

NOT SMALL CHANGE:

OUTSOURCING HR APPLICATIONS OFFERS
MORE THAN FINANCIAL BENEFITS

A Report Prepared by

CFO
RESEARCH SERVICES

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EMPLOYEEASE

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ABOUT THIS REPORT...

In October 2002, CFO Research Services, a unit of CFO Publishing Corp., launched a research program in the United States to study how senior financial managers at medium and large organizations value the internal or outsourced computer systems that manage their payroll, human resources (HR) information and benefits. This report summarizes the findings of telephone interviews with 10 chief financial officers or other senior officials about their HR applications, as well as with four experts at leading consulting firms. Funding for the research and the publication of our findings came from Employease Inc., which provides a hosted, Internet-based HR and benefits-administration solution to more than 1,000 organizations of all sizes.

The following organizations participated in the interview portion and agreed to be cited:

- Berkshire Realty Holdings L.P.
- Binney & Smith Inc.
- Concord Academy
- DALGlobal Services
- Empirix
- Homestead Studio Suites Hotels
- National Gypsum Co.
- Simpson Housing L.P.
- Synchronicity Inc.
- Wausau Benefits Inc.

CFO Research Services conducted this research independently. The executives contacted as part of the research were identified based on their use of outsourced HR applications or as attendees at an event sponsored by *CFO* magazine. Researchers from Triangle Publishing Services Co. Inc. supported CFO Research Services by assisting with the questionnaire's development and conducting 10 telephone interviews with senior executives in the U.S., and by writing, editing, designing and producing this report.

The author of this report, John P. Mello Jr., and other members of the CFO Research Services team, are grateful to the CFOs and other executives who contributed their time and insights. In addition, we would like to thank the following market research and consulting firms for their insights:

- Gartner Group
- IDC
- Robert W. Baird & Co
- Summit Strategies

Online Version Available

This research report is available online
at www.employease.com/cforeport.

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RESEARCH SUMMARY

- The combination of a tight economy, rising concern over IT costs and the maturity of outsourced software is driving a 900% increase in demand for outsourced applications.
- Many organizations initially outsourced human resources applications to avoid IT costs, but substantial non-IT spending benefits also were realized.
- Savings came from avoiding the upfront costs of HR applications, hardware and consulting services, plus ongoing staffing and maintenance costs of the system.
- Some companies outsourced HR applications to improve service and focus HR on higher-value functions, rather than cost savings.
- Outsourced HR applications solved some back-office integration problems.
- Third-party HR applications providers sometimes offer more advanced features and functions than traditional internal HR systems.
- Reduced health-care costs were sometimes the result of outsourcing HR and benefits systems, due to the integration of HR systems with third-party benefits providers.
- Improved HR department productivity also occurred at organizations that outsourced HR applications.
- Outsourcing HR applications improved the productivity and efficiency of line and department managers.
- Employee enrollment in benefits programs was dramatically simplified and expedited by providing systems access via a Web browser and the Internet.
- HR departments, unburdened by day-to-day systems responsibilities, were able to provide strategic benefits to their organizations.

INTRODUCTION

With current economic conditions making it more vital than ever for companies to focus on their core competencies, business executives are feverishly looking for ways to boost operating efficiency and lower costs. Outsourcing is increasingly seen as a way to meet those goals, especially outsourcing human resources (HR) applications to a third party. By outsourcing HR applications to third parties, many organizations not only reduced their cost of information technology, but they also enjoyed substantial increases in employee satisfaction, increased productivity of their HR departments and a variety of strategic benefits.

The phrase “outsourcing HR applications” means many things. This report examines the impact of services offered by third parties who host human resource management system applications on their own servers on behalf of other organizations. These applications manage compensation, vacation, sick leave, travel and entertainment expense reimbursement, performance reviews, insurance, investment and other benefits-processing. Typically, services are provided over the Internet, with clients and employees using a Web browser to access information.

In addition, the outsourcer implements interconnections among its servers and the various external organizations that facilitate payroll processing, insurance claims processing, investment accounts and other third-party services. Again, the interconnections between a client and the outsourced application and the benefit-services provider are conducted over the Internet.

Most organizations that opt to outsource their HR applications initially selected this approach because they expected to save money relative to managing their own HR applications on their own servers. Our research found that a variety of costs can be reduced, both the direct information technology (IT) costs of HR software, systems and staffing as well as costs within the HR department and other areas.

In addition to reducing the cost of IT, though, third-party management provides other valuable benefits. Our research found examples of improvements in the accuracy of HR data when an outside organization provides a seamless interface among service providers and with the client’s systems. Furthermore, the productivity of the HR department increases dramatically.

Strategic benefits from outsourcing human services applications were enjoyed by most of the companies contacted for this report. When the applications are hosted and managed by a third party, the HR staff can concentrate on the planning and execution of corporate goals that will have a substantial positive impact on a company’s financial performance. In addition to the improved accuracy and timeliness of hosted applications, outsourcing offers organizations the flexibility of being able to accommodate dramatic and large changes in staffing. Several companies indicated that the strategic benefits of outsourcing HR, and not cost control, drove their decision to abandon internal systems.

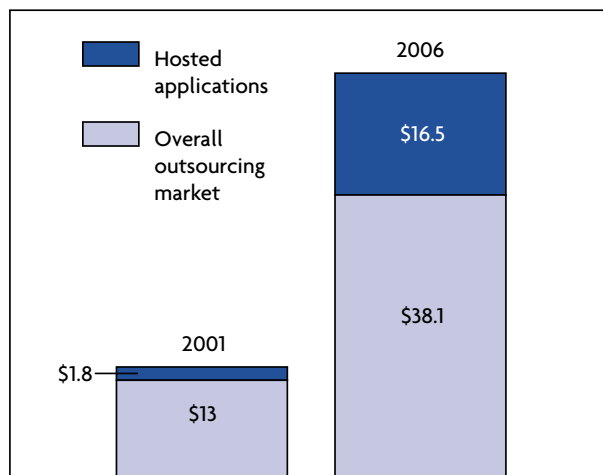
INCREASED INTEREST

In an era when every cost is closely scrutinized, the expense of maintaining HR applications is increasingly viewed as something to be outsourced. When a company faces financial pressure and looks to reduce IT costs, the first application it would typically consider outsourcing is HR, said Laurie McCabe, vice president and practice director at Summit Strategies, a consulting firm in Boston.

CHART 1

SOARING DEMAND FOR HOSTED APPLICATIONS

Hosted applications, the fastest-growing segment of the outsourcing market, will rise to 34% in 2006 from 14% in 2001. Human resources is among the most popular hosted applications provided by outsourcing companies. (billions of dollars, worldwide).



Source: IDC

Interest in outsourcing applications isn't limited by the size of a company, according to leading analysts and the organizations using these services. Small companies can benefit from the practice as well as large corporations with thousands of employees. Our research found organizations with less than 100 employees to more than 5,000 using a third party to host and manage their HR and benefits needs. "Outsourced HR makes sense for companies of all sizes," noted Randy Mehl, of the "Human Capital Management" report, which is published by Milwaukee-based Robert W. Baird & Co.

One reason larger organizations find hosted HR applications appealing is that a weak economy triggers consolidations in many industries. Operating managers need a fast and efficient way to consolidate acquired HR systems, and turning to an outsourcer to consolidate myriad systems inherited in acquisitions has become a frequent tactic.

A large Web-hosting company is a good example of this phenomenon, according to Summit Strategies' McCabe. "Every time it acquired a company, it discovered it was doing HR in a different way," she noted. "The drain on the company with everyone on a different system was huge." The company realized significant benefits from hiring a third party to provide HR management by simply transferring HR data from an acquired company into the provider's system.

The combination of a tight economy, a rising concern over IT costs and the maturity of the hosting providers is driving a rapid increase in demand for outsourced applications. IDC, a high-tech marketing and information company in Framingham, Mass., predicts worldwide revenues from outsourcing applications will increase more than 900% from 2001 to 2006. (See Chart 1.) The shift toward hosted applications will be driven by organizations needing more efficient delivery services, noted Jessica Goepfert, IDC's program manager for application sourcing.

BIG SAVINGS

Outsourcing applications can be from 30% to 50% less expensive than deploying an internal HR solution.

—Laurie McCabe, *Summit Strategies*

Outsourcing HR applications to a firm that specializes in human resources frees an organization from having to buy, manage and upgrade its own HR software and hardware. It can also avoid upfront costs and maintenance costs for hardware and software as well as IT staff and opportunity costs. According to McCabe of Summit Strategies, outsourcing applications can be from 30% to 50% less expensive over a four-year period than deploying an internal HR solution.

Savings accrue in a number of ways. Organizations that outsource HR applications avoid the initial implementation costs and the ongoing cost of maintaining the IT infrastructure for the HR applications. In addition, they dodge the cost and delays of integrating internal HR systems with their existing financial applications. Furthermore, HR's productivity isn't reduced by having to manage the systems and the staff that runs the systems.

Other expenses, in addition to IT-related costs, are avoided. For instance, manager productivity increases throughout the organization, not just in the HR department, when they have easier access to more accurate staff information. Employee productivity also increases because of easier access to benefits information. And the adoption of a Web-based HR solution reduces paperwork throughout the organization.

The savings come from the nature of an outsourcing agreement versus the traditional burdens of an internal system. Charges for running the system are invoiced on a monthly or annual basis and usually include a fixed charge based on a per-employee, per-seat or per-user basis as well as threshold-based service-level charges.

In contrast, an organization that decides on an internal solution faces various unpredictable expenses as well as known upfront costs, plus the lengthy implementation period, which is a cost in itself. Upfront costs include not just the cost of the software and hardware, but also the often more expensive consulting and training services required when implementing new technology. The time and cost devoted to finding the right hardware is avoided, too. By tapping into the expertise of the service provider, a company doesn't have to reinvent the wheel to find the right solution for itself.

UPFRONT IT COSTS

TABLE 1

IT SAVINGS

Outsourcing HR applications saves money in a variety of ways. Here is a sampling of the avoided costs:

Software licenses
Initial hardware purchases
Software and hardware maintenance
IT staffing costs
Implementation consultant
Training costs

Source: CFO Research Services

Avoiding upfront costs was a significant consideration when Atlanta-based Homestead Studio Suites Hotels, with 1,700 employees, chose a service provider for its HR applications. “We did not have to grow and build an IT group,” said CFO Joseph Rogers. “We do not have to create and invest in that infrastructure and personnel. Financially, that puts us in a better place and gives us greater flexibility.”

For many organizations that are watching every penny, outsourcing HR applications is part of a strategy to reduce IT costs by outsourcing as many applications as possible. “We have an absolute minimal amount of investment in people and hardware for our data-processing functions,” said Dan Robertson, vice president for information systems at Berkshire Realty Holdings L.P., a 900-person real estate property management company based in Boston.

Even smaller organizations are finding a huge gap between the cost of implementing their own applications versus outsourcing the job to a third party. At Waltham, Mass.-based Empirix, which creates testing, monitoring and performance solutions for the Web, IT Director Brenda Boyle estimated that upfront costs for Empirix’s applications for 300 employees, including HR apps, would have been \$200,000, compared to \$50,000 for outsourcing.

ONGOING IT COSTS

As hefty as the upfront costs are for traditional HR systems, ongoing operational expenses are another big reason why organizations decide to outsource these applications. Minimizing cash burn is at the forefront of most CFO’s to-do lists these days, and outsourcing HR and other applications reduces the cash outflow. “We wanted our ongoing cost to be as low as possible,” said Rogers of Homestead. “In that analysis, we came out better hosting rather than internalizing.”

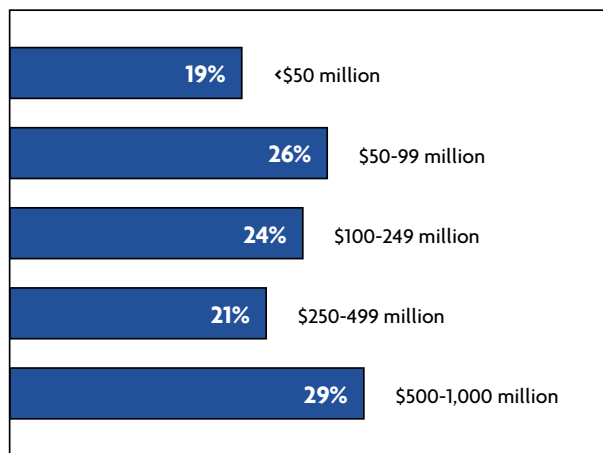
Avoiding costly hardware upgrades is another key motivator behind some decisions to outsource. When HR applications are part of an enterprise suite, they consume enormous quantities of computer horsepower. Most organizations discover they have to expand their hardware to meet the growing demand for computing power.

National Gypsum Co., a producer of building and construction products with 2,700 employees, saves \$1 million a year by running HR and other applications on a hosted environment. Not only did outsourcing allow the Charlotte, N.C.-based company to downsize its mainframe, but it also provided the company with support it couldn’t muster when it ran its applications internally. “During the 18-month period we ran our applications internally, we were having trouble hiring

CHART 2

THE INTEGRATION BLUES

A lack of back-office integration was either a steady or major problem in managing expenses, according to a July 2002 survey of 485 financial executives at organizations with between \$10 million and \$1 billion in annual revenues. Back-office integration was the number one problem cited by these executives. (percentage of respondents saying back-office integration was a major or steady problem, by annual revenues of organization)



Source: *Expense Management: The Route To Best Practices*, CFO Research Services, November 2002

people with expertise in our applications,” said CFO Bill Parmalee. Overall, he estimated that outsourcing cost National Gypsum about 25% of the amount to perform the same functions internally.

Outsourced HR applications can lend consistency and predictability to operations and can help an organization avoid the risks related to upgrades associated with installed software on internal systems. “I can budget my expenditure to my outsourcer, and I know what it is going to be for the whole year,” said Robertson of Berkshire Reality. “There really isn’t much fluctuation there, or surprises.”

Another IT-related savings achieved through outsourcing is integration costs. It is imperative that managers have comprehensive financial figures for the entire enterprise available in real time. Integrated systems are the only way to deliver that kind of information in real time, and outsourcers are typically more capable of integrating disparate internal and external systems than an organization’s own IT staff. A recent survey found that integration of back-office systems was a major problem for many organizations. (See Chart 2.) “Integrating disparate systems within the company was very important to us,” said Jay Anliker, CFO of Wausau Benefits Inc., of Wausau, Wis., which manages employer benefits plans. “It was an issue, and our outsourcer was on top of it when it developed the implementation plan.”

At Empirix, the need for integration support determined the company’s outsourcing partner. IT Director Boyle said she encouraged the HR department to adopt the application of an existing outsourcer—even if that application didn’t fulfill 100% of the department’s needs—because of the benefits of having an integrated system. Without integration, she explained, the IT department would have had to dedicate a person to keep the HR system synchronized with the rest of the company’s systems.

NON-IT COST BENEFITS

Switching to an outsourced HR applications provider offering access via the Internet and a Web browser sets up cost savings throughout an organization. Adopters of the approach say they were able to adopt a paperless environment and reduced their cost of health care and other benefits while dramatically increasing the productivity of their HR departments.

At DALGlobal Services, an airline services company with more than 5,000 employees, the outsourced system has allowed the company to recoup erroneous benefits payments to employees. Under the old system, if an employee missed a week of

work, the company had no way to monitor health care benefits payments on a weekly basis. The result was overpayment of benefits. Now such arrearages can be tracked and those overpayments recaptured.

Increasing the productivity of the HR department is a prime motivator for some organizations that outsource HR applications. Adopting an outsourced applications model with a Web-based interface can reduce HR's dependence on paper, which eliminates a lot of low-value clerical tasks and enables the staff to focus on more strategic efforts, such as recruiting, retention, resource allocation and employee morale.

"We have essentially a paperless HR function now," observed Eugene Connolly, chief operating officer of Synchronicity Inc., a Marlboro, Mass.-based designer of collaboration software with about 110 employees worldwide. Forms are filled out when an employee joins the company, but after that, the process is almost paperless. Employees around the globe are automatically notified when performance reviews are ready. Managers update compensation electronically and it's approved online and updated automatically on the company's payroll system. "We've actually eliminated paper checks," Connolly continued. "From anywhere in the world, employees can see their pay stubs online."

TABLE 2

NON-IT BENEFITS

Switching to an outsourced HR applications provider with Web browser access offers a variety of benefits to organizations, including these, which were cited by 10 senior managers:

HR productivity gains
Management productivity gains
Reduced health-care benefits costs
Employee productivity gains
Reduced error rate for HR-related tasks
Improved service to employees
Better decision making about resources

Source: CFO Research Services

The elimination of paper shuffling empowers HR departments to focus on higher-value services. "It takes some of the mundane tasks off HR's plate," observed Anliker, of Wausau, "which improves how HR services the company and employees."

At Berkshire Realty, Robertson said that outsourcing applications has elevated the HR department's role within the organization. "HR staff can concentrate on people, not systems," he noted.

Most financial professionals interviewed for this report said that outsourcing HR applications did not reduce the size of their departments. What outsourcing has done for some is allow them to accommodate their headcount growth without adding HR staff. "We would have had to add more people if we didn't outsource our HR applications," noted Lee Wright, comptroller of DALGlobal Services. "We haven't cut anybody because of it. It's been a cost avoidance, rather than a cost reduction."

Synchronicity did reduce its HR staff by one after hiring an out-sourcer, due to a combination of market conditions and the new technology. "But more importantly," COO Connolly added, "As we grew, I did not have to increase my headcount in HR."

Adopting an outsourced HR application solution allows organizations to shift valuable internal HR and IT resources to more value-added tasks within the organization. At Homestead, adoption of an outsourced solution enabled internal staff to take on projects that would have been on a back burner if they were saddled with babysitting HR applications. "In our situation, it has allowed IT to focus on assisting the company meet its goals," CFO Rogers said.

Adds Doyle of Empirix, “We let our outsourcer handle the database and technical issues, like installing patches, while my HR folks figure out how to reduce cycle times for open enrollment and reduce the pain points for employees,” she explained.

ORGANIZATIONAL BENEFITS

**By outsourcing applications,
"HR staff can concentrate on
people, not systems."**

—Dan Robertson,
Berkshire Realty Holdings L.P.

While the cost considerations of an outsourced solution were significant for the companies contacted as part of this project, the non-financial benefits of an outsourced HR solution were just as important. Users of outsourced solutions contacted for this report cited a variety of benefits for managers, including more granular information, 24x7 access to real-time data and the ability to standardize HR processes globally.

For DALGlobal, the enormous amount of data about staffing costs and benefits was particularly useful. “We have a world of functionality that we did not have heretofore,” Comptroller Wright said.

With so many employees working out of their homes or from remote locations, and with so many multiple phone numbers, e-mail addresses, pagers and other communication gadgets, it has become increasingly difficult to keep tabs on a worker’s contact information. Organizations with outsourced HR applications have found it easier to keep that kind of information current and easily accessible. “The system has much more capability in terms of tracking items that we want to track,” said Yvonne Comacho, senior vice president of finance and accounting for Simpson Housing, a property management firm in Denver, Colo., with 1,100 employees. “We can track standard things like employee name, address and deductions, and we can also track training, cell phones and pagers and other pieces of information to help us manage our employees.”

Anytime, anywhere access to information via an outsourced third-party solution accessible on the Web increases the productivity of and quality of decision making by managers and executives. “The ease of use and the ability of our managers to have information at their fingertips 24x7 made it beneficial,” said Synchronicity’s Connolly. Access to employee information whenever a manager wants it, or wherever that manager may be—at a remote office, a client location or at home—means quicker action on employee issues such as compensation and performance review. Field managers especially like the Web-based system, Connolly added, because they have more information at their fingertips. They can pull up employee data and reports locally without depending on the corporate IT or HR departments for it.

An outsourced HR solution also improves the consistency of HR data throughout an organization. Before the implementation of an outsourced solution, work rules and pay methodologies could vary from field office to field office. Now the rules are built into the system and standardized. As a result, managers of outsourcing clients receive better and more consistent reports. “That has helped us standardize performance management,” said Comacho of Simpson Housing.

Some managers noted a subtle benefit of providing online access to benefits data. While a weak economy normally means that companies have little trouble attracting and keeping employees, in some sectors this is not relevant. Online access to up-to-date health care and retirement benefits reminds employees of the value of their employer's largesse.

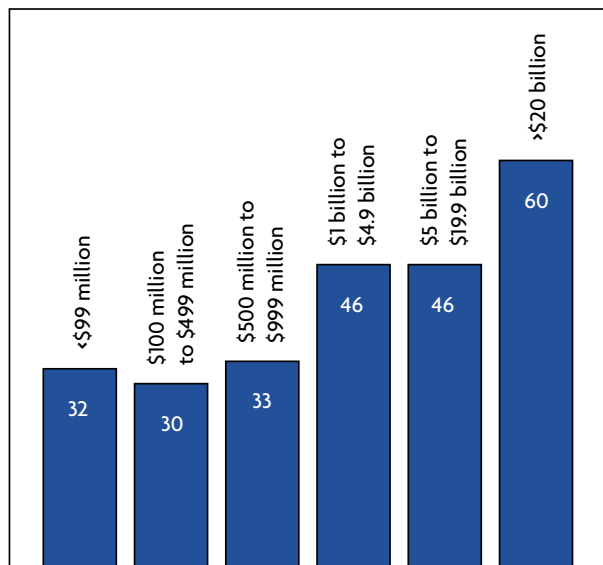
"I wanted something that would give our employees direct access to their benefits information, which I felt had a strong positive in terms of our employees understanding the value of their benefits," explained Elizabeth Reynolds, CFO of Concord Academy in Lincoln, Mass., which has approximately 150 employees. "The more we kept them informed about what their benefits were and what they cost us, the more value the employees would place on the benefits they receive from us." In the past, the school provided hard copy letters to employees, but those notes were infrequent.

EMPLOYEE BENEFITS

CHART 3

LARGER COMPANIES EAGER TO EMBRACE EMPLOYEE SELF SERVICE

Providing information about benefits and other HR applications to employees via self-service Web applications is considered either crucial or very important, according to almost 300 CFOs and other financial executives in the United States and Europe who responded to a mail survey in 2001. (percentage of respondents, by annual revenues of organization)



Source: CFO Mind Shift: Technology Creates Value, published by CFO Research Services, January 2002

Employees, too, have seen the benefits of outsourced HR applications. They have had more timely and accurate information about their paychecks and benefits, more convenient enrollment processes and other advantages identified during the research.

A more efficient payroll process has to rank high on any list of benefits, as far as employees are concerned. Adoption of an outsourced HR applications provider is a key component of an efficient payroll program. At DALGlobal Services, before outsourcing, an information lag from field offices to headquarters slowed down the issuance of some paychecks, said Wright, of DALGlobal Services. "Now, with the field feeding this information over the Web, [the process] is a lot more efficient."

Enrolling new employees or recording key changes in family circumstances has always been a paper-driven morass for most organizations. Shifting HR management from an internal application to a Web-based, outsourced HR application dramatically improves the enrollment and updating processes. Since enrollment can be completed online from an employee's office or home, the information is entered faster and with fewer errors. Moreover, since many employees work in two-wage-earner households, it is convenient for them to be able to make benefit election decisions online from their homes where they can consult with their spouses, noted Anliker, of Wausau. Indeed, as companies grow, the importance of offering self-service HR systems access to employees increases significantly. (See Chart 3.)

STRATEGIC BENEFITS

"We would have had to add more people if we didn't outsource our HR applications."

—Lee Wright, DALGlobal Services

Outsourcing HR applications can provide an organization with strategic benefits, too. The primary reason for HR's existence is to recruit and retain the best workforce, asserted Mehl, of Robert W. Baird. "Anything that distracts HR from focusing on that is strategically unwise," he said. "Many companies evaluate the HR function in terms of managing down the cost of hire and the cost of back-office functions. I think that is penny-wise and pound-foolish."

Once systems are outsourced, HR managers are able to focus on how their department can assist the corporation in meeting its goals. More time and resources become available to the HR staff to focus on strategic issues. "Our HR department has been able to focus on corporate initiatives," said Wright of DALGlobal Services. "Those initiatives include employee recruitment, retention, rewards, compensation and labor relations, as opposed to the more clerical or administrative functions they were caught up in before."

The shift to more strategic tasks for an HR department unencumbered with managing systems is especially true for high-tech companies. "It's essential for us to have best practices in HR when it comes to benefits, when it comes to compensation, when it comes to organizational development and most importantly, when it comes to sourcing and recruiting talent we need," said Connolly, of Synchronicity. "Outsourcing our HR applications allows us to focus on those kinds of strategic issues."

Similar sentiments were expressed by Berkshire Realty's Robertson. "The strategic benefit to us is that we can focus on making things better for our employees instead of focusing on just running the system, getting updates and paychecks out every week," he said.

Outsourcing HR applications can assist an organization in more efficient resource allocation by providing executive decision makers with up-to-date and integrated information about the manpower picture within a company. "We have a better capability to do ad hoc reporting," DALGlobal Services Comptroller Wright said. "When we get a special request from upper management to look at something, we can more easily do that now."

CONCLUSION

Financial considerations are just the beginning of the benefits received from outsourcing HR applications to a third party. There are strategic benefits as well. Not only do companies reap rewards from tapping into cutting-edge technology deployed by an outsourcer, but in resources that would have been tied up had those technologies been supported internally. The resources can be focused on strategic initiatives that will beef up a company's competitive position in its markets.

In addition, existing HR staff can assume tasks, such as recruiting and workforce skills development, that will have a strategic role in a firm's future competitiveness.

Our research shows that a lot of companies value these strategic benefits over cost control when they choose to abandon their internal HR systems.

Costs, however, are an important consideration as well. With careful monitoring of costs becoming a critical component of business survival, outsourcing human resources applications is destined to gain increased acceptance by businesses of all sizes. For a company staggering under heavy IT spending, adopting an outsourced HR applications model relieves it of some of that burden.

Companies with limited IT resources can obtain world-class information technology services for a fraction of the cost and bother of building or bolstering internal resources. (See Table 3.)

Moreover, as an increasing number of companies recognize the benefits of outsourcing HR applications, the practice will serve as a lynchpin for outsourcing other functions and increase the demand for hosted services in general.

TABLE 3

THE FINANCIAL IMPACT OF OUTSOURCED HR

Of the companies interviewed for this report, annual savings or return on investment (ROI) achieved by outsourcing HR and benefits applications ranged from \$125,000 to \$1 million.

Company	Number of Employees	Financial impact	Where achieved
National Gypsum	2,700	\$1 million savings	Hardware, software and IT staffing
Empirix	300	\$150,000 savings	IT salaries to operate all applications
Simpson Housing	1,100	\$145,000 ROI	Recaptured insurance overpayments, HR productivity increases
Synchronicity	100	\$125,000 ROI	HR productivity gains

Source: CFO Research Services

Sponsor's Perspective

**OUTSOURCING HR APPLICATIONS—
A BETTER SOLUTION TO AN OLD PROBLEM**

By Phil Fauver
Chief Executive Officer of Employease

Thirty years ago, factories and machines were a company's greatest assets. Today, employees are a company's greatest assets and those assets can walk out the door at anytime. The challenge of improving employee productivity while increasing job satisfaction requires a tremendous amount of strategic planning.

Unfortunately, the administrative burdens that have plagued human resources are only increasing. Instead of focusing on strategic issues, researchers estimate that employers now spend 60-80 percent of their HR effort on administration. This continues despite the need to be more strategic than ever before.

The obvious solution is to automate non-strategic activities so that HR professionals can focus on the issues important to the success of the organization.

Organizations traditionally have relied upon traditional HR systems that were installed in-house for managing human resource information. In many cases, these solutions improved the productivity of the HR department, but at the expense of the IT department and the corporate bottom line. Other times, the complexity and installation times overrode the benefits of having the system.

Installing and managing complex business applications—such as traditional HR systems—requires substantial investment in license fees, upgrades, wide area networks (WAN), local area networks (LAN) and technical expertise. The cost and complexity kept these systems out of the reach of most companies. And, as economic challenges have become more intense, even large organizations struggle to justify these daunting costs.

CFO Research Services' study sheds light on the new path organizations have discovered. This paper shows that better options are now available for helping HR focus on more strategic tasks. The most impactful of these new options take the form of outsourced HR applications. Outsourced HR applications are affordable and present opportunities to save money on many levels. Best of all, they generate a positive return on investment.

How Outsourced HR Applications Impact Your Bottom Line

Outsourced HR applications deliver powerful returns to the bottom line by avoiding the large financial and technical burdens that characterize in-house software and by enabling a new level of connectivity and productivity among HR professionals, employees, and managers that was impossible prior to the proliferation of the Internet.

With no hardware or software to install, configure, maintain or upgrade, outsourced HR applications effectively minimize up-front costs and the ongoing cost of ownership. No longer do companies need to endure the hidden costs of hardware, software and networking equipment in addition to front-end loaded license fees. No longer must company IT resources be drained by maintaining these applications and infrastructure

For more information on the benefits of outsourcing HR applications, please visit www.employease.com

To download this white paper, please visit: www.employease.com/cforeport

in-house. By avoiding the substantial technical burdens of yesterday's legacy solutions, the CFOs in this study have found that their organizations can now access world-class HR functionality at a fraction of the cost of traditional HR software.

How Outsourced HR Applications Impact Your Human Resources

This study shows that the right outsourced HR applications can help transform your HR department into a company-wide asset facilitating contributions from all areas of the organization.

In this new world, employees no longer lose productivity at work, wondering how to access their benefits program for their children or find an old pay stub. That information is at their fingertips. In this new world, a new manager has instant access to compensation and performance histories for all direct reports as well as a real-time view into the applicant flow for key positions to be filled. In this new world, the CFO can access employee information in real time that previously might have taken HR weeks to deliver.

And so, CFOs have found that with outsourced HR applications, Human Resources becomes a strategic hub of information. Employees, managers, executives and applicants all have easy access to the most up-to-date information they need, 24 hours a day. External vendors, such as insurance companies and payroll vendors, who once received reams of manually created paper, now receive automatic data transfers. HR professionals are freed from managing the paper tasks that once consumed them, HR can finally partner with the rest of the executive team in taking the company forward.

Going Forward

Whether your goal is reducing costs, increasing strategic value, providing better service to employees and managers or improving productivity, Employeease offers the unique combination of technology, services and insight to help you realize your full potential.

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