

The Talent Management Technology Debate: ERP versus Best of Breed



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Host

Welcome to the great debate over IT Solutions for Talent Management. Today we will be talking to Tauna Jecmen, the Talent Management lead for Accenture's Human Capital Management Solutions who will be giving us an insight into Accenture's perspective and the comparative benefits of two approaches to effective talent management: ERP (Enterprise Resource Planning Solutions) and Best of Breed Software.

Host

Thank you for joining us today.

Tauna Jecmen

Offering Lead for Talent Management

Well HR technology has really come a long way in a very short period of time. If you look at the markets for core HR, so traditional HR management systems, it's very mature with the ERP Solutions like SAP and Oracle as the clear winners from the application perspective. The key trend though that we are seeing is that the definition, especially for global organizations of core HR is changing, payroll is out and talent management is in.

If you look at Accenture's top ten largest client projects currently underway in the Human Capital Management space, seven out of those ten includes some element of talent management that definitely was not the case ten years ago. The fundamental point is that HR isn't first and foremost about payroll anymore and talent management functions like performance management and learning are really viewed as strategic imperatives. In the talent management space the market is flush with technology solutions for most areas within talent management especially if you are looking at learning recruitment and performance management. You have a classic David and Goliath situation where major ERP vendors are in competition with much smaller Best of Breed vendors.

While there is a lot of debate, there is no clear victor. The debate is also fuelled by the emergence of Software-as-a-Service as the primary model for delivery

of these Best of Breed solutions. In this model, software is hosted by the vendor and it's the same application functionality that is available to all of the customers.

Host

That is very interesting Tauna. What should organizations consider when they are looking at Talent Management Solutions?

Tauna Jecmen

Most organizations find themselves in a classic debate between HR and IT, where HR is primarily making their decisions based on functionality and thus they are looking to Best of Breed solutions and IT's main concern is maintenance in trying to leverage existing technology and thus they are typically choosing the ERP Solutions, but it's really not that easy. Functionality and HR Technology landscape are two considerations that have many many layers and additional factors that complicate the picture.

Host

It seems like comparing functionality of one solution to another would be fairly simple, why is it complicated?

Tauna Jecmena

The focus on functional requirements is often and mistakably on the bells and whistles of an application, instead of where organizations should be focusing. They should be focusing on the ease of use of primary actions of a process and in order to make it clear by what I mean by primary actions of a process let's take the recruitment process as an example. One of the key actions of the recruitment process is the ease with which a hiring manager can create a requisition. Can she select from a drop down list a position that has already been approved for fulfillment? Does that position already come pre-populated with a job definition or the requirements for that particular position?

This key action in a recruitment process is far more critical to the overall effectiveness of recruiting than functionality like job cards and search agents. The other key factor impacting functionality is the vendor's product road map. One of the things many organizations really like about Best of Breed solutions is the frequency of the enhancements to the application, but prospective buyers often feel or realize that in the Software-as-a-Service model, you have to accept the enhancement; you don't have the option to not upgrade.

Host

Tauna, it's clear that functionality is not necessarily as simple of a consideration as it first appears. What complicates the HR technology landscape criteria?

Tauna Jecmen

Well in the HR technology landscape space, I would look at 3 main points to consider about the landscape - integration, implementation effort and application support.

Let's take Integration first. Integration is clearly essential to successful talent management solutions and we are not just talking about Integration from one function to another like from Compensation to Performance Management for pay for performance but also integration with the core HR data, so, employee, organization, job data. ERP Solutions clearly have an advantage when it comes to integration with the core HR data, though you do see more and more Best of Breed solutions offering talent management suites that provide the integration between the Talent functions and potential options for integration with core data. IT organizations need to have a strategy for how to accomplish the needed integration when Best of Breed applications are involved.

Second, timely implementations are obviously a goal for many IT projects and not just to please business stakeholders to offer key costs low. With Software-as-a-Service model it's almost always a given but it will require less

time to implement a Best of Breed solution and an ERP Solution. From a total cost of ownership perspective however, organizations do need to consider the perpetual annual license fees.

Third, let's look at application support. Either there's a historical tension between HR and IT to put it lightly. Most HR organizations that offer Software-as-a-Service handling solutions find themselves longing for the day where they once walked downstairs or across the hall to their IT department for support. In the software-as-a-service model, the HR team now is often working directly with the vendor typically via a portal or a 800 number to try and troubleshoot and resolve any critical issues. HR organizations really often need to develop greater technical competency in order to effectively communicate with the vendor.

Host

It doesn't sound like there is a clear answer to ERP versus Best of Breed debate. What advice would you give to an organization considering a talent management implementation?

Tauna Jecmen

It's imperative for organizations to have a clear understanding of talent management and the role it's going to play in their overall HR strategy. They need to be brutally honest about their current technology and brutally honest about their level of sophistication they need for each one of the talent management areas. I encourage organizations to understand the strategic importance of the individual talent management functions and then to use a three-tiered categorization to help define the type of technology support that is going to be required, and those three tiers being strategic, essential or basic.

For strategic areas, those talent management functions where the organization has deemed them to be critically important to the business strategy, organizations should really look first at Best of Breed Solutions that typically are going to offer richer functionality. Again, it's

important on the functionality topic to remember the impact of integration on functionality. In a highly advanced solution, integration of core data, including talent data, is a vital attribute.

For essential areas that is the talent management functions that are essential to core HR, but are not necessarily where rich functionality is required, ERP Solutions are typically the most appropriate choice. And then for basic areas that's talent management functions that are required by the organization at a minimum level, organizations really should focus first on leveraging their existing ERP Solution.

And just one final point, organizations really ever need process excellence in every talent management function.

Host

Thank you for sharing these insights with us Tauna.

Tauna Jecmen

Thank you very much for allowing me to provide my perspective. It's always fun to discuss the ERP versus the Best of Breed debate.

Host

And with that I would like to now close this podcast and thank you all for listening. To find out more about our Human Capital Management Solutions, please visit www.accenture.com/hcm.

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