



Human Capital Management
& Payroll Software/Services

Single product vs. multiple vendor solutions.

Whitepaper

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Introduction

When purchasing business systems, there are many options for organisations to consider. However, what is important is the structure of the solution under examination. For decades, there has been debate about what represents the best solution for business software, and the choice is always the same: do you buy a single solution from a single vendor or a combination of best-of-breed software?

For buyers of payroll and HR solutions, the same challenge applies.

Some vendors combine different pieces of software to create a solution, whereas a handful of others provide fully integrated single products. Sometimes, vendors will even promote third-party software solutions as their own – a process known as white-labelling.

But how can you tell if you are dealing with a single product vendor or a single vendor offering multiple products as one? Which is the best approach?

This whitepaper will describe the options available to buyers of HR and payroll solutions. It will also discuss the key things to consider before deciding to engage a vendor.

Solution Options

Although there are many vendors offering payroll and HR software, the type of solution on offer is limited to the following options.

Multiple vendor solutions

This is a solution where the buyer meets their requirements by combining software packages. Multiple vendor solutions connect via interface files. In this option, the buyer selects a niche product for payroll, another niche product for time and attendance, and another for recruitment etc.

Single vendor – multiple software solutions

Single vendor – multiple software solutions occur when a single vendor utilises multiple software solutions to meet a client's requirements. This may occur when a vendor has acquired software products to expand their market offering or where they are a reseller of another organisation's software. In this option, a vendor could offer their payroll software and supply time & attendance and compensation management using software that they purchased or have a licence to resell. They achieve connectivity between the software using interface files.

White-label solutions

A white label solution occurs where a vendor offers extended functionality using third-party software. Although the additional software is not theirs, they label it as their own. By white-labelling another provider's software the vendor can advise the buyer they themselves meet all their requirements. In this option, a recruitment vendor may claim to offer payroll and time and attendance as part of their solution.

Integrated single solutions

An integrated single product is supplied by one vendor. The software performs all the functions required by the buyer and integrates across all functional areas. It uses a single database, provides a common user experience and the buyer has a relationship with one vendor. In this option, the buyer selects the functionality in the offering that meets their requirements.

At face value, all solution types appear to meet a buyer's requirements. However, there are major differences in each approach. Below are some key issues to consider when selecting a solution type.

Key considerations when selecting a payroll and HR solution

Audit

Solutions comprising disparate software combinations risk information being scattered across multiple databases. Often, changes don't update everywhere leading to conflicting versions of data with no way to know what is true. Correcting such errors is time-consuming and disruptive.

Audit controls are of paramount importance. Without them, there is no way to understand what actions are being taken on system data, or by whom. Systems must have an audit capacity to keep a record of the 'before' and 'after' state when data is changed. Disparate software may capture and present audit data inconsistently, further complicating investigation activities.



Organisations using multiple software solutions must determine how to enact data changes across all their software. They must determine a source of truth for their data and implement their interfacing to enable this. Where data structures change or pieces of software are replaced, organisations must reconfigure their interfaces.

Fully integrated software solutions have one database to update. They have one source of truth. Their auditing capability will report across every functional area and consistently present a complete picture of 'before' and 'after' data.

Michael Howard, the Founder of Frontier Software, understands the importance of audit. "Relevant stakeholders must share data, and their actions on that data must be captured. So when businesses decide to adopt a new solution or change providers, security and auditing should be among the key considerations."

Security

System security ensures that the right users have access to the right data.

For multiple vendor solutions, buyers will need multiple security credentials for authorised users. They must ensure that users can access only the data they have permission to access within each piece of software. As software access controls will vary, this may prove challenging.

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Fully integrated solutions have one security profile per user. Buyers can ensure separation of duties and users access only permitted data. Audit controls will capture every transaction for easy reporting.

When assessing potential solutions, buyers must remain mindful of compliance. Any solution under consideration should enable secure access. The best solutions will have ISO accreditations (e.g. ISO 27001 and ISO 9001), which recognise and certify world-class security protocols.

Interfacing vs integrating

Interfacing: An interface enables software from different vendors to share defined data. Interfaced systems don't share the same database, so organisations must maintain data mapping between systems. For example, the time and attendance system needs to know which time code maps to which pay code in the payroll system to avoid payroll errors.

An organisation with a multiple vendor solution risks interfacing issues as each software provider upgrades their product at different times. As a software product is upgraded, the organisation must test the entire solution to ensure interface files still work as expected.

Similarly, when organisations change codes in one of their software systems, they must update interface maps to avoid errors. Using this example, if payroll adds a new pay code, interface maps for the time and attendance software must be updated. An organisation must create a map for each piece of software that is interfaced.

Integrating: Integrated software works as a single solution. It has one database and need not share data as all modules form part of the whole. Data changes are universal and do not need mapping, eliminating the risk of data duplication or other errors. Audit controls in an integrated system capture every transaction and every change. The system updates new codes or changes to codes everywhere in real-time.

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Data

A software solution exists to store data and to enable manipulation of that data. However, each software component may store data differently.

A disparity can occur when, for example, one piece of software might capture education levels in a pre-determined list, but another might permit the user to enter free text. Users of multiple software solutions can avoid these problems, but must undertake regular maintenance, mapping and checking to do so.

Nick Southcombe, CEO of Frontier Software, advises caution. “From the beginning of an engagement, vendors may have different data sets or layouts. So the question becomes, how do you as the end-user harmonise that data? Then, if one vendor changes their data sets, what is the flow-on effect for integration and the other software in the solution? Are the vendors ready to communicate with each other to ensure they break nothing before it gets to the customer?”

Getting a consolidated view of data held in multiple software solutions presents another set of challenges. Users could export data into separate spreadsheets and manipulate it to produce reports. But for larger organisations or those that do a lot of reporting, this is not practical. Instead, they must use a data warehouse to hold all data and then use separate, and potentially costly, business intelligence software to extract it.

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An integrated single solution has one data structure. As a single database solution, all data is available for reporting and does not need data warehousing. Authorised users can extract standard or custom reports that focus on a single area of functionality or any combination of the entire solution.

Support

Inevitably, there will be times when a buyer adopting a solution will experience a problem or need help with a task. An organisation using a multiple vendor solution may need to speak to several helpdesks to isolate the problem and the vendor responsible for solving it. Support services may be located off-shore and in different time-zones, resulting in slower turnaround times. Where one vendor fixes an issue for their client, the fix may affect the operation of other software in the solution stack, or create additional work to map changes for interfacing.

“It’s a daisy chain effect”, says Southcombe. “The time taken to resolve an issue is increased as you cascade through each provider to find an answer. Once you identify a genuine defect, you then have the added burden of determining which vendor is responsible for fixing it. With luck, you will avoid any finger-pointing between vendors. Of course, the customer doesn’t care; they just want it fixed now”.

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An integrated single product solution is maintained by one vendor conversant with the entire solution. Users direct issues or questions to one helpdesk, relationship manager that will act as the central point of contact until they resolve the issue.

User Experience

Most people are regular users of business and personal software and expect software to provide a good user experience. For organisations, employee perceptions of the user interface and user experience will influence the success of new software adoption.

Organisations evaluating a multiple software solution will need to determine how they manage disparate user interfaces and experiences. They will need to consider the degree to which screens can be configured to look more alike and how an employee can access the system they require. Is it possible to create a single point of entry? Take the time to determine the likelihood of software adoption where each element may require a separate login and individual training sessions.

Single product solutions offer organisations a consistent user interface and experience. Screens have a common design and appearance. They display data in the same way and use consistent functions and menus. Having become accustomed to the screen design and operations of one functional element, users will have little difficulty adopting additional functionality.

Contracts

When you contract with a vendor or vendors, ensure you understand exactly what you are buying.

Software licence: The software licence should clearly state how the vendor intends to provide the software. Is it on-premise or supplied as software-as-a-service (SaaS)? You must be confident that the vendor will be able to supply the software when you need it. Another consideration is the length of the licence period. Are you signing a 3 or 5-year term, or more? Many vendors price their offerings as annual but want you to commit for a fixed number of years, so ensure you understand the length of Agreement.

Support & Maintenance: This part of the Agreement will contain the Service Level Agreements (SLA's). Ask the vendor to clarify the capability and scope of their helpdesk and ensure you understand the frequency of product updates. Vendors often require clients to adopt upgrades within a set timeframe – remember, a SaaS solution will impose them because of the SaaS business model. Also, understand the timeframes allowed for you to test and accept upgrades in a separate environment before applying them to your live environment.

Implementation: Implementation discussions must focus on the scope so that you understand exactly what is being built and supplied. Is your implementation a fixed cost or charged on a time and materials basis? Ask the vendor to detail what services they will provide and what tasks or responsibilities remain with your organisation.

Multiple vendors, multiple agreements: With so much to consider, those organisations choosing a multiple vendor solution must go through the contract negotiation process multiple times. When doing so, you will need to be mindful of release schedule overlaps or clashes, and how duties and responsibilities are divided. You will need to be mindful of differing software delivery mechanisms and even the length of individual agreements.

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You will also have to sell your proposed solution back to key stakeholders in the business. This will involve getting the support of senior executives, IT departments and Finance, alongside HR and payroll. Without the support of all stakeholders, the proposed solution may not get the internal support it needs to be adopted.

Ten reasons to choose a fully integrated single product solution for payroll and HR.

1. Cost-efficient and time-efficient.

2. Minimise data issues relating to data mapping, warehousing or interfacing.
3. Comprehensive and configurable security protocols.
4. Complete, system-wide audit capability.
5. One contract and one relationship.
6. Access to specialist consultants who understand how your entire product configuration works.
7. Comprehensive reporting across the entire eco-system.
8. Better user adoption via consistent user interface and experience.
9. IT department buy-in to a single application provider.
10. Senior management buy-in due to reduced risk perception.



Conclusion

Selecting a payroll and HR solution is a complex task, further complicated by the array of options available and the potential pitfalls associated with multiple software solutions.

Buyers should involve stakeholders from IT, Finance, HR and payroll to ensure a balanced assessment of the benefits and drawbacks of a proposed solution. You should base purchase decisions on key measures of audit and security, then data, interfacing, user experience and product support.

Also, give due consideration to the internal resources available to support the eventual software choice. Buyers should only engage with a reputable vendor with recognised accreditations in place.

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