Whitepaper: Optimising Your HR Tech Stack: A Guide for HR

Some of the most common questions we get asked are "what's an HR tech stack" and "should I get an all-in-one or a best of breed? If these questions resonate, or you feel like your HR technology isn't supporting your business as well as it should, this guide is for you! We'll explore how to streamline and optimise your HR tech tools, ensuring tech stack integration, automation, scalability, and data-driven insights. The ultimate goal? A robust HR tech environment that elevates employee experience and creates efficiency.

The Evolution of the HR Tech Landscape

The journey of HR technology has been transformative for many organisations. From manual record-keeping systems of yesteryears to today's sophisticated cloud-based solutions, the HR tech landscape for companies has seen a dramatic shift. This evolution has been propelled by the need for real-time data access, efficiency, and an enhanced employee experience. The Covid pandemic created even more change as we saw a fast paced shift to the world or remote or hybrid work.

Most of us have worked in HR teams that relied heavily on paper-based systems, which were manual, time-consuming and prone to errors. The advent of digital technology has really brought about a revolution in how HR functions were managed. Software solutions began to emerge, offering functionalities that automated many of the manual tasks associated with an HR department. Over time, these solutions became more advanced, integrating various HR functions into unified platforms, providing analytics, and offering user-friendly interfaces. Although so many New Zealand organisations are still struggling, not up to date with the latest technologies and stuck working in siloed, manual environments.

Understanding the HR Tech Stack

At its core, an HR Tech Stack is the collection of software and tools that HR professionals deploy to enrich the employee journey. This encompasses everything from recruitment and onboarding, to the payroll system and performance management. These technologies are the driving force behind efficiency and engagement in modern HR practices.

So an example of a HR tech stack for a fast growing tech company may include:

- Payroll
- HRIS
- Applicant Tracking system
- Performance Management system

Whereas a company with low growth but high compliance requirements and a waged workforce that work with a roster may have:

- Payroll
- HRIS
- Workforce Management
- Learning Management

Today's HR tech stack is a reflection of how much our world has changed in the last three years. With the rise of remote work, the need for tools that facilitate collaboration and communication has grown. It's hard to find a company that doesn't now rely on Teams, Slack or similar to manage internal comms, however only four years ago these tools were only just coming into common use.

However, the speed of growth of technology is not without challenges. With multiple systems in play, issues like data inconsistencies, the hassle of multiple logins, and varied user interfaces can arise. Some interesting research out of Gartner* found that the average desk worker uses 11 applications to complete their tasks, up from just six in 2019. And of these employees, nearly half half of employees said they still struggled to find the information they need to complete work. More than one-third missed important updates due to the multitude of apps and the volume of data flowing through them.

These challenges underscore the importance of a well-integrated, optimised HR tech stack that aligns seamlessly with your overarching HR strategy. It should be designed to improve your employee's workplace experience, not make it worse!

"All-in-One" vs. "Best of Breed": Navigating the HR Tech Stack Dilemma

As the HR technology landscape continues to evolve, organisations often find themselves torn between an "all-in-one" HR system and a "best of breed" HR Tech Stack. Whilst I could write an entire post on this topic alone, I'll attempt to simplify into two paragraphs!

An "all-in-one" system provides the advantage of a consolidated platform, simplifying HR operations, reducing the need for integration and often cutting down time spent switching between multiple tools. This can lead to more "uniform" data management and possibly smoother employee engagement initiatives since all tools are using the same "language". However, the more generic approach may not always meet the specific needs of every organisation. Quite frequently, the HR technology in use has

some modules that are robust and efficient, but this often comes at the expense of other modules that may not be as strong or reliable. So if you have strong, deep functional needs in a specific area, you may need to accept weakness in other modules, or look to a best of breed.

Conversely, a "best of breed" HR Tech Stack enables organisations to select top-tier tools for each function, leading to a strong focus on the best tech where it's needed most. While this approach can offer better functionality and flexibility, it may bring complexities in integration and data consistency. It's also crucial to ensure that multiple tools aren't confusing for employees or creating more work with multiple logins. In the end, the decision depends on your priorities: whether you need the streamlined simplicity of an integrated system or the features and high performance of a handpicked tech stack.

Assessing Your Current HR Tech Landscape

To truly enhance your tech ecosystem, it's vital to first understand its current state. Start by evaluating the tools you're using. Consider their impact on productivity, their features, and how user-friendly they are. Do you get positive feedback from employees, or are they moaning about the systems? This initial assessment is your first step towards refining your tech stack. It will help you identify areas that need optimisation, whether that means replacing certain tools, integrating them more effectively, or simply enhancing the ones you currently have.

Once you've got a handle on your existing HR technology tools, it's time to identify any gaps. Are there tools that overlap in functionality? Are there redundancies that can be eliminated or merged for better efficiency? To get a comprehensive view, gather feedback from users. Engaging with both your HR team and the broader employee base can provide invaluable insights into tool effectiveness and areas that might benefit from improvement.

User-Centred Design in Evaluation:

Using human-centred (or user-centred) design techniques can be a game-changer at this point. Undertaking user interviews, usability tests, and journey mapping can offer a whole new view into the interactions between your own HR operations team, the broader employee base, and the tools. Such feedback can unveil existing pain points, friction areas, and areas for enhancement. By prioritising the user experience in your evaluation, you guarantee that the HR tech stack is not only efficient but also resonates with the genuine needs and preferences of its users.

Guidelines for Tool Selection:

If all your analysis leads you to the conclusion you need to look for a new system (or systems!), the challenge is to make a choice that seamlessly dovetails with your existing HR tech tools and aligns with your organisational objectives. The basic steps that you should undertake are

- understanding the specific challenge at hand,
- assessing potential solutions,
- ensuring integration capabilities,
- prioritising user experience,
- conducting a cost-benefit analysis

This structured approach, centred around user needs and feedback, ensures that any new addition to the HR tech stack is strategic, beneficial, and welcomed by its end-users. If you need more information,

check our our guide to HR systems selection which you can find [here](#).

The Importance of Seamless Integration in HR Tech

The journey to optimising your HR technology stack goes beyond buying and implementing a great HR system; it's about weaving them together into a cohesive, integrated system. A seamlessly integrated HR tech stack offers a ton of benefits: it can simplify complex workflows, guarantee data consistency across different platforms, and present a unified, intuitive user experience. Such integration not only refines your HR processes, making them more user-friendly for employees, but it also paves the way for agile, data-driven decision-making. This is where the technology can really start to make a huge difference - moving from the operational into the strategic!

Selecting the right tools is just the beginning. It's critical to choose technologies that are inherently designed to integrate. Middleware tools, such as Workato, can be invaluable in this context, acting as bridges between different systems and ensuring smooth data flow through APIs.

However, achieving this level of connectivity isn't a solo endeavour. Collaboration with IT departments is essential. Their technical expertise can guide the integration process, ensuring that tools and services not only communicate effectively with each other but also adhere to security and compliance standards. Engaging with software vendors is equally crucial. Vendors can offer insights into best practices, provide training, manage them and even customise features to better fit an organisation's unique needs.

Understanding APIs:

At the heart of many modern integration processes is the API, or Application Programming Interface. In simple terms, think of an API as a messenger that allows different software systems to talk to each other. It's like a waiter taking your order and communicating it to the kitchen. APIs ensure that data is transferred smoothly, accurately, and in real-time between different tools, without you having to intervene. Modern HR platforms should be API compatible. However we've definitely got some legacy systems knocking around in New Zealand that don't connect via this method. Which brings us onto Flat File integration.

API vs. Flat File

While flat file integration involves moving data using standard files, often manually, it can be cumbersome and prone to errors. On the other hand, APIs offer a more dynamic approach. They allow for real-time data exchange, ensuring that the information is always up-to-date. Moreover, APIs are more flexible, allowing for two-way communication between systems, whereas flat file integration is typically one-way. This means that with APIs, not only can one system read data from another, but it can also send data back, ensuring a continuous loop of updated information.

Embracing Scalability and Adaptability

In the dynamic world of HR, static solutions are a thing of the past. Your HR tech stack needs to be agile, ready to scale, and adapt as your organisation grows and evolves. When selecting tools, it's essential to choose those that can adjust to your business' changing needs without compromising on functionality or efficiency.

Flexibility is another key aspect of an optimised HR tech stack. This means a focus on selecting tools that can be tailored to your specific needs and can adapt as those needs change. Staying updated with industry trends ensures that your HR tech stack remains at the cutting edge, ready to tackle new challenges as they arise.

Data-Driven Decision Making: The Future of HR

In the modern HR landscape, an optimised HR tech stack is the backbone of data-driven decision-making. A robust HR tech stack not only aggregates vast amounts of data but also facilitates its intelligent analysis, turning raw numbers into actionable insights. These valuable insights can revolutionise HR processes, making them more efficient and tailored to the organisation's needs.

However, having the right tools in place is just the starting point. For an organisation to truly harness the power of data, there must be a culture that values data-driven decision-making. This culture, reinforced by leadership buy-in and strategic initiatives, ensures that the insights derived from the HR tech stack are not just noted but acted upon.

Beyond the data collection, the real strength of an optimised HR tech stack lies in its ability to interpret and contextualise data. HR professionals, equipped with the right tools, can discern patterns in employee engagement, predict future staffing requirements, make employee recognition and gauge the impact of various HR initiatives. This proactive approach, rooted in data, allows for strategies that are both responsive and forward-thinking. Many large companies are now adding specific HR data analytic solutions, such as One Model into their HR tech stack to really focus on their data.

In Summary

While it sounds cheesy, improving your HR technology stack is a journey, not a destination. With the right strategies, tools, and mindset, you can build an optimised HR tech stack environment that not only streamlines operations and saves time, but also propels organisational success.

Embarking on this journey requires a clear vision, a deep understanding of your organisation's unique needs, and a commitment to continuous improvement. It's about harnessing both human capital management and the power of technology to create a more efficient, responsive, and strategic HR

function. It's about creating an ecosystem where data flows seamlessly, where processes are automated and integrated, and where decision-making is informed by real-time, data-driven insights.

Your HR tech stack is also about ensuring scalability and adaptability. As your organisation grows and evolves, so too should your own HR tools and technology. The tools and systems you choose should be capable of scaling with you, adjusting to new challenges and opportunities as they arise.

But above all, it's all about your people. It's about enhancing the employee experience, making HR processes more intuitive and user-friendly, and empowering new employees in your HR team to deliver exceptional results. After all, at the heart of every successful organisation are its people, and an optimised HR tech stack is one of the most effective ways to support, engage, and inspire them.

If you'd like to find out more about how Tomorrow's People can assist you with optimising your HR technology stack, contact me at [jane@tomorrowspeople.co.nz.](mailto:jane@tomorrowspeople.co.nz)