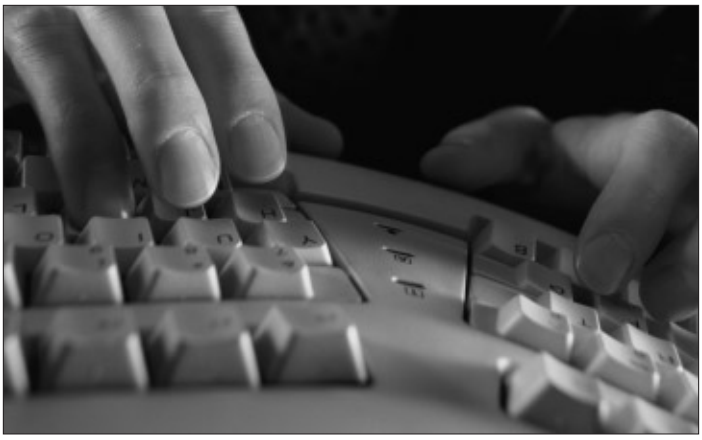
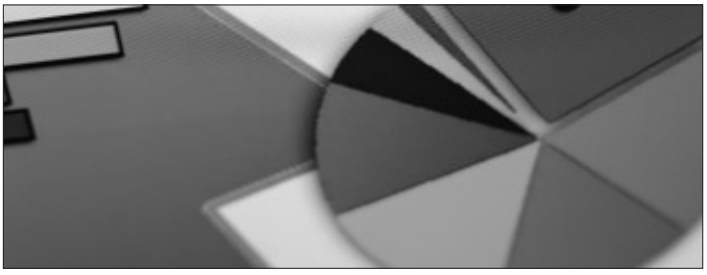
The Executive Buying Guide to Employee Self-Service





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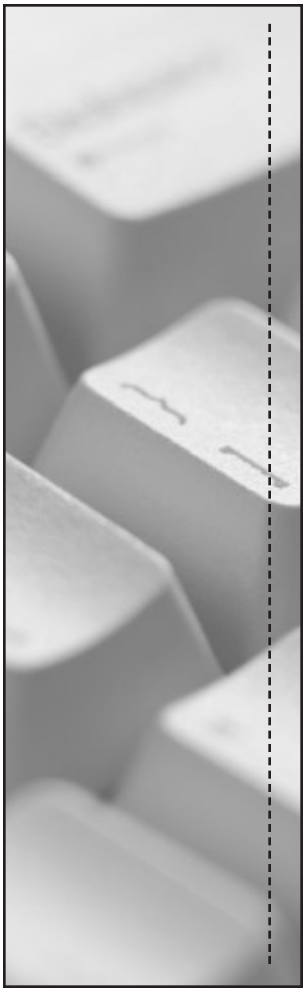
The Executive Buying Guide to Employee Self-Service

Welcome! For more than twenty years, Best Software has been helping mid-size businesses in all industries choose and implement Abra Human Resource Management Systems (HRMS). Our experience has taught us that people need more than just product information to successfully select and deploy employee self-service (ESS) solutions. That's what this Buying Guide is all about.

We've distilled what we've learned from our many successful Abra customers and have structured it as useful information you need to know, including:

- What is ESS and what bottom line value can it bring to your company?
- How do you identify and evaluate business processes to automate with ESS?
- What are the key software capabilities every ESS system should have?
- What are some key considerations in planning and deploying your ESS system?
- How do you estimate the potential return on investment (ROI)?

Why would a software company write a buying guide that doesn't promote its own products? Because we've discovered that the more people know about employee self-service, the more likely they are to choose HRMS products from Best Software. An informed professional usually ends up being our customer, so we have a vested interest in sharing information with you.



What is ESS, and what value does it bring to my company?

Mid-size companies are adopting ESS solutions in growing numbers. A major reason is that companies are tending to opt for smaller information technology projects that are aimed at specific processes and business problems with clear returns on investment. In particular, HR technology adoption is increasingly being driven by applications aimed at employees and line managers. HR/ESS applications were ranked number six on the list of top-ten spending priorities according to a study by The Gartner Group in September 2003.

What is ESS?

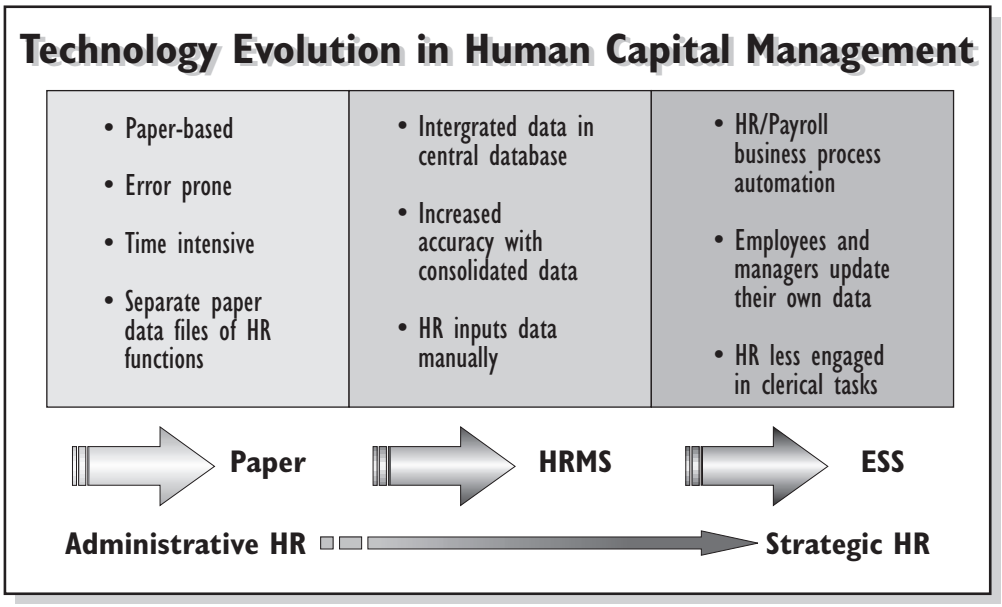
Most executives and HR professionals are familiar with the term "employee self-service", or ESS. ESS is online technology that automates workflow and allows employees and managers to view and update HR and payroll information via the Internet or a company's internal network. It often includes time-off management and can serve as a central portal for communicating company documents and announcements. Automating HR and payroll business processes with ESS disperses routine tasks back to the level of origination – employees or their managers. It can lower costs without taking anything away from employees, making it a very attractive and increasingly implemented cost – containment strategy. Additionally, employees consistently report higher job satisfaction with self-service solutions in place.

Bottom-Line Benefits of ESS

The key benefits of ESS systems that can contribute to the company's bottom line are:

- Workforce productivity improvements – Save workforce hours by reducing the time employees and managers spend on routine HR and payroll activity. • Reduced HR call volume – Employees have direct access to a greater amount of data, so they can make changes themselves and answer most of their own routine HR and payroll-oriented questions.
- Reduced transaction costs – Partially or completely replacing paper-based HR/payroll processes reduces (or eliminates) the time and physical costs associated with copying, routing, printing, mailing and filing paper.
- Elimination of duplicate data entry – Data entered by employees is transferred directly to the HR/payroll database, relieving HR staff members from manually entering data. This improves productivity and reduces errors.

- Improved data accuracy, integrity and timeliness – By allowing employees to make routine record changes themselves, the quality and timeliness of the information improves.
- Improved employee satisfaction and retention – employee self-service empowers the workforce to participate more directly in company processes, which can increase morale and serve as an effective employee retention tool.
- Strategic HR orientation – ESS technology allows HR staff to focus on more strategic initiatives, rather than being hampered by routine administrative functions.



Business Process Automation Candidates

Once you've recognized the value of ESS and before you begin researching potential solutions, it is important to first determine which of your business processes can benefit from self-service technology. There are many HR– and payroll-oriented business processes throughout the organization that are ripe for automation. What makes these processes so attractive for automation is that they are paper- and/or phone-based, time-consuming, slow, error-prone and expensive. In evaluating each process for automation, consider these factors:

- How many steps and participants are involved in the process?
- How many employees use (or would use) the process?
- How many times is the process repeated every year?
- What is the potential direct (paper, postage, etc.) cost savings?
- What is the potential indirect (labor) cost savings or productivity improvement?
- What is the potential strategic value (culture or business change agent)?

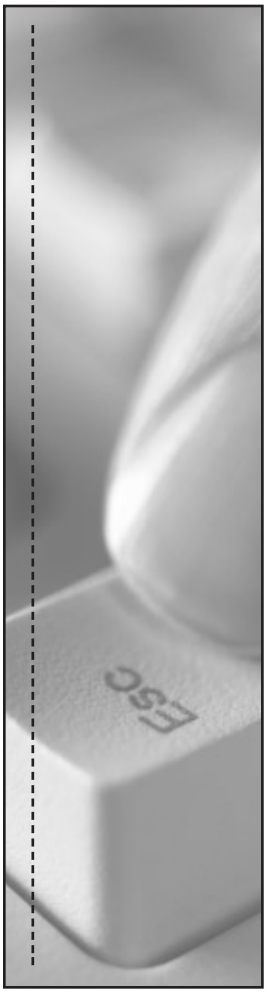
Here is a list of core HR and payroll business processes that should be evaluated for automation with ESS technology:

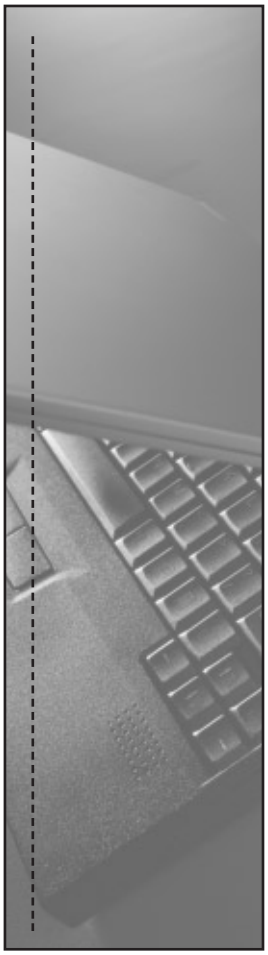
Area	Business Process	ESS Automation
Payroll Distribution	Payment Forms	• Deliver pay stubs and direct deposit advices online; Employees can print them
	W-2 Forms	• Deliver W-2 forms online; Employees print their own duplicate W-2 copies
Benefits Management	Open Enrollment	• Employees elect benefits online; HR manages entire process electronically
	Life Events	• Employees update marital status, dependent & beneficiary changes online
Time Management	Time-off Balances	• Available to employees online
	Time-off Requests	• Online requests, manager approvals and HR notifications
Employee Information	Personal	• Employees maintain contact & dependents information
	Work History	• Employees maintain work history and previous employment
	Skills & Certifications	• Employees view and update skills details
Manager Tools	Employee Notes	• Managers enter and maintain commendations, reprimands and other
	Performance Reviews	• Managers view due dates, enter and maintain rating summaries
	Organization drill-down	• Managers view organizational structures
	Employee Information	• Managers access information on direct and indirect report employees
Job and Pay	Pay History	• Employees view and print past paycheck earnings, deduction and tax withholding details
	Job & Compensation History	• Employees view current and previous positions held, rates of pay and other compensation
	W-4 Elections	• Employees submit changes to W-4 tax elections online
Training	Catalogs	• Employees view listings of available training courses
	Registration & Tracking	• Employees register for training online; Managers can track status and progress of training
	Skills & Certifications	• Employees and managers view training requirements to obtain skills and certifications
	Training History	• Employees and managers view training history
Recruitment	Job requisitions & postings	• Employees can view open job postings and can apply for jobs
Company Communications	Policies & Handbooks	• Employees view employee handbooks and company policy documents posted online
	Company Information	• Employees access phone lists, email lists, organizational charts and other relevant company information online
	Surveys	• Online surveys to employees and managers online

Key Software Capabilities Checklist

After the appropriate business processes have been targeted for automation, it's time to take those processes and compile a list of key software capabilities your company will need in an ESS solution. The following checklist includes the minimum features that should be included in an ESS solution. Your company's unique requirements for an ESS solution, based on your business process evaluations above, should be added to this list.

Feature	Description	✔
Ease of use	• Page design is intuitive and well-organized • Each page includes on-screen help and user tips • No employee or manager user training is required	❑ ❑ ❑
Flexible Workflow	• Changes/requests are automatically routed to each required role • Notifications are automatically sent to each required role • Notifications are sent by e-mail, as well as within the ESS system • The system supports SMTP email systems	❑ ❑ ❑ ❑
Multiple and Separate Role Assignments	• Employee role • Supervisor role • Manager role • HR administrator role • Payroll administrator role • Benefits administrator role • System administrator role	❑ ❑ ❑ ❑ ❑ ❑ ❑
Configuration	• Includes easy-to-use set-up wizards for administrators	❑
Information Control	• Administrators can easily control which information can be viewed or changed by employees on each page	❑
Security	• Administrator determines and controls user log-in requirements • Administrator determines and controls data access by role • Supports encryption of all databases • Supports 128-bit SSL encryption for data transmission	❑ ❑ ❑ ❑
Flexible URL support	• Supports links to internal documents • Supports links to external Web sites	❑ ❑
Customization	• Supports company logos • Can change page color schemes • Can post customized company messages	❑ ❑ ❑
HRMS Integration	• Seamlessly integrates with core administrative HR and payroll systems	❑
Support Contract	• Includes software upgrades • Includes telephone support during business hours • Includes 24x7 self-service support via the Internet	❑ ❑ ❑
Technology	• Supports prevalent Windows Server 2000 or later • Supports Internet Explorer 6 or later	❑ ❑
Modularity	• Can purchase and implement only needed functionality	❑





Key Considerations in Planning and Deploying an ESS System

There are several key considerations that you should take into account in planning the transition from paper-based HR/Payroll processes to a new employee self-service system.

Computer and network access – To adopt and use ESS, employees should feel comfortable using a PC and Web browser. Determine how many employees and managers have access to the Web or the company network at work or at home.

Project team – It is critical that HR include IT team members throughout all of the stages of planning and implementing the ESS to ensure that any needed resources will be available for a successful implementation. HR executives should work with IT executives to be certain that the corporate objectives of the project are understood and embraced by both departments.

Document current processes and prioritize – Breaking processes down into their component parts and documenting them is critical for several reasons. It is necessary in order to estimate the potential productivity improvements and cost savings. It is also necessary in order to "map" the manual processes into the new online processes. Determine which processes are to be automated first. The easiest? The biggest cost savers?

Configure and test – Map the manual processes to the workflow capabilities of the ESS system. This is a joint responsibility of HR and IT personnel. Then exercise the new ESS-based processes and verify results. This should be done by knowledgeable HR personnel who understand the current processes and what the desired results should be.

Enlist champions and create early success – Recruit cross-functional team(s) to use and evaluate the new ESS system, so they will become champions of the new system within the company. It may be helpful in adopting the new system if the company has early examples of success to follow. Perhaps one or more departments or a single campus are the first to use the system and become "references."

Engage employees – Provide a reason for employees to log-in to the new system. Having all employees review and update their personal information online not only gives them a reason to use the system, it also creates immediate value for the HR department.

Measuring the Return on Investment (ROI)

The following is a step-by-step procedure you can use to determine a three year average annual return on investment.

Determining the ROI involves these four steps: (1) calculating the total savings, (2) determining the initial and ongoing costs of the investment, (3) determining the average annual net savings, and (4) dividing the average annual net savings by the inital investment to obtain a percentage ROI figure.

The formula is:

$$\textbf{ROI} = \frac{\textbf{(3 Year Net Savings)/3}}{\textbf{Initial Investment}} \textbf{ X 100}$$

Step 1: Calculate the total savings

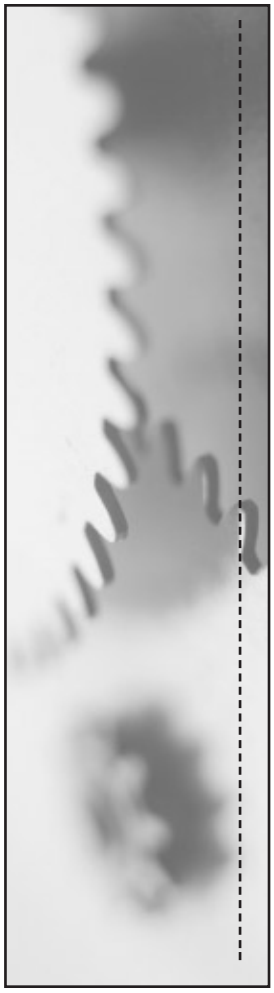
For each process being automated:

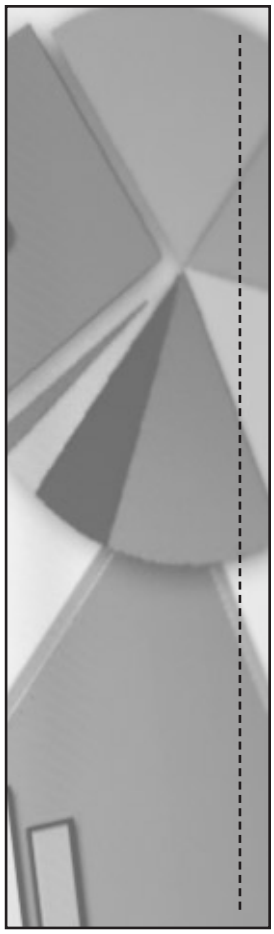
- Define each activity or step within the process
- Assign the manual costs to that activity
  - Labor (hourly rate x number of hours)
  - Other (materials, postage, etc.)
- Multiply by the number of times the process occurs each year
- Repeat the analysis for the new automated online process
- 1st year savings = cost of manual methods – cost of automated methods
- Repeat the analysis for year 2 and year 3

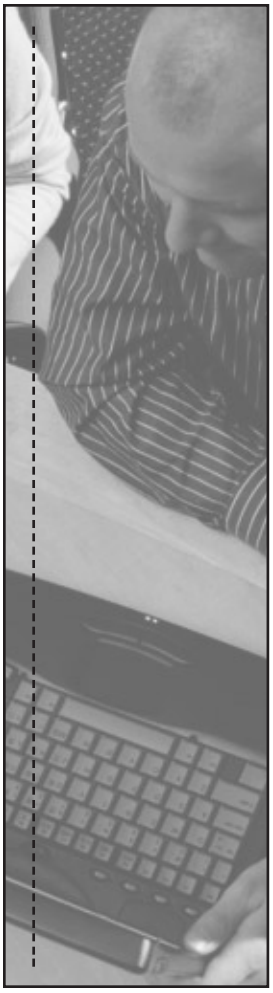
Step 2: Determine the initial and recurring costs of the investment

The major cost elements of the ESS investment are:

- Initial Investment
  - Software – The ESS software application, along with any other required HR management or database software.
  - Hardware – Any computers and operating system software required to run the ESS application.
  - Consulting – Any business or technical consulting fees you may require to plan, install, set-up and configure the ESS software for your business.
  - Training – Any costs incurred to train the HR, payroll, benefits and system administrators who will use the system. Note that the employees and managers of the workforce should not require any special training to use the ESS software.
- Annual Recurring Costs – Any ongoing costs such as software and hardware maintenance and support agreements each year.







Step 3: Determine average annual net savings

- Add together the total savings of all processes for year one, year two and year three from step 1.
- Add together the annual recurring costs for year one, year two and year three from step 2 above.
- Three year net savings = total savings – total annual recurring costs.
- Divide this three-year total by three to determine the average annual net savings.

Step 4: Determine the ROI percentage figure

Divide the average annual net savings (from step three above) by the initial cost of the investment (from step two above.) Then multiply by 100 to get the percentage ROI figure.

Conclusion

When selecting and deploying an employee self-service solution, there are many factors to take into consideration. Besides specific software features and functionality, it's important to choose a vendor known for experience in the HR software industry with a reputation for reliable business solutions and world-class customer support. Abra Suite by Best Software has been the industry leader in mid-market HRMS systems for twenty years. Our software is supported by a nationwide network of Certified Business Partners who are your local resource for implementation, training, service, and support. For more information, please call us at 800-424-9392, or visit our web site at www.bestsoftware.com.

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