



A LITE CONSULTING GUIDE

Before You Replace Your HR or Payroll System

A readiness guide for anyone facing a renewal, a procurement, or a nagging feeling that the system is not working

Five things worth establishing before you speak to a single supplier.
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Start here

Who this is for

You have an HR or payroll platform that is not doing what you need, a contract renewal somewhere on the horizon, and a growing sense that you should be doing something about it. Perhaps somebody has already suggested looking at what else is out there.

What this guide does

It walks you through the five things worth establishing before you speak to a single supplier. None of them require a vendor, a budget or a project team. All of them change what you end up buying, and several of them change what it costs.

How to use it

Work through the sections in order. Each one has questions to answer and space to answer them in. Sections 1, 2 and 4 need somebody to go and look something up, so they will take longer than the reading suggests. The scorecard at the end tells you whether you are ready to go to the market, which is a different question from whether you are ready to change.

A note on honesty

This works best if the answers are the real ones rather than the ones that make the organisation look organised. Nobody outside your building is going to read it.

What are you actually using?

Most organisations about to replace a platform are using somewhere well short of all of it. More revealing than the number is the pattern: the functions nobody ever switched on tend to be the fiddly ones, with the most configuration and the least obvious owner, and those are reliably the same areas generating the manual work you now want a new system to solve. If you half implemented the last system, you will half implement the next one unless you understand why.

List every module and function you pay for. Mark each one honestly. Do this with the people who use the system daily, not from the contract.

MODULE OR FUNCTION	IN USE	PARTLY	NEVER SWITCHED ON	WHY NOT?

Then ask

- Which of the gaps you want a new system to fix could be closed by configuring what you already have?
- Who owned the configuration after the last system went live? If the answer is nobody, that is the finding.
- Is anybody being billed for a module or customisation that nobody can now explain?

What does your contract actually say?

This is where the money is, and almost nobody starts here. The answers below change who is negotiating with whom, and they are all available to you today without speaking to your supplier.

Find the agreement itself, not the renewal date somebody remembers. Write the answers down with the clause number beside them.

When does the initial term actually end?

The date in the agreement, not the date in somebody's calendar.

How much notice is required, and by when?

Work backwards from the end date and put that date in a diary now.

How must notice be served?

Some agreements require a specific mechanism, an online form or a named address, and will not accept an email to your account manager. Miss the method and you have rolled over.

Is there a cap on annual increases?

And, crucially, does it apply only during the initial term? Many do.

What does your contract actually say? continued

What is the list price for what you have today?

If your rates were negotiated years ago and the cap falls away at renewal, this is the number waiting for you. It is often the single most powerful fact in the negotiation and almost nobody asks for it.

Does the invoice match the contract?

Reconcile several years of invoices line by line. Discrepancies are more common than people expect, and so are charges with no identifiable contractual basis.

What are your data portability rights on exit?

What you can take, in what format, and at what cost. Find out before you need it.

Are any modules on separate agreements with different dates?

Recruitment and add on modules frequently are, and they often lack the protections in the main framework.

Then ask

- Which single date, if missed, costs you another full year on current terms?
- If you did nothing at all, what would you be paying in two years' time?
- Who in your organisation has actually read this agreement, rather than been told what it says?

Notes

What is the problem, precisely?

Everybody knows what annoys them. Very few organisations can describe it in a way a supplier could actually solve, or in a way that lets you score one demonstration against another. Reporting is the most common complaint about any people system and the least often defined.

For each frustration, convert the feeling into something measurable. If you cannot fill in the right hand column, you are not ready to be shown a demo.

THE FRUSTRATION	WHO IT AFFECTS	HOW OFTEN	WHAT GOOD WOULD LOOK LIKE

Then ask

- Which reports do you need, who needs them, how often, and what decision does each one support?
- Which of these are genuinely non negotiable, and which are preferences?
- What are you doing outside the system because the system cannot do it?

What is the manual work costing you?

Every organisation running an under implemented system has built a layer of workarounds on top of it. Nobody counts it, because it has become normal and because it is spread across several people who each absorb a bit. It is not unusual for it to come to the equivalent of a full time post, buried in other people's jobs and visible in nobody's budget. This number is usually the strongest line in a business case, because it is a cost you are already paying rather than a saving you are projecting.

Ask each team what they do by hand, how long it takes, and how often. Add it up.

THE WORKAROUND	WHO DOES IT	TIME EACH RUN	HOW OFTEN	HOURS A YEAR

Then ask

- What is the annual total, in hours and in money?
- Which single workaround costs the most, and what would it take to remove it?
- What has been absorbed so quietly that nobody thinks to mention it?

What must you keep, and where are the savings?

Two things get missed at this stage. The first is what is already working, which is both a hard filter on alternatives and leverage with your incumbent. The second is an honest view of the money, because a case built only on service improvement struggles with the person approving it, and a case built only on licence savings is usually wrong once implementation is costed properly.

Separate what you are keeping from what you are replacing, and state both sides of the financial case.

Which parts of the current platform do people genuinely rate?

Any replacement must integrate with or match these. They are also a commercial card, because you remain a customer of that piece whatever happens to the rest.

What is the real annual cost today?

Licences, storage, support tiers, add on modules and anything on a separate agreement.

What would the replacement cost, including implementation?

Scoping, configuration, integration, data migration, training and internal time. Be careful with any headline figure that looks too clean, including an upgrade offered at no extra cost. Ask for the professional services schedule alongside it.

What are the service improvements, stated separately?

Do not blend them with the savings. A reader who distrusts one will then distrust the other.

What happens if you do nothing?

This is an option and it deserves a line in the case, honestly costed. Sometimes it wins.

THE SCORECARD

Are you ready to go to the market?

Score each statement honestly. Two points if it is true and written down, one point if it is true but only in somebody's head, zero if it is not true. The maximum is 20.

We know which functions of our current system we are not using, and why.

We have read the contract, and we know the end date, the notice period and how notice must be served.

We know whether our uplift cap survives the initial term, and what list price we would revert to.

We have reconciled our invoices against the contract.

We can state each of our main frustrations in measurable terms.

We have written down our reporting requirements, including who needs what and how often.

We have counted the manual work and converted it into hours and money.

We know which parts of the current platform we intend to keep.

We have costed implementation as well as licences.

We have a named owner for this, with time allocated to it.

Your total out of 20

THE SCORECARD

What your score means

16 to 20

Ready. Build the requirements document and go to the market properly. You will be able to compare responses and defend the decision afterwards.

10 to 15

Nearly. There is usually one section dragging the score down, and it is normally the contract or the manual work. Close that gap before you invite anybody in.

5 to 9

Not yet. You would be making a decision on impressions rather than evidence, and whoever demonstrates best will win rather than whoever fits best. A few weeks of preparation will change the outcome and probably the price.

0 to 4

Stop. Going to market from here tends to produce a decision somebody regrets within a year, and a supplier who knows more about your position than you do.

Whatever your score, do these three things this week

Put the dates in a diary today

The contract end date, and the last date on which notice can be served, with a reminder a month before that. This is the one mistake that cannot be recovered from.

Ask for the list price, in writing

Ask your supplier what the list price is for your current configuration. You are entitled to know, it is the number that will apply if a cap falls away, and the request itself is informative.

Give it a named owner with time allocated

Not a job title and not a committee. One person, with hours in their week for it. Every section of this guide needs somebody to go and find something out, and work without an owner does not happen.

NEXT

What good looks like from here

What good looks like next

When you do go to the market, go properly. A short questionnaire of a few dozen functional questions gives you market intelligence and a cost benchmark. It does not give you a decision you can defend, and it will not surface the one requirement that eliminates half the market, because you will not have thought to ask about it. An organisation with any real complexity needs a structured requirements document, scored by priority, with the genuinely non negotiable items marked as such. That document is the output of the five sections above.

One last thing

Do not signal which way you are leaning until you have decided. Your incumbent's best offer tends to arrive at precisely the moment their revenue looks credibly at risk, and not before. That is not cynicism. It is how the market works, and it is worth knowing before you tell anybody what you are thinking.

If you have worked through this and your score was lower than you hoped, that is the normal result and it is a fixable one. Twenty minutes on the phone is usually enough for us to tell you whether there is work worth doing and roughly what it would involve.

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LitE Consulting runs independent reviews of HR and payroll platforms, including contract and invoice analysis, requirements definition and business case development. We are an Employment Hero partner and can resell their software, so where Employment Hero is a candidate we say so at the outset. We hold no commercial relationship with any other supplier we assess. On larger programmes we work alongside a network of specialist consultants.

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