

Taking a different approach to HR information systems

Sometimes it's worth looking a little differently at the things you know best. We asked **Sev Keil** why.

As HR technology solutions have developed we are seeing a rise in the software-as-a-service (SaaS) model. Why is this? With the (SaaS), the total cost of ownership is significantly lower. Clients only pay a small set-up fee up front and then pay a monthly or quarterly service fee. The usage model can be completely tailored to the client's needs in terms of number of users, available plug-ins, etc. From a vendor's point of view, the market values SaaS as it de-risks management decisions and provides greater ROI. There is no hardware or software to buy. Today's SaaS offerings are versatile enough to accommodate a broad range of customization options for each client. In addition, most on-demand applications integrate easily with other data sources and applications.

HR. Do you think benefits options have become over-complex these days?

SK. Benefits options have become extremely complex, and simultaneously many firms are missing the opportunity to create value for their employees and organizations. Heterogeneity offers a huge potential to create win-win situations: companies should reinvent their benefits and total rewards process and adopt a more employee-centric approach. Real-time on-demand tools allow employees to educate themselves about available options while expressing their preferences. The company can tailor packages for employees, offering what is really valued while cutting out waste. Up to 15 percent of total benefit costs are wasted because employees do not value the offering.

HR. Do employees understand the true cost of benefit options?

SK. If by true cost you mean cost to the employer, the answer is certainly no. If you mean cost to the employee as to how the employee utilizes benefit dollars, that answer has to be no

as well. It all depends on how well the employee understands and values their options. Every employee is different. We look at three distinct metrics: perceived value, expected value and actual cost. Employees often perceive the value of benefit options as being much greater for some and much lower for others. Companies that understand the perceived dollar value of their offerings have an enormous opportunity to fine-tune their offerings to lower total benefits cost, or invest the balance into programs that measurably impact satisfaction, retention and productivity.

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HR. How important is it for employers to understand what their employees want?

SK. In the marketing space, no strategy, product, or pricing decision is made without a very precise, quantitative knowledge of the target market that allows us to calculate the return on an investment. However, we see many HR departments leaving significant amounts of money on the table by making similar decisions in blind-flight mode.

What drives engagement and satisfaction is not just to understand overall wants and needs, but to reliably measure preferences, decision drivers, and perceived dollar value. Only through those deeper insights can you truly optimize the ROI on your monthly HR investment.

Nor is optimization simply a matter of giving people exactly what they want, because that is rarely possible. Instead, the critical success factor is to gain real, continuous insights into how employees make decisions and what

trade-offs they would make within a certain range of resources.

HR. How have you managed to successfully take your customer-centric approach to the HR information systems space?

SK. TrueChoice has its roots in the marketing world. Over the years we have become the leader in real-time preference measurement, predictive selling and customer insights. TrueChoice's HR solution suite is a marketing approach to HR. Learnings from sales-related applications were translated into the HR space, so the employee is now the customer. We power our HR solution with the same core set of 460 patented econometric algorithms that we've used successfully with millions of end-users in the marketing world: quantifying exactly 'how' individuals make decisions.

On the back-end we are focused on creating value for the client company. Our deliverable is not a static PowerPoint slide deck, but a real-time decision support platform that allows HR managers to run an unlimited number of analyses, predictions and simulations. Our HR clients now have a real-time finger on the pulse of their employees. This allows them to make every decision a win-win proposition; the employee has a better way to learn about offerings and feels that "my company cares about me." The company has a tool to make sure every benefit and rewards offer increases returns by simultaneously optimizing satisfaction and cost. Happy customers provide the highest value to companies – and so do happy employees. ■

Sev Keil is co-founder and CEO of TrueChoice Solutions and Managing Director of Paris Lodron Venture Management GmbH, an investment firm based in Salzburg, Austria. He has consulted and taught extensively on e-business, customer relationship management, customer satisfaction, and strategy in Asia, Europe, the Middle East, and the United States. His research and publications focus on the next-generation tools that quantify customer preferences, econometric models that allow managers to optimize customer satisfaction while increasing margin and revenue, and several strategic frameworks that allow firms to become truly customer focused.
