4 Tips to Help You Select an HCM Software Vendor

Choosing an HCM Software vendor is a significant investment in the future of your company. These 4 tips will help when selecting an HCM software vendor.

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Recently, I had dinner with an old colleague of mine, and immediately, the conversation started with my new position at Viventium. I told him my new company is an HCM software vendor that helps organizations modernize their payroll and HR business operations. He looked at me like I had two heads, “Steve, what the heck is HCM!?” After spending some time thinking about it, it became very clear that most people have never heard of the term “HCM.” In fact, most people would ask:

- What exactly is human capital management?
- Why is it imperative for companies to effectively streamline the HCM process?
- What are the most important benefits organizations must require when selecting an HCM software vendor?

At its core function, a well-developed cloud-based human capital management solution consists of resources that are designed to help streamline HR management, talent acquisition, payroll

processing, business intelligence, and employee engagement. According to a study performed by Garner Insights, the market for human capital management software is expected to grow significantly by 2023, and has a net worth of close to $29.9 billion . Last year, we told you about five things that nobody will tell you to look for when selecting a payroll company . Now that we are all on the same page regarding the definition of HCM, in this article, I will recommend four useful tips to help your company select the right HCM software vendor.

Step 1: Analyze what your business requires in an HCM Vendor

Before evaluating different HCM software vendors, run an internal analysis within your organization, and determine what you are looking for in a human capital management provider. Create a list from each department on both *must-haves* and *nice to haves* . Include payroll, HR, IT, finance, and even a few other managers to make sure you are addressing the needs of your organization. After your analysis, and before deciding upon your HCM software vendor, it's critical to make sure the provider can cater to all compliance requirements in your industry. Consult with your team and research the laws that affect your business. Be aware that things may have changed since the last time you evaluated HCM software vendors, especially if it's been years. Also, keep in mind that there may be more options available now in an all-in-one solution than there was the last time you evaluated. It's smart to get some of your "wish list" items in addition to the *must-haves* while you are evaluating.

Step 2: Frictionless Integration Capabilities

Now that you have a strong understanding of what you require from an HCM vendor, it's time to narrow down your SaaS options. The reason? Having the technical ability to integrate all HR functions into a single HCM system is the most cost-effective solution. Ask yourself, "how important is it for certain software components to speak to each other." For example, does my applicant tracking system flow into my onboarding platform. And then, does my onboarding platform flow into my payroll and HR software? If not, why doesn't it? By reducing lengthy manual data entry and other administrative tasks, your team can spend more time on profitable business activities. I'm sure you have a list a mile long. The best part? The right HCM software vendor will grow along with you, so you don't have to re-evaluate HCM software every year – how exhausting! **Related News: Viventium named FrontRunner for Payroll Software by Software Advice**

Step 3: Mitigating Compliance Risks

I get it; I went to business school. You're very busy running your company and focusing on why you got into business in the first place – to serve your customers. With the amount of local and federal regulations that are constantly changing, it can give even the most experienced business professional a headache. A well-designed system will keep your business compliant and up-to-date on any new laws as they happen. The best HCM software vendors will pride themselves on keeping

you up to date while providing outstanding client service. The special ones will do both and even notify you about potential problems and discover areas of improvement before you even know they exist. It's inevitable, changes in legislation will continue to happen. Some good examples are the Affordable Care Act (ACA), anti-harassment laws (think me-too movement), and new state minimum wage legislation. On top of all that, ensuring you have the correct taxes withheld from employee paychecks can get complicated, especially in states with local taxes. This makes a tax geolocation tool a key part of staying in compliance.

Step 4: HCM System Data Security

Great! You've made it this far! You must be serious about finding the right HCM software vendor! If you were to ask any HR manager what keeps them up at night, without question, data security would be on top of the list. DO NOT be afraid to discuss with any potential vendor the measures taken to ensure cybersecurity. From employee to company data to compliance requirements and network/cloud security, all these important aspects should be discussed. Strong security procedures applied to payroll and HR data should also apply to any human capital management application. This includes personal employee information that must be protected against unauthorized access or exposure. Another important question to consider is if the technology can evolve with the industry. Flexibility is one of the most important attributes of any HCM platform. You are making a significant investment that should not become obsolete within a year or two after implementation. Any HCM software vendor should provide documentation on their security standards such as the Type 2 Soc 1 Audit. Also referred to as the Statement on Standards for Attestation Engagements (SSAE) 18, this report focuses on a service organization's controls which are most likely to be relevant to an audit of customer's financial statements. Each year, independent third party SOC 1 auditors attest to the suitability of the design and operating effectiveness of controls to achieve the related control objectives stated, based on criteria set forth by the organization. Simply put, don't be afraid to say, "tell me about your security standards and please provide any documentation you have to support your security measures." Choosing the right HCM Software vendor is a significant investment in the future of your company. If you spend the time evaluating now, you will save yourself the headache later. After spending time explaining to my colleague how the fundamental aspects of HR, payroll, talent acquisition, and compliance make up a complete HCM solution, I think I was able to convince him of what my new organization does. Now if only he was an HR practitioner I would talk HCM for hours with him.





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