HCM Technology Strategy for EMEA-Headquartered Organizations: Key Considerations When Investing

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Initiatives: HCM Technology Transformation

The shift to cloud HCM applications has reached early mainstream. Many application leaders transforming HCM in EMEA-headquartered organizations, however, are in the midst of this transition or are revisiting their HCM technology strategy. They should use this research to inform their strategy.

Overview

Key Findings

- Labor law complexities, language and practices vary greatly across EMEA countries. Availability of robust cloud human capital management (HCM) solutions varies widely across markets, especially compared to the cloud-mature and more-homogeneous U.S. market.

- Midmarket companies are faced with tough trade-offs between the cost and complexity of enterprise-grade cloud HCM suites (Oracle, SAP and Workday) and the more limited midmarket offerings for the geographies in which they operate.

- Most application leaders transforming HCM continue to struggle with complex and poorly integrated portfolios of technologies. It is difficult to balance regulatory compliance, employee expectations for local administrative processes, and the changing demands for talent processes.

- Complex requirements for administrative and talent processes and variations in practices across countries prevent many EMEA-based HR teams from reaping the value of talent analytics.

Recommendations

Application leaders in EMEA-headquartered organizations supporting HCM technology transformation should:

- Accelerate their journey toward cloud HCM applications by evaluating their HCM technology portfolio and strategy, with a focus on vendor innovation and user experience capabilities.

- Decide which functional modules benefit from being part of a suite, and which ones are best managed in point solutions. Do so by mapping out options and weighing the cost and benefit of managing integrations and separate updates to meet the HR transformation vision.
- Focus first on consistent delivery of improved employee experience across all people processes by utilizing journey mapping and other experience design techniques.

- Evaluate the various combinations of technology options by monitoring the evolving vendor landscape and considering not just the transactional, but also the analytical sets of features.

**Strategic Planning Assumption**

By 2023, 35% of midmarket and large enterprises headquartered in EMEA will have invested in a cloud-deployed human capital management suite for administrative HR and talent management. However, they will still need to source 20% to 30% of their HCM requirements via other solutions.

**Analysis**

Cloud HCM revenue across all geographies has exceeded 55% of all HCM revenue in 2019 (see “Market Snapshot: Human Capital Management Software, Worldwide, 2019”). Adoption of cloud HCM suites in U.S. headquartered organizations is the most mature. The U.S. market is sizable, which allows for many technology providers to innovate within the payroll domain and across the HCM technology stack. EMEA markets do not generally have this luxury. Addressable markets are smaller, and the needs of organizations vary greatly based on their size, their structure and the number of countries in which they operate. Labor, payroll, tax regulations, administrative HR practices and HR expectations add to the complexity.

This research is primarily designed to support EMEA-headquartered organizations in planning HCM technology investments. However, it is also suitable for globally operating organizations seeking to support an EMEA division that operates independently from the wider organization.

**HCM Technology Investments Must Align to Organizational Complexity**

Different types of organizations tend to have differentiated approaches to their HCM technology investments. In Figure 1, we compare nine types of organizations. Their operating models span from highly centralized to highly decentralized. Their geographic complexity spans one country to many.

*Figure 1. Organization Types With Differentiated HCM Technology Investment Approaches*
Small/midsize, single-country organization: Small organization with all its business and employee base in one country. Tends to prefer the all-in-one HCM suite that combines payroll with all other functionality, when possible. Some will prefer to outsource discrete HR processes, ranging from payroll to learning management. This varies by country and industry.

Large, complex, single-country organization: These centralized but highly complex organizations generally have a long history of specific HR practices, centralized teams and a legacy of homegrown applications. They can range from having fewer than 5,000 employees to more than 200,000 employees. These are most common in the public sector, and in some countries (such as Saudi Arabia and UAE). They often face an additional challenge based on their strong desire to manage sensitive HR data in on-premises solutions.

Large conglomerate, single-country, light corporate structure: These organizations are similar to large, complex, single-country organizations, but have a much more varied set of businesses. Often with a history of being family-owned, these are often run as portfolio companies. Sometimes, public-sector organizations have a similar model, when a single HR service delivery has been set up to meet the requirements of all civil servants across all government services. Centralized HR teams, when put in place, tend to be very focused on a common payroll and administrative layer. In some cases, they will allow HR leaders in the various business units to invest in their own talent management solutions.
HQ country organization dominates, small outside subsidiaries: These highly centralized organizations have 80% or 90% of the employee population and business activity in the home country. Small subsidiaries, which are often sales- or service-focused, are spread in other countries. Sometimes, a small R&D arm has been set up in an in-house “near-shoring” effort to manage and control R&D costs. Like small or midsize single-country organizations, HR teams tend to want payroll and administrative HR to be very strong for the home location. When possible, a full HCM suite is preferred. They will generally outsource payroll for the smaller locations.

Large business units or geographies with different support than smaller ones: These multinational organizations have a somewhat balanced spread of staff across multiple geographies, though certain geographies will be larger and more-established than others. Mature, well-established geographies with a strong central HR function differ greatly from more recent and smaller geographies where HR support is very basic. When shifting to a common HCM suite environment, application leaders often need to balance the different needs. On the one hand, increasing process maturity and accelerated adoption is the focus in smaller countries. On the other hand, HR leaders in more mature geographies are often fighting to maintain the degree of process automation they had in previous application environments.

Regional conglomerate, light corporate structure: With up to about 10 countries, these frequently family-owned businesses have set up various business activities across multiple brands or domain areas. Some businesses may also have grown through multiple acquisitions to extend reach in more geographies, or to consolidate businesses in the home market. Central HR teams have a coordinating function. HR leaders report to the individual business unit leaders. To scale HR services and manage HCM technology spend, however, there is often an appetite to centralize some of that support. Full HCM suite deployments can be extremely difficult to manage, as all HR leaders would need to agree on a single suite and globally aligned processes. In general, the preference is to minimize the shared HCM technology layer. For example, this may be limited to individual shared talent processes, or a common employee data repository to support headcount and key talent metrics.

Multinational with centralized operating model: Large, global organizations with a strong, global chief HR officer (CHRO) and solid reporting lines down through HR teams supporting all the business units and subsidiaries. This is the “sweet spot” of the leading enterprise HCM suite providers (Oracle, SAP SuccessFactors, Workday). Standard global processes, a common job data structure, and centralized HR service delivery allow for a common global approach. Minimal exceptions are tolerated for different functional areas and geographies.

Global group with regional business units: Slightly less-centralized organizations have opted at a minimum to set up regional HR functions to support HR service delivery (payroll, data maintenance, HR help desk). This may be an intermediary step for some large organizations aiming to have a fully global HR function. HR technology and service investments in payroll may
be regionalized, focusing on minimizing the number of payroll solutions. Talent functions tend to be global, and appetite is strong for a single talent management solution.

- **Global conglomerate, light corporate structure**: Like other conglomerates, these heavily decentralized, portfolio-based companies tend to have very lightweight corporate structures. The corporate HR teams play a role of coordination rather than making direct decisions impacting all the HR teams in all business units and geographies. Generally quite complex organizations, it is often difficult for central teams to have any visibility into shared talent pools. Investments tend to focus on shared talent management to gain such visibility. Talent management suites with light core HR functionality, and which can work as either the leading or downstream system, are more frequently evaluated.

Application leaders in each type of organization tend to approach their HCM technology strategy from different viewpoints. They must decide where to support core HR functionality (employee and manager self-service; hiring, transfer, promotion and employee exit processes; organization management; position management; and HR master data management). Some will prefer core HR to be close to payroll. Others recognize the strong ties between core HR and talent management processes in supporting managers’ visibility into talent. The resulting three primary investment approaches are highlighted in Figure 2.

**Figure 2. HCM Technology Investment Approaches Based on Organization Type**

![HCM Technology Investment Approaches Based on Organization Type](image-url)
The HCM suite, which also includes cloud payroll, is frequently the preferred option for organizations with minimal geographic and structural complexity. The challenge for EMEA-headquartered organizations is that there are no global suites or local providers with robust, proven cloud payroll functionality that works seamlessly with the rest of the cloud HCM suite. Some global providers are offering cloud payroll as part of their suites for certain countries, but adoption is still low. The trade-off for solid payroll often means weaker talent management capability.

Payroll managed separately, with an HCM suite for core HR and talent management is often preferred by organizations with more complexity, but who have centralized HR support structures. Decisions about payroll are generally made completely separately from decisions about an HCM suite. These organizations generally aim to support as many of the administrative and talent-focused HR processes within a global solution — even for quite local, specific processes. They restrict the footprint of payroll solutions to payroll processing. Payroll systems get the necessary data from the core HR system (and, in some cases, a time and attendance solution), and then manage the processing of calculations and payments. Payroll in this case is never the leading system, but always gets data from other leading systems.

A global talent management suite with light core HR functionality is most frequently considered by organizations with the greatest degree of complexity, and very light corporate HR structures. Payroll solutions are put in place to manage the majority of payroll and administrative HR processes. Depending on the employee population in each given country or subsidiary, the local payroll solution may be set up as the leading system. In small subsidiaries, a tax office or local service provider is often selected to process payroll. Local HR or other administrative staff may use the talent management tool to track key employee data changes and send over a basic report of those changes to the local providers.

Recommendations:

Application leaders in EMEA-headquartered organizations supporting HCM technology transformation should:

- Identify their current organization type, as well as the one they aspire to be.

- Depending on their target organization type, write down the opportunities and risks of the two or three primary ways they could set the foundation of their HCM technology portfolio. Share this with key stakeholders in HR, IT and the business (for example, the COO, CFO or CEO).

- Use this model to evaluate the fit of the selected solution(s) to their business, if they have already moved to a cloud HCM solution. Some may be reevaluating their current investment strategy which has not realized the results they expected. Others may be looking for opportunities to invest in emerging innovative solutions to augment the suite.
HCM Technology Options for EMEA-Headquartered Organizations

HCM technology strategies will depend strongly on the style of organization. They will also depend greatly on the availability of technology, HR process maturity, risk appetite and innovation appetite. All application leaders in EMEA-headquartered organizations focused on transforming HCM, however, must have a clear answer to the following questions:

- Are there any particular talent challenges, for example:
  - A stable workforce with a need to promote development and internal mobility?
  - A high degree of turnover with a need to hire large volumes of employees and/or contractors?
  - High planned growth with a need to develop leaders quickly and hire many new employees?
  - Budget constraints and an aging workforce, needing to somehow align existing workers to very new roles created through digital transformation initiatives?
  - Large number of hourly workers with limited access to corporate systems?
  - Tough labor partners in primary countries (such as Germany or France), making changes to talent processes challenging?

- What is the readiness for a global, centralized HR function, with global standardized processes, clear job structures and competency models, and consistent HR roles across subsidiaries?

- How will payroll be managed?

- Are we restricting ourselves to on-premises solutions only? Will vendors continue to support on-premises HCM solutions?

- What legal requirements do we need to meet regarding where employee data is stored and how it is processed?

Once these questions are answered, application leaders will be in a much better position to evaluate the primary technology options available in today’s market to support their HR strategy. Five options are laid out in the sections below:

- Cloud HCM suites
- HCM suite providers, considered when payroll is a primary requirement
- EMEA midmarket HCM suite providers
- Talent management suite providers
- ERP providers that offer HCM functionality
Recommendations:

Application leaders supporting HCM technology transformation should:

- Work with HR, IT and management stakeholders to determine the answers to the above questions.
- Include these details in all internal HCM technology strategy and roadmap documents.
- Work with key HR leaders to be clear on the current and future planned HR operating models.
- Document the opportunities and risks linked to the five below options, and their reasoning for rejecting or considering each of them.
- Determine which functionality may be best supported by stand-alone point solutions. Map out which functional modules benefit from being closely tied together. Evaluate where business benefits would outweigh the additional integration effort and cost for supporting point solutions.
- Recognize that a single suite can never meet all their requirements. However, this should not be taken to mean that they should have separate solutions for each HR functional domain area. Instead, they should aim to optimize their portfolio by bundling functional modules where it makes sense and where it will improve employee experience.

Option 1: Cloud HCM Suites

As outlined in “Magic Quadrant for Cloud HCM Suites for 1,000+ Employee Enterprises,” cloud HCM suites have gained in maturity. Some have also added midmarket focused offerings on their own or through partners. For these offerings, they bundle preconfigured functionality for faster time to value through more simple and standardized implementations. The providers of HCM suites may or may not also be selected to support administrative ERP requirements, including financial management. European-headquartered midmarket organizations (those with between 1,000 and 5,000 employees) should refer to “Critical Capabilities for Cloud HCM Suites for 1,000+ Employee Enterprises,” where specific ratings are included for all providers in the Magic Quadrant for this use case.

Primary Providers Being Considered: ¹ Oracle, SAP and Workday

Key considerations:

- Do you have a central team in place to manage ongoing release management, changes and modifications, and to support the system? Without this, transformation objectives will be very difficult to meet, and analytics and employee experiences difficult to deliver.

- Do you already have a solid job hierarchy and competency framework in place to structure the automation of differentiated processes for different job functions within the organization? These are foundational data elements for these solutions to work effectively.
Has centralized data management and governance been set up in order to get the most out of embedded analytics and out-of-the-box dashboards?

Have you considered the employee experience? Despite the promotion of quite user-friendly demos, it is very easy to implement these tools in such a way that they deliver a horrible employee experience.

Do you really need HCM and financials from the same vendor, even though the vendor is presenting this as a benefit? These promises have rarely been delivered in past generations of tools, and Gartner doesn't expect them to deliver in this latest generation either, except for very specific use cases and requirements, such as:

- Billing or cost tracking needs to be closely aligned with incentive payments, personnel cost or individual employee activities.
- Employee pay needs to be reported against multiple specific grants or funds.

Do you need tools that can support highly complex and varied process configurations, and are you able to support the cost of such tools? If not, some of the four alternatives below may be a better option.

Will the vendors even engage with you, given they tend to focus on organizations with more than 1,000 employees? If not, consider some of the four below alternatives.

Option 2: HCM Suite Providers Considered When Payroll Is a Primary Requirement

In the U.S. market, Ceridian's Dayforce, Ultimate Software and ADP are examples of payroll and administrative HR solutions that have branched out to include talent management functionality in an all-in-one cloud HCM suite. The EMEA market, however, is not a monolithic market. Payroll is highly specific to individual countries and may be outsourced (the tendency to outsource payroll varies by country).

In Table 1, the primary providers being considered or used within organizations (per Gartner inquiries) are indicated. HCM suites are also referenced in those countries where they have a payroll module, and the availability of that payroll functionality is a deciding factor for inclusion in a longlist of providers. If the capability is only in the on-premises offering of a provider, the name of that solution is also included.

Primary Providers Being Considered: 1

Table 1: Selection of HCM Providers Considered When Payroll Is a Primary Requirement

<table>
<thead>
<tr>
<th>Country</th>
<th>Primary Providers (as encountered in Gartner inquiries; this is not an exhaustive list)</th>
</tr>
</thead>
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<table>
<thead>
<tr>
<th>Region</th>
<th>Software Providers</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.K.</td>
<td>ADP (iHCM 2), The Access Group, MHR (previously MidlandHR), Sage (SnowdropKCS), Zellis (previously NGA ResourceLink), SD Worx (previously Ceridian HRevolution), Cascade HR, Access Group (previously CoreHR), Advanced Solutions, Unit4 (previously Agresso), SAP, Oracle, Workday, Mitrefinch, Ceridian (Dayforce), Cintra HR and Payroll.</td>
</tr>
<tr>
<td>Ireland</td>
<td>CoreHR, SAP, Oracle (E-Business Suite), Ceridian (Dayforce)</td>
</tr>
<tr>
<td>Nordics</td>
<td>Visma Group, SAP, Aditro, Unit4</td>
</tr>
<tr>
<td>Belgium</td>
<td>SD Worx, SAP</td>
</tr>
<tr>
<td>Netherlands</td>
<td>Visma (previously Raet), AFAS Software, SAP, ADP (iHCM 2)</td>
</tr>
<tr>
<td>France</td>
<td>Sopra HR Software, Cegid, Cegedim SRH, ADP (GSI), Sage (Sage 100cloud Paie &amp; RH), SDWorx (including GlobePayroll), Talentia Software, Cegid (Meta4), SAP, Workday</td>
</tr>
<tr>
<td>Spain</td>
<td>Sage Murano Online, Cegid (Meta4), SAP, Seresco</td>
</tr>
<tr>
<td>Italy</td>
<td>Zucchetti Group, ADP, SAP, Oracle (E-Business Suite)</td>
</tr>
<tr>
<td>Eastern Europe</td>
<td>SAP, BPSC ERP Impuls EVO, 1C (Russia/CIS), Unit4, Nexon (Hungary)</td>
</tr>
<tr>
<td>South East Europe</td>
<td>SAP, Unisystems ATOMO Plus (Greece), colorful.hr (Romania), AROBS UCMS (Romania),</td>
</tr>
<tr>
<td>GCC countries (Saudi Arabia, Emirates, Qatar, etc.)</td>
<td>Oracle, SAP, MenalTech, EJADA, CivilSoft, Ramco Systems, Adrenalin,</td>
</tr>
<tr>
<td>North Africa (French speaking)</td>
<td>Sopra HR Software, SAP</td>
</tr>
<tr>
<td>South Africa</td>
<td>Sage (VIP Premium Payroll), SAP</td>
</tr>
</tbody>
</table>
Key Considerations:

- Does the admin HR provider have a robust roadmap for developing and expanding talent management functionality? If not, you may have to plan for meeting your HCM requirements with multiple solutions and specialist providers in domains such as recruiting and learning.

- Is the core HR and talent management functionality closely tied to the payroll module, or does payroll exist on one technical platform, integrated with core HR and talent management on another technical platform? If the solutions are not tightly integrated, make sure to include integration effort and risk in your strategy and project plan. It can also give you the option to move ahead with core HR and talent management before making any changes to an existing payroll solution.

- Is talent management functionality primarily offered through a partnership with third-party tools? Who retains responsibility for the performance of integrations and the management of processes and user experiences across platforms? This should weigh into your risk assessment as you evaluate Option 2.

- Where should core HR functionality (position management, organization management, organization visualization, internal mobility, hiring, exit, and other administrative processes) sit? Very close to payroll? Or very close to talent management? If it is close to talent management, and depending on the countries of operation, the other technology options listed in this document may be a better fit.

- If core HR sits in a separate system from talent management, what will your internal mobility process look like for employees, managers and HR business partners? Map this process out in detail and use it to illustrate integration requirements. You may find payroll-focused solutions lacking in their ability to integrate with recruiting, onboarding and learning functionality in order to support this process effectively.

- How well does the payroll solution provider support reporting and analytics? Will that require you to make a separate analytics investment?

- How important is it for absences, time and attendance, and expense management to be very tightly linked to payroll systems to ensure accurate processing? If this is very important, it will significantly limit the list of providers that can meet your requirements.
Option 3: EMEA Midmarket HCM Suite Providers Without Payroll

Organizations spread across many different countries tend toward HCM solutions that support the majority of their core HR and talent management requirements. They will deliver payroll separately through the most cost-effective model they can find. Payroll may be consolidated into a global payroll provider (see "Market Guide for Multicountry Payroll Solutions"). However, it may prove more cost-effective to manage contracts and support from different local payroll providers in each market. While the primary enterprise solutions are an option, midmarket organizations particularly look for alternative vendors to the megavendors. These providers generally started out with a focus on core HR and basic talent processes. In some cases, they represent the first time a global HR solution is implemented.

Primary Providers: Sage People (formerly Fairsail), Aragon-eRH, Cegid (Meta4) (excluding payroll), Talentia (excluding payroll), CatalystOne Solutions, rexx systems, Adequasys, Personio, Factorial, Sympa. We include Cegid (Meta4) and Talentia because they are included in longlists for HCM suites (excluding payroll) in Gartner inquiries.

Key Considerations:

- How many talent processes are covered? Make sure to evaluate functionality across each one you plan to include in the HCM suite.

- Are processes for learning management and recruiting sufficient, or will we require specialist point solutions? Some midmarket-focused solutions have only basic functionality in these domains.

- Does the user experience meet expectations? Some midmarket solutions have yet to significantly refresh the user experience to meet current usability standards.

- What is the time to value for these applications? How quickly can we implement them? Time to value is often important for midmarket organizations, and the speed to implement such solutions does vary.

- Will we need central team resources to support the application? If so, include in your HCM transformation plan a specific request for dedicated resources.

- How frequent are new releases of functionality? What platform is the solution built on? This information can help you determine which kinds of resources you will need internally to support the application.

- How heavily do I need to rely on the provider for any updates or configurations? Can an HR system analyst on my team manage all necessary changes? Again, this will help you evaluate the kind and scope of internal resources to support the application.

- How is integration managed with third-party payroll solutions? Processes and technologies can vary from provider to provider. Collecting this information upfront will help you evaluate the
Option 4: Talent Management Suite Providers With Core HR Functionality Added

To meet market demand and compete against the enterprise HCM suites, some talent management suite providers are building out core HR functionality. These providers started with a focus on talent management, sometimes deeply focused on one talent domain, such as learning management. They have more recently added in core HR functionality to support basic administrative processes. For some, this represented the need to include more-robust workflow functionality and the ability to track the effective dates of changes.

Primary Providers: Cornerstone OnDemand, Talentsoft, Cegid (previously Technomedia).

Key Considerations:

- In which countries does the provider have an active market presence (direct/indirect sales)? A lack of market presence elevates the level of risk for that provider.
- What support can I get in the countries where I operate? A lack of support can lead to many headaches and should be a consideration when selecting providers.

- Will the global talent management suite's core HR be the leading system, feeding into payroll? Or will the local payroll system feed data into the core HR system? Will that be different per country? Map this out for each country; this will help define your integration strategy and the integration effort required. It will also help determine what investments are required to support master data management.
- Where will local administrative processes be managed? Can they be supported by the basic core HR functionality offered? Or will we need to make that happen in our local payroll solutions? Map this out for each country. As appropriate, put in place a governance structure to evaluate this on an ongoing basis.
- Are our local payroll solutions developed enough to support employee and manager self-service processes? Do they deploy any of that capability on mobile devices? If not, you may need to manage more administrative processes in your central HR solution to meet employees’ usability expectations. You will need to evaluate the fit of the talent management solution to support those local processes.
- Where will we focus our efforts on talent analytics? Does the provider offer sufficient capability? Or will we opt for a point solution? Include this systematically in your evaluation of providers.
- Does the recruiting functionality meet all my requirements, or may I need to look elsewhere for specialists in AI-enabled recruiting processes, chatbots, and candidate engagement and marketing? Include this explicitly in your HCM technology roadmap.
How well are others succeeding on these platforms in terms of managing the integrations and data flows between the talent management suite and other downstream systems? What integration strategy and platform will we be using? These capabilities can be weak in some of these solutions. Collecting feedback from other customers helps you set realistic expectations and evaluate the kinds of resources you will need to support the application on an ongoing basis.

How are our teams set up to manage variations in talent processes across the different business units and subsidiaries? Are our change management efforts sufficient to achieve satisfactory degrees of adoption across the employee population? Thinking through this will help you evaluate resource requirements, but also governance and change management strategies with stakeholders across the business.

Are there any local HR teams that we will need to pay attention to in terms of managing expectations and setting the direction of deployment? Stakeholder mapping is very important when you are trying to put in place global processes for heavily decentralized organizations. Without it, you may not realize the targeted transformation and business benefits of the technology investment.

Do we have sufficient global job and competency data structures to get the most out of the talent development functionality offered by these systems? These data structures are often foundational elements in talent management suites. Without them in place, much of the functionality, as demonstrated, may not actually work once you try to go live with the solutions. Your expectations might not be met.

Do we expect to manage labor management rules, position management, effective sequencing of actions, legislative reporting and other locally mandated processes in the global solution? If so, the talent management suite with lightweight core HR is likely not your best option among the five options outlined in this research.

Option 5: ERP Providers That Offer HCM Functionality

Gartner inquiries show that a fair number of CIOs and CFOs are interested in acquiring HCM functionality from their primary ERP provider. For some organizations, that makes the procurement process simpler, as they can go to the market with one RFP. In some cases, the cost of the HCM solution is heavily discounted as a sweetener for the broader enterprise ERP deal the vendor aims to achieve. Others have bought into the marketing pitch from vendors declaring the benefits of having HCM and financial management capabilities from a single vendor. Gartner advises customers to plan carefully and examine which employee experience, manager experience and business processes truly gain from the HCM solution that the ERP provider offers. In many cases and in many industries, there may very well be no gains from having the same solution provider.

Primary Providers: Oracle, SAP, Workday, Microsoft, Unit4, Infor, Deltek.
Key Considerations:

- What business needs drive close integration between HCM and the rest of ERP? What HR data do my ERP processes actually require? If we only need manager relationship, cost center assignment and payroll posting files functionality, do the functional trade-offs to go with the ERP-provided solution outweigh the avoided integration costs?

- What is the roadmap of the provider for HCM technology? If there is no substantial investment or roadmap, this solution may not meet your long-term HCM requirements. Transformation opportunities will be missed.

- To what extent are the HR processes supported on mobile devices? Some ERP providers have not invested very much in enabling mobile capability.

- Does the provider sell and/or market directly to CHROs? Do they have any CHRO-focused events? If not, this might signal a lack of focus and investment in the HCM part of the ERP providers' portfolio.

- What percentage of R&D is dedicated to HCM technology? Use this to evaluate the strength of the HCM investments. Low R&D spend on the part of the vendor will likely lead to higher spend in your organization on point solutions or customizations to fill functionality gaps.

- How much does the provider rely on partners and customers to build out essential pieces of HCM technology? The greater the reliance on partners and customers, the greater the chance that you will spend more on third-party resources to extend the applications.

- Who develops payroll functionality? Is it through partners or local acquisitions, or is it centrally developed and built as a native part of the application? For which countries? Make sure you are also evaluating this as a risk in case you use the payroll functionality of your ERP provider.

- Is the HCM technology offering even on the same platform or technology as the ERP functionality provided by the same vendor? Is our experience with the ERP’s integration capabilities strong? This information will help you evaluate the amount of effort required to manage integrations between functional modules, whether that be within the HCM domain, or across HCM and ERP domains.

- How robust is the roadmap for talent management functionality? Is the provider lagging behind in terms of market trends around talent management, or does it lead and influence the market direction? If the provider is lagging, you should flag this as a risk for this option.

- Does workforce management, including time and attendance, need to be close to payroll? Or do we benefit from having it tightly linked to processes managed in the ERP? Map out your workforce management requirements and include that as evaluation criteria for each vendor option.
- Does the ERP provider support my industry and geographical location? What reference customers can they provide? What is the experience of those customers? Use this information to evaluate vendor capability.

Evidence

The evidence and advice in this research note are based on approximately 3,000 Gartner client interactions conducted since 2015 with EMEA-headquartered organizations investing in HCM technology.

1. Primary providers are those most often cited in conversations with EMEA-headquartered Gartner clients through inquiries. They do not represent an exhaustive list of providers to be considered.

Recommended by the Authors

The Future of Cloud HCM Suites

2019-2021 Strategic Roadmap for HCM Technology Investments

Critical Capabilities for Cloud HCM Suites for 1,000+ Employee Enterprises

Focus on 3 Key Areas Before Implementing a Cloud-Based Human Capital Management Suite

Toolkit: HCM Technology Role-Based Discovery, Inventory and Prioritization

Market Guide for Multicountry Payroll Solutions

Market Guide for Workforce Management Applications

Market Guide for Human Capital Management Suites

2019 Strategic Roadmap for Postmodern ERP

Recommended For You

Market Guide for Disaster Recovery as a Service

Market Guide for U.S. Community Development and Regulation Applications

General Manager Market Pulse: 23 June Signals

Forecast: DRAM Supply and Demand, Worldwide, 1Q19-4Q21, 2Q20 Update

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