



Hewlett Packard Enterprise



IT service providers are realizing there is a significant opportunity in the HR vertical market because of the migration of HR management systems into the cloud. HR teams within larger organizations, as well as HR-specific organizations, have lagged behind many other sectors in adopting cloud-based IT solutions, and are now seeking outside expertise for the adoption of Software-as-a-Service (SaaS) HR management systems.

A recent study conducted by the **Information Services Group**¹ found that more than half (51%) of HR professionals admit their companies are either planning on implementing SaaS HR solutions, or that they've already done so. And while many of these organizations already point to benefits such as an improved user experience, access to critical information, and stronger multi-department collaboration, they also point toward challenges of the implementation itself.

In fact, the study said "strategic alignment to the business", and "driving business process improvements" were challenges to cloud services adoption. This presents a tremendous opportunity for IT service providers, particularly those already entrenched in the HR market. Even for those service providers who have never worked with organizations in the HR market, there is plenty of time to expand and serve this growing vertical.

The information and insight in this report will be useful to IT service providers looking to expand their HR vertical customer portfolio, or service providers who are interested in gaining a foothold in the HR market. This paper will outline the opportunities found within the HR market, challenges that service providers will be called upon to help solve, and specific cloud-based IT solutions and technologies that represent buildout opportunities for HR-focused organizations.

Why Is There An Opportunity With The HR Market?

Cloud-based technologies are ripe for the HR market currently, particularly since many of these organizations delayed upgrades to their IT over the last several years. According to a report by management consulting firm, The Hackett Group, HR organizations are just now playing catch up. The consulting firm

WHY DO HR ORGANIZATIONS NEED IT SERVICE PROVIDERS?

**“STRATEGIC BUSINESS ALIGNMENT” AND “DRIVING
BUSINESS PROCESS IMPROVEMENTS” ARE KEY
CHALLENGES TO CLOUD ADOPTION.**

published results of its report in a recent article on **Diginomics**², and found that six of the top-ten planned HR initiatives in 2016 centered around IT or data. This opportunity is attractive to IT service providers who are continuously seeking ways to expand their services, realize business growth, and generate additional revenue and profit.

What's more, the report also shed light on specific challenges HR organizations face with general business requirements as a result of their lack of attention toward IT upgrades over the years. In particular, improving the HR performance management capability, analyzing and forecasting data, and implementation of HR KPIs, all ranked high on the list of business gaps.

What's driving the need is twofold: 1) Organizations find themselves needing to replace "out of date" technology; and 2) the ascension of cloud-based software is appealing to many of these businesses.

How Service Providers Can Grow Their HR Portfolio

The fact that HR organizations are sitting on a large pool of legacy IT means they will more than likely need to rely on a trusted service provider in order to update their technology, implement the latest in business process and collaboration tools, and educate on the implementation, maintenance, compliance and reporting mechanisms of cloud-based IT.

HR employees are frustrated by legacy software that's difficult to use compared with other software today that comes with easier user interfaces. Additionally, the global and mobile economy has transformed today's workforce, requiring professionals in different locations the need to seamlessly collaborate and share information and files. Lastly, today's business landscape has made a focus on profits a premium. As such, HR-focused organizations may be interested in new software that comes as a balance sheet-friendly consumption model as investments.

Above and beyond the replacement of legacy IT, many HR leaders feel lost when it comes to the right cloud-based IT solutions. Furthermore, it's difficult for many to identify the right implementation strategy. Identifying initial business priorities; tying IT ROI back into business goals and objectives; maximizing cloud-based solutions; and gaining widespread adoption among employees and management are all significant concerns that service providers should help clarify for the organization.

From a business perspective, service providers need to make clear that any investment in cloud-based solutions will yield a handful of key objectives for the management team:

- Simpler user interface that will make employee adoption smoother
- Ability to seamlessly collaborate with colleagues in other offices, locations or countries
- Smaller infrastructure investments with the ability to scale when necessary

Identifying The Right IT Solutions for HR

There are dozens of HR-specific IT applications and solutions that service providers can build out, touching key areas that include employee data administration, compensation and benefits, talent supervision, workforce management and payroll, as well as recruitment.

There are valuable business-centric applications and solutions that offer great appeal as well. Virtual Desktop Interface (VDI), or virtualization, is one of these prominent areas that service providers can help implement on behalf of their HR clientele. HR organizations may have had an on-premise function for

WHERE IS THE OPPORTUNITY FOR IT SERVICE PROVIDERS?

1: UPDATING LEGACY HR SYSTEMS

2: MIGRATION OF SYSTEMS TO THE CLOUD.



desktop virtualization, but the cloud enables service providers to sell the benefits of Desktop-as-a-Service (DaaS). This implementation is critical, particularly for those organizations with employees who work remote, need access to files from external client locations, or for multiple offices that need file sharing.

DaaS is also important in that it can deliver files and applications to smartphones or tablets, and it also encompasses backup, VPN access, security, endpoint protection, printing, and everything else needed in a standard workplace environment.

It's no surprise that virtualization is among the primary cloud-based solutions used in the majority of vertical markets. Research firm, **Transparency Market Research**³, predicts that the market for virtualized workspaces will grow from \$7.5 billion in 2014 up to more than \$18 billion by 2022.

Furthermore, service providers can sell HR organizations on the ROI that DaaS brings. More specifically, the upfront costs are lower, and hardware expenses will be able to decrease. Updates to the machine come from the cloud, as opposed to organizations needing to replace desktops and laptops every few years. Lastly, DaaS can be available in a consumption-based cost model, or pay-as-you-go. This allows smaller HR organizations to realize more control over their IT costs.

Lastly, service providers can increase their revenue potential by maximizing service opportunities. As HR organizations reduce their internal IT teams to cut down on payroll expenses, they'll need to replace that skillset with a trusted outside expert who can build value into the solution through key business drivers such as decreasing complexity, enabling mobility or custom application development.

Helping HR Organizations Grow Through Efficiency

Another critical IT solution that service providers can discuss for their HR clientele involves premium Enterprise Resource Planning (ERP) solutions such as Microsoft Dynamics AX, GP, NAV, and SL. Service providers will want to discuss the benefits of such ERP systems, and explain the value in how these solutions can help organizations with their own infrastructure expansions.

In the past, HR served primary needs such as overseeing the expansion of labor staffs, payments, and the administration of benefits. However, today the role of an HR organization is far more complex, and one that serves as a strategic partner in any growing business.

IT service providers are needed by HR organizations, particularly those that encompass multiple business units and locations scattered through a single country and beyond. The implementation of ERP solutions can positively impact an organization's need for a unified method for tracking human capital time, communicating about benefits and services, managing the onboarding of new staff, and tracking critical training programs across the business units. ERP solutions are focused on enhancing productivity on a number of business initiatives, but their complexity in nature requires a trusted IT service provider to work with an HR organization on the design, integration and management of such comprehensive systems.

SELL THE BENEFITS OF AS-A-SERVICE:

REMOTE FILE ACCESSIBILITY, MULTI-OFFICE COLLABORATION,
FILE DELIVERY TO SMART PHONES/TABLETS, BACKUP &
RELIABILITY, COST EFFECTIVE SUBSCRIPTION MODELS

WHY SHOULD IT SERVICE PROVIDERS IMPLEMENT VIRTUALIZATION SOLUTIONS?

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How can IT service providers sell HR organizations on the benefits of ERP? A recent research report from **Aberdeen Group**⁴ on the benefits of ERP to an organization, leading companies are:

- 2.1 times more likely to have an ERP solution that is easily tailored to support business change
- 61 per cent more likely to enable users to access reports in a self-service capacity
- 2.6 times as likely to have preconfigured dashboards and role-based homepages
- 14 per cent more likely to have context-sensitive help and training for ERP
- 59 per cent more likely to have the ability to drill down to individual transactions from summaries

Summary

HR organizations have delayed the implementation of new HR-specific technologies, instead opting to rely on outdated legacy solutions that aren't as user-friendly for today's workforce. These organizations also lack the IT infrastructure needed to move their HR and business applications to a cloud-based, subscription model, which would save on operational costs. This scenario provides an attractive opportunity for IT service providers to expand their businesses into servicing HR organizations, ultimately providing for additional revenue opportunities.

About HPE SLMS

IT service providers are relying on trusted partners such as HPE SLMS, who work with service providers to offer software licensing expertise and guidance. First and foremost, the group works with service providers to understand the business and software environment, and the most cost-effective way of offering and managing software to end-user clients. Understanding the environment and the goals of service providers allows their cloud solution specialists to identify the best programs and applications to meet an organization's needs. The team also works with organizations for access to the SLMS Cloud & Licensing Solutions program, including training on using Online Services (OLS), the proprietary SLMS tool for ordering SKUs and reporting software usage. For ongoing support, the group broadcasts SPLA, CSP and CXSP program updates and other helpful information to its member communities, and works individually with organizations to determine any subscription changes and assist with compliance inquiries, as well as to provide timely answers and critical issue resolutions related to each organization's license aggregation, usage, and reporting.

As cloud-based hosted software services continue to reshape and expand the principles of modern IT, the future of any hosting services provider depends on the quality of its partnerships. Through its range of full-service hosted software licensing capabilities and its detailed knowledge of the latest licensing programs from Microsoft and elsewhere, HPE SLMS Hosting team offers the expertise organizations need to capitalize on cloud services and solutions. HPE SLMS Hosting professionals are resourceful, trusted advocates who consult with organizations to enable the delivery of powerful hosted solutions.

Follow HPE SLMS Hosting on Twitter, Google+ and LinkedIn for additional insight and conversation, and visit the HPE SPaRC resource community at www.hpesparc.com.

Appendix

- 1: "Human Resources Technology and Service Delivery Trends in 2014"; *Information Services Group*; 2014
- 2: "Digital transformation key for HR success – tech spend set to rise?"; *Diginomics*; June 17, 2016
- 3: "Growth of Global WaaS Market Shifts into High Gear with Expanding Enterprise Mobility, Expected to Reach US\$18.37 bn by 2022"; *Transparency Market Research*; July 25, 2016
- 4: "How ERP Can Make Your Job Better on a Day to Day Basis"; *Aberdeen Group*; June 9, 2016

