Not Just About Technology: Part IV

Go past a provider's hype about their target clients by examining what they actually deliver. This will help you to ensure that the suitor is a best fit in the long run. By Naomi Bloom

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The easiest way to find out what an HRM BPO provider defines as its target market is to ask it. You can also do a check of its marketing literature and web site, but most of the information obtained through these techniques is going to be incomplete. While this is a good starting point, it doesn't begin to describe the provider's target market in terms of dimensions of complexity that the provider has or has not satisfied.

Can it really handle ALL the payroll taxing jurisdictions within the U.S. or only the most common 15,000 or so? What about every flavor of healthcare benefits plans, or is it just beginning to figure out health savings accounts? How about self-service that's truly role-based, giving each employee and non-employee worker what she needs relative to the specific position(s) that she holds, or is it a one-size-fits-all solution?

Even when the provider is using a major ERP's HRMS as the core of its delivery platform, there's no reason to believe that it has configured the HRMS to cover all the different business processes, rules, and data requirements you need. Without thoroughly scenario-testing the provider's capabilities against your particular needs, there's really no way to tell just what's been delivered.

But we can develop some good assumptions about capabilities if we take a hard look at the provider's actual rather than target market. And we can also develop some good assumptions by looking at how it got into the HRM BPO business, the model upon which it bases its business, and the general approach it has

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taken because all these points are reflected in the provider's espoused target market as well as in its current client mix.

Among comprehensive HRM BPO providers (and I'm just using this flavor of BPO as an example), most of the providers were IT outsourcers or investor-funded start-ups, creating their initial HRMDS via an asset lift-out. They bought what they believed were a good set of client assets to initially operate at lower costs for that client and then gradually commercialize for others.

The best of these providers had always planned to make the very substantial capital investments needed to turn a one-off client HRMDS into something far more generalized and multi-tenant, but few succeeded in doing this, and those that didn't continue to take a "your-mess-for-less" approach, with or without transformational consulting. For these providers, the only way to infer their target market is by looking at the messes they've taken on.

If you're still running Tesseract in the back room, finding a provider who's picked up several such dated HRM delivery systems will at least ensure that they know how to operate your current environment. If you've already spent a boodle in consulting fees to "transform" your HRM processes and delivery system while doing a major ERP/HRMS implementation, you'll certainly want to consider providers committed to salvaging as much of your investment to date by running what you've already done at a lower cost and/or better service levels than you can manage. But beware of making assumptions about the provider's ability to deliver specific HRM BPO capabilities simply because of its demonstrated ability to delivery specific IT outsourcing capabilities.

Although we can make some assumptions about what types of prospects a provider can best serve by knowing the genealogy and capabilities of their HRMDS, their business model, etc., the best place to get a clearer picture is through their implemented client list. The specific capabilities of their delivery system—its data design, geographic coverage, breadth and depth of strategic HRM capabilities, etc.—will dictate which prospects can be serviced most easily, but only by looking at the clients actually being served can we see how the provider compensates in their business practices for the strengths and/or weaknesses of their delivery system.

What's really important here is that you be a good fit for the provider's actual target market, not just how it's stated in its marketing messages by size, industry, or geography. Ensure that they are delivering to clients that look like you in terms of these and many other dimensions of complexity. In the next column, I will conclude this series on non-technology factors to consider when assessing HRM BPO providers. HRO