

The Ins & Outs of Procuring HR & Payroll Technology



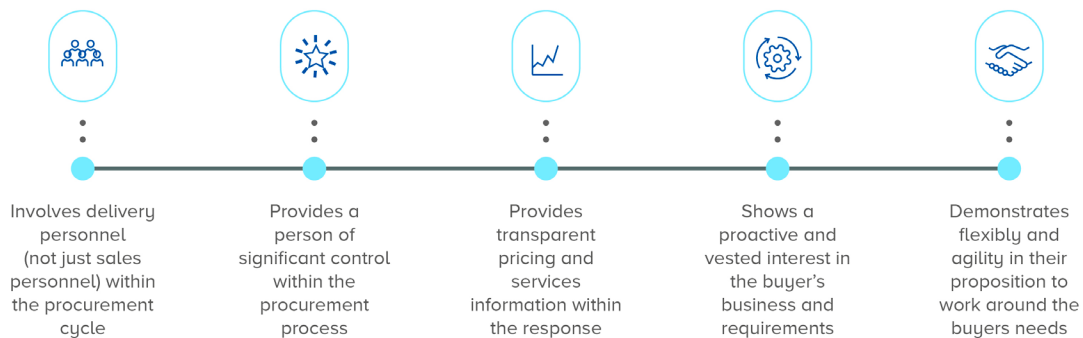
Through the procurement process, buyers are at risk of being channelled into rabbit holes that ultimately lead them to purchasing something that did not fully achieve the desired solution, and sellers often sacrifice elements of their product(s) for the sake of being competitive. This paper investigates whether procurement helps (or hinders) a successful outcome when procuring HR & payroll technology and services.

The purpose of procurement

Procurement as an organisational process is intended to ensure that a buyer receives goods, services, or works at the best possible price when aspects such as quality, quantity, time, and location are compared. It's designed to promote open competition, minimise risks such as exposure to fraud and collusion and offers confidence that fair and professional practices are in place.

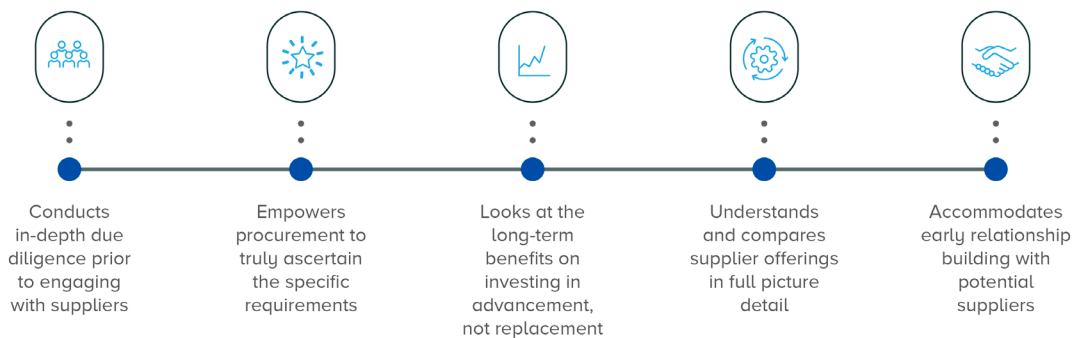
It is vital to understand how procurement can support your business, whether you are a buyer or a seller.

THE TOP 5 CHARACTERISTICS OF A SELLER



As a buyer it gives distance from a seller's direct sales efforts to steer focus to their product over another, enabling for easier comparison based on specific questions.

THE TOP 5 CHARACTERISTICS OF A BUYER



As a seller it gives an equal opportunity to potentially welcome a new customer to a client portfolio, with clear and concise buyer requirements.

Planning for Procurement as a buyer

Before you go out into the market and begin your procurement process, it is essential that you have created a well-defined plan, and undergone research to determine exactly what you want to achieve through this process.

The procurement cycle, especially for HR & payroll technology and services is expensive for everyone. And, if you haven't done your due diligence beforehand, the cost of conducting a competitive procurement process may even cost more than purchasing the HR & payroll technology and services itself.

Whilst these costs are necessary, they are still undoubtedly excessive for both buyers and suppliers, and we need to find a smarter and more efficient way to procure which still maintains fair and open competition while minimising risks such as exposure to fraud and collusion.

If businesses come into the procurement process having undertaken adequate market research, understanding exactly what they want to achieve through the process, and understanding the best way to work with procurement, the process ultimately will become smoother and more cost effective for both sides.

Do your research *Don't let the procurement exercise be your learning exercise.*

Too often procurement is used to learn what is available in the market. And, whilst you're bound to learn more about the market, you should aim to walk into this process with as much understanding as possible. This will enable you to spot the cracks, identify the sales plays versus reality, and ultimately give you confidence to challenge what you don't quite understand, at the right level, not at the learner level.

- Utilise impartial associations and member orientated user groups, webinars, articles, testimonials, and your own network to learn about what's available in the market.

A competitive procurement process following a full EU procedure costs average from £23,900 to £45,200.

The key to your research phase is to determine the specifics of your requirements. What the business might want isn't essentially what the business might need, and a good in-depth research phase will enable you to spot the cracks in your current systems, establish a budget, identify the sales plays versus reality and ultimately give you confidence to challenge what you don't quite understand.

Don't replace, improve *Look to improve efficiencies and add value*

Much like buying a new car, you don't replace the one you have with one of the same age, same colour, and same functionality, because what would be the point of that?

- Technology and associated services evolve very quickly. What you learnt through our last procurement process might not be true now.

Don't focus your RFP efforts on finding a new solution with intricate details aimed to cater to archaic and aged challenges of the current solution and services. Between your procurement processes, the technology alone will have moved on exponentially and the challenges you are facing with legacy technology will more than likely not be there anymore, for example solving manual processes thanks to strides in robotics and automation.

Using procurement as the vessel *Use procurement correctly.*

- Allow for procurement to support the process and empower the business to take more ownership and interest in the process, products, and suppliers.

The relationship between the business and procurement needs to be fair and clearly defined so the roles of both are understood and respected. Ultimately the business will be left consuming the technology and services, so empowering them earlier in the process will inevitably increase engagement and encourage adoption.

Tips for the procurement process

You've planned out your process and done your research. Now what about working your way through the procurement process?

You want:

- An efficient procurement process
- To purchase the best system for your business
- To know exactly what you're buying
- To know how it compares to what else is available in the market

1. Don't be at arm's length *be involved to find your perfect match!*

One of the most typical pitfalls when procuring HR & payroll technology and services is when the business, the people using the technology or accessing the services being procured, aren't involved in the selection process.

Like any relationship, a supplier of services needs to have a good relationship with the client, and vice versa. The procurement process provides the perfect opportunity to spend some time and effort getting that client-supplier-client fit right – the best relationships are one where the supplier feels like a department, rather than a supplier.

2. It's not only about the money

Consider how important price is within the process; "buy cheap, get cheap", "you get what you pay for", "what did you expect for that price". If you buy the cheapest tent off amazon, it would be ok for a few trips, maybe ok for some bad weather, but chances are it won't last for an extended period, and you will end up replacing the tent sooner than if you had invested in a sturdier tent. Chances are you could end up buying 3 cheap tents over the same period and spending more money.

Similarly, businesses must realise the return of investment when selecting something more expensive rather than the cheapest option. If something is more expensive, don't rule it out based on a weighting process alone. It is very possible that there is a reason for the price, and it's worth investigating further.

You need to look at the long-term benefits of investing more money into better solutions. Investing in a more efficient technology will always reduce human effort needed to support it, resulting fewer manual processes. With staffing costs making up a large sum of operating expenditure, requiring less human intervention in day-to-day processes and improved accuracy will ultimately justify investing more in the technology.

3. Know what you're buying

Competitive supplier pricing is often very clever so make sure you know what is included in your prices, and most importantly what is excluded.

Making sure you understand what is included (and excluded) within the different options is crucial to picking the one best for your business. You don't want to be hearing the phrases "that's not in scope", "that's only for one per month", "that's not considered standard to will be additional". It goes without saying that if a customer wants to do more stuff, it will cost additional but understand what that looks like before you move forward. Know your scope, know the supplier's scope and go in with your eyes open.

Equally know what is and isn't included as standard, as your requirements might not always come as standard services (e.g., integration, re-running a payroll, extracting data, producing specific reports, one off payments, off-cycle payroll, data adjustments etc.) Once you know what you are buying and what is included, you will be able to compare products more precisely in the market.

Conclusion

What is especially important is that for HR & payroll technology and services, you really cannot compare one with the other like you can with a commodity. The market is highly competitive, with multiple variables, which ultimately impact price. It isn't just payroll. There is so much flexibility in the technology and services across a wide variety of suppliers which make it really difficult to compare suppliers within the industry at face value.

The way procurement often fails the business is that the scoring method used for procuring HR & payroll technology and services is conducted in the same way in which a supplier of something more commodity based is scored. Would you compare and buy a holiday the same way you compare and buy baked beans? The intricacies of selecting the right holiday versus selecting a tin of baked beans is worlds apart, quite similar in complexity to choosing the right HR & payroll technology and services.

The solution?

- Work with procurement to adapt to the complexity of what is being procured.
- Find a better way to score the responses.
- Work with procurement to support the business rather than lead the business, as otherwise these intricate process requirements and technology differences are often missed.

If you'd like to know more about procuring HR and Payroll technology and services, you can email Will Jackson at info_uki@zalaris.com

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"Will Jackson, a member of the Institute of Directors and the IoD's Ambassadors for Entrepreneurship, is currently the Managing Director & Executive Vice President of Zalaris, an award-winning international HR & payroll technology and outsourcing company, and a non-Executive Director to a range of UK based businesses. Will's professional experience has predominantly been in technology solutions and services across a wealth of industry verticals such as Oil & Gas, Finance, Manufacturing, Engineering, Local Government, Healthcare, Distribution, Higher Education and Automotive. Will has proven fluency and expertise in managing international businesses P&L, budget, forecasting, sales & marketing, business development, strategy and execution."

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How Can We Help?

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- **Scoping Services** - for if you are thinking of moving to the HCM Cloud but are unsure of where to start.
- **Support Services** - for if you are already using SAP SuccessFactors and want a flexible support partner.
- **Release Management Services** - for if you are struggling to take advantage of the quarterly innovations in SAP SuccessFactors.
- **Business Process Services** - for if you are looking for operational support with your HCM processes.
- **Training Services** - for if you are not getting the most out your SuccessFactors system.

Zalaris simplify HR and payroll administration, and empower you with useful information so that you can invest more in people. We are a leading service provider of Human Capital Management (HCM) solutions, serving more than 1.5 million employees monthly with an annual revenue of more than 80 million Euros. We hold #1 or #2 positions in most of our markets, and carry over two decades of experience in transforming HR with our clients and support creating sustainable businesses. Simplify work life. Achieve more. For more information about us, go to zalaris.com.

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