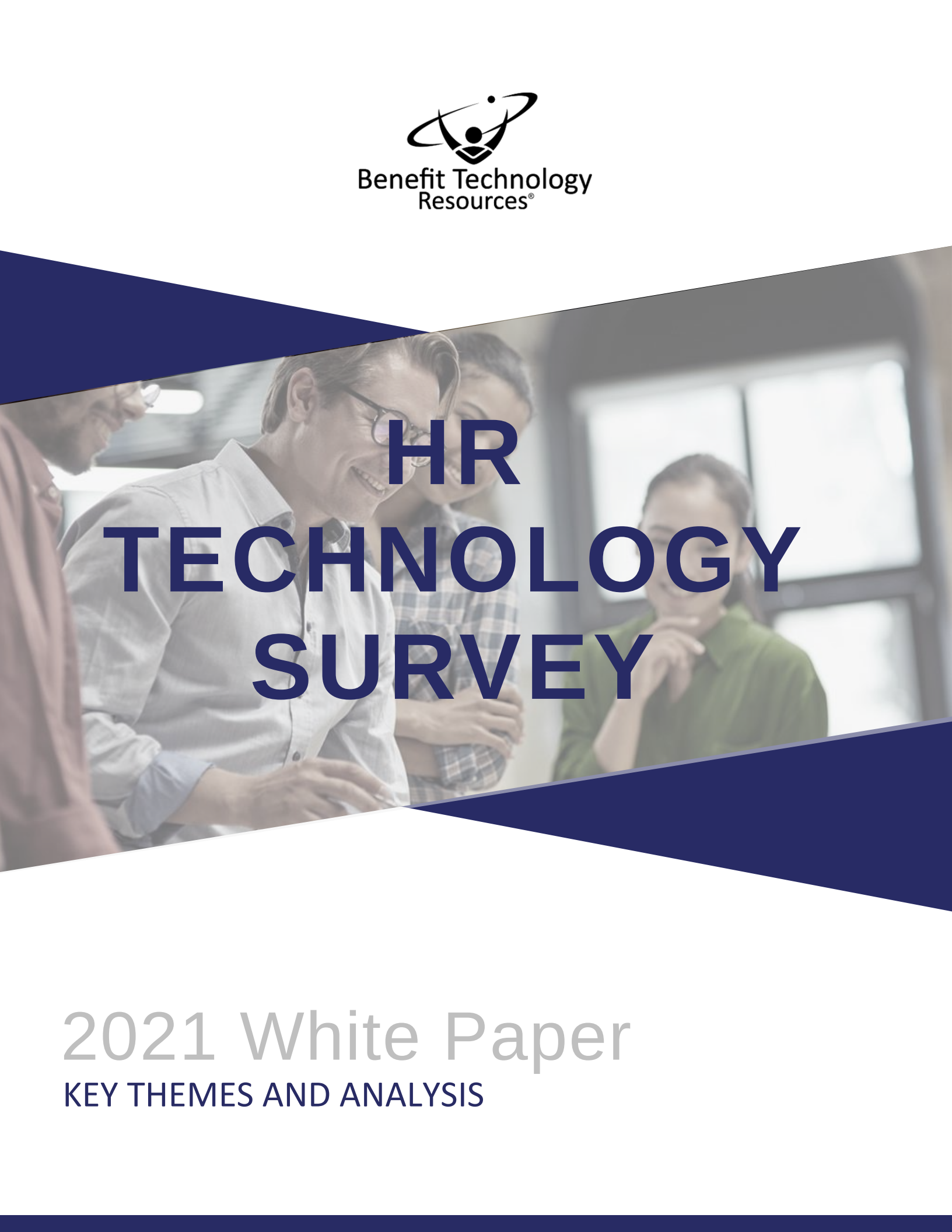


The background of the cover is a photograph of four people in an office environment. A man in the foreground is smiling and looking towards the right. Behind him, a woman is also smiling. To the right, another woman is visible, looking down. The image is partially obscured by dark blue geometric shapes at the top and bottom.

HR TECHNOLOGY SURVEY

2021 White Paper
KEY THEMES AND ANALYSIS



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Executive Summary

This white paper presents and analyzes key metrics and findings from the Benefit Technology Resources (BTR) First HR Technology Employer Survey.

Use the findings from this white paper to facilitate the discussion, evaluation, and adoption of an HR technology strategy for HR professionals and C-suite members.

Included are recommendations for both short- and long-term uses of the survey data, as well as how to use it as a benchmark on how employers are using HR technology today.

Our goal is for you to take away at least one or two ideas that you can act on and implement immediately in 2021, along with one or two longer-term strategic considerations that will support the ongoing growth and success of your business.

We encourage you to avoid the temptation to reach “HR tech nirvana” in a single year. Making informed decisions regarding HR technology that will address all your challenges is complex and cannot happen all at once. The best way forward is to start simple.

Three key market themes emerged from the findings:

- All-in-One systems vs. Point Solutions
- Payroll's relationship to HRIS
- Benefits Administration deployment strategies





Introduction

The objective of a Human Resources department is to establish the corporate culture and create a symbiosis between an employer and employee. HR has moved well beyond the days of a Personnel department that processes payroll and pushes benefits enrollment paperwork. Today, HR must recruit, hire, train, engage, and continually educate the individuals who make the goods or provide the services each business offers that generate revenue.

Many HR business units lack the bandwidth, headcount, and resources necessary to best execute the expectations set by the C-suite, and to become a strategic entity with impactful bottom-line implications on the corporate strategy. Simply put, a paradigm shift may be necessary in your organization so the C-suite can fully grasp the strategic role HR should play. For those that already have the C-suite's attention, or a CHRO, leverage this to your organizations advantage. Teach the rest of your leadership team(s) how HR can support the overall business objectives and focus on making sure your CEO understands HR's role as a strategic business unit.

“...a paradigm shift may be necessary in your organization for the C-suite to fully grasp the strategic role HR can play.”

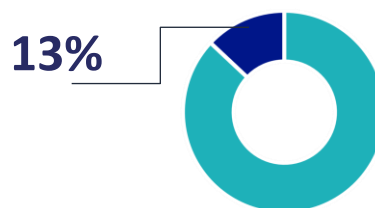
Since 2008, Benefit Technology Resources has worked with employers across the country to evaluate, design, and execute an **HR technology strategy**, and in that time, there has been no other event in recent memory that has placed a greater burden on HR in all industries than that of the COVID-19 pandemic.

What is an HR Tech Strategy?

A detailed roadmap, documenting current and desired state, designed to help your organization make the best HR tech decisions based on available resources.

COVID-19 brought the health and safety of all employees roaring to the forefront of priorities, and there is no reason to believe this will not continue for the foreseeable future as more employers reevaluate their future environment. Organizations have shifted and allocated resources for employees to work remotely while ensuring employees still feel like part of the team. HR has the responsibility of accomplishing these tasks and, in many cases, without the help of a solid HR technology strategy.

Only 13% of respondents have an employee engagement solution. A significant increase is expected next year due to the transition of many employers to a remote workforce.



Technology solutions are the engine that allow employers to make the most educated people decisions to support broader business objectives. Accessing “people data” creates the opportunity for high performing organizations to structure the most competitive total rewards programs—and other workforce strategies—to keep employees engaged and drive organizational goals.



Employees are the critical factor in meeting or exceeding organizational revenue and growth goals, but without a scalable HR technology strategy, it is an uphill battle.



Key Themes

Any surveying project begins with certain ideas the surveyor seeks to understand, validate, or refute—which was true with our HR technology survey. While there were many secondary questions that we sought and received answers for, this white paper focuses on three core themes we found:

All in-One systems vs. Point Solutions Payroll’s Relationship to HRIS Benefits Administration Deployment Strategies

Use the data associated with these themes to help improve or formalize your HR technology strategy and further educate yourself on how market trends and factors impact your organization.

define it

HCM | Umbrella term referencing multiple Human Capital Management modules

HRIS | Human Resource Information System, or single module that holds employee data

Point-Solution | Technology vendor that focuses on one area or functionality

1. All-In-One Systems vs. Point Solutions

The most common question or issue we run into is whether it makes sense for a client to utilize an “all-in-one” **HCM** solution for their HR technology needs, or if leveraging multiple “point solutions” is the better approach. The idea that there is a single HCM solution that can address all your HR technology needs is the biggest myth in this market. Determining the cost and overall impact either option will have is the challenge. Of course, **hard dollar** costs are important, but we would argue the **soft dollar** outcomes are likely more impactful and potentially represent a greater expense.

2. Payroll’s Relationship to HRIS

We found interesting similarities between the smallest employers and the larger Enterprise market, which tends to leverage separate systems for the payroll and **HRIS** functions. In the smaller organizations, basic payroll solutions like QuickBooks Online were used for both payroll and accounting but lacked robust HRIS functionality.

Smallest Employers	<100 EEs
Small/Medium Businesses - SMB	100-1000 EEs
Enterprise Market	>1000 EEs

In the enterprise space, organizations also utilized separate payroll and HRIS solutions, such as Oracle, SAP, and Workday, and often required an integrated payroll solution.

In the Small and Midsize Business (SMB) space, payroll and HRIS are typically housed within the same system, as with ADP’s WorkforceNow, Ceridian, UKG, Paylocity, Proliant, and others. Frequently, the mindset of the smallest organizations is that accounting is the “core” technology function, which can accommodate simple payroll. In the SMB sector, payroll is perceived as the “core” that can accommodate basic HRIS functions. In the Enterprise space, HRIS is viewed as the “core” function, placing payroll as a secondary function.

define it

Hard Dollar | Actual cost of paying for your technology

Soft Dollar | The “hidden” cost of employee labor & time spent performing tasks



Understanding these varying perceptions of the relationship between payroll and HRIS can guide your organization and prompt your HR team to look at how HRIS and payroll support your HR technology strategy, which should in turn support the organization's overall business objectives. If these systems currently do not support your strategy or have limited functionality, then you may need to reevaluate your comprehensive strategy—or at least your deployment of these solutions.

3. Benefits Administration Deployment Strategies

Since BTR's primary source for our client engagements is through our relationships with employee benefit advisors, benefits administration technology is a major area of focus for us. This module tends to be one of the most unique and complex when it comes to functionality, deployment methods, and overall transactional or strategic value to the end user.

However, Benefits Administration is one that clients struggle with more than other modules. When leveraging a benefits platform through an HCM/Payroll vendor, the system may not have key functionalities and automation capabilities that many employers need. These critical areas include voluntary benefit configuration, carrier file feeds, Evidence of Insurability management, robust decision support tools, wellness/surcharge requirements, and carrier billing consolidation and reconciliation reporting. Employers should evaluate all of their benefits processes to ensure the technology can accommodate them.

63% Use multiple point-solutions



Of the total respondents of this survey:



8%

More likely to use a benefits administration system when using an all-in-one vendor





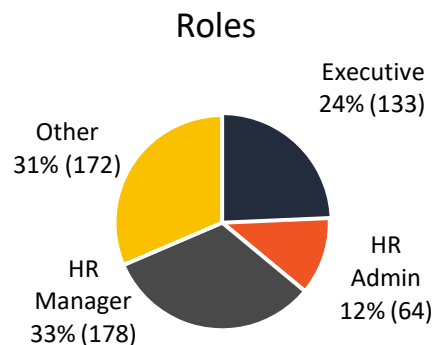
Demographics

BTR's HR Technology Survey was conducted from October through December 2020 and fills a gap in the small-medium business space, where data has been lacking historically. Although we welcomed responses from organizations outside this spectrum, as expected, the results are primarily from within the SMB space. When a client enters into any HR technology project, BTR evaluates their complexity and sophistication, rather than strictly their employee count. A client in the SMB sector can be more complex than a much larger client.

The BTR HR Technology Survey reflects a variety of roles, industries, sizes, and locations:

Total Responses	States Represented
561	43 (and DC)

Respondents hold varying roles within their respective organizations:



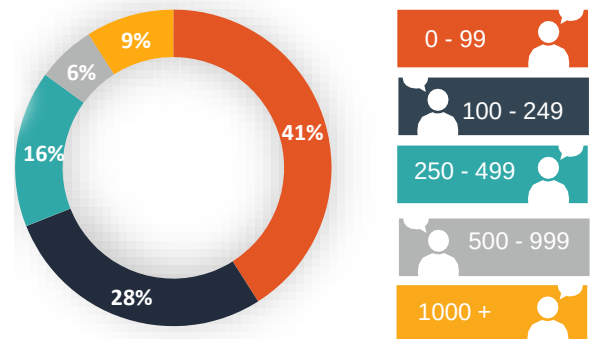
The survey represents 20 industries with an emphasis on the following:

Note the NAICS codes are included for each.

- Manufacturing (31-32)
- Finance and Insurance (52)
- Professional, Scientific, and Technical Services (54)
- Healthcare and Social Assistance (62)
- Other Services (except Public Administration) (81)

Each of these counted for at least 10+% of the total response with Manufacturing leading the way, representing 17% of the responses.

Headcounts below represent the participating employer size:



Additional data reflected in the survey:

Total Average Employer Size	Total Number of Employees Represented	Number of Jumbo Employers (20,000+)	Normalized ¹ Total Average Employer Size	Normalized ¹ Total Employees Represented
953	534,918	6	392	217,518

¹ Six "jumbo" employers (20,000+ EE's) skewed the data set, so with those removed (or normalized), the results shift.



All-In-One vs. Point Solutions

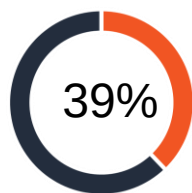
The number one challenge we observe with new BTR clients related to their current technology deployment methodology is their use of multiple systems. Integrations are troublesome, costly, and time-consuming, reports must be combined, and bad data goes from one system to another. All of these are potential challenges, but also solvable in 2021.

However, the reality of one perfect system being able to solve all these problems, while still offering the level of functionality expected and, in most cases, required, is nearly non-existent.

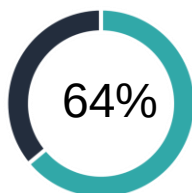
14 HR Technology Modules Surveyed:

- Payroll
- HRIS
- Talent Acquisition
- Benefits Administration
- Onboarding
- Decision Support
- ACA
- Timekeeping
- Performance Management
- Learning Management
- Succession Planning
- Compensation Management
- Expense Management
- Employee Engagement

4 Average number of different vendors per respondent



Employers with separate payroll and HRIS vendors



Employers with separate payroll and Benefits Administration Systems

Average number of modules for those with Multiple Vendors

5.3



Use more than 10 modules 12%

Average employee count of clients with an All-In-One system



Average employee count of clients with Point Solutions



3 Questions to Ask When Considering All-In-One vs. Point Solutions

- 1. Do your current vendors fully support your HR technology strategy?**
From a needed functionality standpoint, you may need to utilize multiple point solutions.
- 2. Does leveraging various standalone point solutions solve more problems than it creates?**
Conduct a full analysis of the tasks that are the biggest pain points and compare your current state to the desired outcome of outsourcing the most manual and problematic tasks.
- 3. What is best for your organization?**
Every organization is different. Just because your biggest competitor uses one system that cured all their problems does not mean you will have the same resulting benefit.



BTR's Take Consolidating into an all-in-one HR technology platform can be beneficial – but only if your organization's needs align with one platform. We have found most employers use between one- and two-point solutions, though. This is due to their more complex needs in certain functional areas - most commonly timekeeping and benefits administration.



Relationships: Payroll + HRIS

The correlation between payroll and HRIS is always an interesting topic. As highlighted in the Themes section, so much depends on the size of the organization, but sophistication is a key factor as well.

We have seen many businesses that have several thousand employees with the technology complexity and needs of a business with only a few hundred employees. There is no definitive metric to determine where an organization falls in this spectrum, so a strategic HR technology plan is essential.

Our observation is that having payroll and HRIS modules housed with the same vendor and, ideally, in the same database, is a best practice in the SMB space.

If this is not the case, it creates an additional burden for the HR team when accessing the data or leveraging imperative analytics.



67%

Single Vendor
Users Who
Use an HRIS



56%

Multiple Vendor
Users Who Use
an HRIS



71%

Use the Same
Vendor for
Payroll + HRIS

HRIS users average
nearly 597 employees,
where non-HRIS
users average 172.



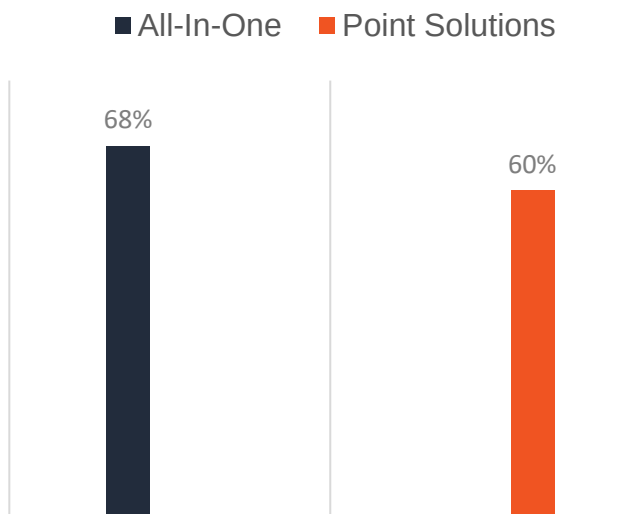
BTR's Take Some situations call for a standalone HRIS system. However, we find with most SMB clients that having the data in the same solution and database to be of greater overall value than having a fully customizable Enterprise system.



Benefits Administration Deployment Strategies

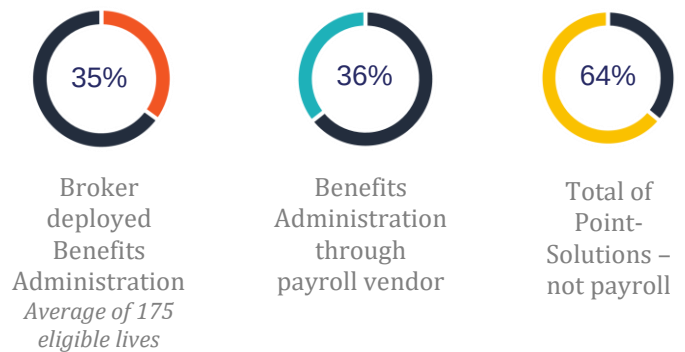
Benefits Administration is complex. With the pandemic, more and more employers realize the importance of a strong benefits system to effectively manage and communicate their benefits. Those respondents with an All-In-One solution for their HR technology were 8% more likely to utilize a benefits administration module than those with Point Solutions.

Benefits Administration module adoption:



This likely is due to the perceived simplicity of implementing Benefits Administration through the larger HCM solution. When, in practice, we are seeing a significant shift towards Benefits Administration modules being implemented through a Point Solution.

Benefits Administration deployment methods for those utilizing multiple vendors:



These percentages align with our expectations. Broker-deployed solutions can be a great option for smaller organizations with less complex benefit plans or needs. However, as organizations grow, their needs become more complex as well and require specialized technology solutions to support that growth.

As benefit strategies become more complex, we anticipate a further shift toward leveraging point solutions to support Benefits Administration. This will create the additional need for brokers and advisors to offer both internally deployed solutions and to partner with external resources to be prepared to satisfy the needs of their book of business.



BTR's Take: Partner with subject matter experts to determine the best benefits administration strategy for your organization. Not all benefits systems are created equally, and experts like your benefits advisor or an HR technology consultant can help steer you to the best long-term solution. Always consider your technology when designing new benefit plans or selecting insurance carriers in the future.



Conclusion

Every organization has different needs when it comes to its HR technology strategy. Our objective is to provide you with additional resources to help make the best decisions regarding technology solutions that will support your strategic initiatives for years to come.

All clients dream of a perfect technology solution which can support the employee life cycle from candidate to COBRA. Unfortunately, there are limitations to every system and why so many employers opt to use multiple systems. As stated previously, our respondents reported using an average of four different systems. However, as employers become larger and more complex, we anticipate that number to increase. This will lead to a greater need for a comprehensive integration strategy. Without strategy, the data and challenges associated with combined reporting will become untenable.

Final Thoughts

1. Sales representatives can be an extremely valuable resource for you. They engage with hundreds of employers every year and hear their pain points and what works well for them. Tap into their expertise and contacts. A sales representative's job is not simply to sell you a product, but to create value. You can leverage that value for best practices and other resources you may not be utilizing today.
2. Preparation is key whether you are searching for technology solutions or just seeking to optimize your current systems and strategies. Doing the work of mapping your processes, evaluating your larger needs, and clearly defining objectives and success will pay significant dividends upon completion of your project. Be sure to include all stakeholders in the process.
3. When we asked organizations what their total annual HR technology spend was, 42% of respondents did not know. This is a concern when businesses continue to look for new ways to reduce spend - Understanding your current spend at a detailed level should be part of your strategy.

About BTR

Benefit Technology Resources was created to respond to the need in the market for modernized HR Technology consulting and support. As organizations innovated to better support people and processes, they needed experienced guidance and help to find the right technology to meet the organization's strategic needs. Enter BTR — a trusted source of HR technology since 2008.

Today, BTR remains true to our roots by leveraging our skilled team's collective HR Technology expertise along with innovative solutions that are designed to drive successful adoption of HR Technology and achieve the best possible outcome for our clients.