The Human Capital Management Systems Business Case
A Checklist to assist agencies developing a business case

Final version for release
Human Capital Management
See more at psc.nsw.gov.au/hcm
## Index - Business Case checklist

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The purpose of this Checklist document

Purpose

• The Human Capital Management (HCM) Systems Business Case Checklist (the Checklist) has been designed to support NSW Government agencies in the development of a HCMS business case. The Checklist provides a framework that is designed for agencies with varied systems capability and workforce management practice.

• The Checklist highlights important considerations for agencies throughout the business case development process. It starts by setting out the strategic whole of Government drivers for HCM systems. Then it focuses on the initial discussions that must happen in agency leadership teams to confirm what the business needs and expects an HCM systems to deliver. The third section provides guidance on the types of analysis that are needed in a robust business case for a HCM systems solution.

• The Checklist does not replace NSW Government /Treasury guidance on business case development. It is complementary and focusses on HCM systems specific considerations.

Checklist audience

The target users and audience for this checklist include:

• **Agency Leadership** – To guide important discussions and decision making processes as a leadership team on HCMS and potential HCMS options. This can include Secretaries, CIO, CFO, Director HR and leaders in business areas across the agency.

• **Business case developer** – To support the business case developer (likely to be a HR leader or team member) in enabling a structured, effective stakeholder engagement process supported by a rigorous approach to HCMS business case development.

• **Business and/or HR Managers** – To provide detail and background on the HCMS business case development process, where they are engaged for input into and/or support of the process.

• **CFOs and/or Treasury analysts** – To assist those responsible for advising Secretaries and Government on investment decisions and encourage consistency in agency financial or economic appraisal.

1. A glossary of all key terms, including SWM and HCM systems, is provided in the Appendix / tools.
What are Human Capital Management Systems?

HCM systems are new generation software as a service (SaaS) tools that enable an organisation and its people to record, access and manage the capabilities and contributions that people bring to achieving organisational outcomes.

The Enterprise Resource Planning (ERP) systems used by all sector agencies typically contain data such as demographics, remuneration and leave. HCM systems integrate with ERP systems, adding the elements that relate to the ‘value’ contributed by employees to the organisation, such as capabilities, performance, development, talent and career path potential, etc.

HCM systems also typically include sophisticated data analytics tools that allow the organisation to ‘see’ and plan for the capability and performance profile of their workforce, whilst also allowing the individual employee to ‘see’ what is expected of them and how they are performing, together with potential future career options.

From a workforce planning point of view, the data available from HCM systems will underpin major advances in the sector’s capacity for evidence-based workforce management linked to business outcomes.

The NSW Government sector has developed a set of minimum requirements for HCM systems and undertook an open RFI process to establish a list of endorsed HCM products which may be registered into Category Q02PTR of the ICT Services Prequalification Scheme (visit www.procurepoint.nsw.gov.au)
The framework

The Checklist has been structured so that it aligns logically with the NSW Government Gateway process (stages 0 through to 2). The Gateway Toolkit as is another useful reference tool for your project (regardless of whether your project proceeds to a Gateway assessment process).

2. Stage 3, Procure, is out of scope for this Checklist.
Stage 0 – Service Need

We are here

0 Service Need
  - Government HCM context
  - ICT Priorities
  - Establishing the Service Need and governance

1 Business Strategy
  - Business Outcomes
  - People Strategy
  - Current State and Gap Analysis
  - Strategic Workforce Management priorities
  - The Tools that help

2 Develop Options
  - Recap
  - Costs
  - Benefits
  - Comparative Analysis
  - Funding

3 Procure
Alignment to Government priorities

Workforce reform has now been enabled through the Government Sector Employment (GSE) Act 2013

Almost half of the NSW Government’s current expenditure is employee-related and the government has signalled more efficient management of the workforce as a key priority. The GSE Act provided the architecture for the sector to implement effective and modern workforce management practice.

But there is limited visibility across the sector of the workforce and the opportunities and challenges that exist in areas such as capability, learning and development, leadership, performance and mobility.

The PSC is working with the sector on a wide range of initiatives to support effective workforce planning through improved use of systems and data to inform collective understanding of the workforce’s characteristics; evidence-based development of strategies to optimise the workforce’s contribution to delivery of government services; and sound evaluation of the impact of workforce strategies on organisational outcomes.

The building blocks of effective workforce management are established through reforms such as:

- The NSW Public Sector Capability Framework
- Performance management systems (s.67 of the GSE Act and Part 7 of the GSE rules)
- New leadership structures (7A & 8 of Schedule 4 to the GSE Act)
- Diversity and workforce planning (s.63 of GSE Act)
- Merit-based employment requirements (Part 3 of the GSE rules)
- Ethical Framework (Sections 25 and 30 of the GSE Act)
Alignment to NSW Government ICT priorities

A preference for HCMS SaaS

Consistent with the NSW Government ICT Strategy, products available in the HCM endorsed product list are offered as Software as a Service (SaaS).

‘As a service’ generally refers to services that are delivered via the ‘cloud’ rather than locally or on-site. ‘Cloud-based services’ means on-demand delivery of ICT services over a network, commonly over the internet, from a shared pool of computing resources. Often, ‘cloud’ refers to the method of delivery of the service and ‘as a service’ refers to the method of procuring the solution. SaaS refers to the purchase of access to software applications.

The advantages of SaaS include:

- Real time data managed by those that use it (employees, managers)
- Flexible, scaleable and agile (purchase what you need, as you need it)
- Standardisation of processes and access to existing good practice developed by HCMS for other clients
- Reduces IT capital impact and total cost of ownership
- Upgrades are included in the subscription so you benefit from supplier innovation
- Simplified change management

ICT Strategic Investment Process

The NSW Government ICT Investment Policy and Guidelines empowers the ICT Board to drive more co-ordinated and efficient ICT investment across government. As a result, the Board is aware of projects that build whole-of-government capability, such as the HCM initiative.

Underpinning the ICT Investment Policy is a set of investment principles for agencies to consider when developing proposals. Included in these principles is the recommendation that all ICT investment decisions should consider a service orientation, including ‘as-a-service’ sourcing models.

Agencies can request further information by contacting the team at hcm@psc.nsw.gov.au.
Establishing the service need

Stage 0
At a whole of Government level the rationale for HCM systems and the business need has been established for agencies. However there is still work to be done to describe this in the context of the services that your agency delivers. This will require early engagement with your stakeholders. It is recommended that you formalise governance for the project early.

HCMS has already been identified as a key enabler of Government workforce reforms for the sector:

• Implement and get the most from opportunities presented by the GSE Act and associated reforms
• Develop evidence for workforce management strategies that deliver on Government services and priorities
• Support essential business processes (optionally including e-Recruitment, noting that the current system will cease to be funded centrally in the future)
• Meet future Government requirements for data and reporting on the workforce

The ICT Board has identified HCM systems as a cross-sector collaborative opportunity

The HCM Program has been established by PSC to assist agencies to adopt HCMS

Bringing the right people together early will to help you build a successful project and avoid common pitfalls

At Stage 0 establish the resources and stakeholders required such as:
• A project sponsor
• A project manager
• CFO
• CIO
• Deputy Secretary Corporate
• Agency / cluster HR reps
• Representatives for business units
• The PSC HCM Program team
• Treasury analysts

Identify the business outcomes you will effect as a result of the project:

• Which business units that will be in scope for an HCM systems project
• What Government services do they deliver
• What does each unit need to deliver for Government over the life of your project (e.g. 5 years).

1 State of NSW Public Sector report 2013  2Public Service Commission HCM website
Stage 1 – Business Strategy

In **Stage 0 – Service Need**, you considered:
- Alignment to Government priorities
- Alignment with NSW Government ICT strategy
- Service need at the cluster business level and the role of HCM systems as an enabler for achieving Government service outcomes

**Stage 1** is about defining the need for change and establishing potential HCM systems options against a set of business driven evaluation criteria, to take forward into the business case.

### Key questions to answer

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<td>What are the realistic options to take forward into the business case?</td>
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Business Outcomes

What business outcomes is our agency trying to achieve, in what timeframe?

Recap on the business outcomes your agency is trying to achieve, to set the scene for why strategic workforce management and HCM systems is important.

Key Considerations
- Strategic Outcomes including business priorities, timeframes and existing transformation programs
- Operational Outcomes including operational efficiency and effectiveness, operational improvements and inflight projects
- Regulatory Outcomes including NSW Government changes (e.g. GSE, Executive reform)

Key Stakeholders
- Ministers
- CEO, CIO, CFO, any executive member and/or business or HR sponsor of the program.

Worked Example – call centre
- We have an operational goal to enable our contact centre to respond to spikes forecasted to be as high as 150% increase in enquiries (i.e. extra 20,000 calls per month)

Supporting material
In defining your business outcomes, reference:
- Cluster, Department or agency strategy and planning documents
- Existing business unit, agency or program documents defining objectives e.g. business cases, new policies announced, established goals such as NSW2021

Outcome: A list of the key agency business objectives and outcomes.
People Strategy

What are our workforce levers or requirements to achieve these outcomes?

For each of your business outcomes, identify the critical workforce requirements for achieving them, using the workforce levers defined below.

Key Considerations
Workforce levers:
- Capabilities & capacity
- Size & shape
- Agility
- Leadership
- Culture
- Engagement

Key Stakeholders
- CEO, CIO, CFO, any executive member and/or business or HR sponsor of the program.
- PSC

Worked Example – call centre

To enable our contact centre to respond to the forecasted 150% increase, we need:
- An understanding of current contact centre performance and capabilities, by team / individual and gaps
- Leadership that can deliver strategies for effective call centre performance and manage stress in the workforce
- A flexible workforce, with virtual or mobile teams who can operate across locations / geographies to improve capacity to respond to spikes

Outcome: Definition of the key workforce levers for achieving your business outcomes.

Supporting materials
See Activity 1 in the Appendix for a template to this support discussion and example workforce questions for consideration

Agency specific material
- PSC supporting materials, including Performance Management framework, People Capability framework etc.
- Cluster, Department or agency People Strategy documents
Current State and Gap Analysis

What do we currently know about our workforce, and what do we currently do to manage our workforce, to achieve business outcomes?

What are the gaps between current and required?

Key Considerations
- Capabilities & capacity
- Size & shape
- Agility
- Leadership
- Culture
- Engagement

Worked Example – call centre

Current state
We know that our workforce is currently:
- Permanent workforce only
- Not virtual or mobile

We don’t know if:
- Leaders have the sufficient information to optimise the workforce

We do not currently:
- Provide Leadership Training
- Have contact centre service goals linked to individual or team performance goals

Gaps
- Mobility of workforce and planning tools
- Knowledge on leadership capability
- Development options for staff if required
- A way of measuring / tracking performance

Key Stakeholders
- CEO, CIO, CFO, any executive member and/or business or HR sponsor of the program.
- HR Directors
- HR Business Partners
- PSC

Outcome: A summary of the current state of your agency against the required workforce levers. A summary of identified workforce gaps.

Supporting materials
- See Activity 1 in the Appendix for a template to this support discussion

Agency specific material
- Existing workforce data available e.g. from HR, from existing ERP systems
- Existing cluster, agency or department reports or workforce profile data e.g. relevant insights from People Matter Survey results for your agency
Strategic Workforce Management priorities

For each of the workforce gaps consider:
• How SWM can fill the gap between current state and identified workforce needs?
• Which aspects of the process will make the critical difference?

Key Considerations
Strategic Workforce Management processes:
• Performance, Development & Goals
• Succession & Development
• Recruitment & Onboarding
• Learning
• Workforce Planning
• Analytics & Reporting

Aspects of the process
• Process maturity / consistency, data quality, storage and consolidation, reporting, delivery capability.

Key Stakeholders
• CEO, CIO, CFO, any executive member and/or business or HR sponsor of the program.
• HR Directors; HR Business Partners
• PSC

Worked Example
Given our gaps are:
• Low mobility of workforce
• Knowledge on leadership capability
• Development options for staff
• A way of measuring / tracking performance

Our priority SWM processes are:
1. Performance, Development & Goals – to help us track, measure and manage performance
2. Learning – As a mechanism to develop skills
3. Workforce planning – to enable us to assess options for mobility

Critical aspects in the process are:
• Data quality, storage and consolidation is critical in order for leaders in the contact centre to analyse data and put strategies in place quickly

Outcome: Identified strategic workforce management priorities for your agency. i.e. an outline of the important processes that will mitigate workforce gaps, and an understanding of the critical process aspects to focus on.

Supporting Materials
See Activity 2 in the Appendix for a template to support discussion
• HCM systems SaaS Benefits Case Study (provided by PSC), for further information on each process and examples of how it has been used by other organisations

Agency specific material
• Existing cluster, agency or department specific information on:
  • Existing SWM processes
  • Existing capability supporting workforce management
Strategic workforce management is about organisations enabling their people to deliver on business outcomes

An overview of Strategic Workforce Management

SWM is the optimised management and deployment of human resources to deliver organisational outcomes. Its foundation is the set of capabilities that define the skills, knowledge and attributes of a workforce required to deliver organisational outcomes, at the individual, team and organisation level.¹

Typically, SWM encompasses seven processes as seen in the below diagram. These processes can either be delivered by manual process or enabled by HCM technology – each process.

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<td>- Goal Management</td>
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<td>- Multirater appraisals (e.g. 360 reviews)</td>
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<td>- Competency Management</td>
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<td>- Career Development plans</td>
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<td><strong>Recognition &amp; Retention</strong></td>
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<td>Indicative components:</td>
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<td>- Base salary administration</td>
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<td>- Long-term incentives</td>
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<td>- Wellness</td>
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<td>- Retirement and superannuation</td>
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<td><strong>Succession &amp; Development</strong></td>
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<td>Indicative components:</td>
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<tr>
<td>- Succession planning</td>
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<tr>
<td>- Talent pipeline / internal recruiting</td>
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<tr>
<td>- Talent management (e.g. 9 box talent grid)</td>
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<tr>
<td><strong>Recruiting &amp; Onboarding</strong></td>
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<td>Indicative components:</td>
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<td>- Requisitions</td>
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<td>- Source and social recruiting</td>
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<td>- Candidate engagement</td>
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<td>- Current state analysis</td>
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<tr>
<td>- Dashboard reporting</td>
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<td>- Business intelligence</td>
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¹ Public Service Commissions Business Case HCM Information Systems Program December 2012
² As defined in the ICT Services Scheme HCM and eRecruitment product list

*Note: Recognition and Reward is a component of SWM, but is not a typical component of the sector’s SWM strategy. It is therefore not referenced in the remainder of the Checklist.

In this Checklist, note that HCMS includes “those components of an HR information system that deliver strategic HR functionality” 2 – that is, modules that deliver the processes above. HCMS does not therefore include core HR or payroll systems.
A Checklist for developing a HCM Systems Business Case

The Tools that help

For the strategic workforce management priorities you identified:

- What are the options for implementing these priorities?
- What are the costs, benefits, risks and constraints you need to consider?

Key Considerations

- ‘Options’ are made up of:
  i) **WHAT** process
  ii) **HOW** they are enabled e.g. manual, full HCM systems enabled or hybrid
  iii) **WHEN** and **HOW** to implement e.g. phased, complete delivery etc.
- You must have a base case option, which leverages existing systems available to you now.
- Each option has:
  i) An indicative Cost and Benefits profile
  ii) Risks and Constraints to consider

Key Stakeholders

- CEO, CIO, CFO, any executive member and/or business or HR sponsor of the program.
- HR Directors and Business Partners
- PSC

Worked Example – Contact Centre

For our identified priorities:
1. Performance, Development & Goals
2. Learning
3. Workforce planning

Potential HCM systems options include:
1. Base case – manual implementation of Performance and Learning only (workforce planning cannot be done manually)
2. HCM SaaS technology for the implementation of Performance and Workforce Planning, and manual processes for learning
3. Full HCM systems SaaS implementation of all modules, roll out of three priorities first.

Supporting Materials

- See Activity 3 in the Appendix for a template to support discussion
- See Appendix for:
  - Support material 1: Considerations for SWM options
  - Support material 2: Cost profiles for SWM options
  - Support material 3: Benefits types for SWM options

Outcome: Defined options to take forward into Stage 2 for assessment and build out in the business case, including a Base Case. A high level understanding of cost/benefit/risks/constraints that are reasonable if an option is to be considered viable.
Stage 2 – Develop Options

In Stage 1, you:

- Developed material for the upfront section of your business case i.e. the ‘case for change’
- Considered your business outcomes,
- Established your workforce requirements and gaps, and
- Defined your HCM options to take forward into business case development.

Stage 2 is about assessing and comparing Costs & Benefits for HCM systems options, to inform detailed development or ‘writing’ of your business case.

By the end of Stage 2, you will have:

- Established the different costs for each of your options
- Identified and quantified where possible, the different types of benefits for your options
- Compared options and recommended one

Supporting materials:

1. Links to existing Treasury, DPC and ICT Strategy reference materials
2. HCM systems SaaS Business Case Considerations
3. A framework for costing HCM systems options
4. Examples of Implement and Operate costs to be considered
5. Framework, assumptions and method to quantify the additional manual effort to operate processes without a system
6. List of potential benefits associated with HCM system enabled processes, including a method for quantifying benefits and their types


A Checklist for developing a HCM Systems Business Case
Recap – Stage 2 is about taking outputs from Stage 1, and assessing and comparing the cost and benefit of options

1. Recap on your options (hypothesis options only)

   Description
   - Review the output from Stage 1 with key stakeholders – test and validate that these options are still realistic and viable for business case
   - Ensure you are clear on what your base case, and minimum two alternate options are – test with agency leadership and consult with the Treasury, PSC, NSW Procurement etc.

2. Review available reference material for business cases, and think through HCM systems specific considerations

   - Do not start the business case from scratch – use existing guidance (e.g. from the Treasury) and request templates from your CIO and/or CFO.
   - Consider the funding options available to you as this may inform the type of analysis you do.

How the Checklist helps - Supporting materials

   - **Activity 3** – a template summarising your options
   - **Support material 1**: Key considerations for SWM options
   - **Support material 4** - Links to existing Treasury, DPC and ICT Strategy reference materials
   - **Support Material 5** - HCM systems SaaS Business Case Considerations
Costs - When costing HCM options, consider implement and operate costs.

When costing your HCM systems business cases, a method of comparing options is to identify implement and operate costs. The graph diagrams below (illustrative only) act as a frame for how you can think about the different costs profiles of HCM systems technology and Manually enabled options, which are two example options for your business case.

- Whether SWM options are supported by manual processes or enabled by HCM systems, costs occur in either case – and there are costs in implementing changes (implement costs) and then in maintaining SWM in the future (operate costs).
- Arguably the costs for implementing SWM via manual processes or enabled by HCM systems are similar, except for additional cost drivers for technology options.
- Realistically ‘doing nothing’ is not an option – agencies are changing how they manage the workforce. For most agencies the cost of performing processes manually is likely to represent the base case cost. Agencies will need to consider this case and the different options available to establish which is the most appropriate for the situation.
- It’s not easy to estimate the cost of operating new processes manually (which may not have even been designed yet!). However, it is important for decision makers to understand that HCM systems offers capability that would require significant manual effort to replicate i.e. HCM system helps avoid manual effort and therefore cost.
- Your business case analysis should therefore consider the cost avoided by operating new processes on an HCM system vs. manually, to provide a realistic picture of the financial situation moving forward.

1. Refer to Appendix for Support Material 8: Examples of HCM Implement and Operate cost categories
## Costs – This Checklist provides support materials to assist you when establishing potential HCMS costs

1. **Define the high level implement and operate cost categories**
   - Identify the categories of cost appropriate for your identified options

2. **Test and agree the approach to costing your options with relevant stakeholders.**
   - Identify the approach you will take to costing your identified options
   - Identify stakeholders you will engage to test and agree the approach
   - Identify which stakeholders may be able to assist with cost related data

3. **Develop costs for your HCM system enabled options**
   - Implementation and operate costs vary by agency, therefore agencies will need to develop implement and operate costs based on the options considered.
   - However, the avoided cost with a HCM systems option (ie additional cost of the manual) can be calculated using a methodology provided in this Checklist.

4. **Develop costs for your base case option – the ‘manual enabled’ processes.**
   - Implementation and operate costs vary by agency, therefore agencies will need to develop costs based on the options considered.

### How the Checklist helps - Supporting materials

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<th>Supporting material 7 - Framework, assumptions and method to quantify the additional manual effort to operate processes without a system</th>
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Benefits – a standard way of describing the types of benefits

In each agency the benefits will vary and will be driven by the business requirements set out in Stage 1 and the existing environment in the agency. For some the rationale for HCM systems may predominantly focussed on qualitative benefits of workforce reform. In others there may be savings opportunities.

The PSC engaged Deloitte to provide advice on typical benefits from HCM systems and their experience of how organisations approach the business case. A set of 5 case studies was developed and these can be found in the *HCMS SaaS Benefits Case Study Resource*. These case studies illustrate the fact that the benefits will vary by organisation.

There is value in having a common language to describe the types of benefits and where savings (monetisable benefits) may exist. An *HCM SaaS Benefits List* (defined in Support Material 9) is available from PSC and assessed benefits in three categories (see below).

<table>
<thead>
<tr>
<th>Benefit Type</th>
<th>Definition</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantitative - Monetisable</td>
<td>The benefit is easily quantifiable and can be monetised (bottom line cost saving).</td>
<td>Decrease external recruitment costs by increased visibility and effective succession planning, leading to internal fill.</td>
</tr>
<tr>
<td>Quantitative - Productivity</td>
<td>The benefit is quantifiable however they are not able to be monetised.</td>
<td>Improve business labour productivity through standardised job families, roles and descriptions enabling the efficient raising of job requisitions.</td>
</tr>
<tr>
<td>Qualitative</td>
<td>The benefits are highly distributed and realised within business functions, or the benefits are difficult to quantify (but important to monitor).</td>
<td>Enhanced HR self-service capability for employees and contingent workforce, improving user experience across the employee life cycle.</td>
</tr>
</tbody>
</table>
**Benefits - This Checklist provides supporting materials which will assist you when establishing potential benefits**

<table>
<thead>
<tr>
<th></th>
<th>Develop Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Identify, qualify or quantify the benefits associated with each option</td>
</tr>
<tr>
<td>2</td>
<td>Test and agree the potential benefits with relevant stakeholders.</td>
</tr>
<tr>
<td>3</td>
<td>Establish the type of benefits to be realised for each option</td>
</tr>
</tbody>
</table>

**Description**

- Considering the HCM systems processes that will be implemented, identify the qualitative and quantitative benefits that will result from this change
- Identify stakeholders you will engage to test and agree the identified benefits
- Identify which stakeholders may be able to assist with benefit related data
- Engage stakeholders to validate the size of the benefit and the treatment (for example, your CFO and Treasury analyst to guide you on ‘real’ savings)
- You will need to categorise the benefits associated with each option in alignment with government guidelines (e.g. Support material 4 - Treasury, DPC or ICT Strategy guidelines)

**How the Checklist helps - Supporting materials**

- **Support material 9 - HCM SaaS Benefits List** will support in identifying benefits by SWM process, and providing a method by which benefits can be quantified. The Taxonomy is described in the Appendix Support Material, and available from PSC.
- **Supporting material 4** - Links to existing Treasury, DPC and ICT Strategy reference materials
- **Supporting material 9 – The HCM SaaS Benefits Taxonomy** will support in categorising the provided benefits

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A Checklist for developing a HCM Systems Business Case
It is likely that you will conduct a financial and/or economic appraisal of your HCM systems options. This includes a comparison of options to demonstrate best value for money and will usually include analysis of cost avoidance. The manual costing methodology is specifically designed to assist agencies estimate, in very general terms, cost avoidance.

Note that it is a broad estimate to assist agencies compare options rather than a detailed, activity based cost analysis. Agencies seriously considering manual options should investigate costs in more detail.

Consult with your CFO and Treasury Analysts in this work. There would be value in seeking assistance from experts in financial and economic analysis in building a business case. You might find experts in your agency finance team, others areas in your cluster that regularly build cost estimates (for example, teams developing ICT or infrastructure projects) or consultants.

**Approach**
- Use forecasted costs and benefits to visually represent the story of ‘value for money’ over time. An illustrative view of what the comparison across HCM systems options may look like is provides below.
- In addition to the quantitative assessment, you should also present this within the context of the qualitative benefits that you have identified.

### Comparative Analysis Across Options - Quantitative

<table>
<thead>
<tr>
<th>Time (Yrs)</th>
<th>Benefit ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

**Option 1:** Manual process implementation – base case.
*Smaller initial investment with less benefits gained over time due to ongoing manual labour investment, and/or slower achievement of benefits because of additional requirements and stresses being placed on the process.*

**Option 2:** HCM technology, full suite of processes implemented.
*Initial investment greatest, with longer term greatest benefits return.*

**Option 3:** HCM technology, minimum defined process implemented.
*Initial investment smaller, earliest pay back, with capped or smaller benefits over time.*
Include qualitative benefits in option analysis

Your option analysis should also include the qualitative considerations for decision makers.

It is likely that some of the key requirements established in Stage 1 will be about delivering qualitative outcomes rather than financial or economic results. In some cases the decision to invest in a system may actually be driven by qualitative factors rather than a cost-benefit analysis.

Important reasons to invest in HCM systems that might best be described as qualitative benefits include the impact of workforce management practice on business outcomes and service delivery to your customers.
Examples of qualitative benefits

Qualitative benefits that are highly distributed and realised within business functions or difficult to quantify (but important to monitor) include:

- Develop employees – support learning needs by using insights drawn from an learning management system regarding organisational capability gaps

- Improved employee engagement through positive experience of key workforce management processes such as recruitment, onboarding and performance

- Customer experience improvements due to effective implementation of workforce management strategies (for example, due to better alignment of people to roles given insight of their capabilities and experience)
Funding

This business case checklist does not provide advice on funding options, but it is important to discuss options with your Chief Finance Officer and the Treasury early for funding options.

Considerations include:

- Internal funding options and cost recovery
- Options to adjust existing funding arrangements with the Treasury
- How the project budget estimates should treat capital and recurrent items
- Whether your analysis should separate parts of the agency that are funded centrally from those that generate revenue through fees and levies
- Whether the value of the project triggers NSW Government requirements in terms of:
  - Economic or financial appraisal
  - Gateway assessment
  - Procurement approach
- Whether you plan to submit an application for Seed Funding to the PSC. Further information on Seed Funding, including Guidelines and an application form can be found at www.psc.nsw.gov.au/hcm