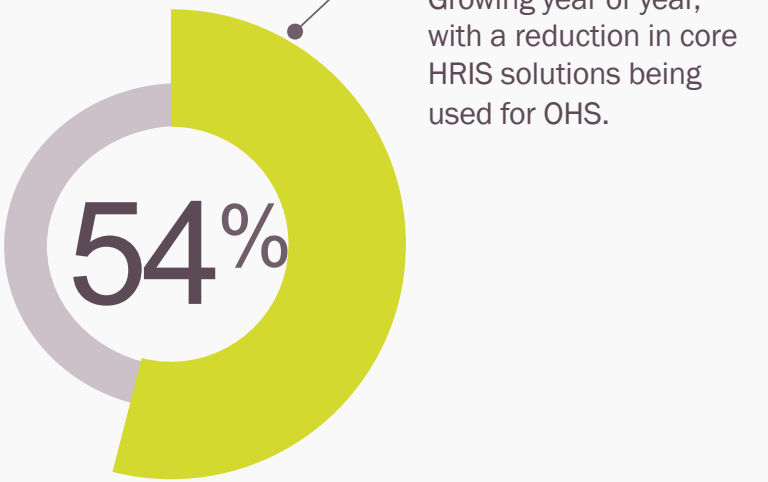
Occupational health and safety systems cover the health and safety of employees through the management of risks, hazards, incidents, compensation claims and reporting.

OH&S

OHS has a very high level of technology adoption, over 70%. The trend of using the Core HRIS to manage OHS is reducing with organisations now preferring specialised best of breed solutions.

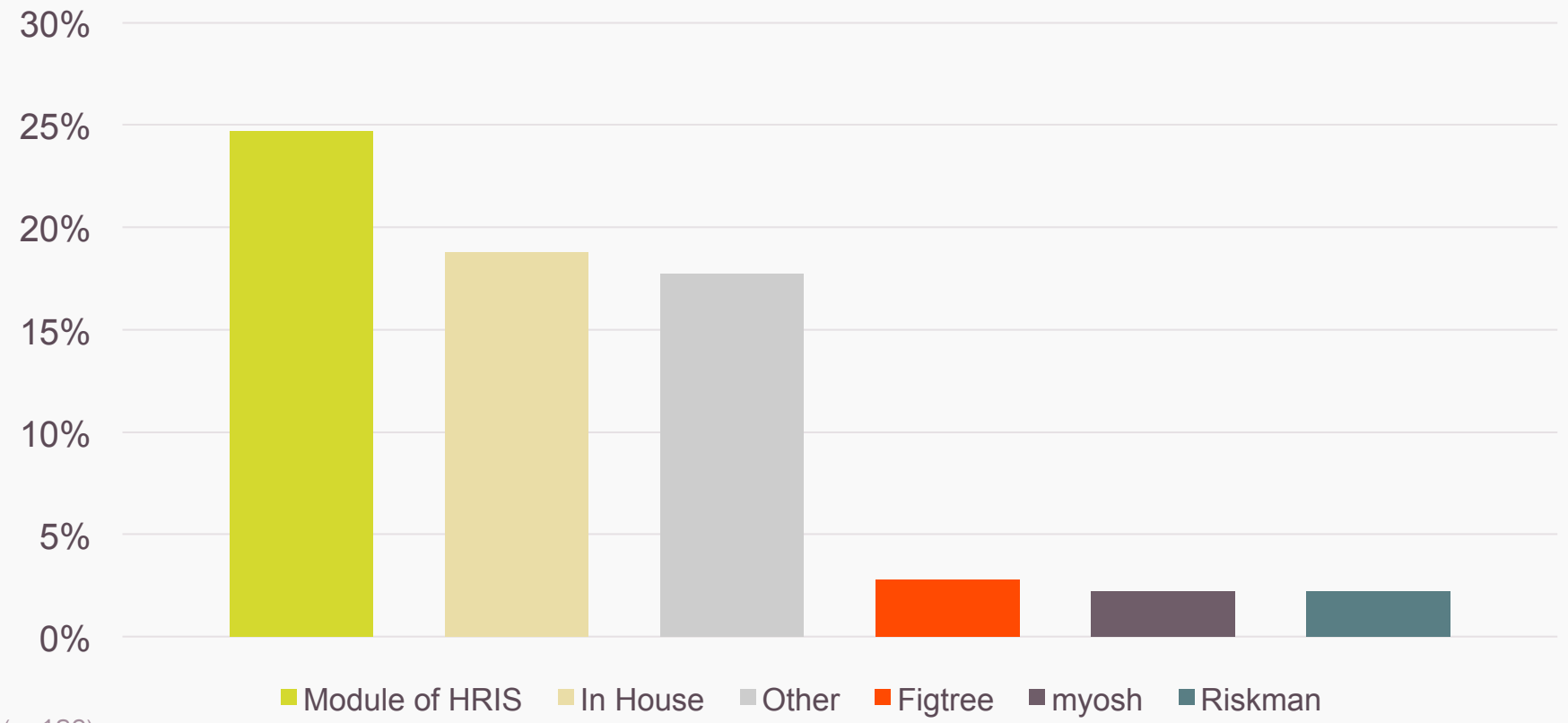
With 55% of organisations having had their OHS solution for more than five years it is not surprising to find on-premise deployments as most common.

The OHS functional area ranks 5th highest in the areas that will have increased expenditure in the next 12 months.



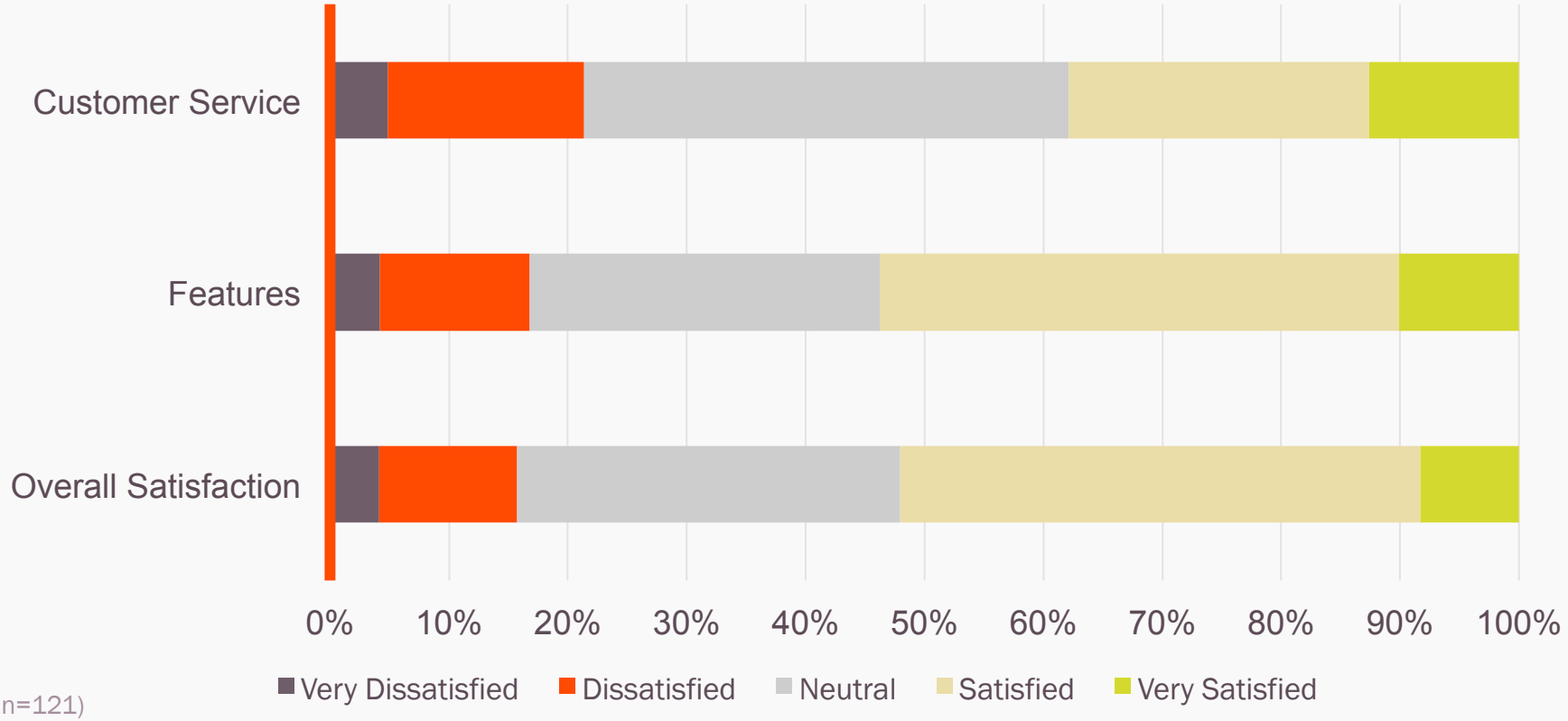
(n=256)

Five Most Adopted OH&S systems



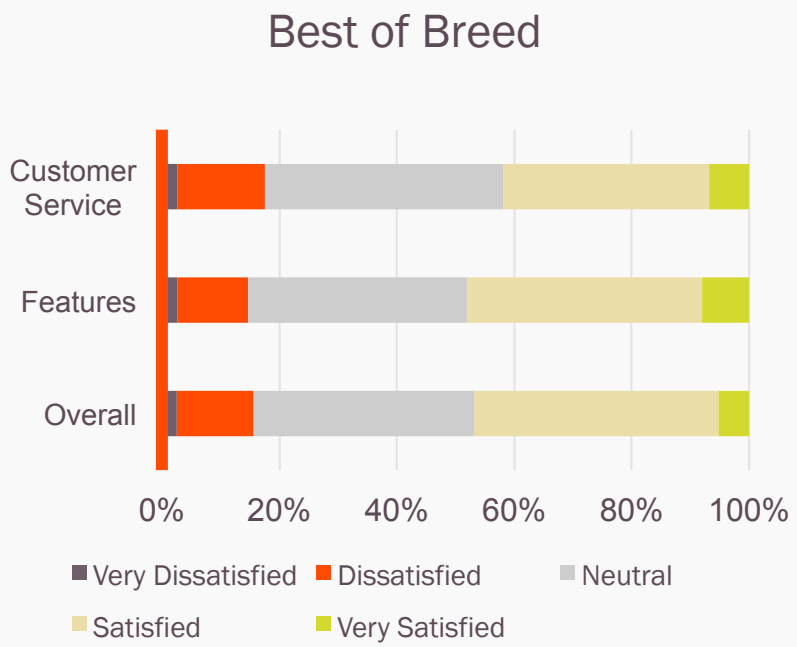
(n=186)

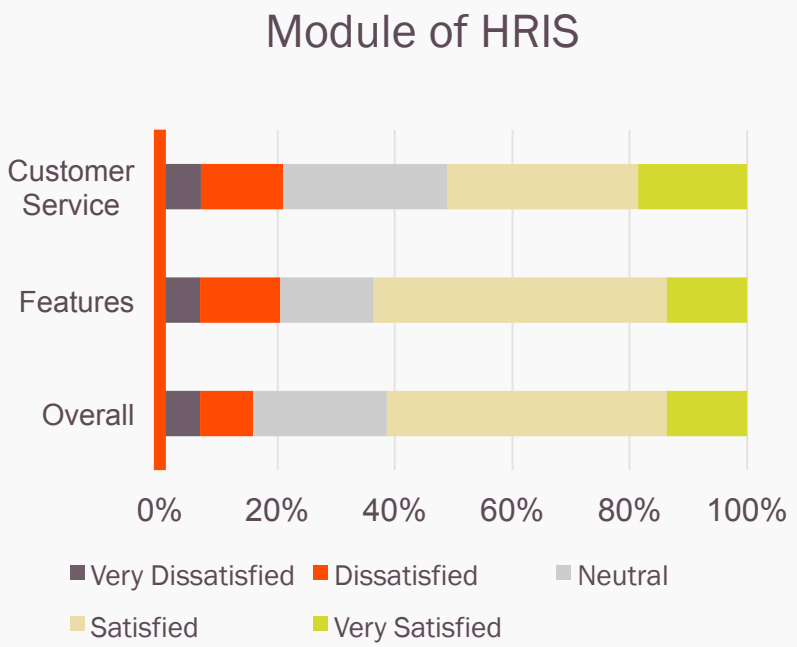
Satisfaction OH&S systems



(n=121)

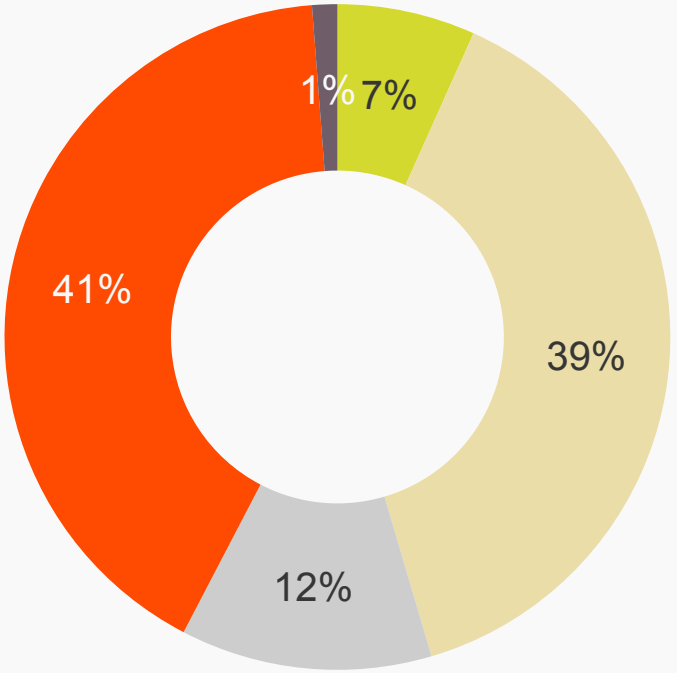
Satisfaction of OH&S Systems





(Best of Breed n=77 / Module of HRIS n=44)

Deployment of OH&S Systems



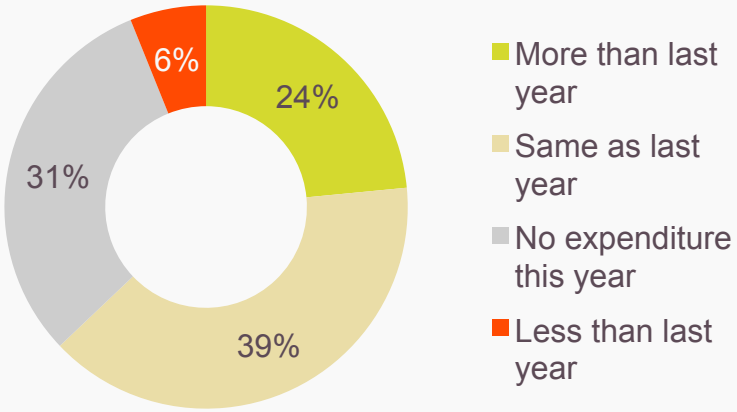
Licensed – On-Premise deployments are the most popular for safety solutions.

- SaaS - subscription based
- Don't Know
- Licensed software - Hosted
- Licensed software - On-premise
- Outsourced Service

(n=182)

Expenditure and Age of OH&S systems

Expenditure over next 12 months



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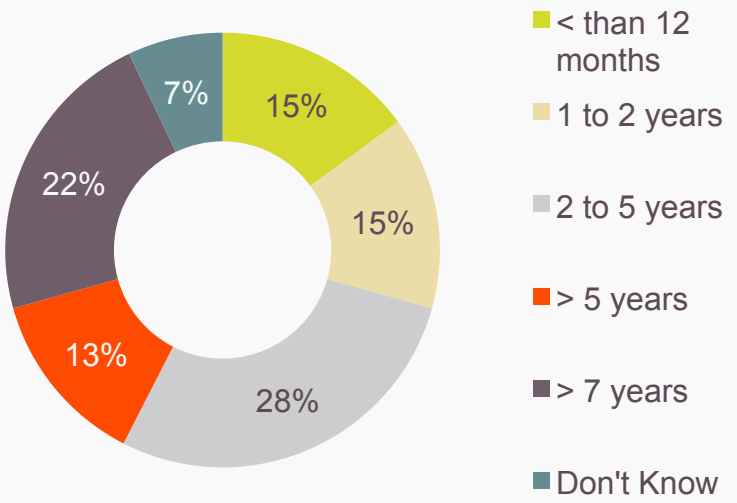


(Expenditure n=213 / Age n=163)

Learning Management

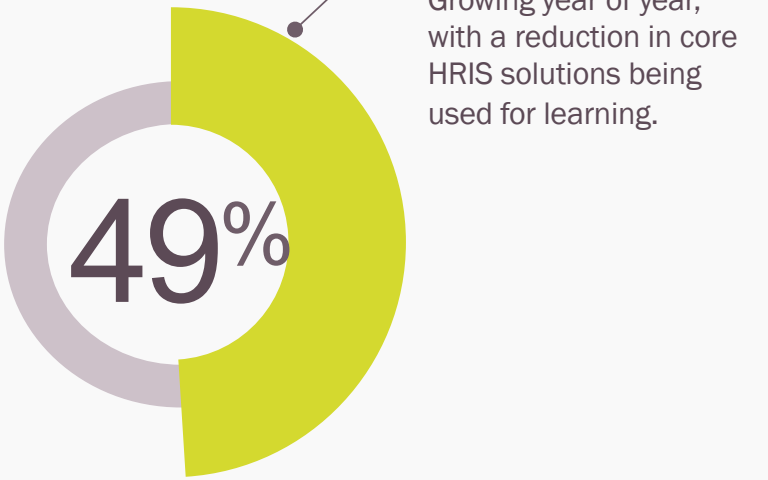
Learning management systems manage training courses (including induction and orientation), eLearning, “on the job” and education assistance that are scheduled, delivered and tracked through the course of the employee's employment.

Learning Management

Learning had a huge 52 different best of breed systems listed by respondents. This indicates a very fragmented market with limited market share by any one vendor.

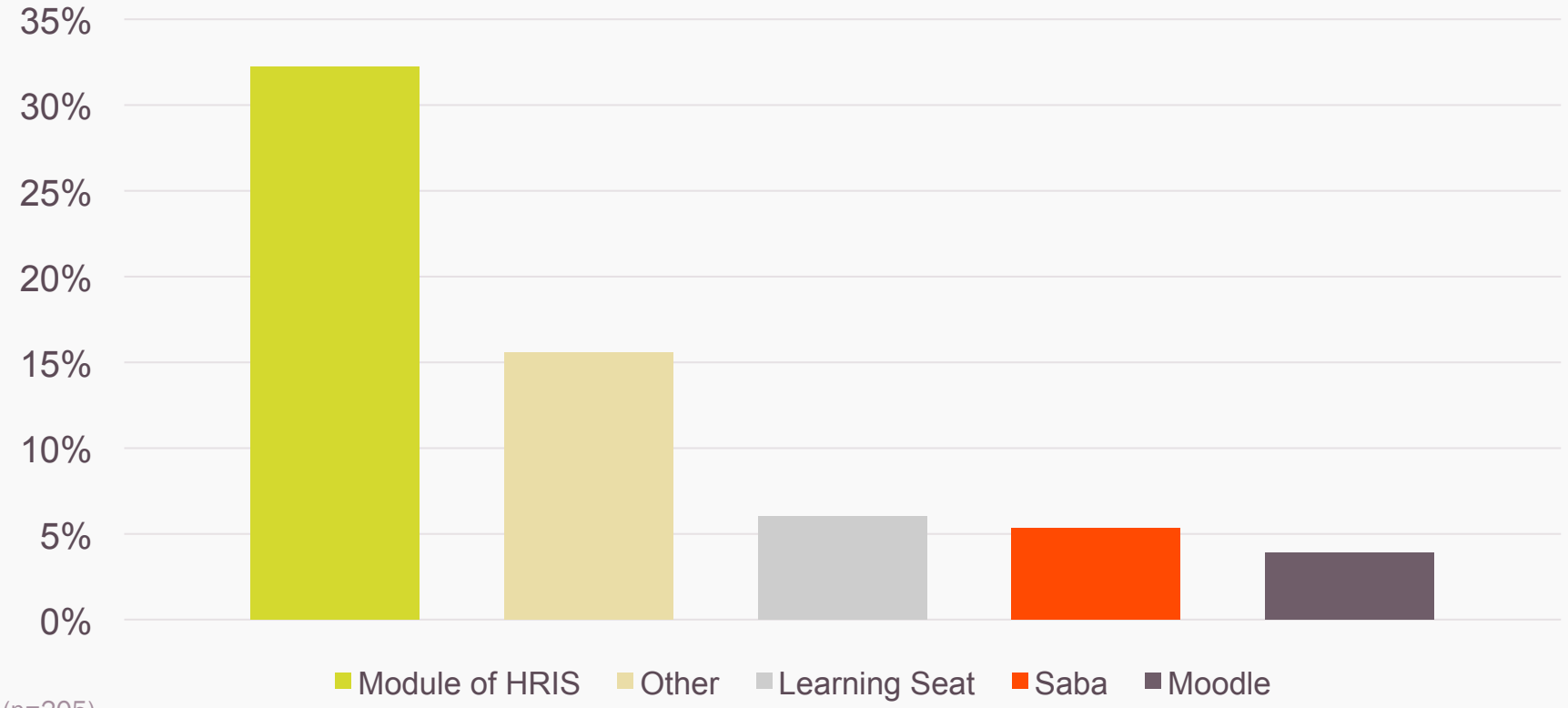
Best of breed vendors continued the trend of having higher satisfactions rating. At the same time they had a much higher number of responders “sitting on the fence”. These respondents could easily become dissatisfied if their vendors are not careful.

Learning has the 2nd highest level of expected expenditure in the next 12 months. We believe this is fuelled by the continued interest in social learning tools.



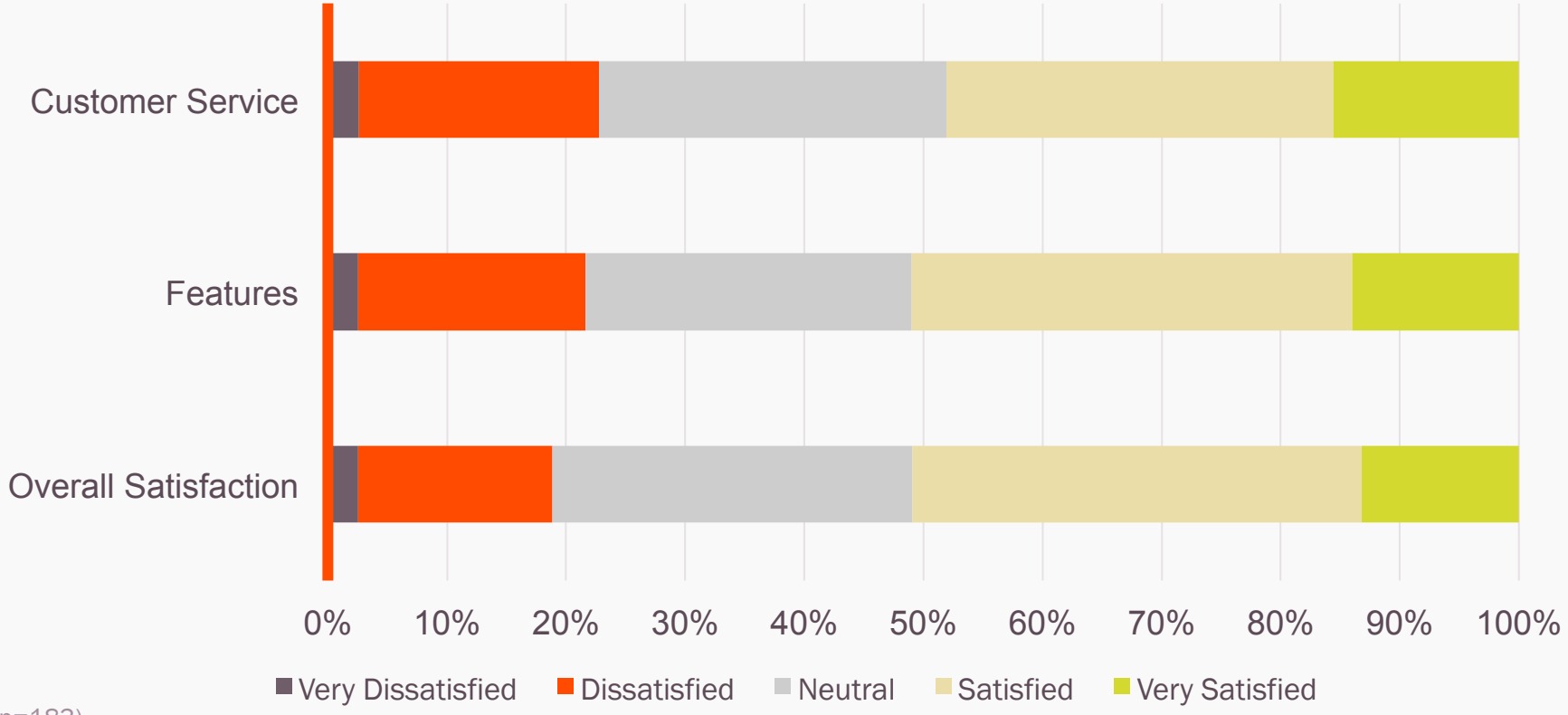
(n=256)

Five most adopted Learning Management systems



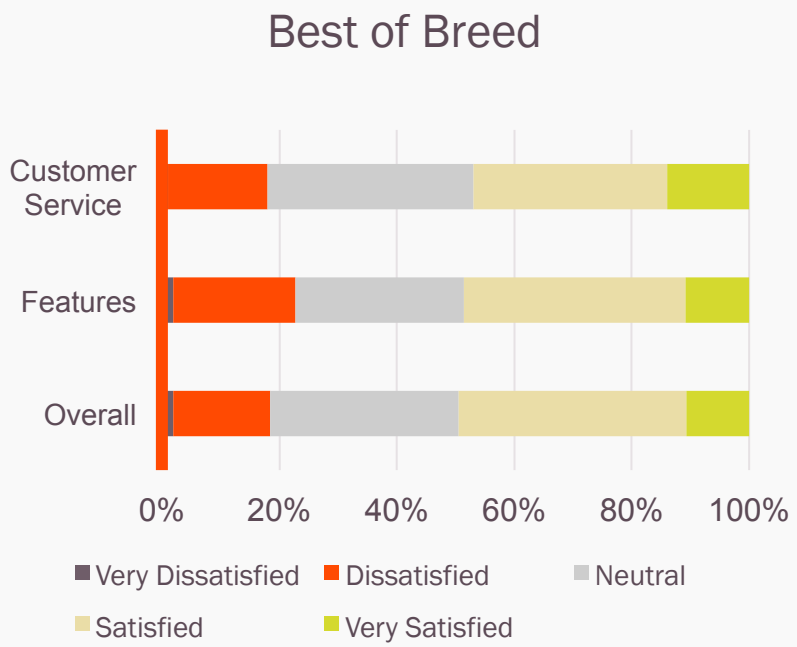
(n=205)

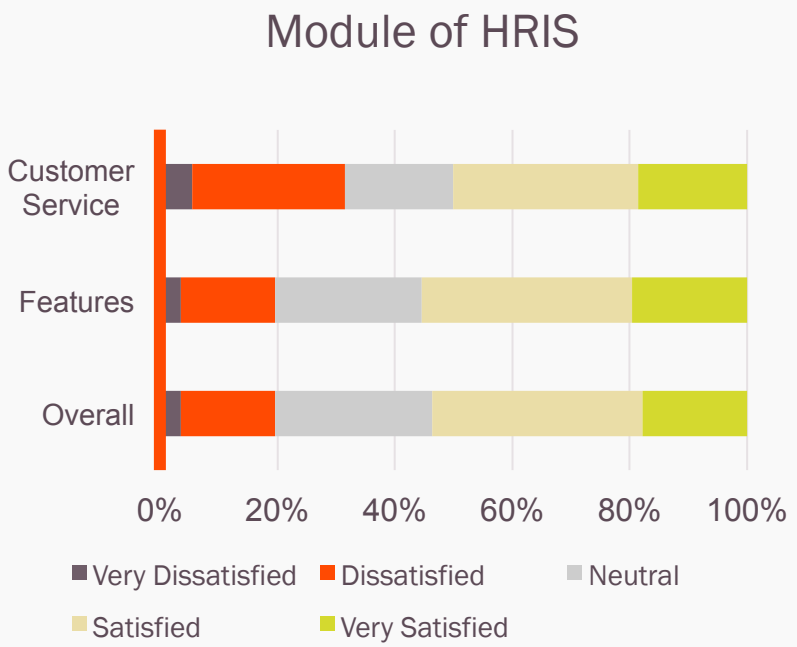
Satisfaction of Learning Management systems



(n=183)

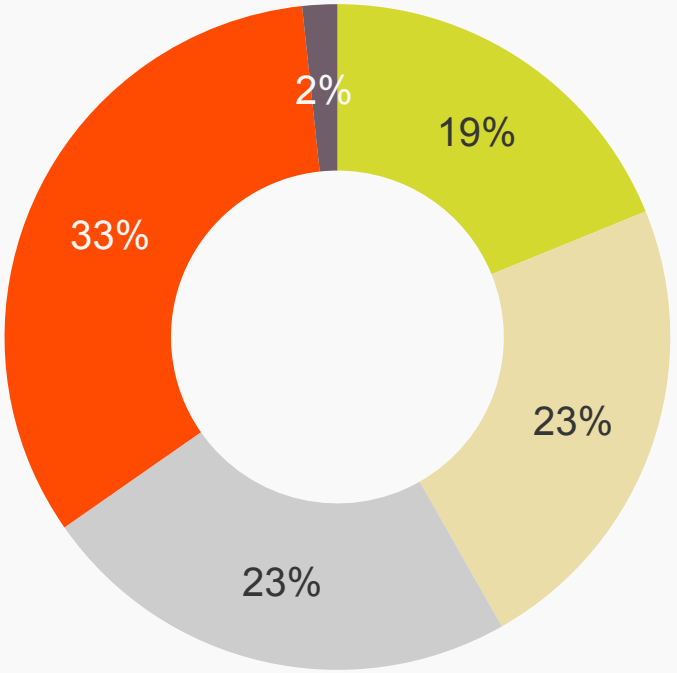
Satisfaction of Learning Management systems





(Best of Breed n=127 / Module of HRIS n=58)

Deployment of Learning Management systems



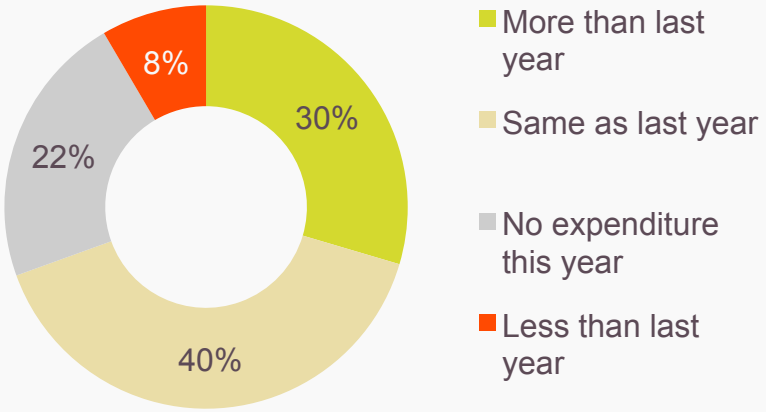
Licensed – On-Premise deployments are the most popular for learning solutions.

- SaaS - subscription based
- Don't Know
- Licensed software - Hosted
- Licensed software - On-premise
- Outsourced Service

(n=182)

Expenditure and Age of Learning Management systems

Expenditure over next 12 months



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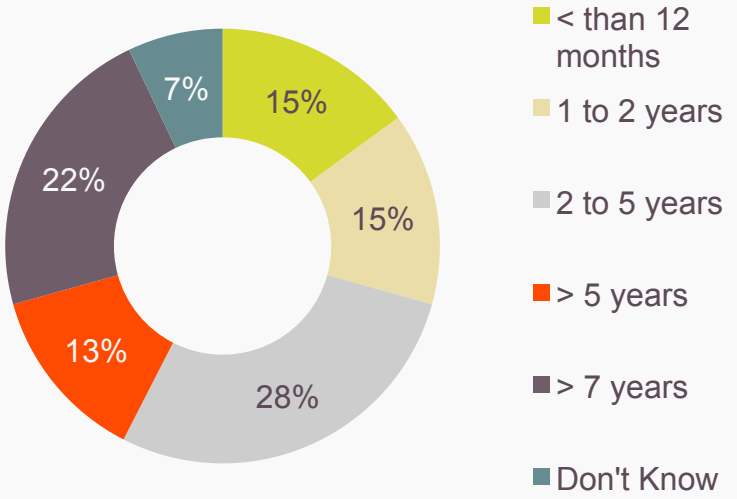


(Expenditure n=213 / Age n=168)

Time, Attendance & Rostering

Time, Attendance & Rostering covers the capture of hours based on a roster or time captured to assist in providing information for payments to the payroll system. Rostering ensure the right skilled employees are scheduled to work.

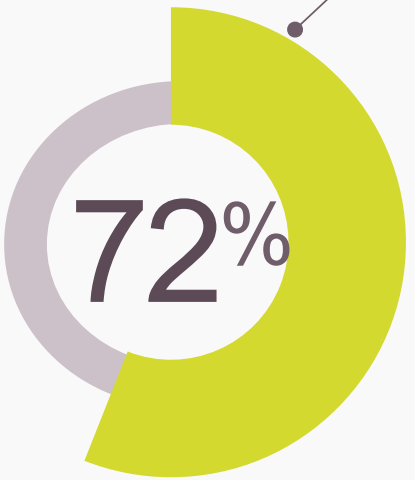
Time, Attendance & Rostering

Time & Attendance is the 5th highest area for technology adoption, an increase from 8% year over year.

Using a module of your core HRIS is more popular than any single best of breed solution, with Kronos leading the best of breed solution.

Once again best of breed solutions have a higher satisfaction, but not at the same levels as other areas.

62% of respondent organisations will spend the same or more in the next 12 months.

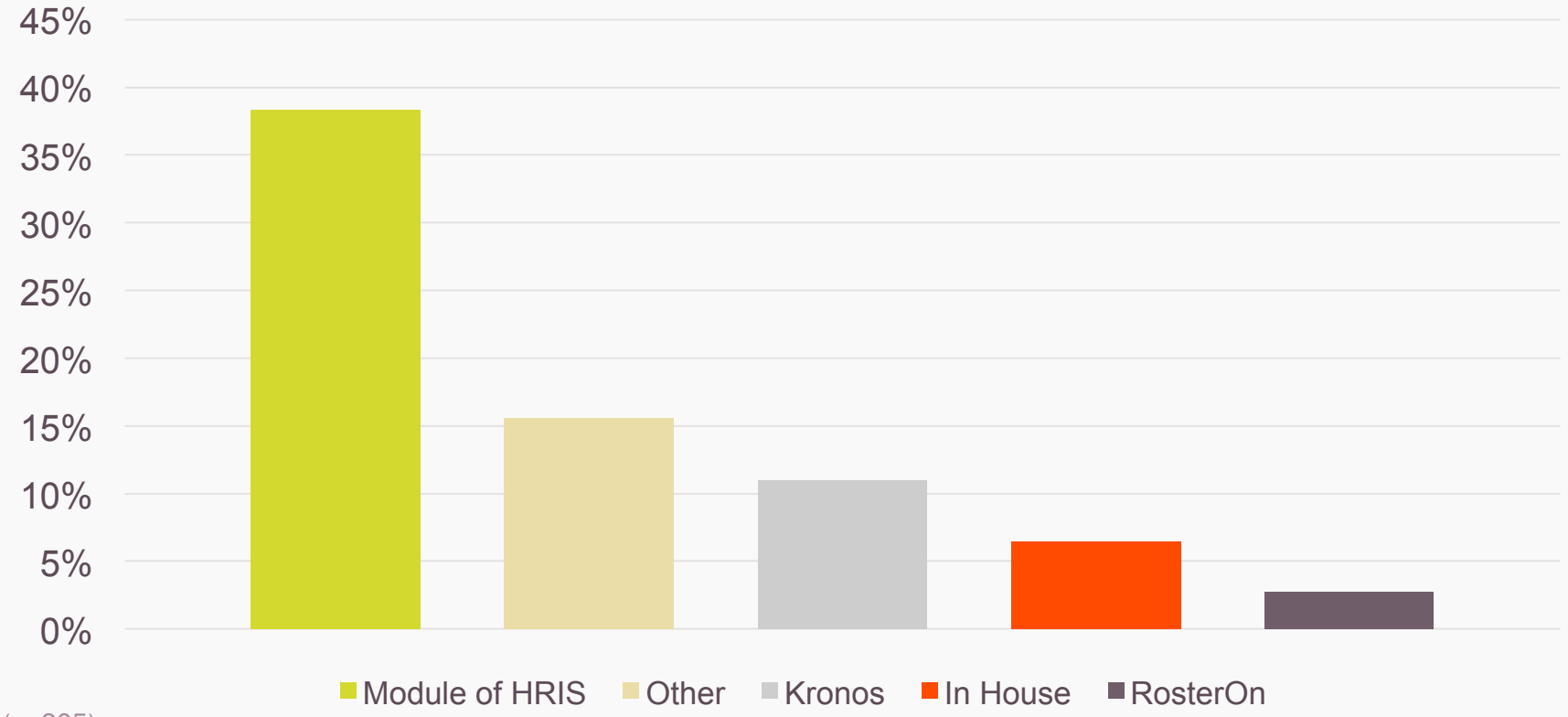


Technology Adoption

High levels of technology adoption supporting time, attendance and rostering.

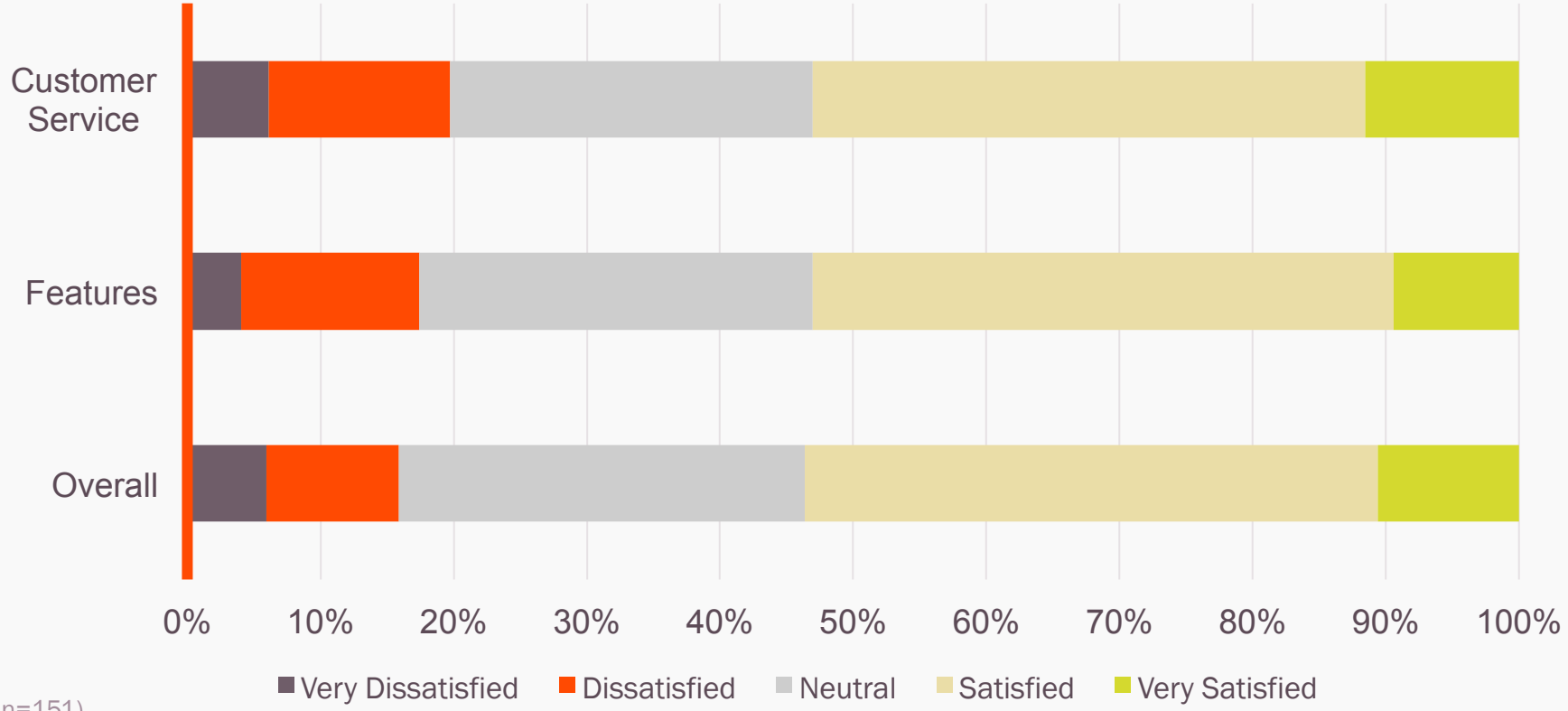
(n=256)

Five Most Adopted Time, Attendance & Rostering systems



(n=205)

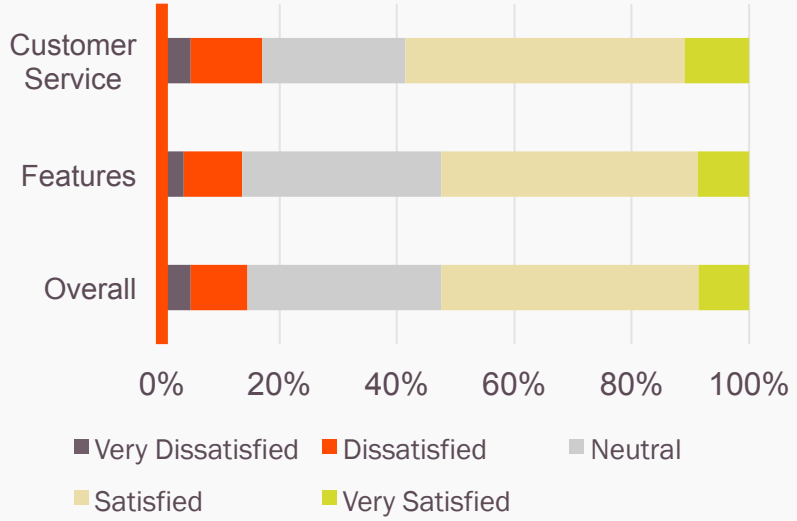
Satisfaction of Time, Attendance & Rostering systems



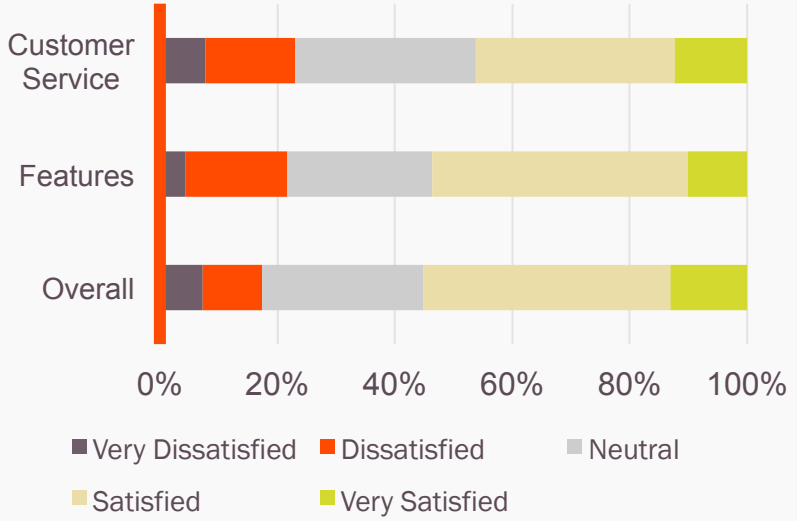
(n=151)

Satisfaction of Time, Attendance & Rostering systems

Best of Breed

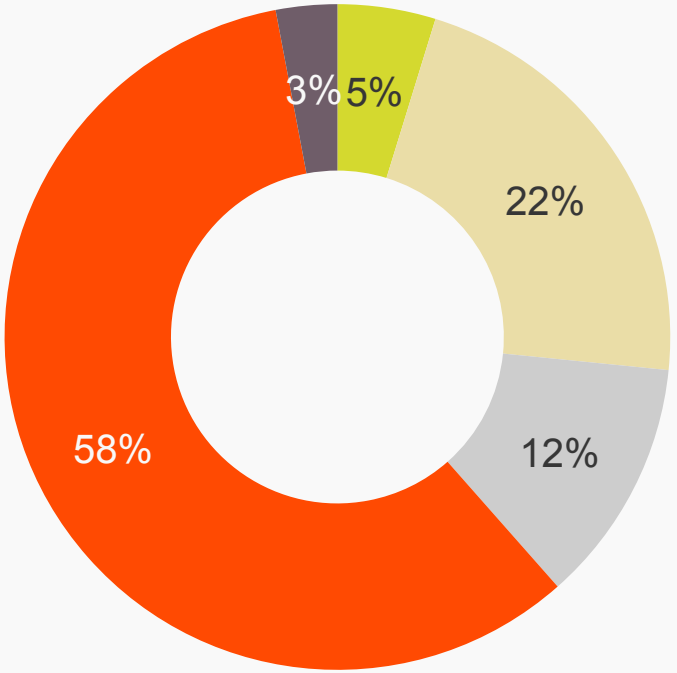


Module of HRIS



(Best of Breed n=151 / Module of HRIS n=82)

Deployment of Time, Attendance & Rostering systems



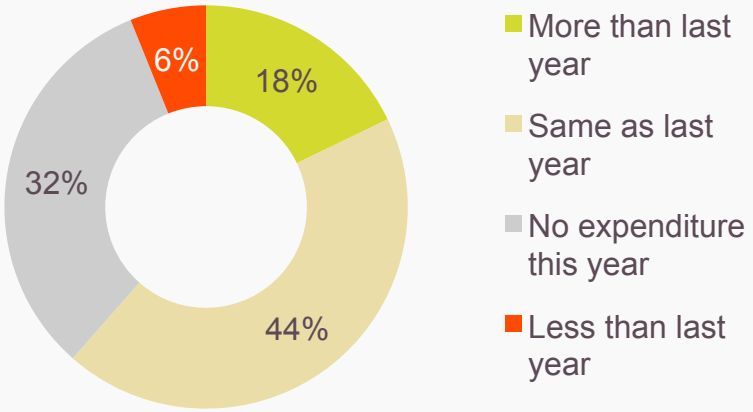
Licensed – On-Premise deployments are the most popular for time & attendance solutions.

- SaaS - subscription based
- Don't Know
- Licensed software - Hosted
- Licensed software - On-premise
- Outsourced Service

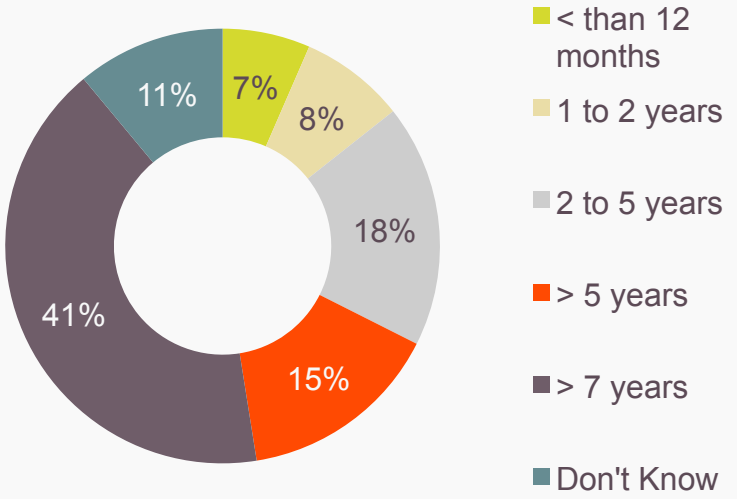
(n=182)

Expenditure and Age of Time, Attendance & Rostering systems

Expenditure over next 12 months



Age



(Expenditure n=213 / Age n=124)

Business Intelligence

Business Intelligence and Reporting covers the broad scope from basic queries and list creation through predefined reports, comprehensive analytics and analysis of business information to achieve competitive advantage.

Business Intelligence

This year sees growth in the use of best of breed solutions to support Business Intelligence and Reporting. However the number of respondent organisations using technology has dropped by 11%.

Organisations who use their Core HRIS for Business Intelligence and Reports are a whopping 800% more likely to be dissatisfied with the solution!

Year on year the use of a module from your HRIS to support this area has dropped from 45% last year to just under 20%.

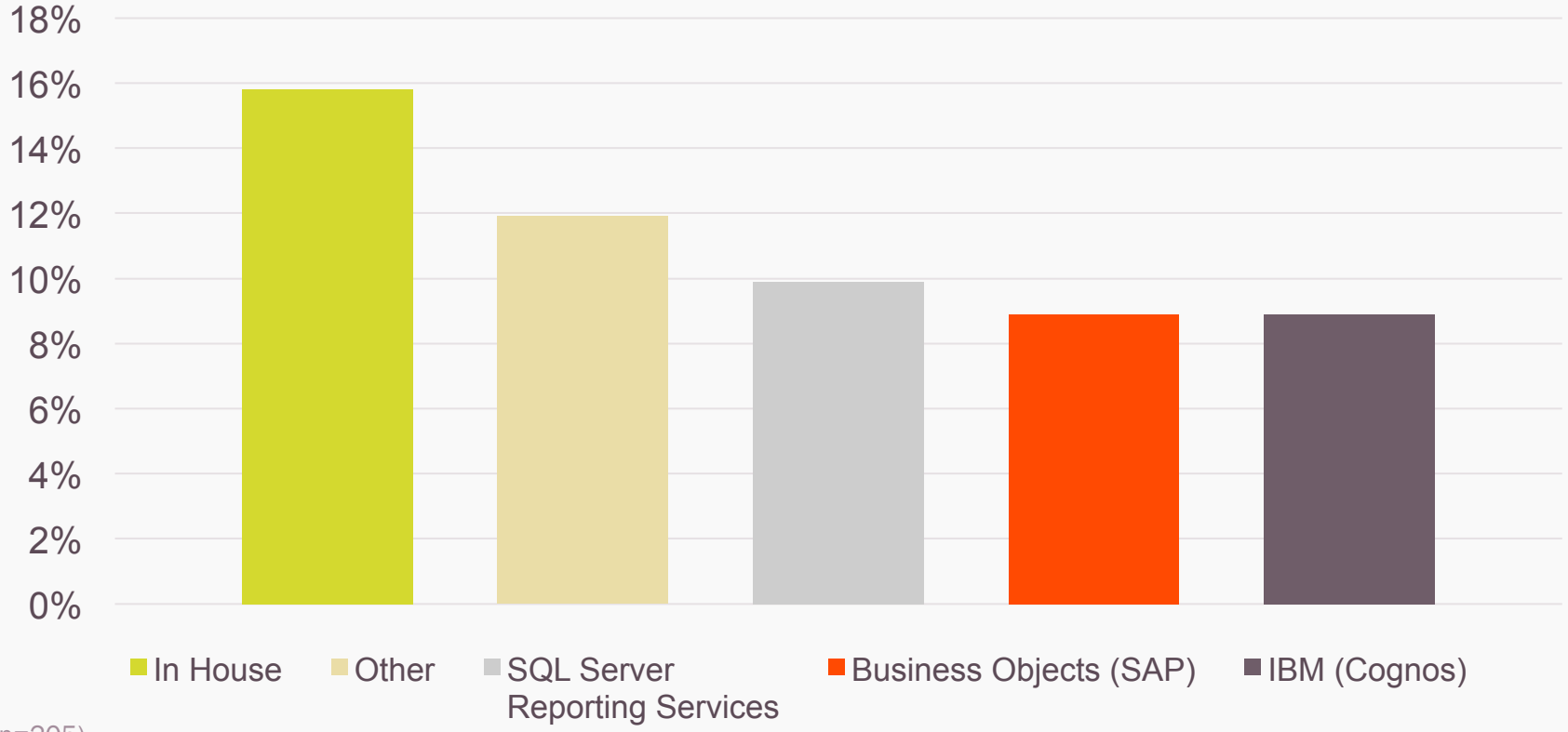
In-House offerings are the primary solution, with newer vendors such as Tableau and Qlikview starting to make their presence felt.

Best of Breed

23 different solutions were mentioned including local vendor YellowFin.

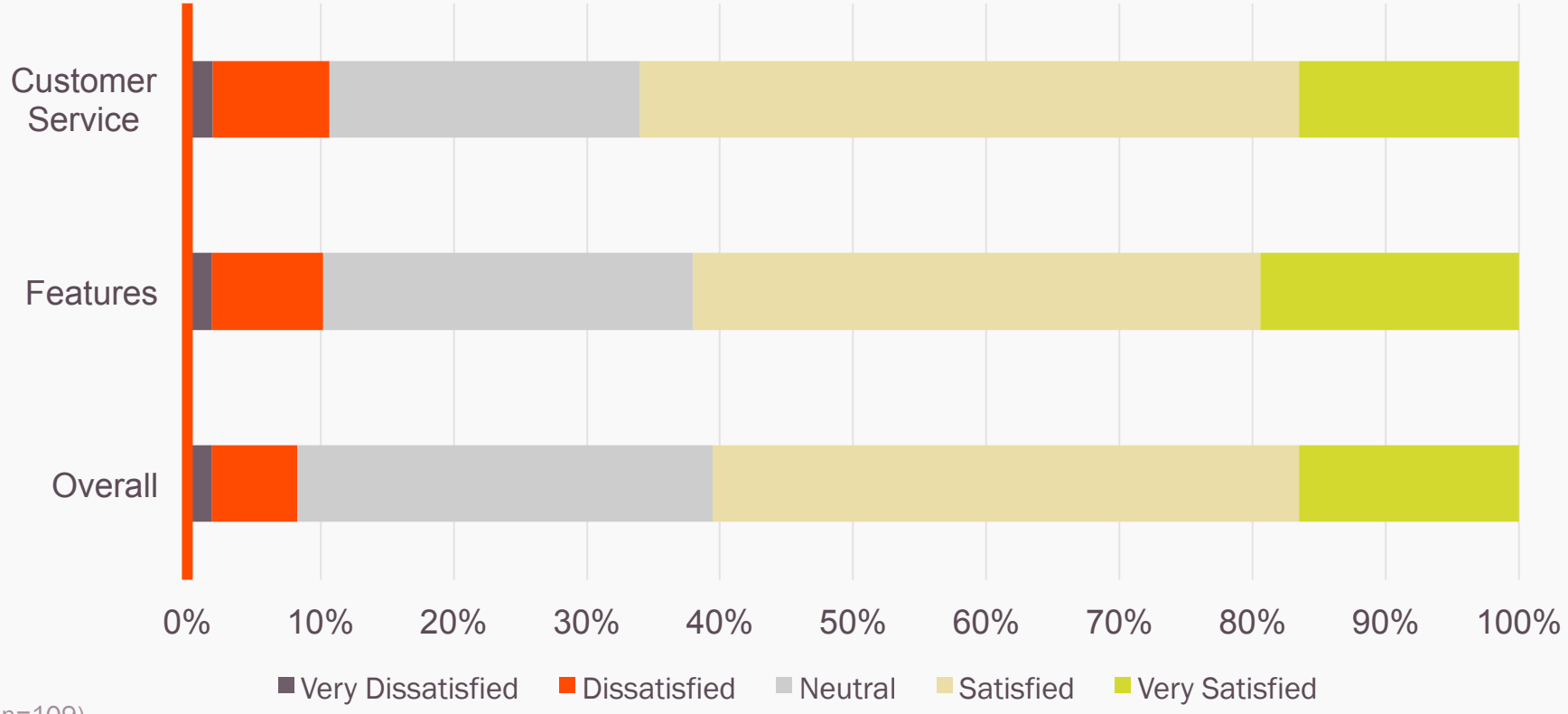
(n=256)

Five most adopted Business Intelligence systems



(n=205)

Satisfaction of Business Intelligence systems



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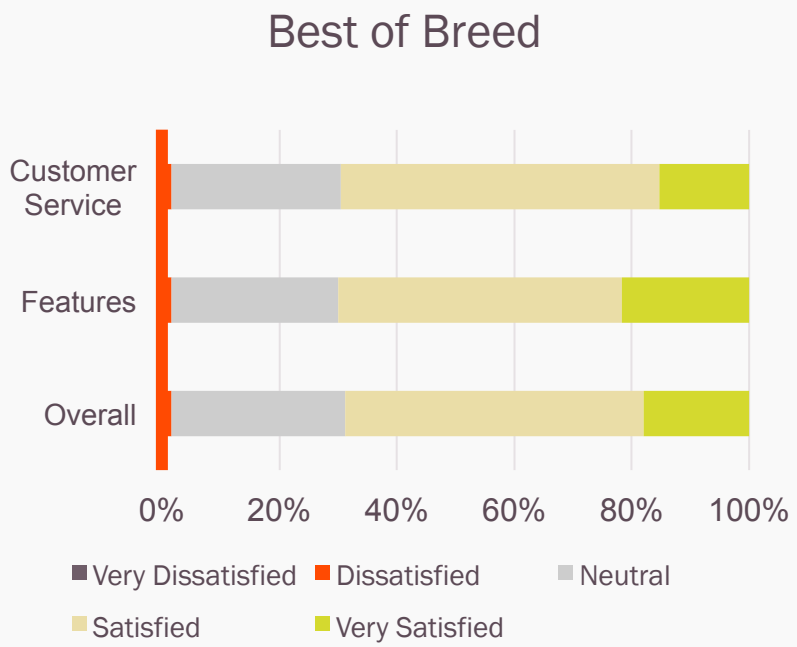
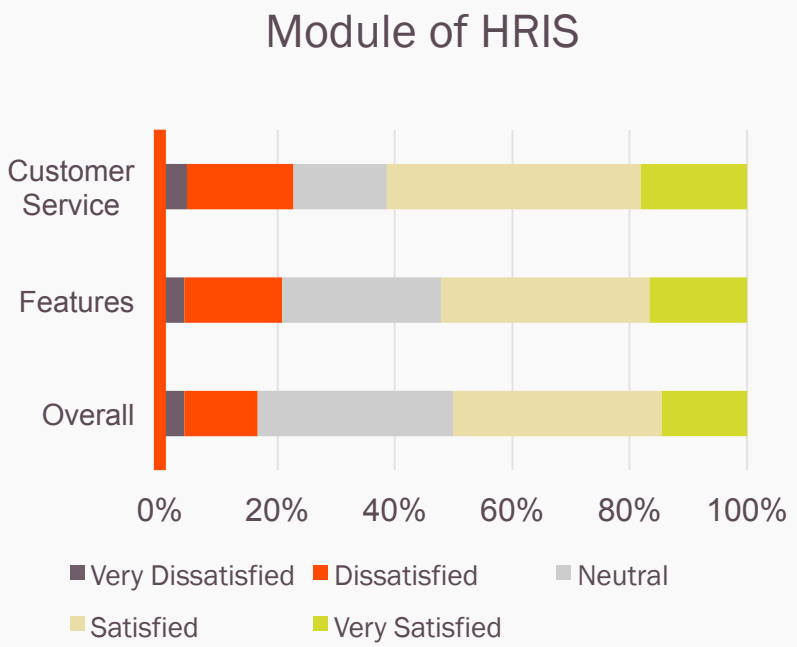
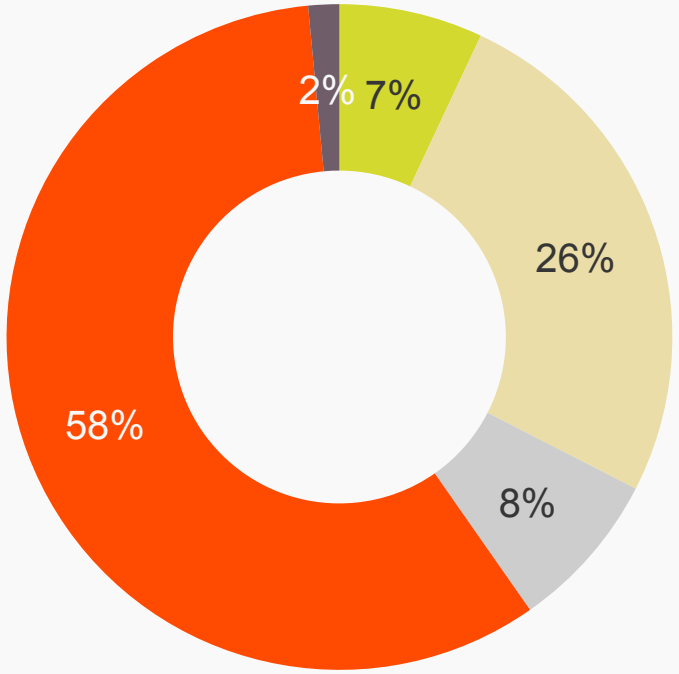
Satisfaction of Business Intelligence systems





(Best of Breed n=151 / Module of HRIS n=82)

Deployment of Business Intelligence systems



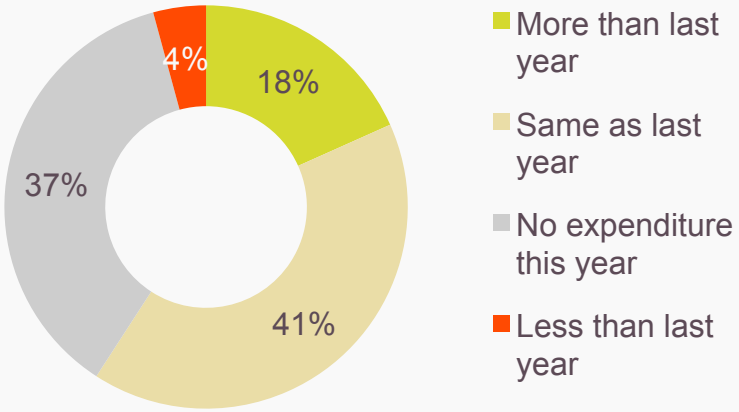
Licensed – On-Premise deployments are the most popular reporting solutions.

- SaaS - subscription based
- Don't Know
- Licensed software - Hosted
- Licensed software - On-premise
- Outsourced Service

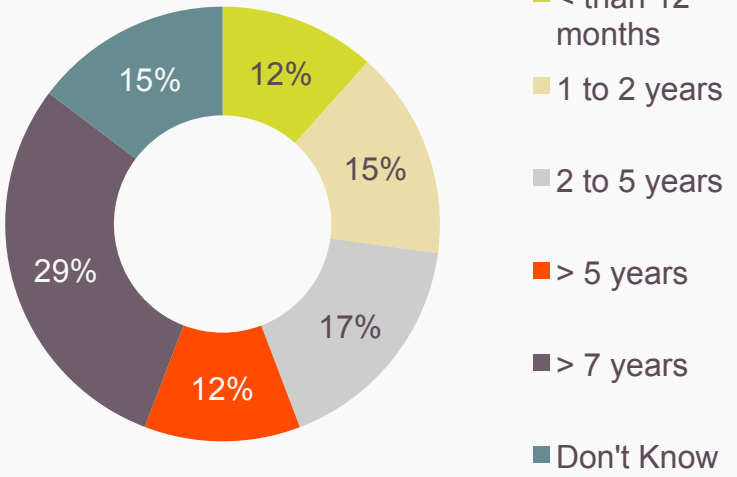
(n=182)

Expenditure and Age of Business Intelligence systems

Expenditure over next 12 months



Age



(Expenditure n=213 / Age n=129)

Performance Management

Performance management refers to the activities which ensure that employee's individual goals consistently align and are being met in an effective and efficient manner against an organisation's broader goals and strategic directives.

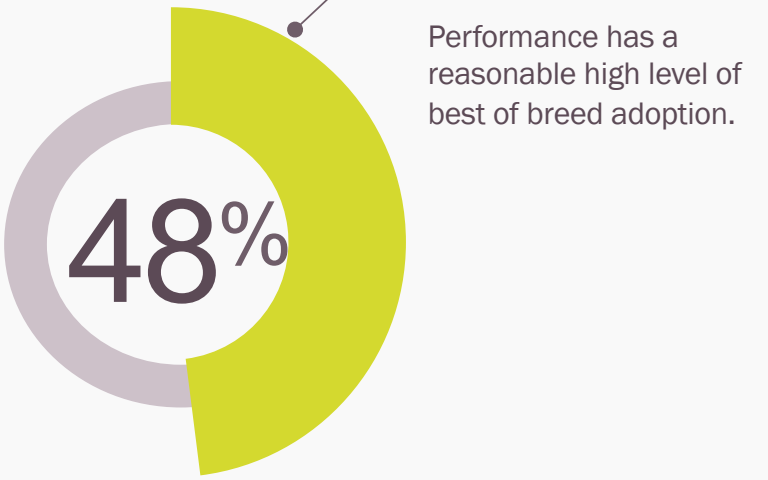
Performance Management

Once again there are many different vendors supporting this functional area, with 34 different best of breed solutions mentioned.

This year Australian/New Zealand vendors such as Pivot and Cognology were listed in the the top five most adopted solutions.

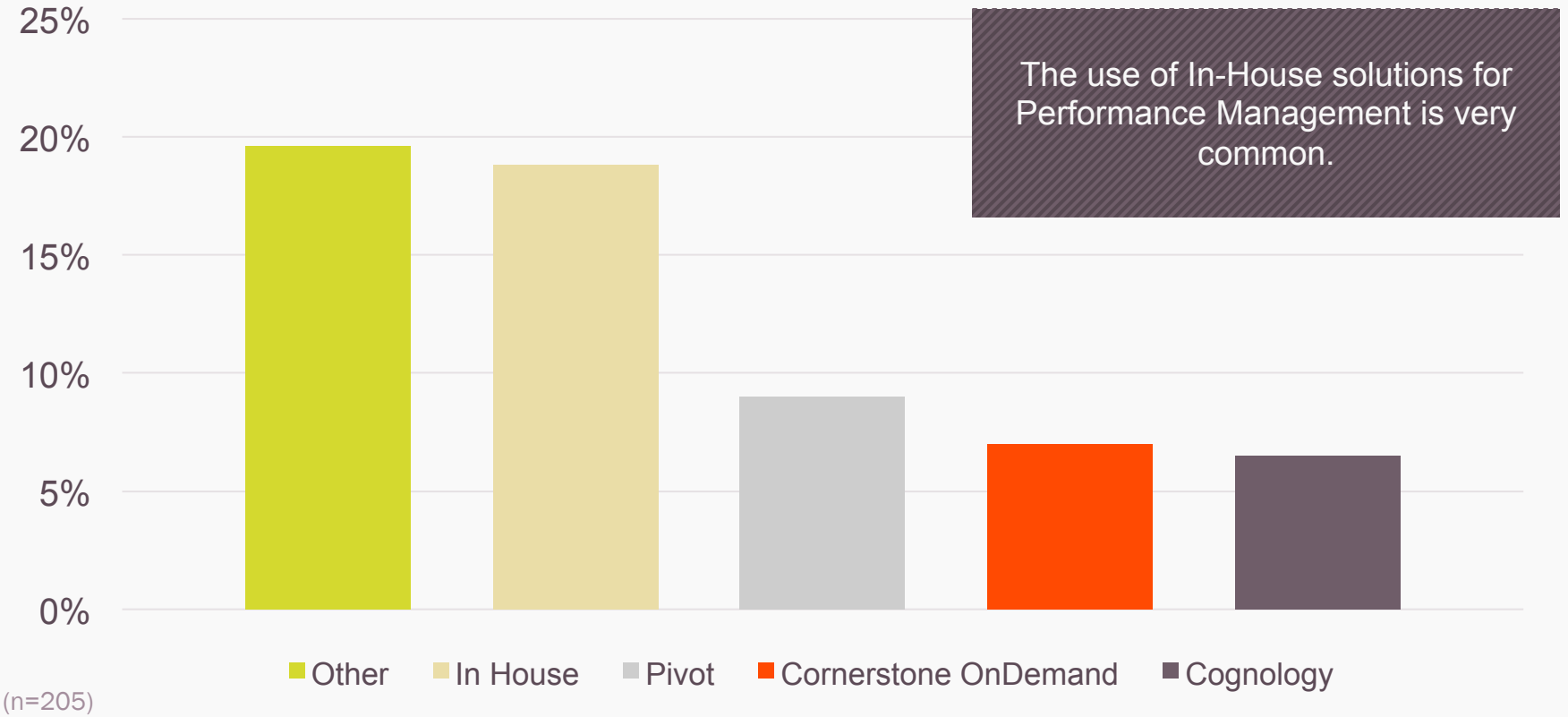
In-House solutions still make up a significant proportion of solutions in use today.

Performance solutions have the third highest level of SaaS adoption behind Recruitment and Remuneration tools. They also represent some of the “youngest” systems in use.



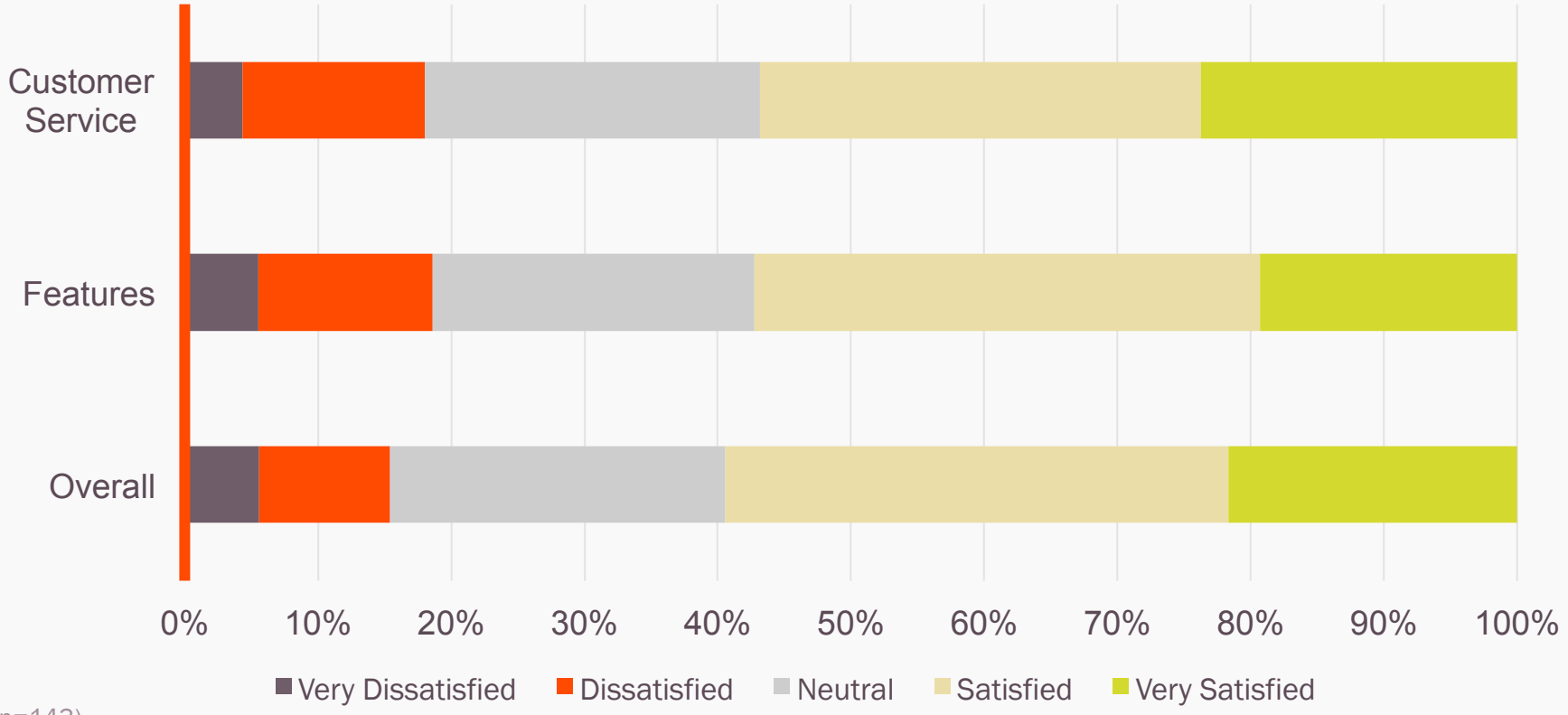
(n=256)

Five most adopted Performance Management systems



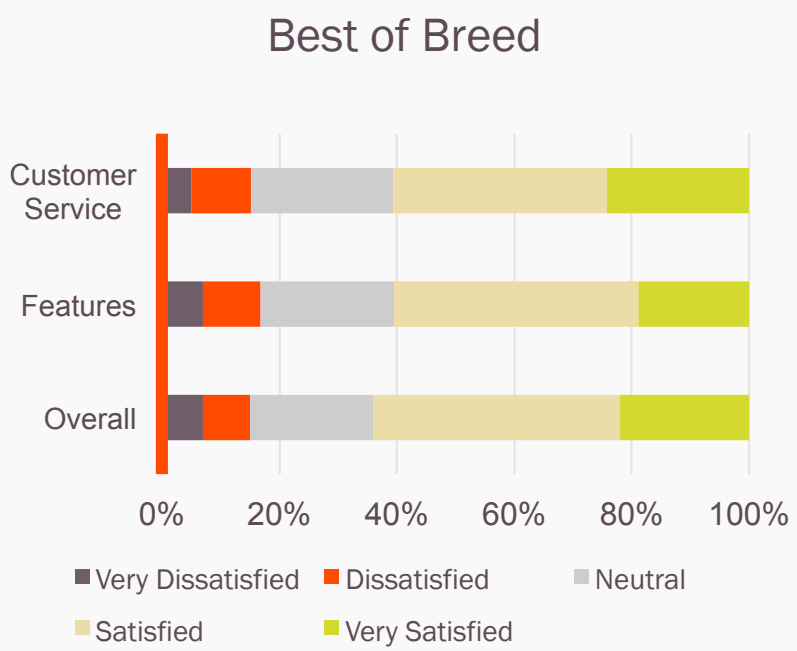
(n=205)

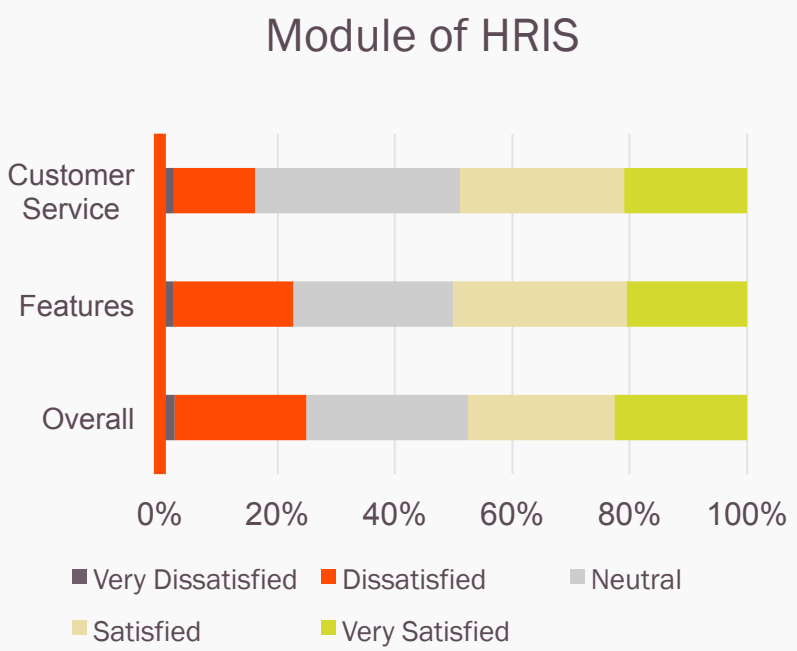
Satisfaction of Performance Management systems



(n=143)

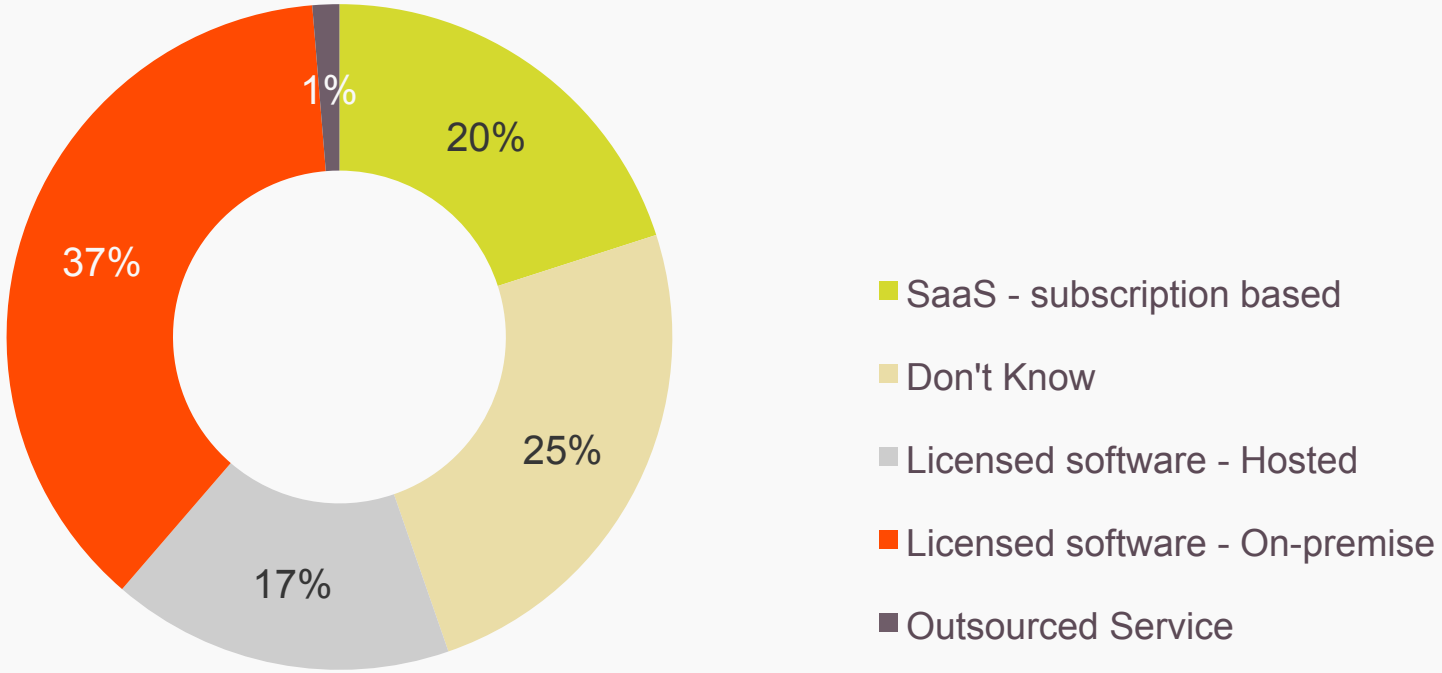
Satisfaction of Performance Management systems





(Best of Breed n=100 / Module of HRIS n=43)

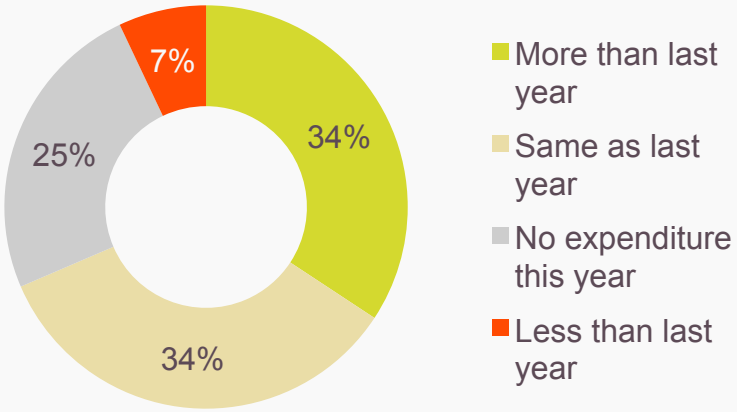
Deployment of Performance Management systems



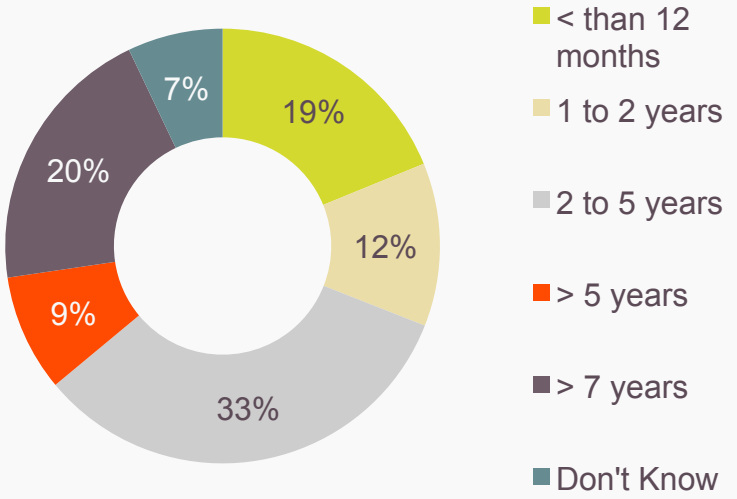
(n=150)

Expenditure and Age of Performance Management systems

Expenditure over next 12 months



Age



(Expenditure n=213 / Age n=150)

Remuneration

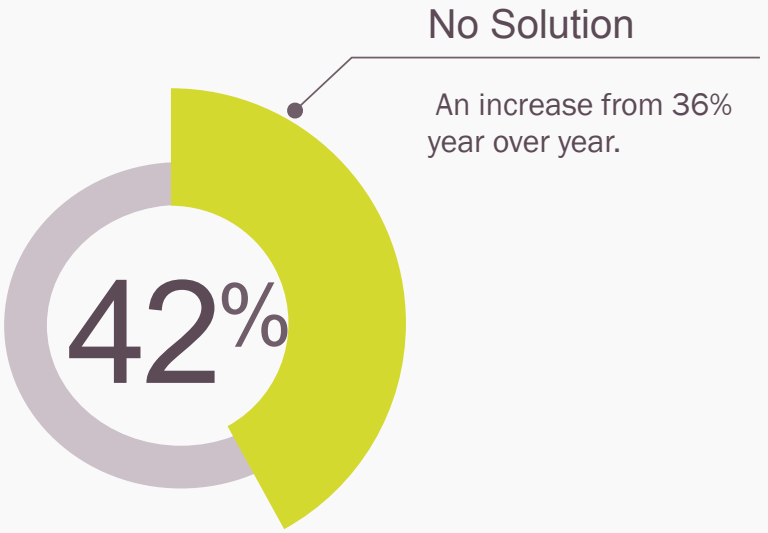
Manages remuneration planning and delivery, along with payroll functions, in line with relevant organisation agreements and awards. Salary planning covers the annual remuneration review process, within budgets set at various organisational levels.

Remuneration

The use of best of breed Remuneration solutions jumped by 6% year over year to almost 38%. Like Performance Management, local vendors such as Remesys and Pivot have a lion's share of the market.

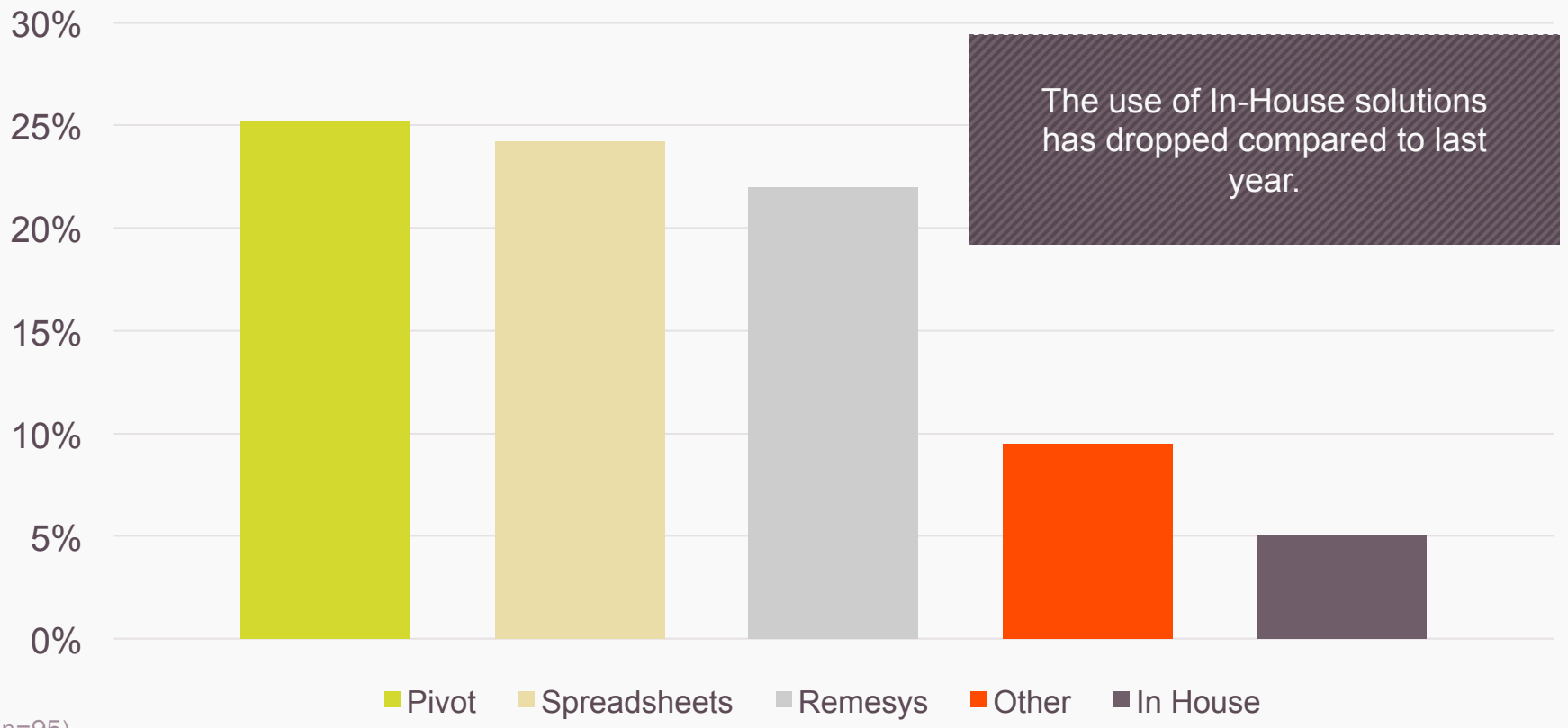
Continuing the earlier trend, best of breed solutions have a much higher level of satisfaction than HRIS based solutions. In fact they received almost no *Very Dissatisfied* ratings.

Almost 50% of organisations stated they plan to spend less or nothing in the next 12 months. As such, we do not expect a growth in technology adoption.



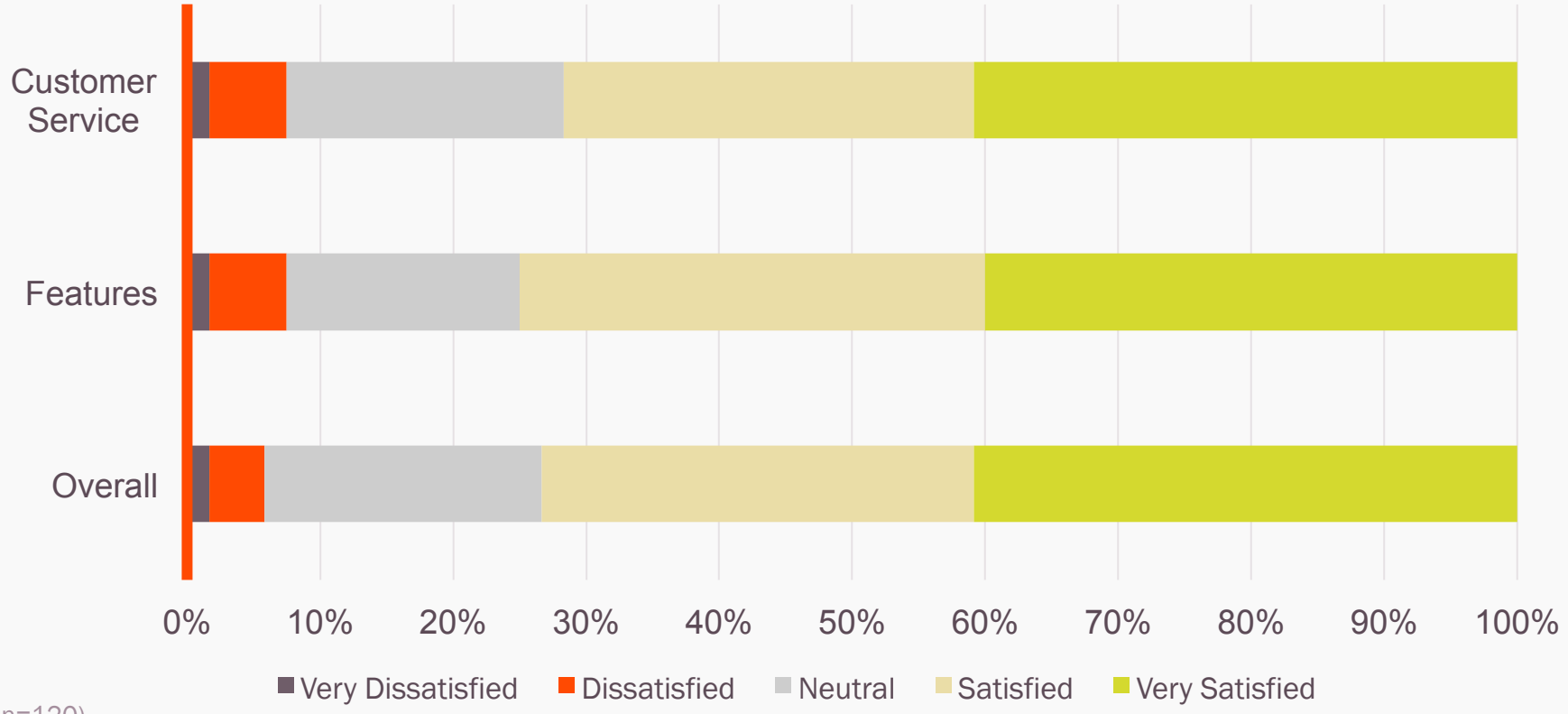
(n=256)

Five most adopted Remuneration systems



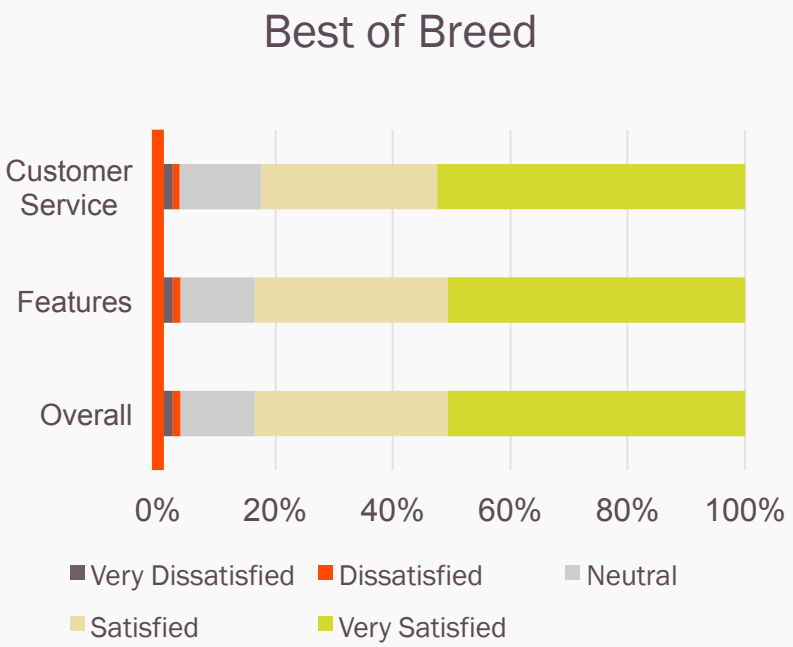
(n=95)

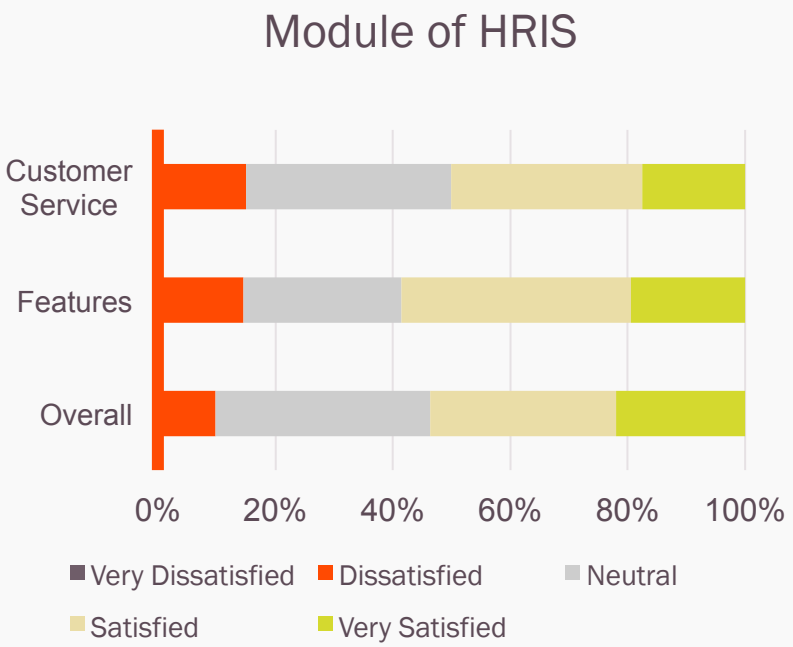
Satisfaction of Remuneration systems



(n=120)

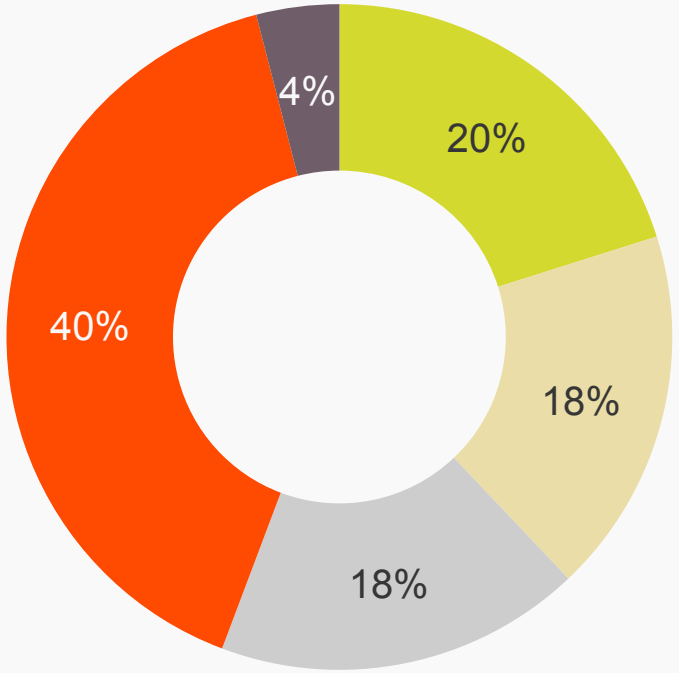
Satisfaction of Remuneration systems





(Best of Breed n=79 / Module of HRIS n=14)

Deployment of Remuneration systems



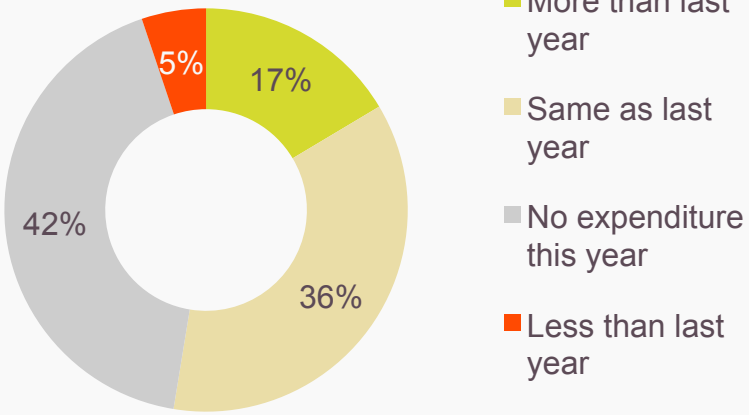
Remuneration solutions have some of the highest levels of SaaS deployments.

- SaaS - subscription based
- Don't Know
- Licensed software - Hosted
- Licensed software - On-premise
- Outsourced Service

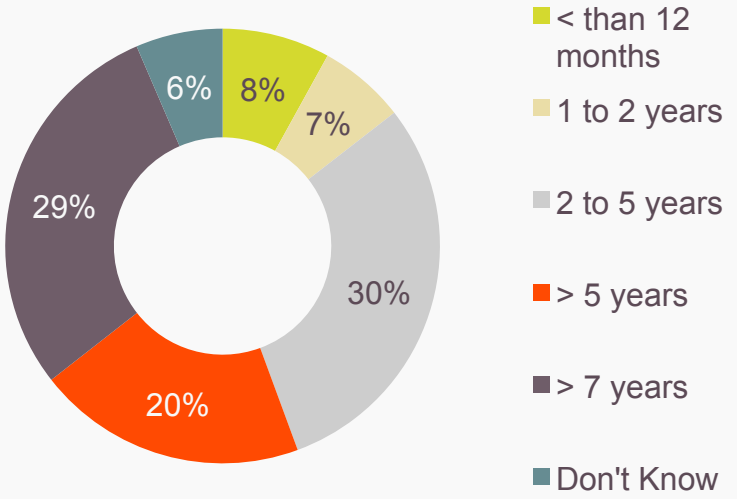
(n=150)

Expenditure and Age of Remuneration systems

Expenditure over next 12 months



Age



(Expenditure n=213 / Age n=124)

Workforce Modelling

Workforce Modelling tools allow organisations to create organisational charts, with customisable metrics and modelling solutions. These solutions also allow you to plan, model and transition organisation changes.

Workforce Modelling

Understanding your organisation's structure is a critical foundation for many HR activities, however 56% of respondents had no solution in place!

For organisations who do have a solution, 57% were using a traditional On-Premise solution compared to 8% using SaaS.

In the same manner as Remuneration solutions, best of breed solutions received virtually no dissatisfied ratings.

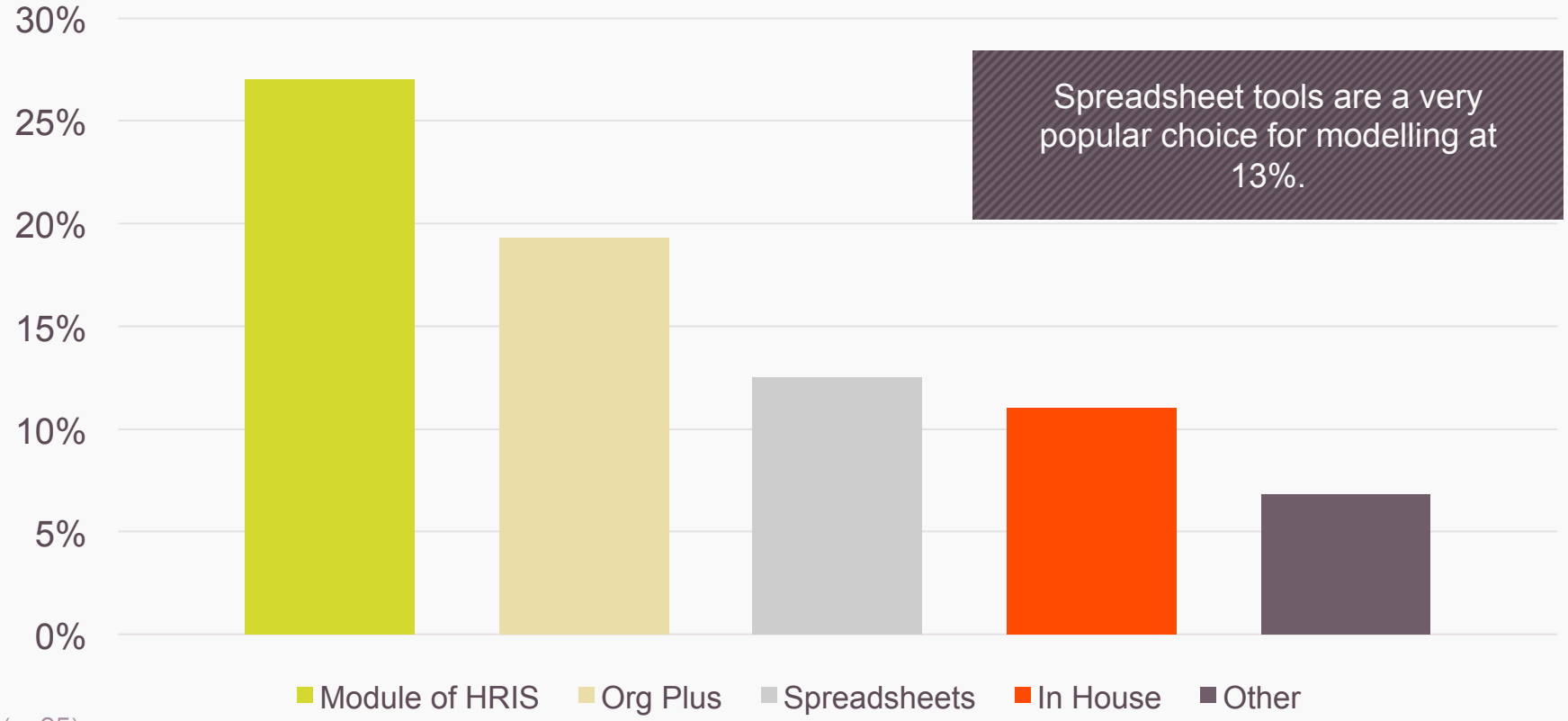
Modelling solutions tend to be the youngest solutions in the survey, with 42% in place for less than 12 months.

No Solution

Increased by 31% year over year – this is a bad thing.

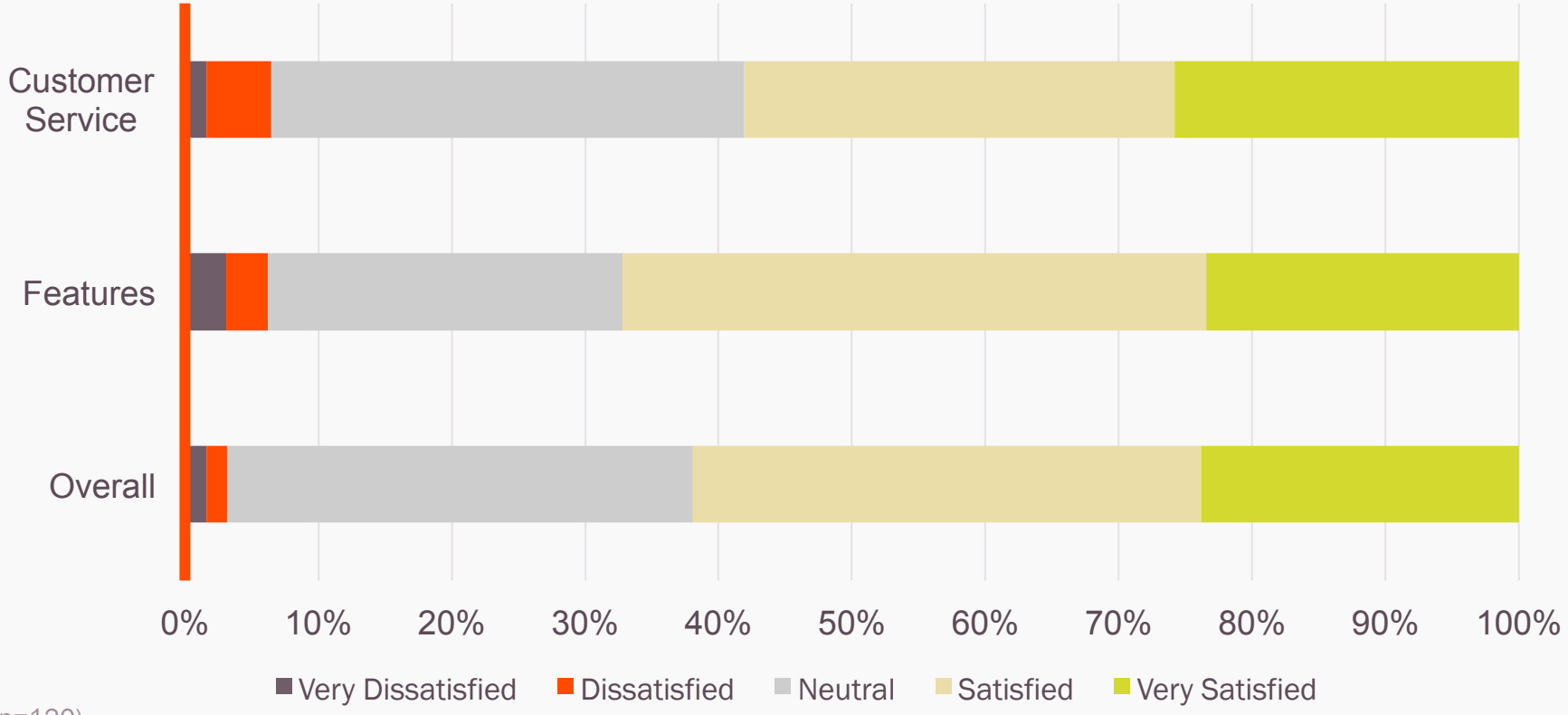
(n=256)

Five most adopted Workforce Modelling systems



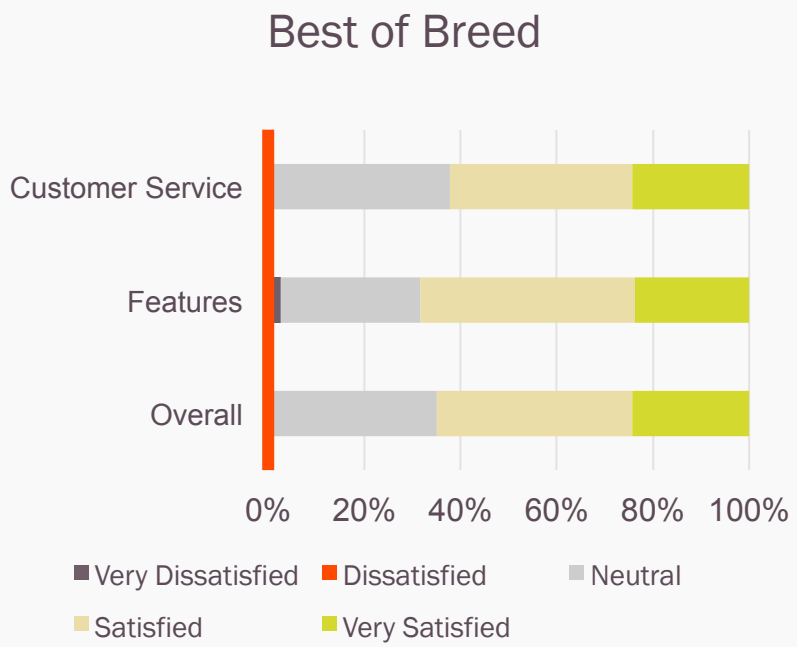
(n=95)

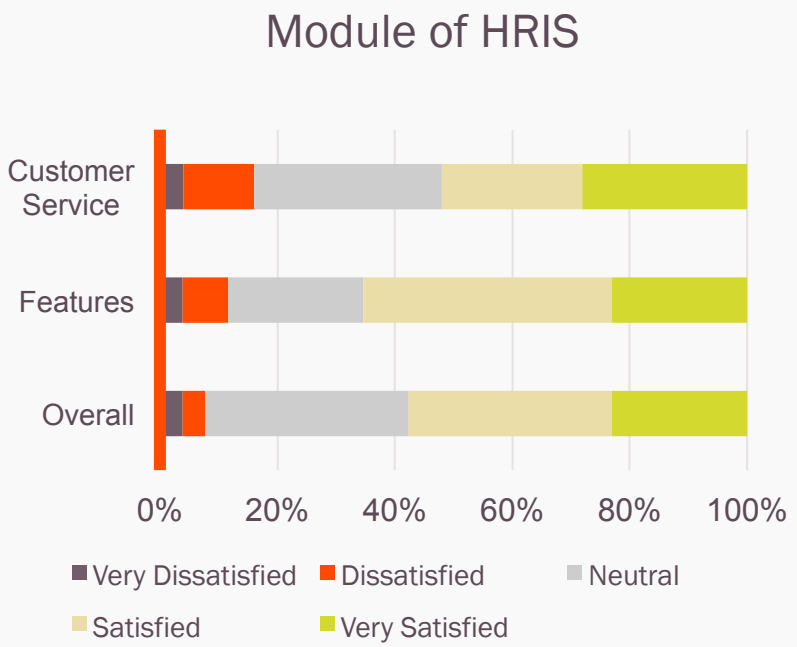
Satisfaction of Workforce Modelling systems



(n=120)

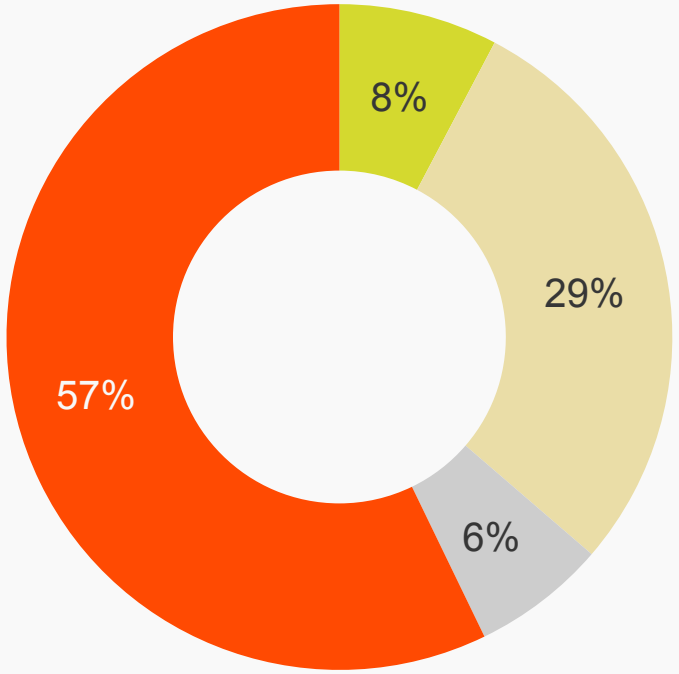
Satisfaction of Workforce Modelling systems





(Best of Breed n=37 / Module of HRIS n=26)

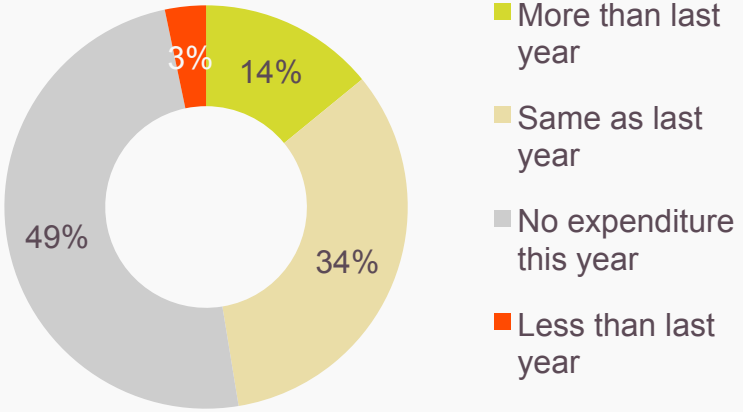
Deployment of Workforce Modelling systems



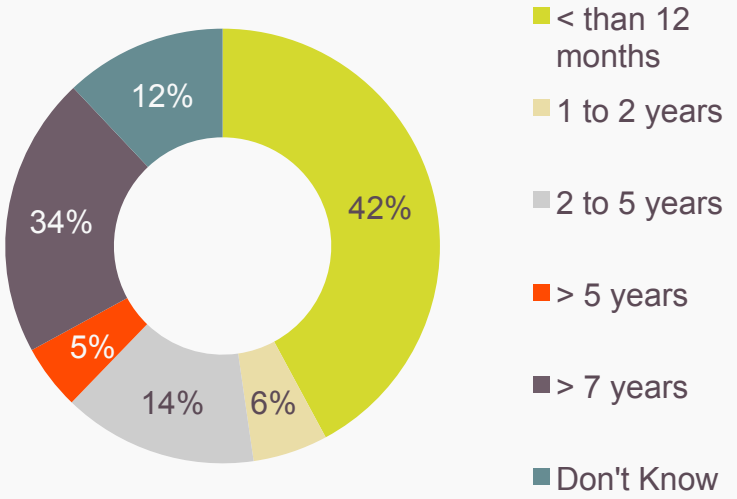
(n=150)

Expenditure and Age of Workforce Modelling systems

Expenditure over next 12 months



Age



(Expenditure n=213 / Age n=77)

Succession Planning

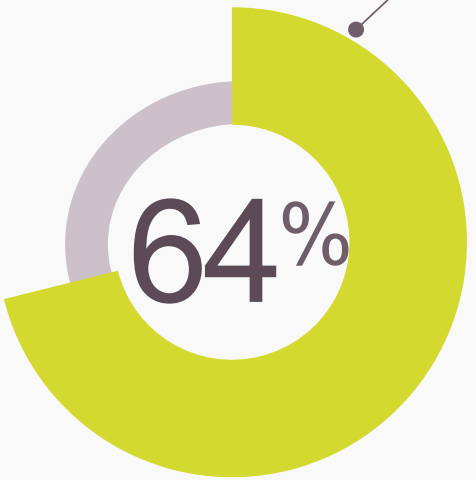
Succession planning systems assist in identifying and developing internal people with the potential to fill key leadership positions. The process also increases the availability of experienced and capable employees to assume these roles.

Succession Planning

Succession Planning is still the functional area with the lowest level of technology adoption. This year In-House solutions increased to almost 15% adoption, followed by the “Other” category.

Satisfaction with succession planning tools reversed the trend, with users of HRIS based solutions more satisfied then best of breed users.

A massive 62% of respondents were unable to answer the deployment model of their solution. For those who could both SaaS and On-Premise had equal share at 14%.

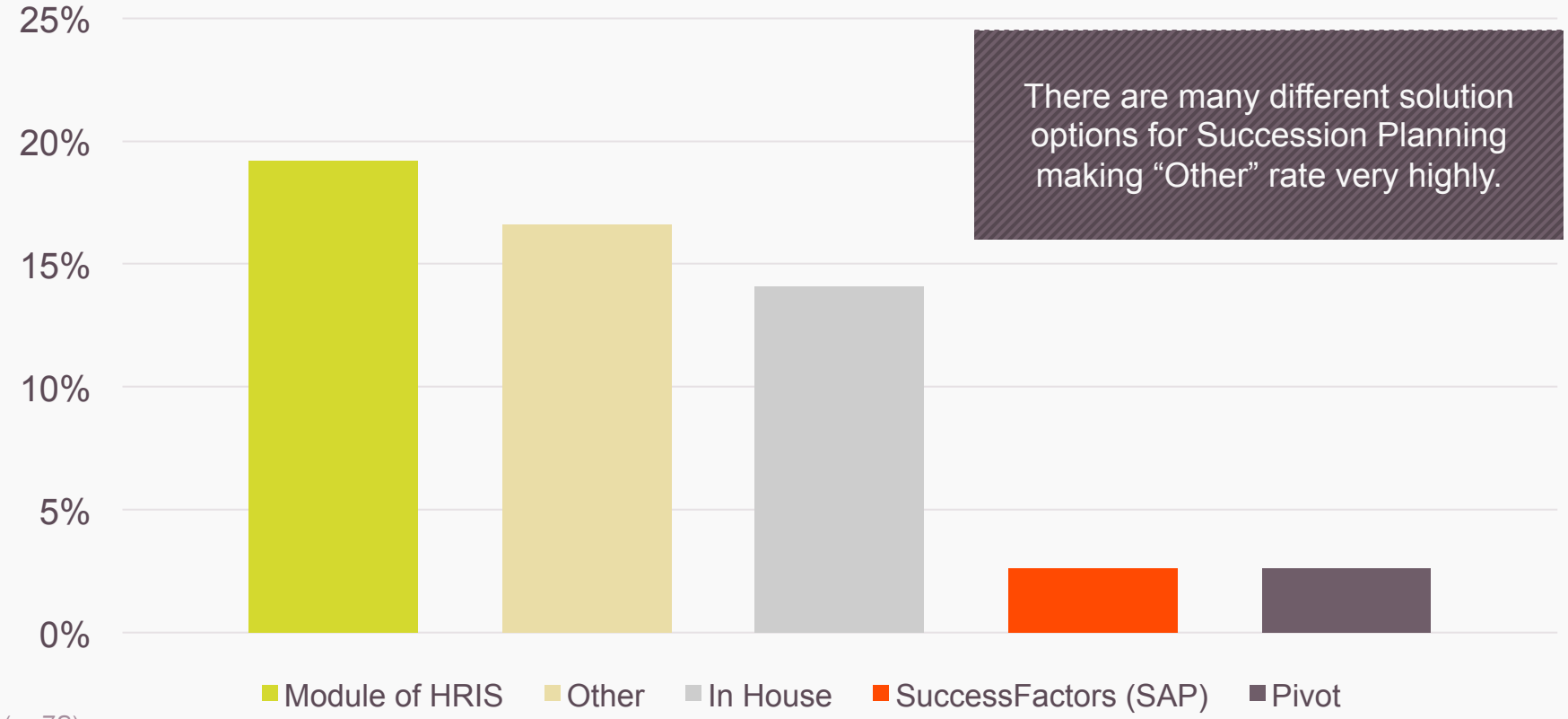


No Solution

A majority of respondents have no solution for succession planning.

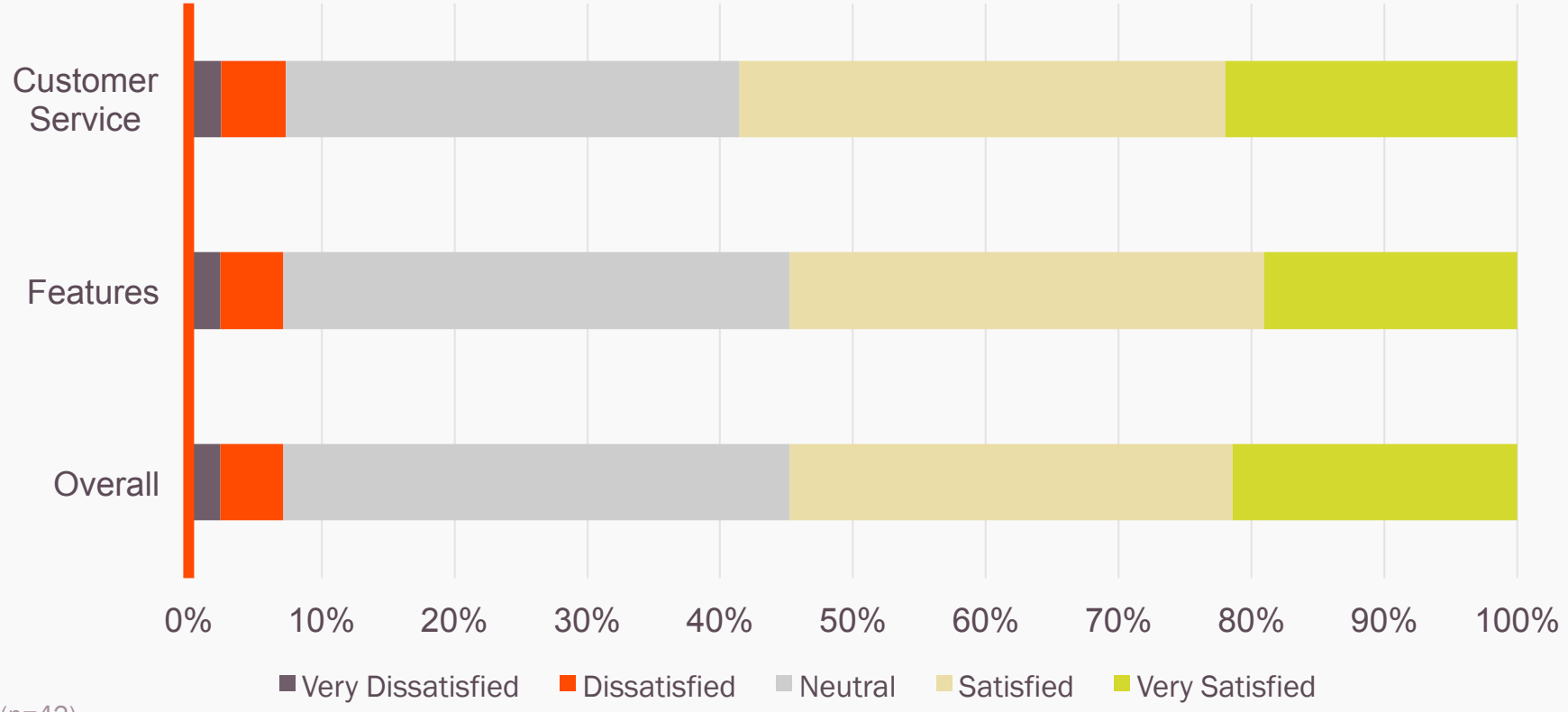
(n=256)

Five most adopted Succession Planning systems



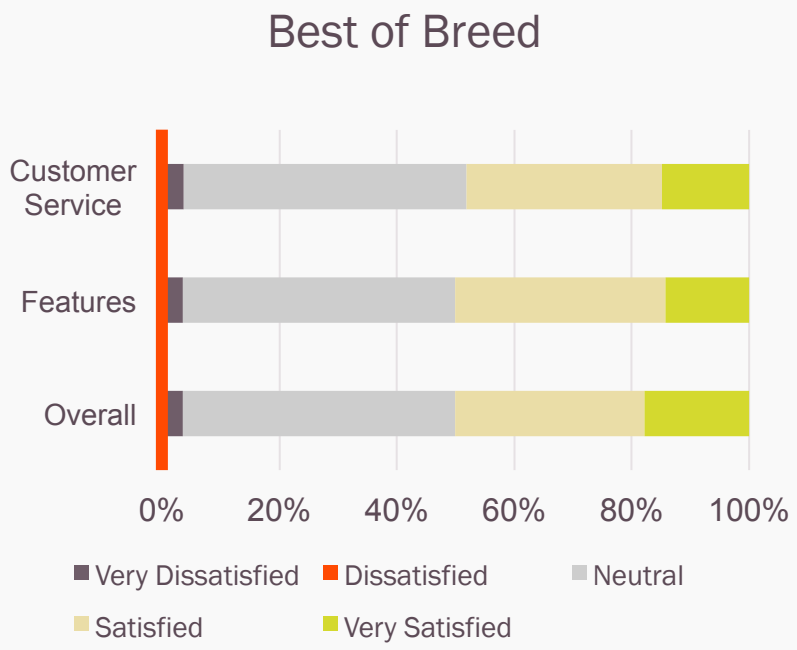
(n=78)

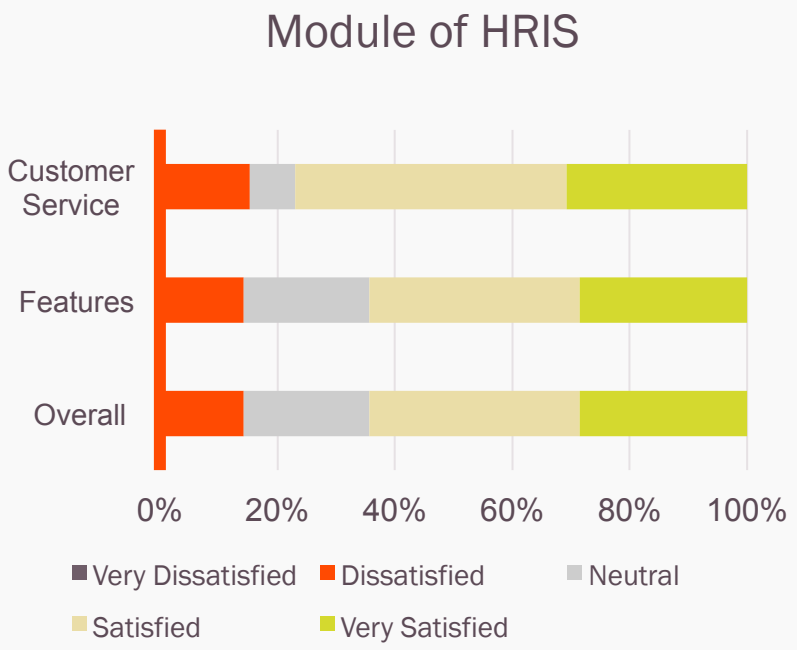
Satisfaction of Succession Planning systems



(n=42)

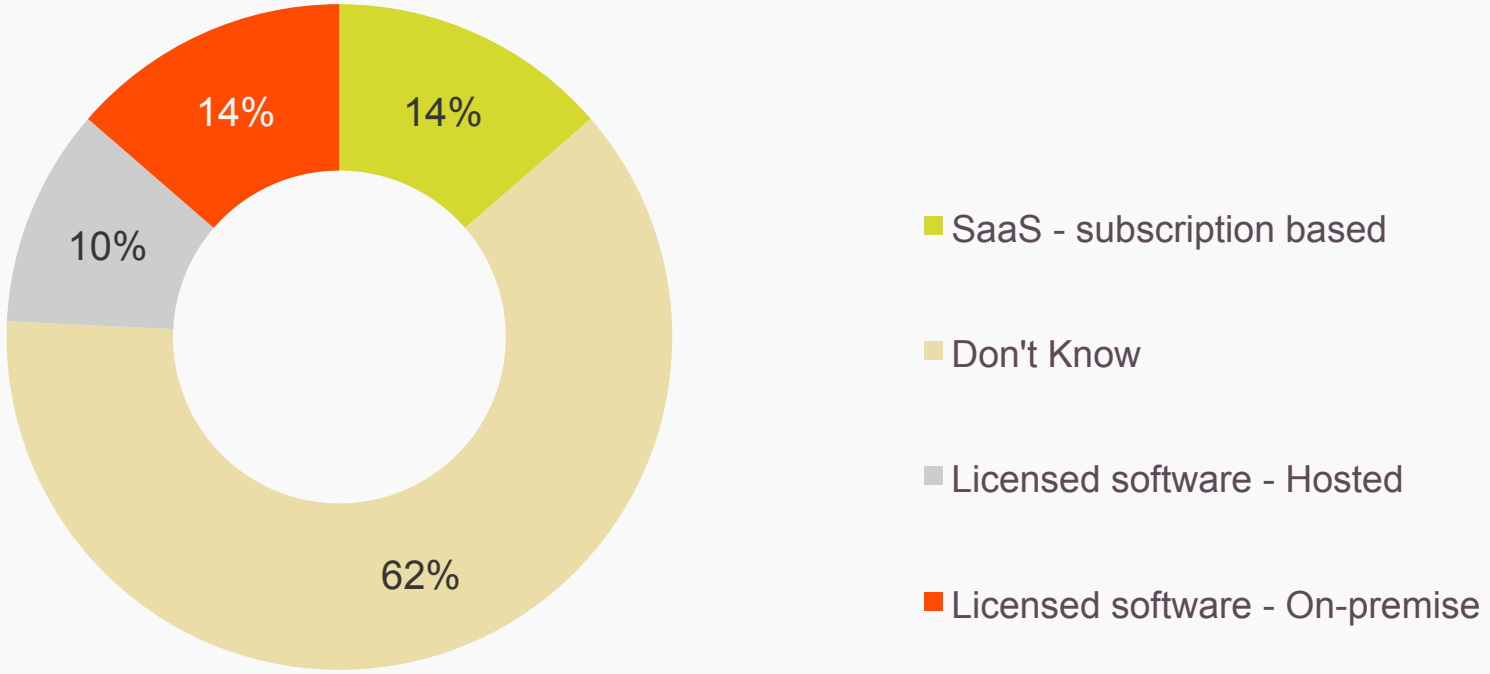
Satisfaction of Succession Planning systems





(Best of Breed n=28 / Module of HRIS n=14)

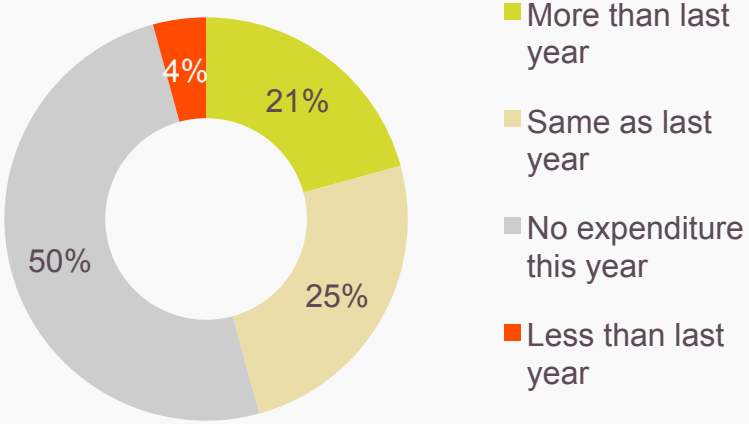
Deployment of Succession Planning systems



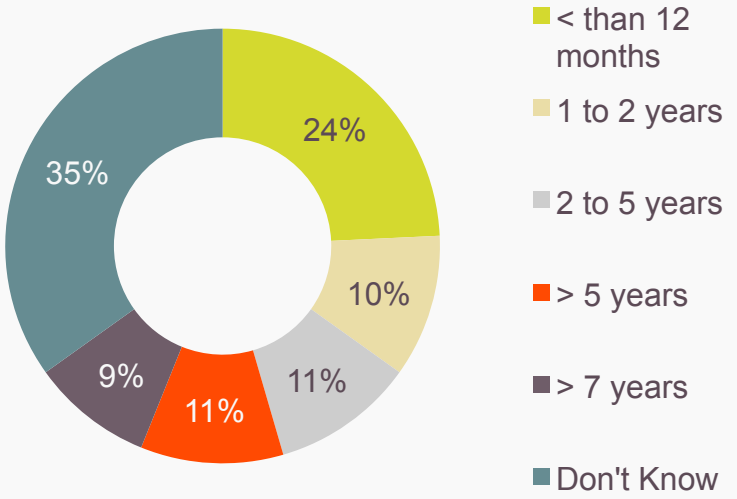
(n=150)

Expenditure and Age of Succession Planning systems

Expenditure over next 12 months



Age



(Expenditure n=212 / Age n=66)

Respondent Demography and Method

Methodology

Method

Primary research for the Australian HR Technology Report was conducted in the form of an online survey. The survey was carried out between February and March 2014.

Our respondent profile are individuals working in HR or IT, in Australia, for organisations with 100 or more employees. Overall 288 responses from 258 unique organisations fit our respondent profile.

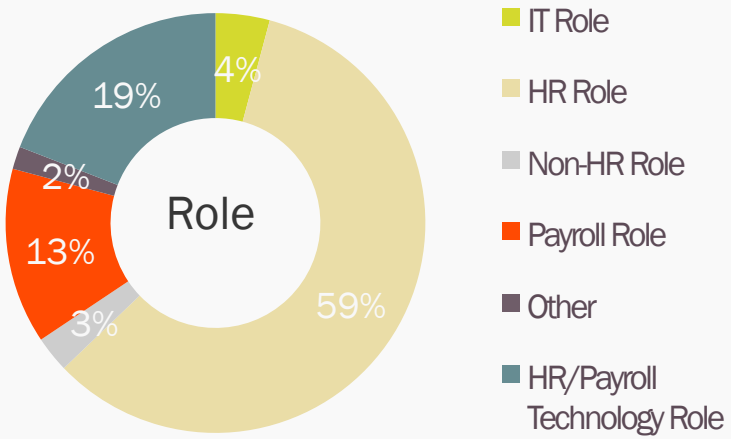
Where we received more than one response from an organisation all subjective (opinion) answers are included. Objective (fact) answers were compared and combined or investigated further if required.

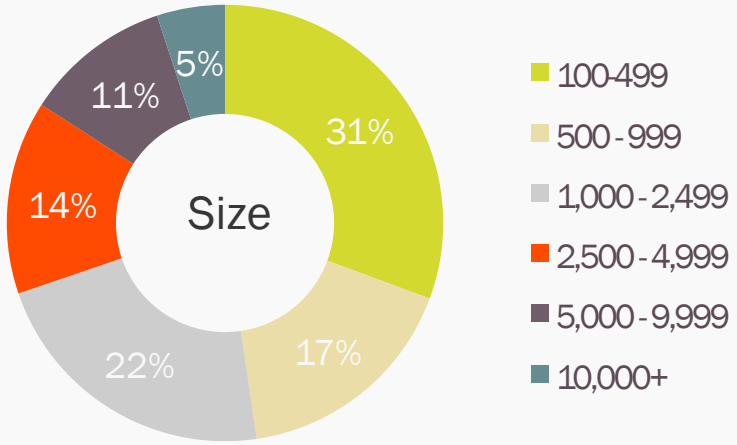
Sampling Bias

Navigo 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, chris21 and Aurion as more popular than reality.

Our aim is to get an accurate representation of the market, and we invited the majority of HR vendors to promote the survey to their customer base. This again could cause a sampling bias where one vendor has promoted the survey over another.

Roles and Organisation Size





(n=256)

Industry Breakdown

Accommodation / Food Services	1%
Agriculture / Forestry / Fishing	1%
Arts / Recreation Services	1%
Business / Professional Services	3%
Computers (Hardware, Software)	2%
Construction	1%
Consulting	1%
Education / Training	10%
Electricity / Gas / Water Supply	6%
Engineering / Architecture	2%
Entertainment / Recreation	1%
Finance / Insurance	10%
Government	16%
Health Care / Social Assistance	8%
Legal	3%
Manufacturing	5%
Media / Printing / Publishing	1%
Mining	3%
Non-Profit	6%
OTHER	9%
Research / Science	1%
Retail Trade	4%
Telecommunications	1%
Transportation / Distribution	3%
Wholesale Trade	1%

About Navigo

Navigo Research provides industry news, vendor profiles, and market research into the Australian HR Technology scene. Navigo Research is operated by **Navigo**, a leading HR software solutions and consulting company operating since 2007.

Our purpose is to provide advice and guidance to organisations regarding the best possible use of HR technology and how to leverage people and investments to create great companies.

Our team consists of research analysts and consultants who are experts in HR related technology solutions in the Australian market.

Since 2009 our annual survey, the Australian HR Technology Report, has been taking the pulse on how HR is using technology.

For organisations we provide advisory services in HR Technology strategy, HR Operations/Systems management, integration solutions and HRIS functional consulting.

For HR Vendors we offer education services, market research and vendor briefings.

Learn more at www.navigoresearch.com.au