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Turning the Corner in HRO's Software Revolution

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With three new major solutions launched recently, is the industry ready for a new business model or just rehashing old technology?

By Andy Teng

For years, the HRO marketplace has struggled to come up with a standardized, cost-effective ERP solution that can be configured to a customer's requirements without being overreaching in scope or implementation. And for years it has come up empty. Well the drought appears to be over with the recent introduction of three on-demand platforms aimed at mid-market and enterprise buyers who want all the high-touch of outsourcing without the high price tag.

Shortly after NorthgateArinso rolled out its SAP-based euHReka solution earlier this year, ACS followed with its PeopleSoft-based SynchronHRO in May, which was announced at about the same time as Wipro's simpliFY offering, also built on PeopleSoft but with a twist: The company is throwing in benchmarking metrics from the Hackett Group. So for HR organizations looking for an all-in-one software-as-a-service (SaaS) solution that leverages one of the two major ERPs, they have a choice. But are these the panacea that HR executives have been looking for? According to one industry tech guru, it depends on your perspective.

Under ACS' new platform SynchronHRO, the standardized solution is aimed at taking costs out of the equation, and company officials stress that it gives existing PeopleSoft customers a pain-free migration path to version 9.0 and new customers access to one of the most widely used HCM platforms in the world. More importantly, this standardized, configurable approach establishes a revolutionary paradigm in HRO services, said Mark Squiers, executive managing director of the ACS HRO business.

"Standardized HR solutions are fast becoming the new business model. In fact, industry influencers have said that buyers looking to maximize cost reduction will need to embrace greater levels of automation and use of standard platforms by their HR BPO providers," he said. "ACS launched SynchronHRO in response to the needs of companies for a comprehensive, standardized HRO solution that has the power of HR tools designed for large-corporation customized solutions. By using standardized but configurable tools and processes, SynchronHRO saves companies time, money, and effort."

SynchronHRO, which provides a portal with access to payroll, employee data management, benefits, learning, compensation, and recruiting, is ideal for companies with 4,000 to 30,000 employees, although ACS said it can cater to customers outside that range.

Similarly, NorthgateArinso's euHReka on-demand platform, which incorporates talent management tools, is aimed at replacing customized HRO engagements with a templated offering for scores of countries. Wipro's partnership adds an extra dimension of consulting

services from Hackett, although buyers can procure those benchmarking and best-practice advice independent of simPLify.

ACS' Squiers said his company's product marks an important point in the HRO industry's maturity because buyers can procure a comprehensive, robust ERP solution that doesn't break the bank. "In these challenging economic times, most companies—regardless of their size—are looking for innovative solutions that will help them reduce their costs and enable them to grow in this climate. With SyncHRO, we can help these companies survive the economic downturn and prepare for the rebound by emerging stronger."

With an affordable price tag, built-in best practices, and scalability, will these solutions drive adoption in the marketplace? Technology consultant Naomi Bloom said these platforms may be great in the short term but questioned their viability down the road, when the ERP systems begin to "grow long in the tooth."

Bloom pointed out that PeopleSoft 9.0 is fundamentally client server, an older technology whose foundations were laid in the late 1980's, and Oracle, which acquired the product in 2005, is getting ready to release its next-generation suite, Fusion. When that happens—and Oracle has not yet publicly announced when Fusion applications will be available, would make anyone operating on PeopleSoft stuck with a previous- generation technology.

"PeopleSoft has 20-year-old foundations, and Oracle is very unlikely to rearchitect it," she said.

However, it has a huge base of customers, many of whom have customized their installation through PeopleCode-developed applications. And that also adds a wrinkle to the equation because those on pre-9.0 versions and who want to move to these templated solutions will have to pay developers to update their custom-developed applications. And for those who are considering an SAP solution, there are components of it that are dated, Bloom pointed out, although the ERP provider has done much recently to refresh many aspects of its products, like adding talent management functionality.

She further pointed out that both platforms will serve its customers for now, but in a few years they may be outdated by new offerings. For instance, PeopleSoft founder Dave Duffield's current business, Workday, is starting to gain traction as an ERP platform, although it has a small base of customers. Other platforms such as the one built by payroll provider Patersons could also evolve to become a significant factor. Moreover, Softscape is being used as a system of record by a number of companies.

So are the standardized offerings a true inflection point in the industry's development or simply a rest stop along the way? It looks like only time will tell.