

Put some hybrid in your HR

Don't worry, this article is not about a hybrid car fleet or your future mobility policy. It's all about creating an agile HR service delivery organization that is able to deal with the volatile business environment – both in the downturn as well as in the upturn. In 2010 we will witness many car manufacturers launching hybrid models. Around the same time, we expect HR to go hybrid, with smart HR delivery models combining in-house and outsourced HR solutions to deliver hard and fast business results.

Following the current economic climate, many companies have become more open to various forms of outsourcing, including HR outsourcing. IT outsourcing is probably the most popular form of outsourcing today, but we believe that ten years from now HR outsourcing will reach the popularity levels of IT outsourcing. It will be a common practice for many global companies.

CREATING A PLATFORM FOR AGILITY & FLEXIBILITY

HR outsourcing offers a number of key advantages that are very attractive to companies today. It allows companies to focus on their core business and leave some of the non-core operations such as payroll, workforce administration and maintaining

HR/IT systems to specialist providers. By creating synergies and economies of scale, providers such as NorthgateArinso can offer a rich set of HR services globally that are delivered at a lower cost and a consistent quality. As a result, our customers only have to deal with one provider for all things HR.

HR outsourcing also allows companies to become more agile and demonstrate superior flexibility when entering new markets or going through an M&A as they can focus on their core markets and customers. HR outsourcing offers a more flexible cost base where a company only pays for HR services on a per-employee basis, effectively turning the fixed costs of running HR operations (CAPEX) into a variable cost (OPEX), and at the same time offering great potential for additional cost reductions. Finally, HR outsourcing allows HR professionals to leave a lot of the administrative burden to specialists, so they can focus on strategic HR, including acquiring and nurturing talent, measuring and improving performance, and managing and developing the workforce.

SLIDING SCALE OF OPTIONS

Companies can choose to outsource the IT side of HR, in

full or in part, or they can choose to combine it with functional areas such as payroll, benefits or workforce administration – this is what we call HR Business Process Outsourcing or HR BPO. Also, companies can choose to start small – either in a number of countries, or in terms of employee population – gain experience, and grow their HR outsourcing operation over time.

Today, we see great appetite and potential for HR outsourcing across the globe. But since its inception around a decade ago, HR outsourcing has been transformed quite a bit, to the point that many companies are now familiar with the concept and are no longer looking for all-or-nothing HR outsourcing. Many companies actually start using HR outsourcing as an integral part of their strategy.

CONCEIVING HYBRID HR

Hybrid HR is all about combining every available delivery option – HR outsourcing being one of them – to provide HR services in as cost-effective and as standardized a way as possible. Companies can choose between an OnPremise, OnDemand or a Business Process Outsourcing (BPO) solution – or they can choose and combine the best of all worlds in order to match their business needs:

- **OnPremise** – Traditionally companies decided to buy software licences, procured a server, then installed and maintained the software themselves. In this model, the software is installed in one network and runs exclusively for one company. Control and personalization are its most important advantages.
- **Business Process Outsourcing** – In this model, companies shift the responsibilities for transactional HR processes to an external service provider. This frees up HR staff to concentrate on more strategic tasks and allows the company focuses on the core business – without having to think about IT maintenance or HR administration
- **OnDemand** – Also known as Software-as-a-Service or 'cloud computing', this model delivers functionality without the hassle associated with IT implementations. Companies don't need to buy the software or the infrastructure – all they need is a web browser to access the software remotely, and to pay a subscription fee to use the software. This model is often chosen for the fast roll-out and high flexibility it offers.

Smart companies don't commit to a single deployment model, but combine the different delivery models and employ a hybrid HR model, designed to perfectly match their HR, IT and business needs. However, for the senior management team, there are some choices to be made and compromises to be agreed upon. In many cases, it is an exercise of arranging a balance between:

- Local expertise versus global excellence
- Delivering faster versus operating cheaper
- Standard backbone versus flexible integration
- Great functionality versus great looks
- In-house versus Outsourced

EUHREKA MEANS THE WORLD FOR HR

At NorthgateArinso our answer to this balancing act is euHReka, a global HR, Payroll and talent management platform. It enables organizations to organize, staff, pay and develop their multi-country workforce as best suits their business. Based on the SAP Human Capital Management (HCM) technology, euHReka supports multiple deployment options and leads to better cost control, increased efficiency, superior functionality and richer interaction. Each month, euHReka produces the payslips for more than 1 million employees in 50 countries and 24 languages, untapping many of the opportunities offered by Hybrid HR.

In reality there's only a handful of companies HR leaders can talk to in order to effectively address their needs around HR service delivery, especially if you consider the global scale of HR services. NorthgateArinso occupies a unique place in this market. Our business model is centered around HR, and as such we can help HR leaders control costs, deliver higher quality services, and become more agile.



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Luc Bossaert is VP Business Consulting at NorthgateArinso. He typically works with multinational corporations in the pursuit of a more effective and efficient HR function. In his workshops he focuses on state-of-the-art HR Service Delivery Models (Shared Services Centers, Hybrid Delivery models, BPO ...).

Luc has hands-on project management and delivery experience for a wide range of HR Transformation and HR Strategy projects for numerous Fortune 500 companies. Luc's entrepreneurial background includes executive and senior level consulting experience on HR Strategy definition, HR Transformation studies, Business Case development, Decision support, Organization Change Management and Business Process Design.

Luc joined NorthgateArinso in 2001 and was instrumental in growing the HR Outsourcing and HR Business Consulting department. Before this, he held various positions at Unilever, ABO and KPMG.

NorthgateArinso is a leading global Human Resources software & services provider offering innovative HR business solutions to employers of all sizes, including Global Fortune 500 companies and many Public Sector organizations. They help HR executives optimize their HR service delivery through smarter process and more efficient technology, supporting key HR areas like workforce administration, payroll, benefits, recruitment, learning and talent management.