



## Is "HRIT" HR or IT?

I was having lunch with a colleague recently - a VP who manages HR technology for a financial institution - and she made a very interesting comment. When comparing the total cost of ownership (TCO) of two different vendors of Human Capital Management software, initially - one vendor appeared to be much more reasonable than the other. But when she expanded the analysis to consider the TCO over 5 years, the positions of the vendors reversed - the one that was initially very inexpensive cost twice as much over the course of 5 years!

This is a great illustration of the increasing need for business analysis and disciplined methodologies in the work of Human Capital Management. Technology is the great enabler and supports the business processes of HCM via organization, data management, speed, and reporting. It is an expensive investment - and can be an extremely expensive mistake. Failed projects costs organizations more than lost cash, they also cause HR to lose credibility, productivity, buy in, and strategic acceptance. To be a full partner in the business - a strategic partner - business initiatives have to have analysis and ROI attached to them that recognize the cost of the process, the risks, and the cost of failure. Without use of disciplined processes to bring objectivity, strength and risk management to a business initiative - a project is like throwing darts in the dark - you might hit the bull's eye, but the odds are against you.

As an HR practitioner years ago working primarily with Benefits Administration, I felt I was pretty good with Finance. I had been an Economics buff for years and adapted quickly to the financial side of managing the cost and technology of benefits. Stepping into the world of being a business owner and consultant was a big awakening. After working more deeply with business analysis, ROI, needs assessments, organizational assessments etc., I realize now how naïve I was. The work I was doing internally wasn't nearly as sophisticated as I thought it was and I was barely scratching the surface of financial assessment. In retrospect, I realize I honestly didn't know what I didn't know. I didn't know that understanding TCO of any business initiative required disciplined methodologies, strong analysis, and an understanding of the industry to really evaluate and develop a good estimate of costs. It's like when I relocated about 10 years ago. I received a nice increase in salary with my new position. But I learned after the fact the cost of living in my new location was twice as much as my salary increase! I didn't know the "total cost of relocation" because I didn't dig deeply enough and uncover all of the hidden costs.

Taking that scenario and applying it to HRIT projects is no different. Often, HR plays a consulting role to the business but that doesn't prepare an HR practitioner to consult on IT projects or to "self-represent". After 5 years working full time in the software industry, I have learned there is a lot more to an industry than what the consumer sees. The knowledge of how prices are set, how software products are marketed, how they are supported, consulting requirements of implementation, maintenance fees, etc. are all part of TCO. Why do you think software vendors offer free business case analysis and development? Often HR does not have this experience and understanding how to do business analysis and developing the TCO of technology is something that takes time. Without analytical skills, HR is dependent on others to evaluate their needs.



HR needs a partner to support the process of evaluating a technology solution - whether that partner is an internal resource or an external resource. To help them document their business processes (map the current state), analyze their needs (requirements for the future state), identify potential solutions (market study) and develop the project's ROI (cost/benefit analysis). Because make no mistake - HRIT **is** IT - just like Finance IT, Supply Chain IT, and Manufacturing IT. It's IT that supports HR - it's technology with all its complexities, bells and whistles.

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