



White Paper

Automating HR  
and Benefits  
Management for  
Strategic Success



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**Ascentis**

# Automating HR and Benefits Management for Strategic Success

## Introduction

### *Maximizing the potential of the HR department*

HR departments in mid-tier organizations are models of versatility. Their responsibilities include everything from answering employee questions about health benefits and vacation time and sorting out the process of employee reviews, to high level long term planning and organization of training, employee retention plans, management development and other important issues that fundamentally affect the productivity and success of the organization.

Most organizations of this size would agree that they would greatly benefit from their HR professionals having the opportunity to focus more of their energies on strategic issues, as is the case in larger organizations. It is no secret that the top-performing companies in the S&P 500<sup>3</sup> are the ones that have the strongest focus on employee development.

However, in reality, the majority of their HR department's time and resources is consistently taken up with day-to-day tactical issues—up to 5 hours of every eight hour day<sup>1</sup>, some studies suggest.

For larger companies, the technology to automate HR and benefits issues has been available for some time, and is widely used. However the resources and infrastructure required to install and maintain one of these large and complex systems has made the cost of entry prohibitive, both financially and technologically, for companies in the mid tier. As a result, only about 15%<sup>2</sup> of mid-tier companies have yet adopted a Human Resource Management System (HRMS) solution.

Today, software solutions are emerging that can provide a practical answer to organizations of this size. The problem then becomes how to choose the one that is the best fit for their requirements and that is affordable, flexible and agile enough to cope with constant change, whether it comes from within the organization or from legislation such as HIPAA and the E-sign Act.

<sup>1</sup> Navigating through eBenefits and eHR space from [www.hr.com](http://www.hr.com) intellectual capital group

<sup>2</sup> Based on published sales figures for suppliers to this market

<sup>3</sup> Great companies get great by doing the hard things well - Towers Perrin [www.towersperrin.com](http://www.towersperrin.com)

## What to look for in an HRMS

### *Building on a solid foundation*

First and foremost, a good HRMS needs to be based on a solid, modern technology foundation.

A quick survey of the marketplace will show that there is a wide range of solutions available today. Further study, however, will reveal that most of them are designed for very large organizations, costly to set up and maintain, based on heavy-duty legacy technology and requiring the services of an army of consultants to keep them operational. Most of the systems designed for smaller organizations concentrate heavily on either HR functions such as attendance and compensation, or on benefits management, but lack the ability to combine the two issues.

To be a practical investment choice for a mid-tier organization, a satisfactory HRMS solution must have its HR and benefits functions highly integrated. It must be both agile and robust in order that it can easily be kept abreast of constant change, and it must be built on a tried and true foundation that is both easy to use and maintain, such as a modern database like SQL Server or Access for smaller companies.

Ease of use is a vitally important feature for an HRMS. The learning curve on any new software is often a challenge for people whose primary function is non-technical, such as the average HR consultant. It is important that if the investment is made in a product, it is accepted to the extent that it becomes part of the fabric of the department. There are three things to look for that will make an HRMS easier to use and more accepted by staff:

- **Wizards:** Wizard-based technology makes it easy for staff to enter or import information and make changes and updates, by following through a set of simple instructional, fill-in the blanks forms on the screen, rather than their having to learn to program or call in the consultants.
- **Strong HR facilities combined with flexible benefit capabilities:** The system should be able to handle compensation, attendance and recruitment, and legal requirements such as FMLA and OSHA, while integrating them with benefits issues such as COBRA.
- **Role-based operation:** A good HRMS solution should be able to cater to the needs of a wide range of people and functions within the organization, and should appear seamlessly tailored to their requirements. Role based administration is becoming increasingly important in the HRMS marketplace. With this feature, HR administrators can define what an individual can see in the system, allowing managers access to the information they need about their particular team, while locking them out of information that is not pertinent to them. Role based administration can extend further into proactive alerting—a particular manager or management level can be automatically alerted by the system that it is time to conduct a review, for instance, with those alerts being based on the specific managers role and needs within the organization.

## *Benefits for the whole organization*

There are three constituencies whose needs must be addressed in the selection of a new HRMS solution: HR and IS Managers, the HR department itself, and the “customers,” i.e., the executives, managers and other employees of the company.

HR and IS managers must be satisfied that they have chosen the best tool for the job—one that is going to offer a good return on their investment of both financial and time resources; the HR department must find that the solution allows them to become strategic thinkers rather than data processors, and employees must find that they are receiving a more efficient service and are able to make better and easier choices.

Unless the chosen solution offers benefits to everyone in the organization, it will not succeed.

### **For HR and IS managers, the questions are largely fiscal and organizational:**

- Will one solution span both benefits and HR requirements, or will it be necessary to integrate products from different vendors to fulfill their requirements?
- Is the system affordable and within the budget of a midsized organization?
- Is the system intuitive enough for people with a wide range of different skill levels?
- Is the solution provider a solid and reputable company who will be there in future years to provide upgrades and support as technology changes?
- Will the installation and startup take so long and be so expensive that it won't be possible to configure all of the features?
- What is the total cost of ownership over time? Will consultants be returning repeatedly to reprogram the system for new or different benefit plans, to implement different features, or to train employees?

### **For HR personnel, the issues are more focused on operational matters:**

- Will it reduce their workload, for instance, by allowing them to offload some of the burden of managing employee data to departmental managers?
- Will it automate mundane tasks such as notification of events (management reviews, etc.) in order to allow them to work on more important issues for the organization, such as employee retention policies, 6-sigma programs, training and education aimed at improving productivity?
- Will the system be user-friendly enough so average HR administrators and employees can and will use it?
- Will this increase employee satisfaction and productivity, and enable better choices for employees?

## **Employees are more likely to be focused on the end results:**

- Will it enable them to access HR information, such as how many vacation days they have available or when their next salary review is due, quickly and easily?
- Will it ensure that personal information, such as dependents, addresses and emergency contacts stay up to date?
- Will it assure their privacy and that only appropriate data is released to others in the organization, such as their managers, or other staff members?
- Will it increase the range of benefit plan choices available to them and make it easier for them to choose the correct benefit plan?
- Will it provide easy access for them to information such as lists of approved doctors and explanations of benefit coverage?
- Will it reduce the number of errors in medical claims?

Employees are also seeking easier access to information about their own organization, other employees and how to reach them, as well as better communication from management about critical corporate issues that could directly affect them.

## *Essential features*

There are five key features that an HRMS needs to address. These features will make it easy to manage a range of HR issues, employee benefit plans, and benefits enrollment matters:

- **Integration of all HR Management functions.** Information about compensation, attendance, FMLA and other HR functions should be readily accessible to appropriate employees.
- **Ease of use.** The program should be easily configurable by HR and benefits managers. Importing data and configuration of HR policies, benefit plans, leave types, etc., should all be easily done without requiring formula-building or the programming services of expensive consultants. In addition, ease of use should extend to the system's reporting capabilities--commonly-used reports should be preformatted so the user doesn't have to learn a complicated report writer.
- **Support for all plan types.** This includes offering the flexibility to include non-traditional voluntary benefits such as prepaid legal, AFLAC, dental coverage, parking or even membership of a local health club.
- **Distribution of workload across the organization.** Managers should have access to the information and tools they need to effectively manage their own staffs.
- **A powerful and flexible benefits engine for full benefits management.** This must be able to calculate eligibility, volumes and costs. Reporting features should include facilities to alert managers of any issues in reconciliation or differences in bills received from plan providers.

## *The Future of HRMS*

In looking at HRMS solutions, it is important to look at the longer-term prospects for the technology. The HR industry is in a state of flux, and any product that a company installs today must be based on a platform that can readily and rapidly adapt to change, and must offer concrete plans for coping with the future.

In an ideal world, widespread, electronically enabled end to end HR management and benefits enrollment would be the norm. Employees themselves would be able to perform many operations such as online benefits enrollment and selection, the updating of personal information, and other tasks such as viewing compensation and benefits information that are currently performed for them by an HR professional. Relevant data would be routed based on business processes, allowing role-based task assignment and monitoring, allowing team leaders to manage their own staff without the constant need for the services of the HR department.

Two things are helping turn this concept of complete end-to-end benefits enrollment into a reality. First of all, the advent of the new HIPAA Administrative Simplification laws. By making the acceptance of standard electronic data formats mandatory for all carriers and benefit vendors across the country, HIPAA makes it possible for software vendors to create a common interface using these new data standards, allowing enrollment information to be transferred to the insurance carriers and TPA's electronically, eliminating the error prone manual system that exists today..

Secondly, leading vendors of HRMS solutions are ensuring that their software is fully Internet enabled and able to transfer data electronically to benefits providers. This is a key concept in making complete end to end benefits enrollment a viable proposition. It enables the user through Employee Self-Service to access and use their HR and benefits information from just about anywhere. It makes electronic benefits enrollment possible and will also allow online premium remittance, whether via the Internet, a Virtual Private Network, or through a standard modem connection.

## *HROffice*

**HROffice®** is an integrated HR and Benefits Management Solution for small to medium-sized organizations. The product provides complete full-scale HR management capabilities for information such as attendance, compensation, performance appraisals, COBRA administration, FMLA tracking and benefits management functionality such as supporting multiple benefits plans (including non-standard voluntary benefits like AFLAC, and pre-paid legal), simple customization for your unique needs, reporting capabilities and billing reconciliation.

**HROffice Enterprise** is designed for organizations requiring an enterprise class backend database. Based on Microsoft SQL server, HROffice Enterprise offers fast performance, top-notch security and solid reliability, while maintaining the ease of installation, administration and features of HROffice.

HROffice has been built to meet the needs of HR professionals today and is ready to adapt to the trends such as end to end benefits enrollment that are facing the

industry, offering companies the security of a long-term return on their investment in HR software.

### *Ascentis Software Corporation*

Ascentis Software Corporation offers solutions for the HR and Benefits management needs of many small to medium sized businesses. The company has built its main product, HROffice, to meet the needs of HR professionals today, but with the flexibility to adapt to the many changes facing the industry.

Founded in 1994, the company has more than 500 customers around the world benefiting from its advanced yet easy to use HR solutions.

### **Conclusion**

In today's rapidly changing business environment, the need for the HR department to be freed to be a more of a strategic force in the organization has become apparent. In order for this to happen, it is essential that mundane, day-to-day tasks be automated.

This automation must be brought about in such a way that the HR department can truly become more productive, rather than simply exchanging one set of tactical tasks for another, and it must be done cost-effectively. The solution chosen has to be easily usable and configurable by regular HR staff. In a constantly and rapidly changing environment such as HR, it isn't practical for every minor change in policy to require precious resource be spent on employing outside consultants to reconfigure systems.

The chosen solution also has to offer significant benefits to end user employees, whether they will use it in a "self-service" fashion, or still receive their answers through the HR department. These benefits include immediately apparent advantages such as faster and more accurate responses and less reporting errors, but also more important and long-term features such as a broader range of benefit choices.

Lastly, the chosen solution has to offer a solid return on investment. Not only through greater employee satisfaction and the freeing of the HR department for more important strategic functions, but in actual terms of reduced benefit costs through greater efficiency in plan administration, less errors and faster pick-up of problems and issues.