

Personio

How to make the business case for HR software

Finding the perfect HR solution can take a significant amount of time. So, it feels great when you finally find the right HR software for your company.

But hang on a minute: Your colleagues and supervisors, for example the CEO, the Head of HR and the CFO, as well as IT, the Legal Department and managers also have a say in the decision.

We've prepared this guide to help you convince them that you've found the perfect software. We will show you how to create an internal business case for the HR software of your choice in nine steps.

How to Use This Guide

Use this guide to prepare yourself for your meeting with your colleagues and supervisors, and to arm yourself with the best arguments for the HR software you have chosen. Go through the guide step by step, take notes on how to make your case and include your own examples to support your reasoning.

Introduction

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Identify your targets and know who you are dealing with

Start off with your targets. What should improve once you have the HR software – for you and your colleagues? Having targets will help you to maintain your focus during the next steps and increase your chances of making a convincing case.

Know who you are dealing with:

The better you know the people you are dealing with, the easier it will be for you to make your case later on. The people you have to convince usually belong to one of two groups:

The budget approvers:

These would usually be:
Head of HR, CFO, CEO.

The influencer team:

Everyone involved in the buying process: IT, Legal Department. Managers.

Different factors will be important for each of these groups when it comes to introducing HR software. So, you should prepare arguments that are appropriate for each group (see step three).

Deciding on your targets

First, make a list of what you would like to achieve with the new HR software. Some possible targets could be:

No additional employees

Reaching the hiring target with your existing recruiters.

Fast

Increasing productivity by speeding up your processes.

Compliant

Maintaining GDPR compliance.

Efficient

Halving the time that managers and employees spend on HR tasks.

Better Overview

Improving the basis for your decision-making due to a better overview of employee development, salary structures and KPIs.

Tip

Keep in mind when setting targets that each colleague will have their own priorities. Do not focus on your own problems here, but stick to issues that are relevant for the company as a whole and include your colleagues' problems and concerns.



Set a common focus

You now know who you need to convince. In the next step, you should build a common denominator for expectations and goals. The best way to do this is to make HR problems and their effect on the whole business visible.

Present your HR problems and their effects on the company as a whole

Once you are able to put yourself in your colleagues' position, you will be able to get them on your side. Because the problems that you have in your HR work have a significant impact on your colleagues' work. Make them aware of this. Your colleagues will primarily be interested in whether and how the HR software can solve existing problems and minimize business risk.

Tip

Where most HR managers fail when it comes to making a case for software is by assuming that their colleagues and supervisors have the same priorities that they do. In order to make the seriousness of the situation as clear as possible to your colleagues and supervisors, you should give specific figures and use your own examples for each point you make. Keep your reasoning concise and provide context – your audience may not have the same background knowledge as you.

Here is how to formulate your HR problems so that they ring alarm bells for everyone:

Data Protection

Our processes do not comply with data protection requirements. We still send applicant information by email and cannot guarantee that it will be deleted from every mailbox after six months, as is legally required.

Productivity

Our HR processes are making our employees inefficient, which has a negative impact on their productivity. This is slowing down the entire company.

Employees

We are unable to achieve our corporate targets because so many employees are leaving. The reason: their dissatisfaction with development, managers, processes, etc. However, we have no resources available for employee retention initiatives.

In this presentation template, you will find some further examples and possible solutions that HR software can offer. Keep your targets from step one in mind when writing down your problems. Once you are in the meeting, make it clear to your colleagues that the problems could jeopardize these targets.

Making the best possible case – some key questions

Answer the following questions for yourself to find arguments that will convince each group of people. The example answers in gray will give you some initial suggestions.

Remember that your colleagues will not always be concerned with the business as a whole. Personal targets, for example driving change processes and being an innovator, can also help you make a convincing case.

CEO

How can HR software add value for the company or reduce business risk? It will increase the flow of information and transparency throughout the company, which will make all departments more efficient...

What critical decisions will the CEO have to make in the near future and how can HR software help? The additional data will make it easier to make informed decisions...

Crash course: The cost of doing nothing

“Everything is already going so well” or “We can deal with this later”: When it comes to the introduction of HR software, some CEOs are chronic procrastinators. But they overlook how much it will cost not to digitalize the company. Use these arguments when discussing this with your CEO:

It's taking too long to find new hires

Without software, we are struggling to fill positions in a timely manner because, for example, we do not have a good overview of which recruiting channels are successful.

Employee retention initiatives are starting too late

because we are recognizing warning signs such as frequent sick days too late.

Projects are taking longer to complete

because, for example, slow recruiting means that we are lacking IT staff. This has a negative impact on their profitability.

Slow decision-making

because we cannot access the data that would make all of our HR and company processes more efficient, for example in recruiting or personnel planning.

Related Reading

[How to Convince Your CEO to Start Using HR Software](#)

[The Major HR Cost Drivers and How to Limit Them](#)

Too many mistakes

Our Excel spreadsheets are processed by and sent back and forth between too many different people, making us extremely vulnerable to error. That, in turn, is causing us to make the wrong decisions.

Head of HR

Which HR initiatives are currently underway, and how can HR software support them? Automation will free us up to address topics such as employee retention and development...

How can HR software guarantee the success of these initiatives? It takes on administrative tasks, makes the entire department more efficient and decreases stress...

IT Department

Can the HR software be integrated into the current IT architecture? No installation is required for cloud software, so it will not tie up any of our capacity...

What quality requirements and security standards does the HR software have to meet? All data is encrypted and stored at a certified hosting provider...

Legal Department

Will HR software make it easier to map processes in a data protection compliant manner? Yes, because, for example, sensitive data will no longer be sent by email and applicant data will be automatically deleted after the prescribed period...

How can it make the Legal Department faster and more efficient?

A good provider ensures data protection compliance in all HR processes, so that is one less thing for the Legal Department to deal with...

Managers

How can HR software support us in achieving our business targets? Managers will be able to achieve a better overview of the employee situation, e.g. who is on vacation, who is needed and when...

How can HR software make individual departments more efficient?

HR processes can be completed with just a few clicks, so managers and employees will no longer have to spend a lot of time on things like vacation requests...



Offer a general introduction to HR software

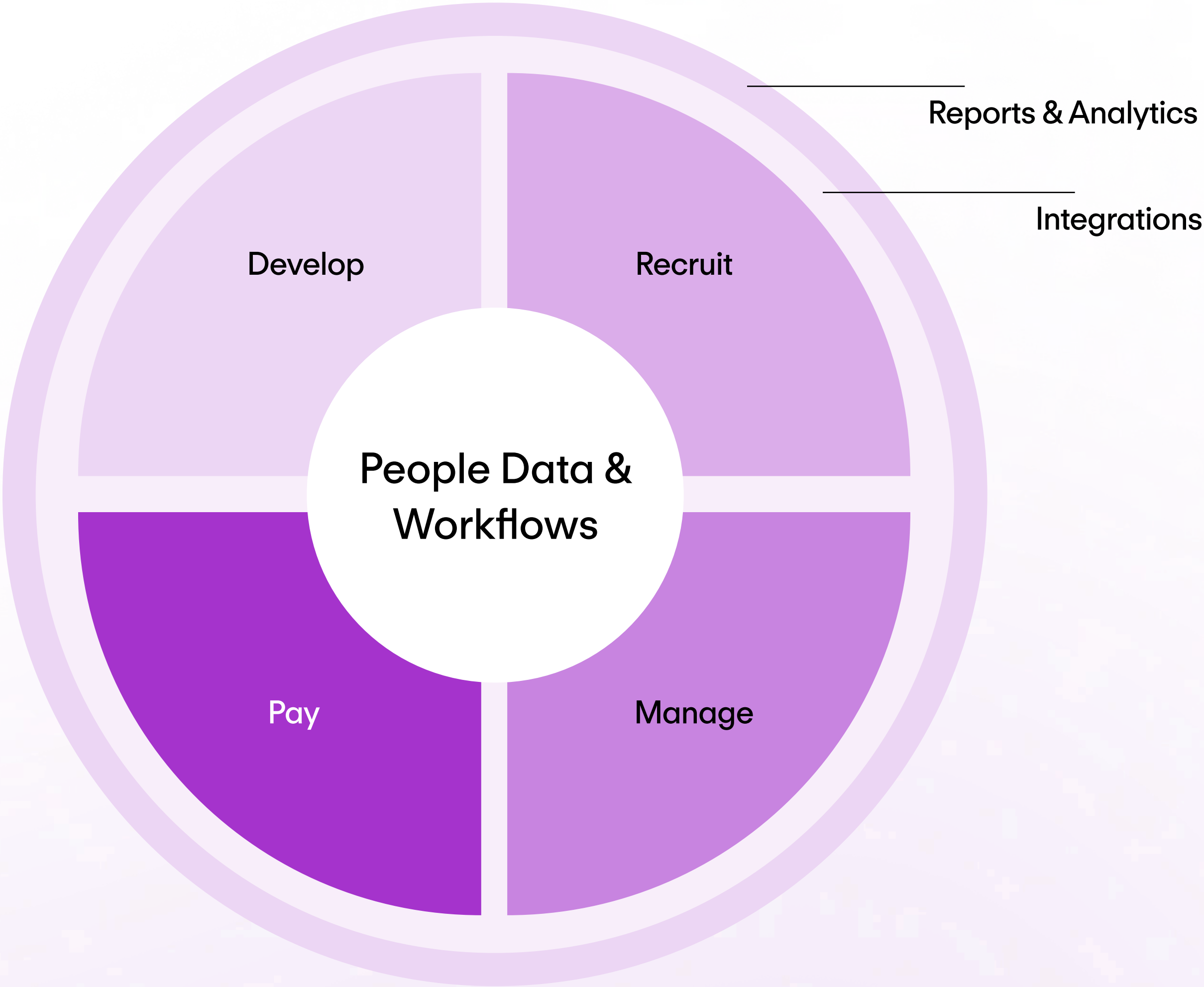
Your stakeholders should now understand why HR software is necessary. In the next step, you should be more specific about the benefits of HR software, without getting too detailed – that will come later.

Start with the practical aspects: Who will use the software and how does it work?

Example: "HR software digitally maps various HR processes. This means that applicant management, employee administration and development, and payroll accounting can be done online.

The software reduces the administrative burden of HR-related tasks for all users. Employees can request absences, enter working hours and update their master data themselves. Managers can be more actively involved in the recruiting process and, thanks to automation, HR will save time on routine tasks. Reports give CEOs much better insight into employee development, allowing them to make informed decisions about business growth."

Personio is your all-in-one HR solution and covers these HR areas



Describe the benefits of HR software

Now it's time to get more specific. So far, you have given your colleagues and supervisors a basic overview of what HR software is and what it can do. Now you should go into more detail about the software's functions and the benefits it offers.

How: Focus on the benefits of the software because the functions are more important for you in HR. For your colleagues and supervisors, it is more important to know what these functions can achieve. Here is an example of how Personio as HR software can work holistically:

Function
Multiposting: publish job openings on over 350 job portals with just one click.
Job postings are managed centrally by all of those involved.
Routine recruiting or payroll tasks are automated.
Templates, automation and reminders mean that onboarding is easier to coordinate.
HR can assign rights and roles by department or by role, ensuring that only authorized colleagues have access to data and documents.
All the necessary employee data is saved in one place and can be analyzed via reports.

Benefit
You can reach more candidates and see which channel works best.
The hiring process is accelerated so you can fill positions faster.
All departments save time, avoid stress and can concentrate on the work they should actually be doing.
New employees become productive more quickly because all equipment and onboarding appointments are ready on day one.
Your HR processes are data protection compliant, and you do not have to worry about legal issues.
The data quality improves because there is only one data source, so you do not end up with different versions of your data.

Make the effects tangible

Why would HR software be worthwhile for you? For this step, you need detailed information from your provider. They should be able to provide you with data showing the added value their software could bring to your business.

Follow these tips: The goal here is to be able to verify the added value with data. You can do this most effectively with a before/after comparison. The following tips should help:

01 · Break down your key data according to the different factors at play,

e.g. working hours for HR tasks, number of HR employees and vacancies.

02 · Determine the “before” figures:

For example, look at how many hours employees need to perform HR-related tasks, how long it takes a recruiter to fill a position or how many hours an HR manager spends on payroll.

03 · Estimate the “after” figures:

Use your provider’s case studies to draw conclusions on how the current situation could be optimized using software. Also, ask your provider what improvements they would expect to see, based on their experience.

04 · Use this information to calculate the key data with and without software,

and compare these results. Use this formula for your before/after calculations: number of hours per employee x number of employees x hourly salary x number of working days.

Examples using Personio

Onboarding: The administrative effort required to onboard each new hire with Personio is ten minutes; previously it was 2.5 hours. After one day, their workstation is fully equipped and the employee is 100% ready to work; without Personio this would take four weeks.

The Administrative Burden on HR

Personio reduces administrative effort by 80%.



Manual
12 min HR department
8,5 min Employee
3 min Supervisor



Personio
2 min HR department
2 min Employee
1 min Supervisor

On average, an employee submits 5 leave requests per year.

Personio Professional plan for 201–250 employees

Essential HRM features plus

- Advanced extended reports
- Advanced document management
- Performance management
- Onboarding & offboarding
- Google SSO

Essential recruiting plus (if added)

- Applicant evaluation forms
- Recruiting XML Feed
- Recruiting API

Essential service plus

- Phone support
- Option to upgrade to a Key Account Manager (please contact Sales)

...and much more! Find all details here.

RECRUITING PLAN (SMALL)

Up to 5 open positions

ANNUAL PAYMENT

-5%

SOFTWARE COSTS YEAR ONE

18.331€

The ROI – what you gain over the long term

Sooner or later, the topic of costs will come up. Here, you should be able to calculate for your colleagues and supervisors what the HR software will cost and how long it will take to pay off these costs (ROI). Use the example below as a guide and simply insert your own figures.

Example Personio calculation

Total investment in year one:

27.331 €

In the first year, you invest a total of €27,331 (plus a one-off implementation fee), consisting of €18,331 for the software and €9,000 for personnel costs.

SOFTWARE COSTS YEAR ONE

18.331 €

PERSONNEL COSTS

9.000 €

EXAMPLE

If 12 employees leave your company each year, software could lower this to nine. According to this study, the cost of an employee leaving the company is €43,069. The three employees who stay at your company save you €129,207. But you and your team will invest your saved time, and thus money, in employee development. Subtract this financial investment from the total gain. In the example above, this is shown as €40,600 (€25,000 for HR; €15,600 prorated for the team).

Total return in year one:

176.602 €

This can be offset against the return: This consists of administrative savings, recruitment optimization and opportunity gains

ADMINISTRATIVE SAVINGS

55.000 €

25.000 € for HR
30.000 € for the whole team

You can potentially save 30–35%. In the example above, we assume an HR cost reduction of 25% per year. Other employees save 30 minutes per month, which results in a total savings of €30,000 (assuming an hourly salary of €25).

RECRUITMENT OPTIMIZATION

32.995 €

Customers tell us they receive around 100–200% more applications with Personio. Note: In the example above, expected values were used for this amount (€32,995.)

OPPORTUNITY GAINS

129.207 €

-40.000 €*

You can use software to optimize your standard processes, thus increasing employee satisfaction and lowering your staff turnover rate (based on our experience, by 25%).

Back up your reasoning with case studies

Charts and other evidence to back up your figures are the icing on the cake. You can get these from your provider's case studies, because nobody can support your case better than other companies who already use the provider.

Where can you find case studies?

You will be able to find case studies on your preferred provider's website, and on request. Be specific with your request and ask about specific industries, company sizes and problems. To give you an overview, we have put together a selection of our case studies here:

"Personio has allowed us to do away with so many internal emails. Relevant information is sent out automatically – our onboarding processes have become absolutely seamless."

Julian Lürken HR @ Hellofresh

Hello Fresh

2,500 employees worldwide; industry: food and beverages; challenges: eliminate lists, single comprehensive solution, customized role concept.

[Read Full Case Study](#)

The closing argument – bringing it all together

Finish making your case by presenting a summary of your strongest arguments. Relate these to the targets you created in step one and show that you can only achieve these goals if your company digitalizes its HR processes.

These tips should help:

The main problems

Summarize the main problems that the software can solve. Back up your proposed solutions with your strongest key data and use reference values from other companies as a comparison.

When software pays off

Make some convincing points about ROI, e.g. the long-term cost savings.

Strategic value

Emphasize the strategic value of HR software. For example, it can supply data that is important for the growth of your company and will contribute to a strong corporate culture.

Next steps could include

Set out a plan for the future so that everyone feels invested in and committed to the “HR software” project.

Clarify doubts

Schedule a follow-up meeting to discuss next steps. Clear up any final remaining doubts: What information do your colleagues and supervisors need, and when do they need it by? What is still standing in the way of introducing the software – and how can you help remove these stumbling blocks?

Set deadlines

Set deadlines for the various milestones ahead, such as:

- Evaluating providers
- Checking legal and technical aspects
- Starting the implementation

We will support you on your HR software journey

With Personio, you gain not only a holistic HR software solution but also a partner for the digitalization of your HR department.

Contact us at **info@personio.com**, so that we can work together to make the best possible case for Personio for you.

Or try Personio out for yourself so that you can be prepared for any possible questions about the product.

[Test Personio Now](#)

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