



Estimating the return on investment of a human-capital management solution for various human resources tasks

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Executive summary

As organizations manage constant disruption, the role of Human Resources (HR) has become increasingly critical. Rather than merely being a function of process and operation, HR must lead the business in shaping the future. To achieve this level of influence, technology and a digital mindset are imperative; efficiency and effective HR operations are table stakes and must be built on a foundation of a modern, tech-enabled Human Capital Management System (HCMS). Investing in this technology is often a significant business decision for the enterprise. It includes building a business case (an understanding of the return on investment the implementation will bring) and a case for change (an understanding of the potential value that will come from the strategic enablement of the system).

To quantify the return on investment (ROI) of this system and to understand some of the additional value that an HCMS can enable, a survey was conducted with experts across the HR field. Included in this report are the key insights and data collected in the survey as well as background information on the goals and objectives of the effort, information on the participants, and the questionnaire and methodology.

The survey was broken out into ten sections, and each focused on one of the critical functions an HCMS can play. Insights from experts in the HR field were collected through a three-pronged approach: sourced through market research panel providers, Deloitte clients, and Paylocity customers. To qualify for participation, respondents were required to be self-identified experts in the field, working for companies headquartered in the United States, and familiar with numerous common core HR tasks and responsibilities of HR. More than 1,450 respondents provided data for each of these core HR responsibility areas.

The survey results highlighted a significant opportunity for cost savings across each of the responsibility areas given the manual effort currently that each task requires and the potential for further automation in each core responsibility area. Based on the average frequency reported by respondents, and the cost of labor for each task, the average potential savings for each core area is included below:



Results indicate that the Payroll and Tax tasks have the greatest potential for savings, with the Time Management tasks and Communications and Engagement tasks also having significant potential. Results often varied across industries, and in those instances, the variations were highlighted in that core HR area.