

# **Building the business case for HR Tech...**

**...a practical  
guide for buyers  
and vendors**

# Talent-Tech is complex, disruptive and difficult to prove the ROI

If you're looking to purchase new Talent-Tech, and need expert advice, talk to our CEO, Mike Lander. Gain expert insights into how Procurement specialists are building business cases and negotiating deals.



## PISCARI

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# Introduction

Whether you are a tech vendor, corporate HR representative or recruitment agency leader, you face a similar challenge when selling the case for new or upgraded HR/Talent Tech.

Any new technology is disruptive to an organisation. It introduces risk, has a significant impact on multiple stakeholders and, in the case of Talent Acquisition technology, it's inherently difficult to quantify the ROI.

With cash reserves depleted in the wake of the COVID 19 crisis, corporates will be looking for short term direct and indirect cost savings. This means there is even more emphasis on the business case, the tangible impact of your solution, and quick wins.

The HR/Talent Tech landscape is complex and evolving rapidly (thanks to Talent Tech Labs for their snapshot of the current ecosystem below). As Stephen R. Covey famously said "To begin with the end in mind means to start with a clear understanding of your destination".

Over the last decade, I have spoken to vendors, corporate leaders and recruiters about Talent Tech, the associated business benefits and challenges.

This short guide poses a number of key questions and draws on my personal experience, as well as those of colleagues, to provide insights and practical tactics for success. For clarity, I will be focusing predominantly on Talent Acquisition Technology in this paper.



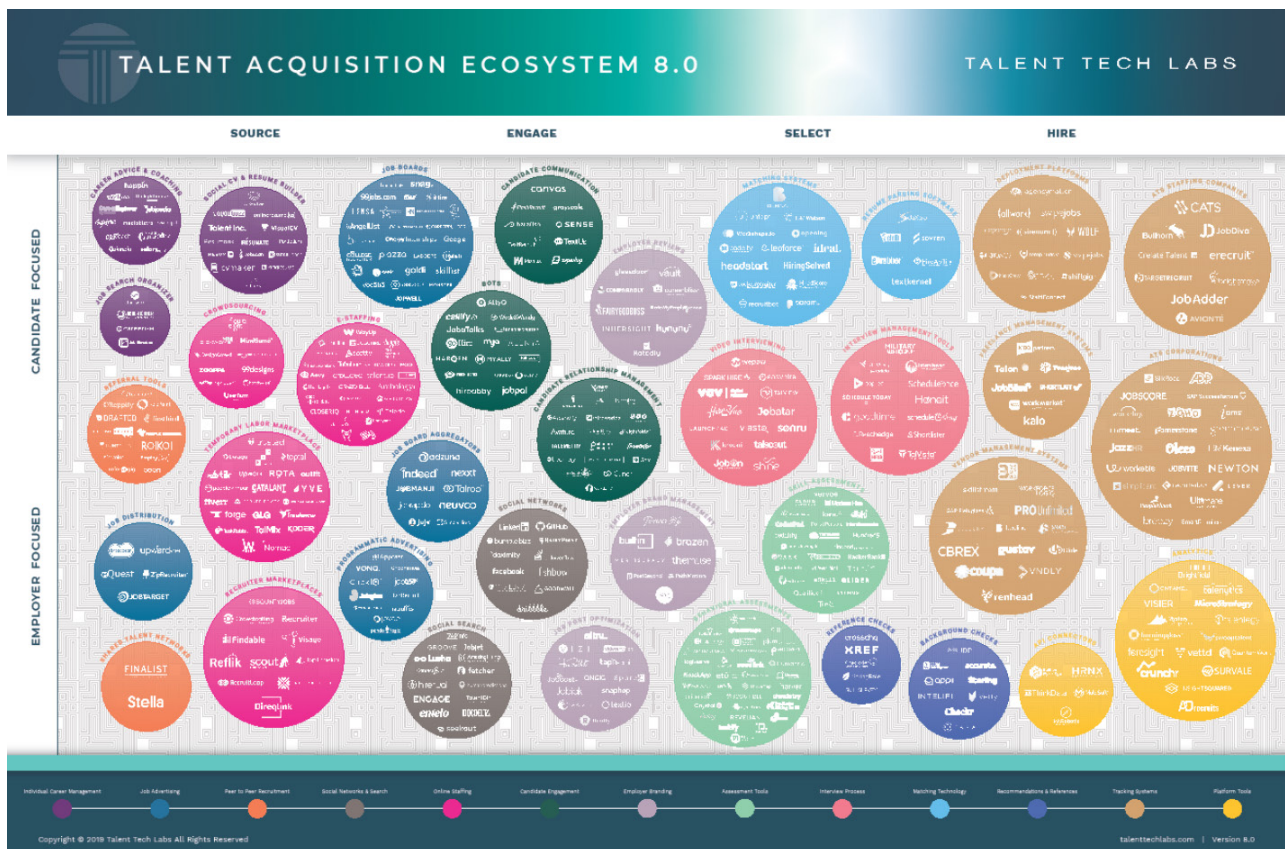
Mike Lander,  
CEO, Piscari

## Executive summary

Buyers and short-listed suppliers can build compelling business cases by:

- Getting alignment with the business strategy and objectives, specific problems to be solved and the expected benefits (tangible and intangible)
- Meeting the needs of financially oriented stakeholders around TCO/savings, ROI and over-spend risk mitigation
- Engaging the user community and understanding their critical success factors
- Getting independent validation of the TA technology strategy to manage critical dependencies and future-proof the design
- Developing objective criteria and a rigorous process for vendor selection, run by Procurement

For a more comprehensive insight into how to build the business case for talent tech, email [mike@piscari.com](mailto:mike@piscari.com)



***"Tech providers need to find organisations with similar cultures and mindsets and look for sustainable relationships."***

Chris Gray, Sales and Marketing Director,  
ManpowerGroup UK

The global HR Tech market is worth \$400 billion. The average large company now has 9.1 core talent applications (up from 7 in 2018) and is spending \$310 per employee per year - a 29% increase over last year  
**(HR Technology Market Report 2019, Josh Bersin)**

## ***What buyers want***

**TALiNT Partners invited two senior recruitment and HR leaders to share buyer insights on how to work with procurement and how to help HR build an investment case for talent tech**

Vendors need to understand the pain and motivations of all of the stakeholders involved - from finance and IT to HR and procurement - so they only pitch what they really need.

This was the core message of a webinar co-hosted by Piscari CEO Mike Lander and TALiNT Partners Programme Director Alex Evans.

Procurement also has a responsibility to get everyone on the same page, as Mike explained. "The end-to-end journey needs to be transparent, and procurement must educate the wider stakeholder community," he said.

"Make sure that the financial case you put forward is strong, and don't avoid procurement - help them to build the case with you."

Mike was joined by two HR and recruitment leaders who offered a buyer's perspective.

Chris Gray, Sales and Marketing Director of ManpowerGroup UK, has led transformation in the creation and delivery of innovative workforce solutions and services. He shared insights on what a large recruitment company like Manpower is looking for in talent tech.

"In the past 10 years, we've seen improvement in the application of integration, more of a focus to improve the capture and analysis of data, and a greater adoption of apps like chatbots,"



Chris Gray,  
ManpowerGroup



Alex Wilson, BT plc

he observed. "There is a strong desire now for a single store front and there is a greater use of intelligence where tech can guide users and assess outcomes."

So what's his advice to TA Tech providers who want to pitch a solution to Manpower?

"Invest in the exploration and understanding of the 'pain chain'," he said. "Tech is the enabler, but it's people that make the decisions, so get all stakeholders together early to understand their individual challenges to be clear on what they need and how they want to use it. How does the solution not only fix the problem but deliver value across all stakeholders?"

### **BEWARE SCOPE CREEP**

This is where it's tempting to over-sell and scope creep comes in. "Scope creep of any sort is difficult to manage. You need to have a line in the sand that you set at the beginning."

HR and procurement should also be wary of trying to cover too many bases. "There is a danger of building the perfect house before you move in, so it will already be out of date," added Chris. "Start, assess, adapt, and build. If you try to build perfectly, you'll miss the boat. Over complexity compounded by inflexibility means you won't be able to move forward."

But how easy is it for HR to not only build the





business case but get it pushed through? "HR functions often lack in the ability to develop strong, measurable outcomes over a certain time frame so they need a strong, executive level sponsor," said Alex Wilson, former Group HR Director for BT plc and a specialist in organisational transformation.

How do corporates assess providers, and will it become harder for smaller vendors to compete?

"I want procurement teams to have searched for the best in class, do referencing and measure a track record of success," he added. "They also need to assess the financial stability of the vendor. If it's an early stage business, I would recommend the FD attends the pitch."

#### **WHAT DOES A GOOD CLIENT LOOK LIKE?**

And how can smaller vendors decide if you're a client worth making the effort with? "Make sure that HR has an understanding of the proposition you're offering and that they have the autonomy and budget to make decisions," said Alex.

"Tech providers need to find organisations with similar cultures and mindsets and look for sustainable relationships," added Chris. "This is not just about price and margins, it's about relationships that deliver mutual benefit leading to output for both the buyer and the seller; be clear with your proposition and manage expectations."

***"Scope creep can undermine the whole initiative and discredit the in-house sponsor. It can define the success or failure of a project."***

Alex Wilson, former Group  
HR Director, BT plc

# Understanding stakeholders

## What are the challenges and agendas of everyone involved as a buyer of Talent Tech?

Understanding the client's business goals and key drivers is the critical first step in developing solutions that deliver business benefits (see table below).

### TECHNOLOGY OWNERSHIP

One of the critical stakeholder dynamics in selling HR Tech solutions to corporates is the interaction between HR and IT. To ensure all stakeholder voices are heard and incorporated into the business case, the sponsor should be one level up in the hierarchy, i.e. potentially the MD/CEO.


An emerging global theme is the ability for a corporate to build and disband virtual project teams using a mix of employees and

freelancers. Therefore, Freelancer Management systems will become increasingly important to global corporates. Ensure your TA-Tech stack can accommodate the growth of your virtual workforce.

A note for corporate clients: One of the reasons that procurement get heavily involved in this debate is "what happens in the event that the supplier (RPO/MSP, recruitment agency, software vendor) goes bust OR we want to switch suppliers?"

The issue on the mind of Procurement is risk - switching costs and time/ability to migrate to a different supplier. Getting this wrong can result in serious interruption to business operations.

Corporate Stakeholder Community	Business Challenges/Risks
HR	<ul style="list-style-type: none"> <li>How will we train our people to ensure they use the system?</li> <li>How are we going to measure the business benefits during implementation?</li> <li>How will this integrate with my other HR and business support tools?</li> <li>How do we ensure we are not locked into one platform for ever?</li> </ul>
Talent Acquisition	<ul style="list-style-type: none"> <li>How will a new system integrate with our current internal and external HR systems?</li> <li>What should the Talent Tech stack look like now and in the future?</li> <li>How will the Talent Analytics work and integrate with our wider corporate reporting?</li> <li>Is this platform just for employees, or does it work with flexible workers as well?</li> </ul>
IT	<ul style="list-style-type: none"> <li>How invasive is this technology?</li> <li>Security is of paramount importance, so how are you going to adhere to our stringent corporate IT security policies and governance?</li> <li>Does this touch any of our core systems?</li> </ul>
Finance	<ul style="list-style-type: none"> <li>How much of this cost will be OpEx vs CapEx?</li> <li>IT projects often go over-budget, why is this one any different?</li> <li>Have we done a financial risk assessment on the software provider?</li> <li>What are the financial terms with the software vendor?</li> </ul>
Procurement	<ul style="list-style-type: none"> <li>Will this solution deliver savings against our current baseline Talent Tech?</li> <li>Is the software vendor going to be around in the next 5 years (long term financial viability)?</li> <li>How would we extract ourselves from their system if we had to?</li> <li>Are we proposing to add any new functionality that no other customer needs?</li> <li>How is support delivered/time-zone and is all the support we may need included in the price?</li> </ul>



*“There is a strong desire now for a single store front and there is a greater use of intelligence where tech can guide users and assess outcomes.”*

Chris Gray, Sales and Marketing Director,  
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## Critical success factors

Based on conversations with industry experts (buyers and sellers), these are the emerging key success factors when building the case for HR Tech:

Buyer's CSFs	Seller's CSFs
Absolute clarity at the outset about the scope, target business benefits, talent strategy and core functionality. Before speaking to any vendor, get the basics signed off first.	Make the end-to-end journey transparent. Selling the case for HR-Tech has to cover all the steps from configuration, user on-boarding, user training, reporting/BI, support, etc.
Ensure the implementation plan is written into the selected vendor's contract with penalty clauses for any delays that are within the control of the vendor.	All the standard sales CSFs apply: <ul style="list-style-type: none"><li>• Is there a budget?</li><li>• Are you talking directly to a Decision Maker?</li><li>• Is there an urgent business problem that must be solved?</li><li>• Is the timing right?</li></ul>
Avoid Bespoke Functionality/Features to make the system fit your processes. You have to adapt the way you work to best fit the “out-of-the-box” solution. Bespoke = Cost and lock-in to one platform which is a significant problem. The only way to get your specific features onto the platform should be to become the first Anchor client which co-develops the feature which then gets put on the vendor's roadmap for full release.	Sector based references are still important to clients in their vertical markets.
Get an independent 3rd party specialist in HR tech to validate the key features you need are fully functional if they are outside the basic standard functionality. Vendors have a habit of forward selling what's on the roadmap as opposed to what has been tried and tested across clients.	Spend time working with/educating the wider stakeholder community within your target client about the actual business problem that needs solving and the associated business benefits.

*"I want procurement teams to have searched for the best in class, do referencing and measure a track record of success. They also need to assess the financial stability of the vendor."*

Alex Wilson, former Group HR Director, BT plc

## Persuading procurement

**What role does Procurement play and how do you get them onboard?**

If you see Procurement as simply corporate guardians, box-tickers or people to be avoided at all cost, you probably need to re-calibrate your thinking.

In the last 10 years, their role and perception within large organisations has evolved:

- From tactical contract negotiators to strategic category leaders
- Sophisticated data analytics is now at the heart of the procurement function as opposed to a few experts in a spreadsheet backwater

- They are now true internal business partners charged with EBITDA improvement, governance and corporate risk management
- Trained negotiators are now proven to create more value than innate raw talent
- From pure savings to ROI and savings

To get Procurement on-board, you need a picture of "what does great look like" for Procurement professionals when you engage with them. One way to think about this is through a framework I created called The Procurement Success Equation©.

### The Procurement Success Equation©

Procurement success =

$$\frac{\text{Savings / ROI (W1) + Innovation (W2) + Quality (W3) + Reliability (W4)}}{\text{Risk (W5)}}$$

This conception is that procurement only care about price. They are actually negotiating around five core variables, the relative weighting (W1-W5) of each will be different for every deal © Piscari Ltd and Mike Lander



Procurement are aiming to source and negotiate a successful deal based upon these 5 factors. The relative weighting of each of these factors will have been determined based on discussions with Procurement's stakeholders including HR, Finance, IT and Operations.

Think about the following for each factor:

#### **SAVINGS**

- There are typically three categories of savings recognised by Procurement and Finance functions: Cost Saving, Cost Avoidance and "free stuff". The key take-away is that you need a clear definition of what they mean by "savings".
- What is the baseline cost? Map the Total Cost of Ownership for the "as-is" and "to-be" solution

#### **ROI: The economic case for HR Tech**

- Client costs including switching costs, set-up costs, ongoing costs (Management Fee, Transaction fee), upgrade/maintenance costs
- Client benefits including revenue generation, costs savings and efficiency savings

#### **INNOVATION**

- Every supplier says "we are unique". Your job is to articulate and evidence your true points of differentiation and innovation

#### **QUALITY & RELIABILITY**

- What evidence do you have to confirm your marketing statements about your product

#### **RISK: Has multiple dimensions**

- Operational; IT Data Security, GDPR, Enterprise Network Security; Financial; Reputational; Exiting/Switching/Lock-in
- Once HR Tech is implemented, getting it out can be like removing ivy! Expect the selection process to be more heavily scrutinised.
- How can you help manage the risk profile by removing, reducing or transferring it to a third party (i.e. insurance).

Before any contract is signed, be prepared for a lot of negotiations around KPI targets, SLAs and the implications if you fail to deliver.

# *Supporting HR*

## **How can you help HR and TA to build the business case for your solution?**

Here are my top 5 tips to help HR make the case for change and TA Tech:

- Work out the baseline "As-Is" costs and architecture for the current TA-Tech ecosystem. Then build the "to-be" ecosystem and demonstrate the savings.
- Map out the financial and non-financial benefits of the new environment. The business case must have an associated ROI and a clear way of tracking the benefits as they are released.

- Identify all key risks and show how this new solution will help reduce risk to the organisation.
- Talk to the user community extensively and identify all the key problems/irritations/missing-functionality with the current environment. Demonstrate how the new ecosystem will improve end-user engagement.
- Show how the implementation/migration road-map is straight-forward and manageable within the expected timescales.

# Joining the dots of the talent ecosystem...



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*"Buyers are polarising to quite an extreme extent. If there is a need it will be urgent and business critical. It's likely that the procurement focus will be on functionality and effective and rapid deployment"*

# Lockdown legacy

**What are the short and long term impacts of Covid-19 on buyers and sellers in the HR Tech market?**

Whilst the medium and longer term impacts can still only be guessed at, some of the short term effects are crystal clear.

The talent market is in a critical, volatile stage characterised by uncertainty and anxiety. LinkedIn figures show overall UK hiring plummeted 39% year-on-year since the lockdown was announced on 23rd March, with hardest hit sectors including recreation and travel, construction and manufacturing.

Predictably, permanent hiring was hit most severely with the temporary and contract market a mix of a general slow down offset by significant spikes in certain sectors such as food retailing, healthcare and distribution/logistics.

From an organisational behaviour perspective, the lockdown has accelerated decision-making and innovation as companies have had no choice but to adapt. There is an unprecedented drive towards collaboration and even large traditional corporations are being forced to be more agile and reactive in talent deployment.

## NEW REQUIREMENTS

There has been a re-tooling of hiring needs to focus on remote assessment, on-boarding, and internal mobility - all of which are underpinned by a far higher awareness of the health and safety requirements to enable employees to operate in our new socially distanced world.

Buyers are polarising to quite an extreme extent. If there is a need it will be urgent and business critical. It's likely that the procurement focus will be on functionality and effective and rapid deployment.

If there isn't a business-critical need there simply isn't the attention being paid to your product regardless of how well you promote it. It is almost certainly better not to bother and wait



Ken Brotherston,  
Managing Director,  
TALiNT Partners

for whichever customer or sector you are targeting to stabilise and start to think a bit more strategically. This may be now for some but for most it is still some months off.

In the medium term i.e the next 18 months, there will be a cautious return to a more stable environment. Previous downturns have been characterised by a fairly rapid bounce back in consumer confidence; but employment has lagged months, and sometimes years, behind. All the evidence points to this being the case in a post-Covid economy.

However, what is unique is the potential accelerated adoption and deployment of AI-driven talent solutions. It is also a fair bet that, primarily because of uncertain demand rather than any philosophical shift, employers will drive a step change in contract and gig-type employment.

There is a lot of evidence to support the growth of WFH capability including remote wellness and wellbeing solutions not just 'better Zoom'.

The other big accelerating trend will be the coming together of talent acquisition and talent management. It was telling to see the acquisition of SABA by Cornerstone complete as planned in the depths of lock-down.

All this suggests that organisations will increasingly focus on better internal deployment, re-skilling of existing employees (especially if there are large drops in immigration) and re-design of Covid-proof working practices.

For vendors this seems to suggest that more flexible, integrated offerings will be crucial; with stand alone or point solutions less likely to thrive. And hopefully the discussions are value (and values) led and less focused on price.



## In summary

- **Start engaging with Procurement early in the sales cycle** – ideally 18 months in advance of a deal
- **The recognition of a “saving” by procurement is more complex than you would imagine** - make sure you know precisely how they are measuring this
- **Base your business case on whether you are replacing existing software/services or introducing something new** - review the Procurement equation to work out the most important variables
- **Think through the risks to your client well in advance** - develop strategies to remove or mitigate their impact
- **What kind of SLAs / KPIs do you want to be measured against** - what are the implications of missing these targets?

## Contributors

Many thanks to the following people for their valuable and insightful contributions to this guide:

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- Alex Wilson, former Group HR Director, BT plc
- Chris Gray, Sales and Marketing Director, ManpowerGroup UK

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