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UNIFIED SYSTEMS:

A Springboard for **Midsize Business Growth**

Perspectives Report

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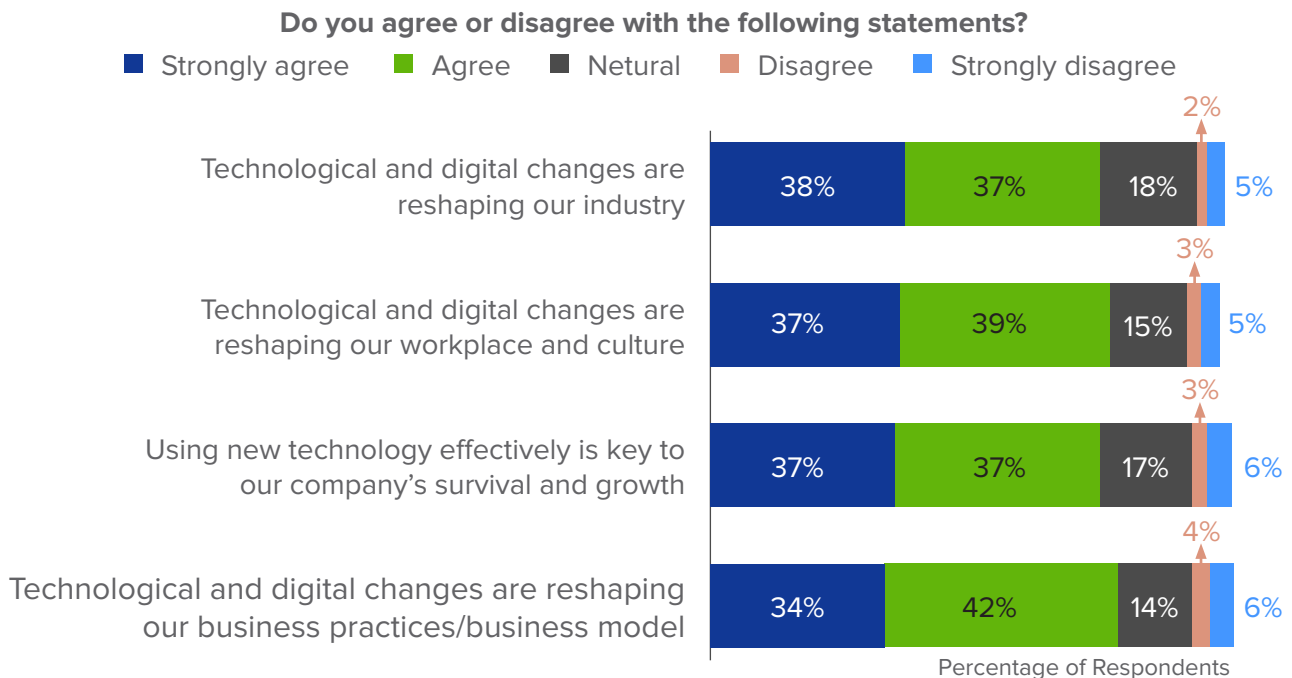
The rapid pace of technology innovation is fundamentally reshaping industries and businesses of all sizes. Companies that harness technology to keep pace with and capitalize on change are reaping big rewards—while those that fail to adapt are falling behind.

Just think about how quickly brands now disappear from the S&P list—replaced by newer, more nimble competitors. In 1965, the average tenure of companies on the S&P 500 was 33 years. By 1990, it was 20 years. Innosight predicts

that this will shrink to 14 years by 2026 if the current churn rate holds.

Keeping up with technological change is critical to staying relevant—and this applies not just to the Fortune 500. In fact, three-quarters of U.S.-based midsize businesses (100–2,500 employees) believe that using new technology effectively is key to their company’s survival and growth (Figure 1). This is leading many midsize organizations to evaluate what technology they need to help support their business needs both now and into the future.

Figure 1: Technology Attitudes Among Midsize Business Decision Makers



Source: SMB Group 2017 SMB Digital Transformation Study n = 356 respondents from companies with 100–2,500 employees

Note: Some totals do not equal 100% due to rounding.

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WE HAVE AGGRESSIVE REVENUE GROWTH GOALS . . . WE HAVE TO ENSURE WE HAVE A STRONG ENTERPRISE SYSTEM IN PLACE TO WITHSTAND ALL OF THE INEVITABLE CHANGES.

– ENSONO



Many midsize companies are running their business with legacy systems that can't keep up with today's demands. Although the cloud has made it easier to add new solutions to the business as needed, all too often these applications are disconnected from each other and therefore are unable to share data or processes. This can make it tough to get a clear, cross-functional picture of the business, which hampers decision making and creates a drag on the company.

In contrast, modern, cloud-based business solutions unify financials, human resources (HR),

payroll and related back-office functions into one system. Bringing core back-office functions into a single solution can provide your company with the visibility you need to make informed decisions as well as a scalable foundation for future growth and success.

Change is never easy. But taking a "business as usual" approach to technology is no longer an option for companies that want to survive and thrive. Now is the time to rethink your technology approach and ensure that it will enable business growth instead of stifling it.

DISCONNECTED SOLUTIONS CREATE A DRAG ON THE BUSINESS

Midsized business decision makers rank improving employee productivity and streamlining operations as the top two drivers for investing in technology solutions (Figure 2).

Figure 2: Top Drivers for Midsized Businesses to Invest in Technology Solutions



Source: SMB Group 2017 SMB Digital Transformation Study n = 356 respondents from companies with 100–2,500 employees

This isn't surprising. People are a company's greatest asset—and often their biggest expense. Being able to attract, retain and engage qualified employees as well as to provide them with the tools and solutions they need to streamline processes and make better decisions is essential for growth.

Having access to accurate, up-to-date information across core business functions—including financials, HR and payroll—helps companies stay on top of trends and improve outcomes on a day-to-day operational basis. Making the right call on those strategic “bet your business” decisions rests

on the ability to see the “big picture” and assess how actions taken in one part of the business affect other areas.

When businesses are small, it's possible to get by with mix-and-match functionality from different applications and spreadsheets. But as companies grow and become more complex, trying to store, share, transact and make sense of information from a patchwork quilt of systems ends up draining employees' time, productivity and creativity.

The key drawbacks of this approach include the following:



People waste time looking in multiple places to track down the information they need to complete tasks and create reports—slowing down day-to-day tasks and decisions, such as hiring, forecasting and reporting. For example, if your recruitment system doesn't connect to employee onboarding or payroll, people must manually reenter or upload information—which wastes time and increases the probability of errors and inconsistent information.



Decision makers have a hard time getting the insights they need to make confident decisions. Different systems offer different functional snapshots, but they don't provide a unified, consistent view across them. When data and processes don't connect, it's tough to get answers to questions such as “What factors have the biggest impact on employee tenure?” and “How do flexible work options impact recruitment?”



As sensitive information—such as employee data—flows across more systems, the risk of security breaches and non-compliance with government regulations rises.



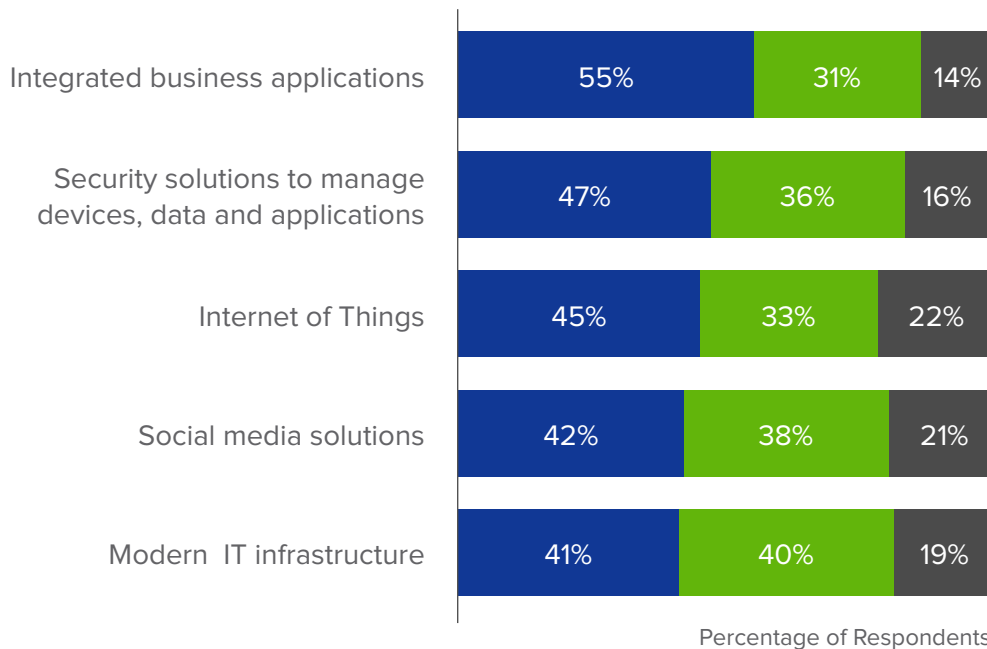
This application patchwork can't provide the visibility, speed and flexibility that today's fast-paced business environment increasingly requires. Consequently, more organizations are seeking to unify applications in a single system. In SMB

Group's 2017 SMB Digital Transformation Study, 86% of midsize businesses reported that they are currently investing or planning to invest to integrate their business applications in order to remedy these problems (Figure 3).

Figure 3: Top Five Technology Investment Areas for Midsize Businesses

Which technologies is your company investing/planning to invest in to support your business goals?

■ Currently investing ■ Planning to invest in (next 12-24 months) ■ No plans to invest



Source: SMB Group 2017 SMB Digital Transformation Study n = 356 respondents from companies with 100–2,500 employees
 Note: Some totals do not equal 100% due to rounding.



Businesses often start this journey by trying to integrate the applications they already have. But “after the fact” integration can add friction and complexity instead of reducing it, and this approach often falls short in delivering the visibility, process and agility benefits that companies need. Consider the following:



Manually importing and exporting data across different systems only moves the data. It does nothing to integrate workflows across different functions, which is where the big efficiency and productivity benefits come in.



One-off custom-coded integrations can help bring data and workflows together, but these integrations are hard-wired to integrate specific workflows and data sets. Once you get it working, what happens when it needs to change to accommodate a new process or application? The integration must be rewritten, and the business can fall behind.

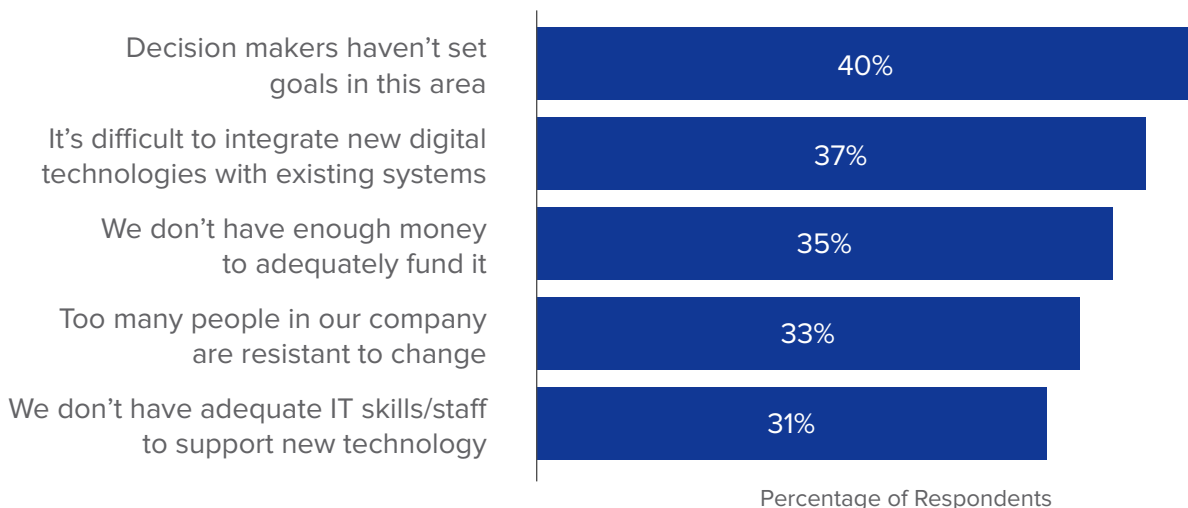


Pre-built connectors can also help bring data and workflows together and are more flexible than custom-coded integrations. But the complexity of mapping middleware to your business requirements and hiring qualified staff to deploy and maintain it is often cumbersome and costly.

In fact, according to the SMB Group 2017 SMB Digital Transformation Study, midsize business decision makers view integrating new technology with existing systems as their second most significant technology challenge (Figure 4).

Figure 4: Top Five Technology Challenges for Midsize Businesses

What do you view as the top three challenges for your company in using technology to support business goals?



UNIFIED BUSINESS SOLUTIONS PROVIDE A SPRINGBOARD FOR GROWTH

Single, cloud-based systems that bring together functions such as finance, HR, payroll and analytics are providing midsize businesses with a technology foundation that can support growth and scale. Figure 5 details some of the key ways that a unified system helps businesses to operate more efficiently and effectively.

Decreases duplicate efforts to save time and reduce errors	Information automatically flows from one application and workflow to another in real time. For example, information from your recruiting application flows automatically into payroll and then into headcount numbers—saving time and reducing the potential for human error.
Increases employee engagement and productivity	Unified, modern applications offer a consistent look and feel across applications, making it easier for people to learn how to use different capabilities as needed.
Increases visibility	Instead of disparate information snapshots from disjointed applications, unified solutions provide a panoramic view that makes it easier to spot trends, flag issues and identify interdependencies among different aspects of the business.
Improves decision making	Transactions are instantly available to report on and analyze as part of decision-making processes. For example, you can drill down into real-time financial statements to see the details behind your costs as well as details behind your revenue to answer questions such as “Who is the most productive contributor?,” “Are we providing adequate compensation?,” and “Are we managing our vendors properly?”
Accelerates the decision-making process	Everyone is working from the same playbook, using the same accurate, real-time information, helping to expedite the decision-making process.
Streamlines closing the books	Finance can create consolidated reports as needed, significantly decreasing the amount of time needed to close the books.
Strengthens controls and governance	Having the ability to define and apply roles, permissions, hierarchies and other organizational structures in a consistent way across different business functions makes it easier to govern individual and organizational roles and access. For instance, employees can produce a financial statement containing only the underlying details for which he or she has the appropriate permissions to view.
Fortifies compliance capabilities	When information across payroll, financials and HR is automatically synchronized, the result is a consistent, real-time audit trail that helps streamline compliance and auditing processes.
Reduces management and maintenance overhead	Consolidating from several vendors, solutions and maintenance contracts down to one reduces systems management tasks and maintenance costs.

Figure 5: Benefits of a Unified Solution for Finance, HR, Payroll and Related Areas

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BY MARRYING FINANCIALS WITH HUMAN CAPITAL, WE ENVISIONED A SOLUTION THAT WOULD BE YEARS AHEAD OF WHERE WE WERE.

– **BILL GOSLING,**
OUTSOURCING HOLDING CORP.



In addition to the benefits listed in Figure 5, one of the greatest advantages of a single system for midsize businesses is helping them quickly adapt to change. Big changes—such as expanding into a new market and supporting new regulatory requirements—require modifications to workflows or business processes, which can require significant time and resources when using legacy systems. Having one system of record for finance, HR and payroll enables you to easily and quickly create or consolidate new business units, move people and change organizational hierarchies.

“ FOR US AS A FINANCE TEAM, IT’S TO BE A STEP AHEAD OF ALL THE EXPECTATIONS OF TOP MANAGEMENT, OUR AUDITORS, THE STAKEHOLDERS. WITH A SINGLE, CLOUD-BASED SYSTEM, WE FEEL WE CAN ACHIEVE THIS, AND WE CAN BRING RELIABLE AND RELEVANT DATA TO THE PEOPLE WHO ARE WAITING FOR IT.

– **BLABLACAR**

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IT WAS IMPORTANT TO IMPLEMENT A SYSTEM THAT LET US CONFIDENTLY MAKE CRITICAL DATA-DRIVEN DECISIONS WITH REAL-TIME REPORTING, GAIN INCREASED VISIBILITY INTO OUR WORKFORCE AND PERFORMANCE, AND MOVE FORWARD WITH BETTER MANAGEMENT OF COMPENSATION COSTS. ADDITIONALLY, WE WANTED HR TO BE ABLE TO ADD REAL VALUE TO THE BUSINESS RATHER THAN BE STUCK PERFORMING TIME-CONSUMING MANUAL AND OPERATIONAL TASKS.

— ALK-ABELLÓ AS

FINDING THE RIGHT SOLUTION STARTS WITH A THOROUGH SELF-ASSESSMENT

No two companies are exactly alike—so start by assessing your company’s goals for a unified financials, HR and payroll solution *before* you start shopping. Involve stakeholders across these functional areas to ensure you aren’t overlooking any critical considerations.

Key questions to ask as part of this self-assessment include the following:

What business goals are guiding this initiative? Be clear about what you’re trying to solve for and how you’ll measure success.

What resources do you have—and what will you need—to support the project? This includes both financial resources and the IT and business expertise (either from within the company or sourced externally) that you can draw upon to select and deploy a solution.

What capabilities are must-haves? Prioritize the capabilities that are essential to improving operations and performance. Focus on those first, and plan to add additional functionality over time.

Doing this internal analysis up front will make it easier to determine which vendors and solutions to put on your short list and which ones you can eliminate from consideration. It will also give you a good start on developing a framework from which to evaluate alternatives.

You can use this [Buyer’s Guide](#) to investigate other functional, budgetary, support, contractual, compliance and operational factors you may want to include in your solution evaluation process.



SUMMARY AND PERSPECTIVE

In today's volatile business and technology climate, a "business as usual" approach is no longer an option. Companies must streamline their core business functions to gain the agility and visibility required to adapt, sustain and grow the business—both now and into the future.

Trying to shape disconnected, legacy solutions into one coherent system isn't easy—and doing so often misses the mark when it comes to providing the efficiency gains and insights you're seeking.

In contrast, a single system ties everything together across HR, financials and payroll. The applications are purposefully designed to work together, ensuring automatic, real-time information flow across functions to automate workflows. You have the information you need, when you need it, for reports and analysis—helping people to make faster, more confident decisions.

Take the time up front to conduct a thorough self-assessment and develop a strategy that will guide your selection process and help ensure that the solution you choose today will provide the value your business needs both now and in the years to come.

