

A Stroll Down Memory Lane

...en route to Bangalore. Taking a look back at the early years of HR management delivery systems—and mine! **By Naomi Bloom**

This month's and next month's columns present the analysis that led me to a startling conclusion about the future of the HRM delivery system (HRMDS)—by the end of this decade, the dominant deployment tactic for the HRMDS will be via a long-term, comprehensive HRM BPO relationship with a single provider. Many analysts disagree with this conclusion. And it may not be valid for very small organizations or organizations in locales where labor and privacy laws so constrain labor arbitrage and the movement of HRM data that the needed cost model for success in this business isn't achievable. But here are my thoughts; determine for yourself where they lead.

When I was very young (the mid 1960s come to mind), all business application software, in fact nearly all software, was hand-crafted in long-dead machine languages for a specific organization by that organization's programmers and implemented by those same programmers. All computer hardware was selected and operated by the organization's own operations staff, with some help with installation and maintenance from the hardware manufacturer. HRM policies, plans, and programs were designed, developed, implemented, and administered by the organization's own personnel. The HRMDS was entirely manual, except in the very largest organizations that had begun to automate payroll.

It was a simpler time, with very few technology options and far less HRM complexity, especially regulatory complexity. But it was also a time when only the largest organizations could afford to have computers—at least until ADP was founded to provide payroll software, regulatory expertise, and computer access to the rest of us. Large end-user organizations were the center of gravity for the best and brightest programmers, operations staff, and personnel people, and they were the source of innovation in all of these areas. Meanwhile, everyone else muddled along without automation, or signed up with the earliest providers of shared computer capacity (then called time sharing, now called utility computing) or with ADP.

By the mid 1980s, every aspect of HRM, including our technology choices and operational requirements, had become tremendously more complex. Thanks to IBM's introduction of the PC in 1981, organizations of all sizes routinely used application software packages that

were not only designed, developed, and maintained by vendors (a precursor to outsourced development), but also drew upon a range of systems' consulting services to help them select and implement those packages. Similarly, organizations of all sizes were using consulting help to select, purchase/lease, and install their IT infrastructure, and IT outsourcing firms appeared to service and even operate that infrastructure.

The HR/Personnel department was using consultants and outsourcing providers for everything from HRMS package selection and implementation to benefits plan design, pension administration, EAP programs, payroll processing, and tax filing. The great debate, which began with the release of the first HRMS (payroll plus) packages in the early 1970s, of "buy versus build" was over. "Buy" had won. While some stragglers still thought that they could design, develop, implement, and support a custom-built HRMS more cost-effectively and with greater value to their organization than an application software vendor, very few senior executives were willing to bet their own careers on the "build" alternative as the packages available achieved sufficient functionality to warrant their use in even the largest organizations. There was a time when InSci, MSA, M&D, Integral, Genesys, Cyborg, and Tesseract were the HRMS market leaders in the United States for larger organizations, but I wonder if anyone in our industry under the age of 40 even remembers these products.

Not surprisingly, many of the best and brightest of those HRM professionals, programmers, and operations staff were moving to the application package vendors, systems integrators, HRM consultants, and functional outsourcers—whose core businesses were their specialties and therefore provided their best career opportunities. HR and IT management easily made the business case for automating the HRMDS by eliminating roomfuls of clerical staff and some data entry staff, and by increasing management's span of control. These were hard savings. But they were quickly overtaken by the need to keep packages upgraded to accommodate increased demands from an organization just beginning to appreciate what information systems could do, and from regulators who saw the ability to administer increasingly complex labor laws through automation. By the mid 1980s, my own youth had flown, but the best in HRMDS was yet to come. **HRO**



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