



The Fast-Changing World of HR  
Technology For Small Business  
Creates New Opportunities for PEOs

Over the past couple of years, there's been no shortage of HR product offerings and technology developments. The large companies who sell enterprise technologies to large corporations continue to dominate that sector. However, a closer look at HR Technology offerings uncovers a solid group of companies offering end-to-end HR solutions to mid-sized companies. And an even closer look reveals a rich host of start-ups offering innovative HR management applications to the small business user. This latter group promises to be the most interesting for the next few years, as quality, affordable cloud-based HR offerings reach larger numbers of small businesses at a price they can afford.

Recently we have seen a rapidly emerging group of low cost, easy to use HR applications that simply did not exist a few years ago. Much of the emergence of these cloud-based applications is credited to the low cost web server model pioneered by Amazon Web Services (AWS) and others. The cost of starting a software company has dropped dramatically in the last few years. This opportunity is bringing more software startups to the space that see the value in creating and investing in HR applications. This is very good news for the small business user.

#### 5 Reasons to Integrate Cloud-Based HR Solutions Into Your Business

- Expand your offering to include HR technology
- Pick up client service efficiencies using a small business HR hiring solution
- Gain new revenue stream
- Leverage Partner hiring best practices marketing content
- Stay competitive with national firms offering HR Technology

These small business talent management tools (or HR apps), span across all sub-categories of HR, but they do have a few fundamental common traits. They are very affordable and available in a monthly subscription with credit card billing. In addition, they are easy to use and require little or no implementation, IT support, or training. They are designed to fit the workflow and budget constraints of the small business user.

The HR apps currently available to the small business user, at a price they can afford, include solutions across the talent management spectrum. These apps include "hiring and applicant tracking

(ATS)", core HR management (HRIS), performance management, time tracking, benefits, and more. Many of the HR app companies are partnering to create integrations between applications, (i.e. new hire data flows directly into an HR management app) and are partnering in co-marketing initiatives.

This development brings talent management tools to small businesses that historically have only been available to large companies with big budgets. This development promises to be a significant game changer to small business management and has the potential to level the playing field for small companies looking to become more effective and efficient managing human resources.

**Here is a closer look at a few HR apps tools:**



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### **APPLICANT TRACKING SYSTEMS (ATS)**

The talent management process all starts with a new hire. ATS products prompt a hiring manager to create a well organized job description, efficiently post a new position to appropriate job boards, receive all applicant resumes and documents into a centralized system, screen, review and rate applicant qualifications, share and collaborate with other hiring decision makers, and communicate with applicants during the hiring process. The primary benefits of an applicant tracking system are to bring automation and efficiency to the hiring process, to create increased visibility for a job posting, to store and manage all hiring submissions and documentation in a centralized location, to create internal collaboration and transparency in the hiring process, and to streamline the recruiting workflow process.

### **CORE HR MANAGEMENT (HRIS OR HRMS)**

HR management systems are designed to centralize and integrate the processes and record keeping of HR. Systems will generally include company directory and employee profiles, company values and culture orientation, employee goal setting, training and development tracking, compensation tracking, corporate calendar, employee time off tracking, and HR reporting and analytics. HR management applications are designed to take the HR management function from a spreadsheet style of tracking and reporting to a comprehensive HR management tool that provides a centralized HR portal for employee access and efficient end-to-end core HR management.

### **PERFORMANCE MANAGEMENT**

These tools facilitate assessing and managing the performance of employees. Managers can build employee development plans, track progress, integrate self-assessments and 360 feedback into performance reviews, compare individual and team performance, explore individual and team strengths and weaknesses, and compare individual and team performance. This tool provides managers with a consistent methodology and key metrics to evaluate, document and communicate employee performance.

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**There are some clear advantages for small businesses that take the time to implement HR apps into their process.**

#### **SAVES TIME**

Many small businesses spread the HR function across multiple departments, if they have an HR function at all. And those fortunate to have an HR department, tend to still spread those resources around as needed. Having cloud-based HR apps means that anyone with HR or hiring responsibilities can log into these tools to take care of HR tasks quickly and efficiently.

#### **PROMOTES CONSISTENCY**

Using spreadsheets and other documents makes it hard to ensure employees are regularly entering data. And accuracy can become a problem as well with a system created “in-house”. Rather than depending on each person involved, HR Apps enable small businesses to create and implement processes that increase the accuracy of data being entered and keep everyone on the same page.

#### **SAFEGUARDS AGAINST COMPLIANCE ISSUES**

Regardless of a company’s size, compliance should always be a concern. Using HR Apps, small business owners can rest a little easier that compliance for EEOC, I-9 and other issues are covered—and can be reminded when employee certifications are set to expire.

# The HR Technology Roadmap

Small and medium businesses are becoming increasingly tech-savvy, and they are looking for cloud-based HR solutions that are affordable. Take a look at all the ways these organizations can integrate technology into HR to save money and increase efficiency.

## HIRING

- Applicant Tracking
- Hire Online
- Skills Assessments & Testing
- Background Check

## ONBOARDING

- Payroll
- Timekeeping
- Scheduling
- Human Resources

## BENEFITS MANAGEMENT

- Wellness
- Safety & Risk Management
- Compensation
- Training & Education

## PERFORMANCE MANAGEMENT

- Annual Reviews
- Recognition & Rewards
- Manage Employee Development Plans
- Track Goals & Progress



## Changing Employer Services Model

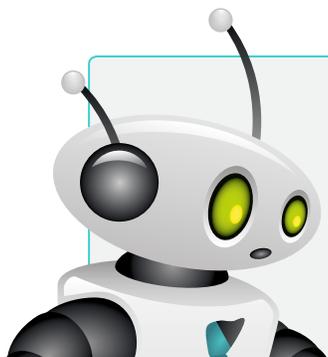
These low cost, easy to use HR apps are changing the way small businesses approach talent management. These products are also finding a valuable role within outsourced employer services management. Many small and medium sized companies have chosen to outsource some or all of their HR management functions to an employer service provider that specializes in a particular area. These services can include payroll, HR generalist, executive recruiting and administrative services, and can include group programs for medical plans, workers compensation, supplemental insurance, wellness programs, and others. Various combinations can occur and often fall within the industry acronyms including HRO (HR), ASO (payroll + HR), PEO (payroll + HR + benefits + administration). This industry has been growing at a rate of 6%-10% per year for the last several years, with an estimated \$132 billion in revenues for 2013.\*

An emerging new trend is for an employer services provider to build one or more HR apps into their services model during initial rollout. As part of the services scope, the services provider sets up the client account and passes the subscription billing through as part of the comprehensive services proposal and pricing. This adds enhanced value to the employer and the services provider by bringing a common technology application to both parties. The services provider can login in to their client's account to provide efficient support in line with the scope of services, and the employer benefits from a tool that brings established workflow, organization, efficiency, and transparency to the talent management services that are provided. Services firms are relating that they are finding that low cost, easy to use HR apps are enhancing their value proposition to their clients and providing efficiencies in their services delivery model.

In response, many HR app developers are offering partner programs to employer services providers. These programs can include a revenue share or pricing discount, a discounted or free "house account", and cobranded content marketing programs. HR apps developers are finding that in addition to connecting with new small business customers through web marketing, that they can effectively reach groups of customers through partnerships with employer services provider partners.

It looks like the trend of small business HR apps is here to stay and promises to shape the way that employers approach talent management whether they manage HR internally or look to outsource some degree of the talent management challenges. The low cost, easy to use HR app has found a place with small businesses.

\*Staffing Industry Analysts, April 2013



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