

## **Preparing a business case: development of e-HRM at Basware Corporation**

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<p>This Bachelor's thesis forms a recommendation of development actions for improving the e-HRM solutions in a globally growing company. The primary objective of the study was to secure an investment in the needed development actions by documenting and presenting a valid business case to the top management of Basware Corporation.</p> <p>The study was carried out as a project-based thesis. It includes an introduction, an overview of the case company, a theory section and an empirical section. The theory part introduces the international human resource management as well as the benefits and risks of the e-HRM. The business case writing forms the third part of the theory section. The business case was created by applying the theory to the challenges and needs of the case company. The empirical part describes the process of the business case project and introduces the complete business case document.</p> <p>The business case evaluates three realistic options for developing the current e-HRM solutions. The analysis of benefits, risks and costs indicated that the implementation of a comprehensive HRM system has the best potential to improve the current situation.</p> <p>The investment in implementing the comprehensive HRM system was approved at the end of the approval process. The business case project can thus be considered successful. In addition, the organisation's knowledge of the internal challenges and available e-HRM solutions increased during the project.</p>	
<b>Key words</b>	
International Human Resource Management (IHRM), Human Resource Management System (HRMS), Electronic Human Resource Management (e-HRM), business case	

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# **1 Introduction**

Many companies aim to improve efficiency through automating processes and workflows. Top management is increasingly focusing on opportunities to reduce manual transactions in different functions, due to the high cost of labour. In addition, the employees normally find their work more meaningful without unnecessary paper work and data inputting.

Various solutions for automating human resource management activities are available on the market. Smaller companies might require only basic activities, such as employee records and payroll to be managed electronically, but larger companies may also look into automating for example recruitment and training management processes.

However, the offering of solutions and solution providers is so wide that the options need to be explored carefully before making any investments. Understanding of the company needs and challenges is an important starting point for the process. Top management often ask to see a valid business case in order to ensure that the options have been analysed thoroughly.

The study is a project-based thesis and the outcome is a business case document and a presentation aiming to justify an investment in the development work that is seen as necessary in order to improve the e-HRM solutions at Basware Corporation.

## **1.1 Background for the study**

With headquarters in Finland, Basware has traditionally been better organised when it comes to managing personnel in Finland. However, now the share of employees in other country units has exceeded 50% of the total number of employees, which has created a big demand for true international HRM and better control.

Better control consists of e.g. standard templates for employment contracts and management of absences in every location in order to eliminate significant differences in the processes. Through improved e-HRM solutions, the HR department would be able to integrate the main HR processes to cover all the regions.

The existing HRM system has several restrictions in terms of functionalities and development possibilities. This created a need to further investigate the possibility to improve the existing e-HRM solutions in the case company.

The current e-HRM solutions include the recruitment system, HRM system, payroll system and a survey tool. All of them have been purchased from different providers. In addition, internal and re-seller training records have been managed manually. Due to increasing volumes, there is a great need to automate the training management process in order to reduce the time spent in manual work.

The decision to write a business case was made in order to compare the costs, benefits and risks involved in different options for improving the e-HRM solutions in the company. The business case aims to find out whether it is more beneficial to continue with the current providers and possibly add on a separate training management system or to replace most of the systems with one comprehensive solution. A recommendation for future actions is made to the top management based on the analysis.

Before analysing the business case data, the author formed a hypothesis: implementation of a comprehensive e-HRM solution has the best potential to improve the current situation. The hypothesis is based on a comparison between the current solutions in the case company and the functionalities of the comprehensive systems on the market.

## **1.2 Project objectives and benefits for the case company**

The main objective for the business case is to get the top management to understand the benefits the recommended approach can bring and to secure the investment needed for the development project. Through this thesis project, the author aims to get an approval for the necessary actions needed for improving the e-HRM solutions in the most effective way.

The project can also be considered successful without immediate approval for the investment. There can be several reasons for postponing or even disapproving the investment. However, it does not necessarily mean that the business case itself is not sufficient. The author is also aware of the remaining global economic uncertainty, which affects companies' investment decisions.

Even without reaching the main goal, the business case project will benefit the organisation. The problem areas in the current e-HRM solutions and processes will be identified during the project. In addition, knowledge of different development options and their potential benefits will increase while the author is analysing them thoroughly. These can be considered as secondary objectives for the project.

### **1.3 Project steps and report structure**

The thesis project is including the business case project, which is completed for the case company and forms the major part of the thesis. The author has concentrated on the business case as a project when defining the project steps as it is the end product for the thesis. The business case project includes five project steps from gathering the theories to analysing the results and development possibilities. In addition, the steps 3 and 4 include sub-tasks in order to complete them efficiently. The sub-tasks are defined in the Gantt chart in the attachment 1.

#### **1. Finding relevant theory and studying how to write a business case**

Theories concerning international HRM are in important role as background information for the project as the aim is to develop HR processes in the case company. Information concerning e-HRM solutions is available in some HRM books and in the form of articles. In addition, some research papers regarding the e-HRM and its effectiveness are available, however, great attention should be paid to reliability as many of them are conducted in cooperation with an e-HRM solution provider.

Several theories and guidelines are also available for writing a business case. Many of the available templates and structures are designed for public procurement with a high investment need, therefore they can be more detailed than necessary. The author combines printed and online sources in order to create a business case structure that suits the case company in the best possible way.

#### **2. Gathering business specific information for the business case**

The author needs to gather financial data concerning the license fees of existing HRM system, survey tool and recruitment system in order to compare them with the license fees of the comprehensive system. A discussion with the Vice President of HR and a HR Consultant,

who is the administrator of the current system, will also be conducted to determine the currently faced problems with the HRM system.

### 3. Preparing the business case

When all the relevant information is available, three to four different options for developing the current e-HRM solutions will be identified. The business case will include an analysis of financial aspects, potential benefits and risks of all the development options. A recommendation of a preferred development option is made based on the analysis. After completion, the business case document will be brought to the attention of the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) of Basware Corporation.

### 4. Presenting the business case

In order to deliver the message effectively, the author will arrange a meeting with the CEO and the CFO to present the business case. The vice President of HR will also attend the meeting. A slideshow needs to be created for summarising the main points of the business case. Good preparation for questions and possible arguments is also important.

### 5. Analysing the effectiveness of the business case

After the response and feedback from the executives the author needs to analyse how well the business case and the presentation succeeded. In case the project is rejected, it is important to understand the reasons behind the decision. Based on the analysis, the author is likely to have some development suggestions regarding her own work.

The thesis report starts with an introduction, which is providing background information for the project. The case company is introduced in the chapter 2. Chapters 3, 4 and 5 are providing theoretical background to support the business case project. The process for completing the business case project is described in chapter 6 followed by the business case document in chapter 7. The chapter 8 is discussing and evaluating the business case project from different viewpoints.

## 1.4 Key concepts

Four key concepts have been defined for this thesis: International Human Resource Management (IHRM), Human Resource Management System (HRMS), Electronic Human Resource Management (e-HRM) and business case.

**International Human Resource Management (IHRM):** “International human resource management is the process of managing people across international boundaries by multinational companies. It involves the worldwide management of people, not just expatriates.” (Armstrong 2009, 151.)

**Human Resources Management System (HRMS):** It can also be referred to as human resource information system (HRIS). The system aims to support HR activities using information and communication technology (ICT). Most companies use the system for maintaining the employee records and for managing payroll and absences. (Bratton & Gold 2007, 212.)

**Electronic Human Resource Management (e-HRM):** A challenge with e-HRM is that it can be defined in multiple ways. It can include HR and corporate intranet with static information, interactive HR and corporate intranets, email-based initiatives and the internet. (Torrington, Hall & Taylor 2005, 766.) The concept of e-HRM is broader than HRMS and can include new approaches to HR activities such as e-recruitment, e-learning and e-reward. (Bratton & Gold 2007, 213.)

**Business Case:** “Business case is a recommendation to decision makers to take a particular course of action for the organisation, supported by an analysis of its benefits, costs and risks compared to the realistic alternatives, with an explanation of how it can best be implemented (Gambles 2009, 1).”

## 1.5 Demarcation

The process of purchasing and implementing software includes several steps. The needs have been identified in the case company and e-HRM solution providers’ offering has been compared. As a financial investment is needed for developing the e-HRM solutions, and it has not

yet been budgeted, a business case for the executives is prepared in order to justify the investment by showing the future benefits.

If the benefits are recognised and the investment accepted, the development project can start. In case the hypothesis determined in chapter 1.1 is proven correct, the project includes the implementation of a comprehensive system. This would be managed by the HR department in cooperation with managers in different locations to ensure that the new system meets also their requirements. After the technical implementation work is completed by the supplier, the system will be tested by the HR team members. The implementation project needs to be communicated well across the organisation in order to prepare all the employees for the change. The HR department will also arrange end-user training to ensure correct and effective use of the new system.

The thesis project will concentrate only in preparing the business case document and the presentation for the CEO and the CFO. Sourcing and possible implementation has been excluded from the thesis project in order to fit it into the thesis schedule and to make sure the project does not become too broad. Figure 1 shows how the business case is linked into other parts of the development process described above. The green light presents the acceptance the business case is aiming at.



Figure 1. The business case as a part of the e-HRM development process

## **2 Case company**

The case company is Basware Corporation. The author has been employed by the company since April 2008. She is a member of the HR department. She started as a Training Coordinator but moved on to a Project Specialist role in October 2010.

### **2.1 Overview of the company**

Basware Corporation develops software for procurement and financial process automation. It was founded in 1985 and is publicly listed on NASDAQ OMX Helsinki. Through innovation Basware expanded and started its international operations in 1999. Now the company has 10 own offices in Europe, US and Australia. A major part of the growth has been achieved through mergers and acquisitions. In addition to its own sales force, Basware also has a global network of resellers.

With over 1,500 clients and over 1,000,000 users in more than 50 countries, Basware is the global leader in purchase-to-pay automation. Net sales accounted for 103 million Euros in 2010 (93 million in 2009) (Basware Corporation 2011a, 4). The company has been able to grow and stay profitable every year during its operations. This also shows in number of personnel: at the end of 2009, Basware employed 761 professionals and by the end of 2010 the number had increased to 913 (Basware Corporation 2011a, 4).

Company's 4-year strategy is focusing on strong international growth. The organisational structure has been changed from country specific organisation to regional structure in order to support the strategy. In addition, an executive-team level M&A function has been established to manage future mergers and acquisitions. Basware is actively developing its service portfolio and is shifting from license sales to selling software as a service. (Basware Corporation 2011b.)

Off-shoring is also increasing its importance in the strategy. Indian office has a significant role in for example R&D operations. Basware is constantly evaluating new off-shoring opportunities in the means of new functions and locations. (Basware Corporation 2011b.)

## 2.2 Human resource management at Basware Corporation

When the company was smaller, the HR duties were handled at the headquarters. However, during the last two years the human resource management function has started to decentralise in order to increase the visibility of the HR department in country units and to provide better support for the business functions. The aim, however, is not to achieve highly decentralised structure but a structure that allows some decision making in a regional level while the control over the main processes will stay in the corporate level. Due to lack of control, some main processes in the regions do not comply with the processes followed in Finland. The e-HRM development project is seen as a solution for integrating the main HR policies and processes in all the regions; providing common tools for managing the employee life-cycle.

Figure 2 presents the roles of the HR team members. The Vice President of HR is leading the department and, starting in January 2011, is a member of the Basware Executive Team. HR Managers in Scandinavia, Europe and India are responsible of their own geographical areas. The HR Manager based in Finland is a team leader for two HR Consultants and the payroll function. They share the HR responsibility of global business units based in Finland, U.S. and Australia business unit. The HRD Manager is responsible of career development but has also undertaken the HR responsibility of the Finland business unit.

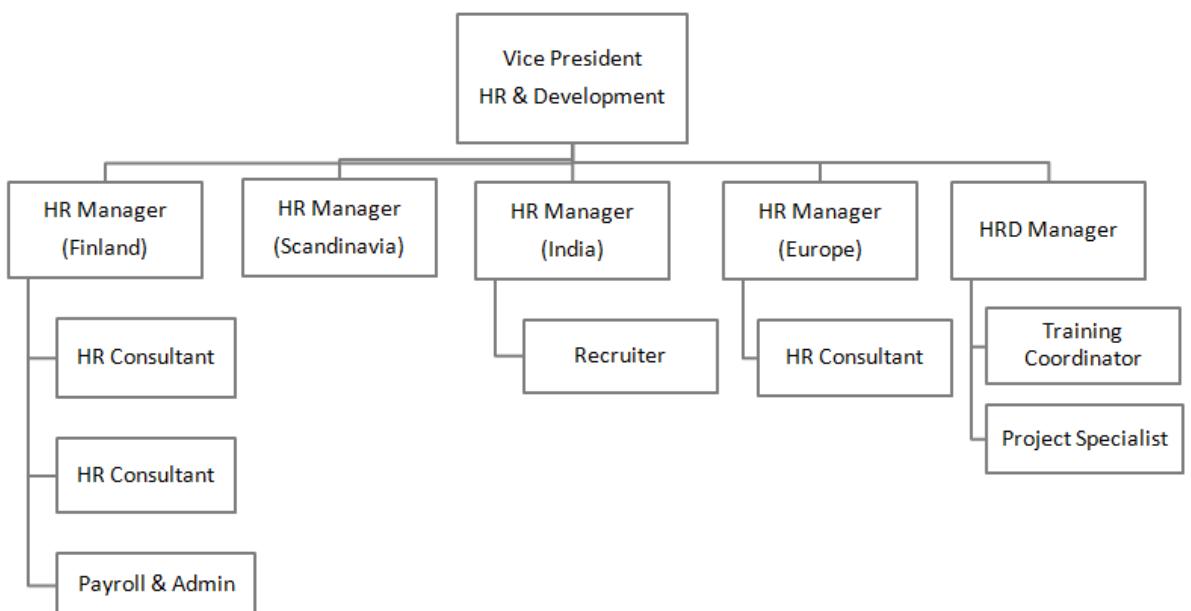


Figure 2. The Basware HR team.

### **3 International human resource management**

Globalisation has offered new opportunities for companies to expand outside their local markets. Higher profit as a target, companies have changed from domestic to international operations. Cross-border acquisitions and mergers have been a common way to invest in another country and to enter a new market. This phenomenon has caused changes also to HR departments as employment relationships have traditionally been managed according to the local legislation and culture. (Bratton & Gold 2007, 73-74.)

Executives of a global company face many challenges when formulating and executing their market, product and production plans on a global basis. In addition, the employer must be able to address international human resource management issues. For example, the executives must consider whether they want to hire local managers to branch offices or send managers from the company's home country and what kind of salary and appraisal policies to implement in new locations. (Dessler 2009, 363.)

A variety of political, social, legal and cultural differences also need to be considered in international HRM, which makes the whole process of global staffing quite complex. The company needs to determine, for each local branch and for the company as whole, effective methods for example for candidate selection, cultural and language orientation, compensation administration and payroll processing, tax administration and career planning and competence development. (Dessler 2009, 364.)

The increase in international activities leads to decentralisation in many parts of the company. Also HRM follows this process, although it might often be one of the last centralised functions in the company due to its role in maintaining the order and control. Decentralisation is needed for assisting subsidiaries to become autonomous units with a corporate family instead of being overseas subsidiaries of a parent company. (Torrington, Hall & Taylor 2005, 695-696.)

This chapter introduces some aspects related to internationalisation of the HR function as a part of a company's internationalisation process and the increasing strategic focus in HR activities. It also defines the different roles of the HR function.

### **3.1 Cultural aspects**

“Economic utilities, personal motivations and the ways information is interpreted and used are seen to be strongly influenced by national cultures (Edwards & Rees 2006, 28).”

Cultural differences are seen as central to international human resource management as they affect organisations in many ways. National culture is said to have an impact to organisational values and norms as they are consistent with top managements' basic viewpoints that originate from their countries. Cultural differences also influence e.g. pay systems, the importance of centralisation, justice and hierarchies, manager-employee relationships and attitudes towards job and career mobility. (Edwards & Rees 2006, 28.)

HR professionals are required to become more internationally minded when the company is expanding. However, the impact of different national cultures to management practices is often unclear. (Torriington et al. 2005, 697.) Edwards and Reeds (2006, 31) suggest that managers could utilise the positive impacts of cultural diversity to create new forms of management and organisation.

Differences in national culture are also important because of the potential impact on organisational culture. Organisational culture and the role of HRM practices in creating and maintaining this culture are frequently seen as a source of competitive advantage by managers and researchers. However, national culture has such a strong influence on attitudes and values that it is a challenge even to truly transnational organisations to move “beyond nationality”. (Edwards & Rees 2006, 31.)

### **3.2 The HR function**

The role of the HR function is to support the organisation in all the employee related matters. HR department offers advice and services in order to help the organisation to do its business. Employment, development and well-being need to be covered in HR strategies, policies and practises in order to ensure the quality of working life. Well managed HR function benefits both the employee and the organisation as people are able to realise their potential and achieve satisfaction through their work. (Armstrong 2009, 82.)

The role, the organisation and staffing of the HR function vary across organisations. The size of the organisation clearly affects these matters as well as the extent of decentralisation, the type of work carried out and the role assigned to the HR function. In a decentralised organisation, the framework of strategic and policy guidelines should be determined in the centre of the organisation. However, the operational units should be responsible of their own HR management duties within this framework. (Armstrong 2009, 83-84.)

The HR activities can be divided into two broad categories: strategic and transactional. Strategic function relate to alignment and implementation of HR and business strategies. (Armstrong 2009, 83.) This is discussed more in detail in chapter 3.3. Transactional side covers the main HR services: recruitment, learning and development, reward and employee relations (Armstrong 2009, 83).

According to Torrington et al. (2005, 8), the HR function also has an administrative objective that facilitates an organisation's smooth running. This belongs to the transactional activities and includes maintaining accurate and comprehensive data on individual employees: records of their achievements in terms of performance, attendance and training records, terms and conditions of employment and personal details. Accurate record keeping helps to meet the legal obligations that relate to many parts of HRM such as salary payment process.

### **3.3 The strategic role of HRM**

An organisational strategy can be defined as “a roadmap to the future”, and it should be able to answer two fundamental questions: where do we want to go and how do we want to get there? A human resource strategy (HRS) aims to support the organisation's strategy and show how the different activities associated with managing people can enable the organisation's strategy to be delivered more effectively. (Cannon 2006, 14-15.)

A typical HRS indicates issues surrounding resourcing, development, performance management, reward, employee relations, culture, and the efficiency of the HR function in delivering timely cost-effective services (Cannon 2006, 15). Human resource management has been changing over the years and at the same time the strategic role of HRM has become more important in process of improving the company's competitiveness. It creates challenges as most companies' strategic focus is on performance. (Dessler 2009, 10-11.)

In practice this means that human resource management's priorities increasingly focus on boosting competitiveness, reducing costs, and improving employee performance (Dessler 2009, 11). "A consequence of many HRSs is that the HR function needs to realign itself with the needs of the business (Cannon 2006, 15)."

In addition, human resource managers need to be more involved in both formulating and implementing the company strategy. The CEO might want to include personnel related decisions such as hiring or firing new employees to e.g. an entry plan for new markets or a 5-year cost-cutting plan. (Dessler 2009, 11.) The figure 3 shows how Dessler (2009, 13) is linking the HR strategy into the corporate strategy. Company's competitive environment, strategic situation as well as internal strengths and weaknesses affect the company's strategic plan, which in turn determines the objectives for the HR strategies in order to make sure they support the corporate strategy and thus, help to improve the organisational performance.

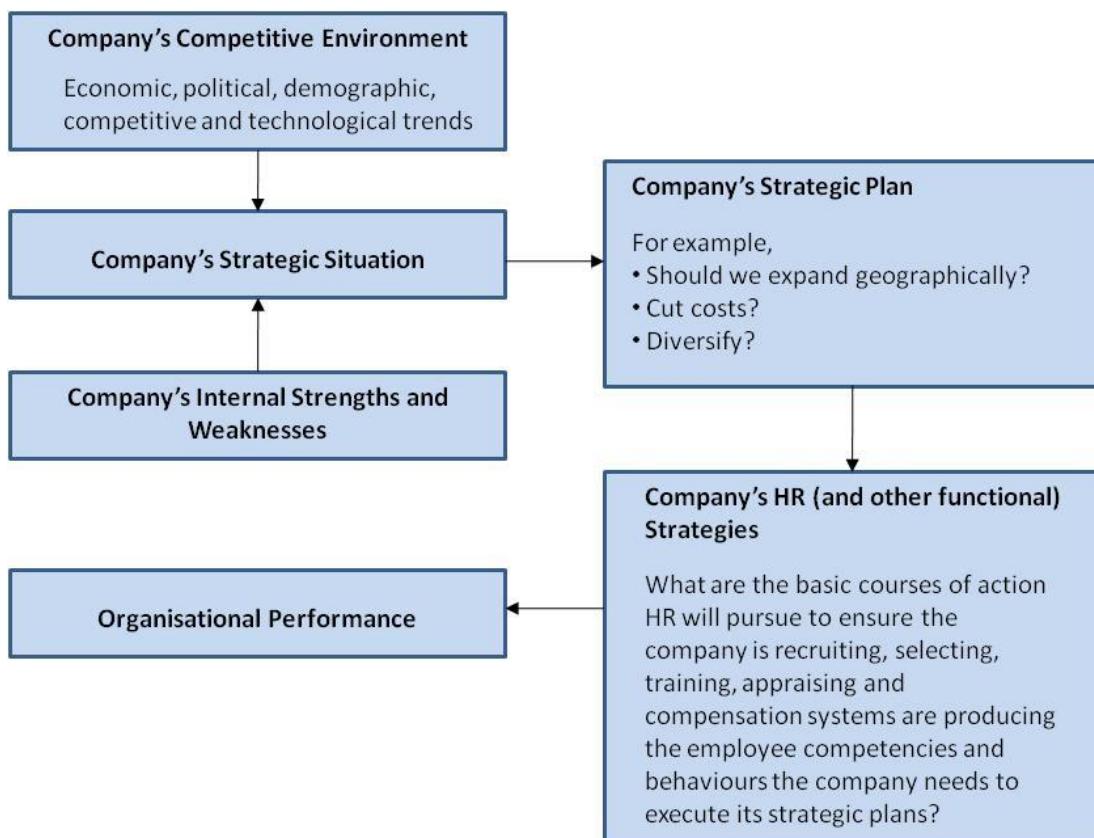


Figure 3. Linking corporate and HR Strategies (Dessler 2009, 13)

### **3.4 Different approaches to control**

“Think global, act local” is a well-known phrase invented by ABB Ltd. This refers to a separation of corporate strategy, dealing with the entire corporation (“think global”), from the delivery of products and services at the local level taking into account the cultural and institutional differences (“act local”). (Boxall & Purcell 2008, 252.)

According to Boxall and Purcell (2008, 252), this is causing concerns in structural configuration and with forms of control exercised from the headquarters; should companies centralise or decentralise, or try to achieve both? The organisational culture and the economical and political structure of the host country affect the decision on what HR matters are controlled centrally and what will be delegated to subsidiary HR managers (Dowling, Festing & Engle 2008, 100).

Scullion and Starkey (2000, 1061-1081) investigated how the structural changes of an internationally growing company affect the development of the HR function by conducting a study in 30 British-owned international companies. Scullion and Starkey (2000, 1065) found that the focus was on developing the organisation’s core management competencies by emphasising senior management development, succession planning and developing the core of international managers.

The study defines three different approaches to control: centralised HR companies, decentralised HR companies and transition companies. Centralised approach was managed by large, well-resourced HR departments responsible of wide selection of functionalities. The corporate HR had established control over the top management in every location for example by issuing corporate employment contracts for the strategically important positions. (Scullion & Starkey 2000, 1067-1069.)

In decentralised HR companies the HR responsibilities were delegated to a small group who reports to the senior management at corporate HQ. However, in the majority of these companies, the corporate HR had increased its influence over the top management during the previous 5 years. The study revealed that many aspects of centralised control were established in these decentralised companies. This trend towards centralised control shows that companies are shifting away from highly decentralised approach, which was in fashion in the late 1980s. (Scullion & Starkey 2000, 1069-1072.)

The transition companies had medium-sized corporate HR departments and the centralised control was stronger than in decentralised companies. Basically, these companies combine the corporate integration and the decentralised structure. (Scullion & Starkey 2000, 1072-1073.)

## **4 Investing in e-HRM solutions**

Many companies have implemented internet- and computer-based systems for improving the productivity of the HR function. Companies aim for cost benefits and time savings by implementing human resource management systems. Enabling self-service allows employees to make their own transactions, for example to update personal information. (Dessler 2009, 16.)

As small businesses expand into corporations, HRM needs to offer a set of business processes for managing the entire employee life cycle: from hiring and orientation to personnel and benefits administration, compensation, payroll, compliance, performance management, mentoring, succession planning, learning and development. (Hamerman & Schooley 2010, 2.)

For supporting a variety of important processes, businesses implement a selection of HRM applications (Hamerman & Schooley 2010, 2). This has created a need to extend the HRMS towards e-HRM (Bratton & Gold 2007, 213). The e-HRM solutions normally consist of core transactional suite (HRMS) complemented by a variety of supporting solutions (such as recruitment system and training management system). (Hamerman & Schooley 2010, 2.)

This chapter discusses the benefits companies are expecting to achieve by implementing e-HRM solutions. In addition, it goes through the risks these companies should be aware of when planning to invest in e-HRM.

### **4.1 Potential benefits**

One of the main benefits companies expect to achieve is the better management of personnel costs. Organisations use HRM applications for planning and budgeting salaries and positions, maintaining consistent compensation and promotion practices, control hiring and manage layoffs. (Hamerman & Schooley 2010, 2.)

HRM business processes, including keeping employee records up to date, paying employees, and managing benefits, have previously been managed manually. HRM applications offer the possibility to make these transactions directly accessible to employees and managers via web-based functions, without time consuming manual actions. In addition, effective performance, employee development, and rewards programs are implemented to achieve better retention

and higher workforce productivity in organisations with strong HR function. (Hamerman & Schooley 2010, 2.)

Bondarouk & Ruël (2005, 11-12) found in their study for the Dutch Ministry that an e-HRM solution with good quality content and design improve the technical and strategic HR effectiveness. The respondents found the easiness to use also important, however, they did not think it would have a significant impact on the HR effectiveness.

## **4.2 Managing the risk**

Due to the claims of the consultants and technology suppliers, the expectations for the e-HRM solutions are often high. However, in order to exceed or even meet these expectations, it is important to consider a number of aspects. (Reddington, Williamson & Withers 2005, 70.)

It should be kept in mind that new technology does not remove poor quality data and people should be able to access the information they really want. In addition, the e-HRM tools are designed mainly for HR function, however, the line managers should be the ones who manage people and performance. The company should also consider user resistance that can be expected from the end users. For this reason it is important to ensure that the system is easy to use and seen relevant to the user. (Reddington et al. 2005, 71.)

A great attention should also be paid to supplier selection. It is important that the supplier understands the customer's needs and that the customer understands what the supplier can offer. The supplier might provide a list of functionalities that are generalised such as "manages training". This does not give the customer much information on what the system can really do. (Guenette 2003, 7.)

As mentioned in the previous chapter, the study carried out by Bondarouk & Ruël (2005) found a link between the e-HRM and the HR effectiveness. However, the authors also address the problem in defining the extent the e-HRM needs to be implemented to in order to achieve improvement in effectiveness. In other words, it is difficult to determine the conditions the e-HRM solutions need to meet before they are likely to affect the technical and strategic HR effectiveness. (Bondarouk & Ruël 2005, 4.)

## **5 Preparing a business case**

A good business case is in line with the vision and mission of the organisation. It also needs to work with the business strategy, which covers all the parts of the business. Therefore it is important first to determine where the plan will eventually lead. Keeping the end in mind helps the plan to stay focused. (Cannon 2006, 9.)

Schmidt (2003, 1) makes a comparison between a business case and a legal case presented in court. He points out that both, the lawyer and the business case developer, have freedom to structure arguments, select and ignore evidence and package the presentation. The effectiveness of the results is depending on their ability to convince the audience with clear logic and facts.

Although it is impossible to determine one correct way to write a business case, good cases do have certain elements in common. For example, every business case should include all the relevant costs and benefits. Missing data is likely to be noticed by the top management and will affect the credibility of the case. (Schmidt 2003, 1.)

Ilya Bogorad (2008), the Principal of Bizvortex Consulting Group Inc, states, “I’m convinced that the vast majority of unsuccessful projects fail not because of poor project management, but because of poor decisions with respect to the choice of projects. A good business case helps to make right decisions and avoid horrible waste.”

This chapter concentrates in writing and presenting an effective business case by providing basic guidelines for the content and for managing the presentation process.

### **5.1 Objectives and important elements**

The most important objective for a business case is to enable the right decision to be made. In particular, the need for a strong strategic justification and a comparative analysis of the costs, benefits, and risks of the options, flow directly from it. (Gambles 2009, 4-5.)

Another objective is to meet compliance requirements. These vary significantly between organisations. They may include requirements set by external grant-making or lending bodies, requirements determined by overarching compliance regime (e.g. government) or require-

ments set internally through wider corporate governance processes of the organisation. These are put in place by organisations to maintain certain standards and to screen out early stage projects that do not fill the requirements. A business case should be able to show that the project is compliant with the set requirements. (Gambles 2009, 5-6.)

The third objective is to secure funding. Even a fully compliant business case with strategic justification for the project will most likely be turned down if it fails to convince the decision makers to invest the necessary funds. Often a business case needs to compete against other projects for access to investment. For this reason, the business case author(s) must perform strongly in order to secure the funds needed for the project. (Gambles 2009, 6.)

A business case, which fulfils the three linked objectives has a good possibility to succeed. In addition, a business case needs to get the executives support for the project. In order to achieve this, the author of the business case needs to show commitment to the project and demonstrate clear progress. (Gambles 2009, 6-7.)

The document should also provide a platform for managing the project. The most important elements for this are the implementation plan and the risk register. The implementation plan does not need to be particularly detailed but it needs to set at least the early milestones and describe the main tasks for getting the project moving after the approval of the business case. The purpose of the risk register is to indicate the ownership of risks at a high level and to start the continuing risk management process. (Gambles 2009, 8.)

## **5.2 Presenting the case**

In order to emphasise the correct matters in the business case presentation, the presenter needs to know who is in the audience and why (Cannon 2006, 132). It is also important to ensure that the case is presented to the correct audience (Deloitte 2007, 11). There will be the decision-maker, the one that needs to be convinced, and the decision-taker, the one with budget authority. There might also be other managers who influence the decision. (Cannon 2006, 132.)

As the goal is to justify an investment, financial information has an important role also in the presentation. However, showing a wide selection of sophisticated charts is not the most effective way. The ability to translate the strategy and plan into action that is meaningful to the

audience, is the key to success. (Cannon 2006, 133.) The level of formality required in the presentation normally depends on the size of the investment and the degree of change the case is suggesting. For bigger investments, a multi-step approval process might be in place. (Deloitte 2007, 11.)

As the members of the audience are from different positions, the presenter needs to be able to take everyone's area of interest into consideration. It is better for the audience if the presenter initially stays with the overall arguments without too much detail. More detailed data can be presented when answering the questions. In addition, the presenter should not promise something that is not reasonable or present over-optimistic assumptions. (Cannon 2006, 134-135.)

It is likely that the audience will ask additional questions and the presenter should prepare for them. It is good to have some back-up material available in the presentation. Some of the questions might be difficult and no matter how well the presenter has prepared, there might be questions that cannot be answered during the presentation. In case the presenter cannot answer the question, it is important to be honest and tell the person that the question will be answered afterwards. The presentation can be spoiled by avoiding the questions or by providing information that does not answer the question. (Cannon 2006, 137.)

## **6 Process description: business case presentation**

The business case project consists of a business case document and a presentation. The aim of the presentation is to ensure the information included in the business case document is understood correctly by the CEO and the CFO. In addition, the meeting gives an opportunity for a discussion over the topic.

This chapter describes the presentation process; the way it was planned and executed. Feedback and results are analysed in chapter 8. The business case document can be found in chapter 7.

### **6.1 Project management and schedule**

In early 2010, the Vice President of HR recognised problems with the current e-HRM solutions and wished to explore new development possibilities. The author was asked to prepare a business case in order to evaluate different development options.

The author was expected to manage the project very independently. However, the project deadline was set by the Vice President of HR. She was in cooperation during the project by providing business specific information for the business case and by giving feedback on the document drafts. In addition, a HR Consultant assisted in comparing the current solutions with the comprehensive system as she had the best knowledge of the existing solutions.

The author was asked to collect all the relevant data and complete the business case document by the end of July as the presentation date was planned for August. The author reserved time for analysing the results during the late autumn. A more specific project schedule, in form of a Gantt chart, can be found in attachment 1.

### **6.2 Planning the process**

The presentation was planned to be held in August 2010 at the Basware headquarters. The author, the Chief Executive Officer, the Chief Financial Officer and the Vice President of HR would be present in the meeting. The author would prepare a slideshow to support the presentation. The purpose of the slides is to repeat the main points and figures included in the business case document. In addition, the complete business case document will be forwarded

to the meeting participants approximately a week in advance to ensure a sufficient time for getting acquainted with the case. The duration of the meeting was planned to be one hour, which the author finds suitable for the presentation and discussion.

The author is hoping to receive extensive feedback on the business case document and the proposed approach. The author and the Vice President of HR consider the meeting successful if the proposal is found justified and the CEO and the CFO are willing to discuss it further. Further actions and the way to proceed will be provided by the CEO and the CFO depending on their opinion on the proposal.

### **6.3 Execution**

Due to summer holidays and management's other commitments, the presentation date was postponed from August to the 10<sup>th</sup> of September, 2010. The author, the CFO and the Vice President of HR were present in the meeting. Due to the CEO's other commitments, it was decided that the CFO would summarise the business case to the CEO shortly after the meeting.

The author went through the slideshow and relevant matters were discussed and clarified. The presentation slides can be found in attachment 2. The meeting lasted for 45 minutes and thus stayed in the planned schedule.

A couple of days after the meeting the CFO presented a summary of the business case to the CEO. The CEO asked it to be handled according to the company's reviewed Investment Proposal Policy. In practise it meant that the first step is to include the investment in the HR budget for 2011. If it is accepted as a part of the budget, the final approval for the financial resources is requested in a monthly investment review meeting.

As the Board of Directors accepted the investment proposal as a part of the HR budget, the author attended the investment review meeting on the 26<sup>th</sup> of January, 2011. The meeting was held between the author, the CEO and the CFO. The author had 20 minutes time to go through the justification for the investment and the financial figures.

## **7 Business case: development of e-HRM at Basware Corporation**

This chapter includes the information of the business case document, which was forwarded to the CEO and the CFO of Basware Corporation before the first presentation. The presentation slides used to summarise the information can be found in the attachment 2. The evaluation of the business case document and its effectiveness is included in the chapter 8.

The pricing information in the quotes as well as the current fees paid by Basware are confidential information, thus, a multiplier has been used in order to hide the real figures but to maintain the relation between them. In addition, the names of the systems and providers have been changed.

### **7.1 Executive summary**

Challenges with the current HR system have created a need for the further development of e-HRM at Basware. The amount of manual work is increasing with the number of employees and is affecting the efficiency and motivation of HR team members. A higher level of automation should be reached in order to reduce manual work. A better serving e-HRM solution would also enable managers to reduce time with personnel management duties.

After analysing the benefits, risks and the costs for three possible approaches, the recommendation is to implement a comprehensive HRM system, system X. This system includes the recruitment process and surveying, which means that the separate recruitment system and two survey tool licenses would not be needed after the implementation. It also enables the reporting of 360° assessments, which is currently done externally at a high cost. In addition, the purchase of a training management system would not be needed as the system X also covers training management process.

There are some low and medium risks involved with the implementation. However, they can be controlled with careful planning and forecasting as well as with realistic scheduling. System X is expected to bring also cost savings to the company. The return on investment calculation provided by Provider Y shows over 800,000€ savings already for the first year. The savings are achieved through increased leadership productivity. The investment needed for the

implementation is approximately 44,000€ and the annual fee is 36,856€ (current annual fees: 32,136€).

The implementation project would be managed by the HR team in cooperation with other units. The implementation could start at the beginning of 2011 and the system could be in use in 5-6 months.

According to Provider Y representatives, they are constantly developing the system according to customers' needs. It seems that they would be a dynamic and reliable partner for Basware's e-HRM needs also in the future.

## 7.2 Problem setting

Due to global growth of the company and increase in number of personnel, new requirements for the electronic human resource management have been recognised. The currently used systems do not meet the requirements for supporting global HRM.

Training registrations and practical arrangements are currently managed manually in spreadsheets. Individual training records are maintained in the current HRM system. However, also this is done manually. This is not an efficient way of working considering the current volumes. A purchase of a training management system is included in the HR budget for 2010.

In addition, the 360° assessments have been started. At the moment Basware is purchasing the necessary reports from an external provider. The cost of one report is 120€ and approximately 30 reports have been purchased so far. It is estimated that Basware will need to purchase 80-100 reports annually. Majority of the HR team members have completed the training needed for generating the reports. If the HRM system supported this type of reporting, all the reports could be generated internally by the HR team.

It has been a great challenge for the HR department to maintain control over the absences (incl. vacations and other leaves) in country units as the reporting process varies between the countries. There is also a need to create templates for employment contracts for all the countries and have them available electronically in order to reduce variation in contract terms. Orientation planning is not possible with current tools, which is resulting uneven opportunities

for orientation. In addition, competence profiles managed in an electronic system would help teams to plan their resources for upcoming projects and enable efficient job circulation.

The supplier of the current HRM system has been contacted to find out if they were able to provide the additional functionalities to the current system. However, some of the functionalities do not meet Basware's requirements and some are not available in the near future.

One problem has also been the great amount of manual work HR Consultants and Managers need to carry out in order to transfer data between the current HRM system and the budgeting software. This affects their work motivation as this type of manual work is very time consuming and is reducing the time available for other duties. There is also a major risk of mistakes as data needs to be inserted to two systems.

Currently used systems and functionalities they cover are listed below.

### **HRM system**

- Employee data
- Goal and Development Discussion records
- Personal Development Plan
- Training records and certificates
- Scanned attachments e.g. employment contracts

### **Recruitment system**

- Recruitment process

### **Payroll system**

- Payroll process

### **Survey tool (2/4 licenses in HR department)**

- Training feedback
- Internal Satisfaction Survey

Current applications do not cover the processes listed below.

- Training management
- 360° assessment reporting

- Control over absences
- Management of employment contracts
- Orientation plans
- Competence profiles

### **7.3 Project objectives**

As mentioned in chapter 7.2, the HR team is facing several challenges with the current HRM system as it is lacking functionalities that are needed for effectively carrying out the daily work. As the challenges have become so big that they are affecting HR team members' work motivation, there is definitely a need for change.

There are four main objectives for this project:

1. To improve efficiency and work motivation by reducing manual work
2. To improve HR services globally
3. To gain visibility and control
4. To gain long-term cost savings

#### **7.3.1 Vision**

The vision is to have *integrated HR processes throughout the organisation and world-class HR services provided by highly motivated HR team members.*

This vision can be achieved by improving the level of automation in HR practices. Higher level of automation improves the efficiency and work motivation of HR team members as time saved from manual work is dedicated for better customer service. Integrated HR processes can be achieved by increasing visibility and control in country units.

#### **7.3.2 Alignment with the company vision and strategy**

As Basware is emphasising the global growth in the strategy, the HR department finds its role in supporting the managers and employees very important in this process. By improving the HR services and automated processes, the aim is to free some managers' time from personnel management duties in order to dedicate this saved time for business duties.

## **7.4 The evaluation of the options**

There are different approaches that can be considered in order to complete some or all of the objectives. This business case introduces three realistic options and evaluates their capabilities to complete the objectives.

### **7.4.1 Options**

#### **1. Implementation of a comprehensive HRM system**

The current HRM system, recruitment system and survey tool (HR licences) would be replaced by one comprehensive system, which also includes training management system and a possibility to generate 360° assessment reports.

#### **2. Purchase of Training Management System**

The current systems would stay in place and an additional system would be purchased for managing training events and records.

#### **3. Development of work processes using the current systems**

No new systems would be purchased. Instead, the HR team would try to improve the processes using current systems. New requests for developing the current HR system would be forwarded to the provider.

### **7.4.2 Benefit analysis**

Table 1 shows scores given to each option in terms of their expected ability to reach the wanted benefits. The scores have been estimated based on the current knowledge of the options. The option 1 has achieved the highest total score. After a successful implementation, this option has a potential to complete all the objectives mentioned in chapter 7.3. Option 1 has achieved its lowest scores in improving work motivation, gaining visibility and control and gaining long-term cost savings because improving the e-HRM is not enough to fully achieve these benefits. Good communication, planning and forecasting are also important.

Option 2 would reduce manual work in HRD (human resource development) team and improve only HRD services as the training management process would be more efficiently man-

aged. Scores are relatively low as it does not have a clear impact on HR processes as whole. In addition, implementing option 2 would not solve the problems with the current HRM system.

Option 3 has a potential to improve efficiency and HR services slightly but there is a risk that choosing this option could have a negative impact on work motivation and this way to the development of HR services in general. This option is estimated to have the poorest ability to achieve additional benefits.

Table 1. Options ranking

<b>Benefits</b>	<b>Scores</b>		
	Option 1	Option 2	Option 3
Improve efficiency	9	3	2
Improve work motivation	7	3	1
Reduce manual work	9	4	2
Improve HR services	10	4	2
Gain visibility and control	7	3	1
Gain long-term cost savings	8	3	1
	50	20	9

Scale: 1 - 10

where 1 means "Not likely to improve the current situation"  
and 10 means "Very likely to improve the current situation"

#### 7.4.3 Risk analysis

Table 2 summarises the estimated risks for each option. The total figure for each risk has been calculated by multiplying the probability figure with the severity figure. All the risks do not necessarily apply to all the options. Options 1 and 2 have more risks involved than option 3 as they include an implementation process for new software and a new supplier. However, the probability in risks concerning option 3 is higher, which results in the highest total risk figure for this option.

The risk number 1 (*Provider fails to deliver*) is estimated to be unlikely to happen in both, option 1 and 2. However, in case it did happen, the severity is estimated to be higher in option 1 as the whole HRM system is in question. The risk number 2 (*Provider fails to develop the software according to our needs*) is estimated to be more likely in options 2 and 3 than in option 1. Options 2 and 3 involve several providers and it is likely that at least one provider fails to develop the software as expected. Option 1 involves only one provider and the development process of the software is considered as an important factor when choosing a provider. In case one or

more providers did fail to develop the software, the damage is estimated to be more severe in option 1 and 3 as they include the main software, the HRM system.

The risk number 3 (*The implementation costs exceed the expected amount*) is estimated to have medium probability in options 1 and 2. This is mainly due to the difficulty in estimating the time needed for necessary system integrations. The risk number 4 (*Long-term cost increase*) is seen to be more likely in option 2 and 3 as in option 1. This is based on the higher number of suppliers in options 2 and 3.

The risks number 5 (*No improvement in HR practises*) and 6 (*No improvement in HR services*) are related to each other and the risk is estimated to be low in option 1, medium in option 2 and high in option 3. This is due to the number of changes these options are able to provide to the current situation. The option 1 involves the biggest change and could thus be estimated to have the best possibility to improve HR practices and services. The risk number 7 (*HR fails to carry out the project*) is estimated to be medium in option 1 and low in options 2 and 3 as the option 1 includes the largest implementation project requiring careful planning and good resources. If the implementation project failed, it would also cause more damage in option 1 than in other options.

The risk number 8 (*New practices not understood / ignored*) is also seen to be more likely in implementation of option 1 than with other options. This is because option 1 is causing more changes outside the HR department than the other options and thus, could cause some user resistance. Option 1 would include learning a new system and practices also for managers and employees.

Table 2. Risk register

Risk	Probability			Severity			Total		
	O1	O2	O3	O1	O2	O3	O1	O2	O3
1 Provider fails to deliver	1	1	n/a	3	2	n/a	3	2	n/a
2 Provider fails to develop the software according to our needs	5	10	10	3	2	3	15	20	30
3 Implementation costs exceed the expected amount	5	5	n/a	2	2	n/a	10	10	n/a
4 Long-term costs increase	1	10	10	3	3	3	3	30	30
5 No improvement in HR practices	1	5	10	2	2	2	2	10	20
6 No improvement in HR services	1	5	10	2	2	2	2	10	20
7 HR fails to carry out the project	5	1	1	3	2	2	15	2	2
8 New practices not understood / ignored	5	1	1	3	2	2	15	2	2
							65	86	104

1-2: Provider related risk	Probability	Severity	Total risk
3-4: Financial risk	10= high	3= high	Low (1-9)
5-7: Internal risk	5= medium	2= medium	Medium (10-20)
8: Customer related risk	1= low	1= low	High (21-30)

#### 7.4.4 Cost analysis

Table 3 shows the annual costs of current systems, estimated cost of additional applications (needed in option 2) and the SaaS (Software as a Service) fee of a comprehensive system covering all the current and additional applications (option 1). The total annual cost of each option is based on this calculation. The annual cost of the option 1 is 35,856€, only 120€ more than in option 2 (35,736€). The current fees account for 32,136€, which would also be the current cost for the option 3.

However, the calculation does not show the costs involved in developing the current HR system in option 3. In case the supplier was able to provide the needed functionalities to the software in the future, the annual fee would be likely to increase. However, it is impossible to estimate the amount of the increase as many functionalities are missing from the current system.

Table 3. Annual cost comparison

<b>Current costs</b>	<b>Cost per annum</b>
HRM application	5 400,00 €
Recruitment system	13 680,00 €
Survey tool	3 456,00 € <i>HR licenses</i>
360° assessment reports	9 600,00 € <i>estimated</i>
	<b>32 136,00 €</b>
<b>Additional applications</b>	
Training management system	<b>3 600,00 €</b>
<b>Comprehensive system</b>	
System X	<b>35 856,00 €</b>


<b>Option 1</b>	<b>35 856,00 €</b> per annum
<b>Option 2</b>	<b>35 736,00 €</b> per annum
<b>Option 3</b>	<b>32 136,00 €</b> per annum - EXCLUDING the increase after development work

The table 4 shows the implementation costs for option 1 and 2. The implementation cost for the comprehensive system (43,740€) includes the consulting work for basic implementation and the consulting work needed for integrating the comprehensive system to the payroll system and the budgeting software. However, after writing the quote, the provider has implemented best practices that enable more cost effective implementation for the system. This means that the implementation cost is likely to go down.

The cost for implementing the training management system (21,000€) includes the implementation of basic functionalities and an integration between the training management system and the current HRM system. The cost for possible development work involved in option 3 is very difficult to estimate at this point as it is depending on the provider's ability to offer the needed functionalities.

Table 4. Implementation cost comparison

**System X**

Consulting	1 620,00 €	per day
Estimated need	<u>22</u>	days
	35 640,00 €	
Integration		
Payroll	3	<i>estimated</i>
Budgeting software	3	<i>estimated</i>
	<u>6 x 1 620,00€</u>	8 100,00 €
<b>Option 1</b>	<b>43 740,00 €</b>	

**Training Management System**

Basic functionalities	16 200,00 €
Integration to HRM system	<u>4 800,00 €</u>
	21 000,00 €

<b>Option 2</b>	<b>21 000,00 €</b>
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**Development of current HRM system**

Costs depending on provider's ability to carry out the development work

<b>Option 3</b>	<b>??? €</b>
-----------------	--------------

## 7.5 Suggested approach

Based on the benefit, risk and financial analysis, the recommendation is to implement the option 1. One comprehensive system has the best possibility to complete all the objectives and bring additional benefits. This approach is the most sustainable as it enables future development of e-HRM inside of one system and with one provider. This approach would also solve all the current problems with the HRM system.

After a search of HRM system providers, Provider Y was found to be able to offer the most comprehensive and agile system (System X). According to discussions with the provider, it seems that they are developing their software very actively, taking customers' needs into consideration.

### 7.5.1 Return on investment

Return on investment calculation in table 5 is based on information received from Provider Y. According to them, the leadership productivity rate (2.6 x monthly salary) is a generally used figure when estimating supervisors' productivity. Provider Y estimates minimum of 10-20% growth for leadership productivity when System X is in use. The starting point affects this figure i.e. the growth is bigger if there is no system in place and smaller if another system is already in use. As Basware already has a HRM and recruitment systems in place, the growth estimation used here is only 5%. Even with a low growth figure, the profit estimation is high: 843,924€ for the first year and 893,640€ for the second year.

Table 5. Return on investment

Supervisor's monthly salary	4 000,00 €
Leadership productivity estimation (2.6 x monthly salary)	10 400,00 €
Number of supervisors	148 (17.8.2010)
System X's impact on productivity (growth)	5 %
Investment for the 1st year (System X SaaS annual fee + implementation)	79 596,00 €
Average productivity per annum/supervisor (4 000 € x 2.6 x 12)	124 800,00 €
Total productivity per annum (124 800 € x 200)	18 470 400,00 €
System X's impact on leadership productivity (18 470 400 € x 1.05)	19 393 920,00 €
Increase in annual productivity due to System X (19 393 920 € - 18 470 400 €)	923 520,00 €
<b>Profit after the investment</b>	
First year (923 520 € - 79 596€)	843 924,00 €
Second year (923 520€ - 35 856€)	893 640,00 €

### 7.5.2 SWOT analysis

The SWOT analysis in figure 4 lists the strengths, weaknesses, opportunities and threats recognized for System X. The analysis has been conducted based on the knowledge of the System X gained in two meetings with the Sales Director and one meeting with a Technical Consultant.

The system has several strengths that are valuable for the HR team and for the whole company. In addition to training management and 360° assessment reporting functionalities, new functionalities include e.g. management of absences, employment contract templates, possibil-

ity to transfer new employees' personal details from the recruitment application to the HRM system and to the employment contract, variety of reports with no manual editing needed, orientation plans and competence profiles.

It was, however, discovered that some currently available functionalities would be lost. The most important one is the ability to save report templates, which affects mostly the recurring personnel reports, e.g. monthly reports. However, a request for adding this functionality has already been passed on to the software developers and it will be added to the system in the near future.

In addition, it could be considered a weakness that the payroll functionality cannot be included in the system as it still needs to be purchased from a different provider. However, it is possible to integrate the System X and the payroll system enabling seamless data transfer. Another weakness is the availability of the Helpdesk that is open only during office hours, Finnish time. This means that the HR team members outside Finland might not be able to get help during the same day.

According to Provider Y, the software is developed actively and customers are heard when deciding on new functionalities. There is also a possibility to integrate some other internal systems (in addition to payroll and Business Planning) to System X in the future, which can further reduce manual work. User friendliness of the system is also creating an opportunity to increase the number of Goal and Development Discussion records as the recording process has been found troublesome with the current system.

Threats are similar than the identified risks, related to the suppliers and the HR team's ability to handle their responsibilities and the change management process. The chapter 7.5.3 describes how to tackle these issues.

<b>Strengths</b> <ul style="list-style-type: none"> <li>• One system to cover all HR processes</li> <li>• One supplier for most of the e-HRM</li> <li>• Many new functionalities to improve the efficiency of supervisors and HR team members</li> <li>• Possibility to reduce manual work</li> </ul>	<b>Opportunities</b> <ul style="list-style-type: none"> <li>• Good development opportunities including new functionalities and integration to other systems</li> <li>• To increase the number of GDD records</li> </ul>
<b>Weaknesses</b> <ul style="list-style-type: none"> <li>• Loss of some minor functionalities (compared to separate systems)</li> <li>• No possibility to include payroll functionality</li> <li>• Helpdesk available only during office hours, Finnish time</li> </ul>	<b>Threats</b> <ul style="list-style-type: none"> <li>• Supplier failing to develop the software as expected</li> <li>• A large implementation project for HR team to carry out</li> <li>• Affects all the employees in the company – challenge in motivating employees for change</li> </ul>

Figure 4. SWOT analysis

### 7.5.3 Risk management

The risks were listed and rated in chapter 7.4.3. Table 7 describes how to manage the identified risks. Extra attention should be given to risks number 2, 3, 7 and 8 as they have medium risk rating. Other risks are rated low. In principal, careful planning with the provider, sufficient resources and good communication across the organisation are the key for managing the risks involved.

Table 6. Risk management

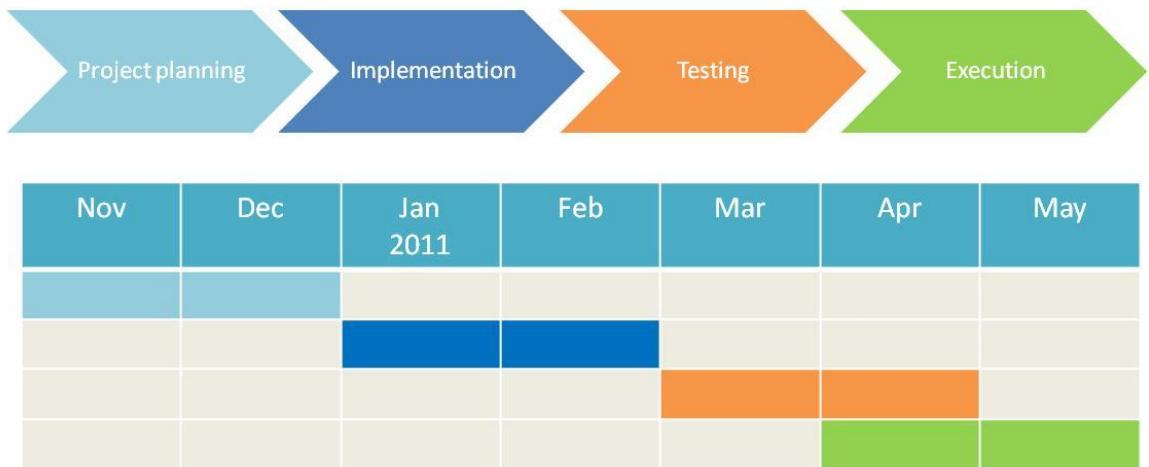
<b>Risk</b>	<b>Risk management</b>
1. Provider fails to deliver	Careful provider selection process, collection of customer references
2. Provider fails to develop the software according to our needs	Discussions with the provider on their software development process, collection of customer references
3. Implementation costs exceed the expected amount	Careful planning before the implementation, costs agreed in advance with the provider, usage of the new, cost effective implementation model
4. Long-term costs increase	Careful planning and forecasting before the implementation in order to cover all the functionalities needed in the near future
5. No improvement in HR practices	Including the whole HR team in planning of new practices in order to motivate team members for change
6. No improvement in HR services	Training for HR team members in order to use the system efficiently and reduce manual work
7. HR fails to carry out the project	Appropriate resources and realistic time schedule for carrying out the project
8. New practices not understood / ignored	Planning of appropriate communication and end-user training

#### 7.5.4 Implementation plan

The project could be started in November 2010 at the earliest with a planning process together with Provider Y. The actual system implementation could then start in January. During March/April the system could be tested and data from the current system could be transferred during April/May. The system could go live in May and end-user training could be started at that point.

The implementation schedule in table 7 is based on HR team's ability to carry out the necessary preparation work and Provider Y's ability to carry out the technical work.

Table 7. An example of an achievable implementation schedule



### 7.5.5 Development possibilities

Some of the development opportunities were already mentioned within the SWOT analysis but there are also other development possibilities that can be considered in case a need arises. Provider Y is releasing new versions with new functionalities in a regular basis. In addition, integration to various systems is possible in the future. Integration with some Basware systems could possibly further reduce manual work not only from the HR team members but also the members of the Financial team. Provider Y is also offering a data storage solution, which would enable movement of personnel data to all the necessary systems inside of Basware.

## **8 Discussion**

The investment in the development of e-HRM solutions, according to the author's recommendation, was accepted during the last step of the approval process, the investment review meeting in late January 2011. Therefore, the business case project can be considered successful in achieving its primary objective.

In addition, the secondary objectives were achieved as the awareness of the problems faced with the current system increased during the project. The research on available development opportunities also helped in identifying functionality gaps as the author found out how much better the modern systems can support the HRM processes. The author also realised the variety of providers and solutions that are available in the market.

The figure 5 summarises the main project steps defined in chapter 1.3 and indicates the results followed by each of them. The results are presented and analysed more in detail in this chapter including the evaluation of the business case project from different viewpoints. The chapter 8.1 assesses the chosen theories from an academic point of view. The chapter 8.2 assesses the project management task. The process described in chapter 6 is assessed in chapter 8.3 and the business case document in chapter 7 as well as the presentation slides in attachment 2 are assessed in chapter 8.4. These three chapters have a business point of view. The chapter 8.5 gives an overview of the actions following this project and the author's role in the future.

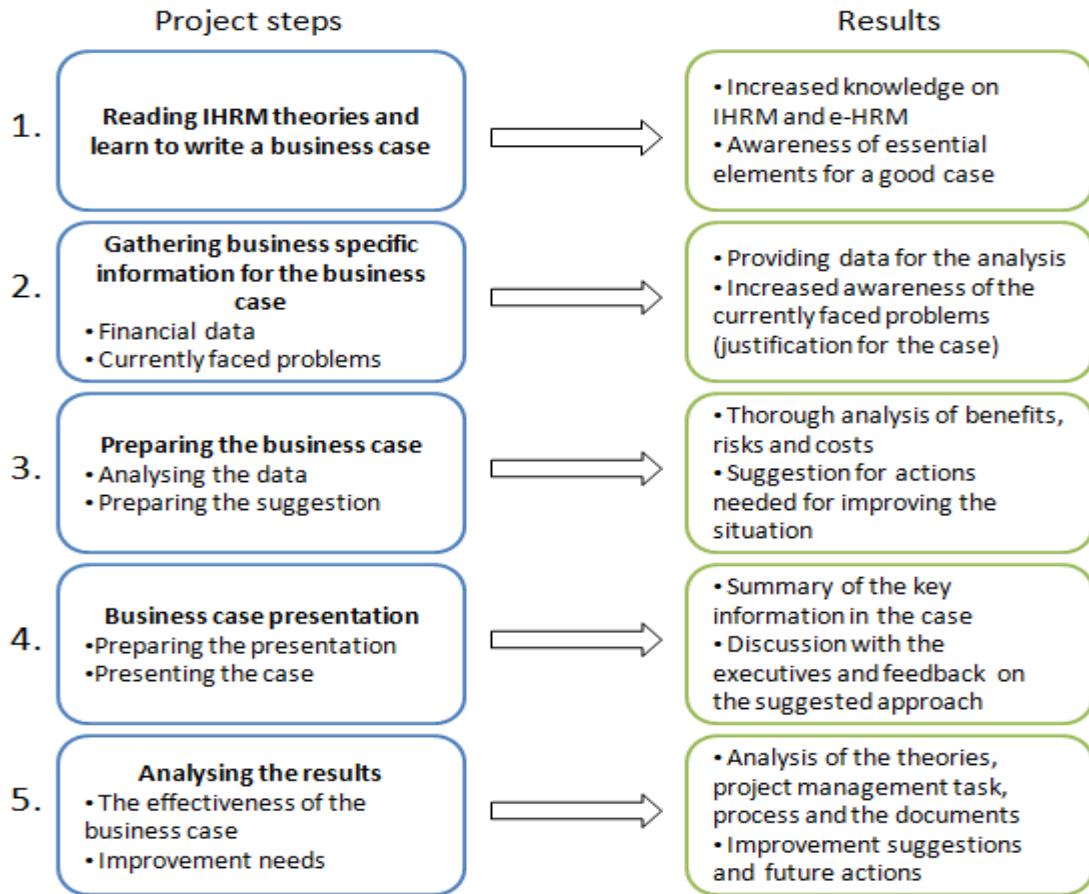


Figure 5. Main project steps and their results

## 8.1 Theory assessment

The author started to read theories in the project planning stage in order to find relevant information for supporting the project. The main parts for theoretical framework were selected in an early stage. However, the exact content of the chapters changed partly during the project as the scope of the project became more accurate. The theories were selected in line with the case company profile, the company's HRM strategy and the project itself.

The author chose to start the theoretical overview with an introduction to IHRM as Basware is a globally growing company and the HR processes are a basis for the development of the e-HRM tools. The second part of the theoretical framework concentrates on investing in e-HRM solutions as the project aims to find the best solution for supporting Basware's HR processes. The author decided to keep it separate from the IHRM overview as the information is more technical in nature.

The third part of the theories introduces business case writing and the presentation process. The author finds this part crucial for supporting the project execution as the success of a business case is dependent on how the data is presented.

The theories helped the author to understand the challenges in managing people globally and the role of the e-HRM in supporting the global HR processes. In addition, the author was able to pay attention to the risks involved with the implementation. As the author was preparing a business case for the first time, the related theories helped her to define the important elements, which are common for all the business cases, and combine them with the needs of the case company.

The author feels she succeeded well in choosing supporting theories as she was able to utilise the increased knowledge during the project. However, it was a challenge to define the exact theories among the wide selection of available information.

## **8.2 Project management evaluation**

The author worked mainly independently during the business case writing process and was able to keep the deadlines set for her. As showed in the Gantt chart in the attachment 1, the duration of the project was clearly longer than in the planned schedule. It was not possible to estimate the exact duration in the beginning of the project as the guidance for further actions was given by the CEO only after the first presentation. However, the author could have taken the uncertainty of the duration into account when planning the project in order to prepare herself for a longer process.

The approval policy also changed during the project, which required the attendance in the investment review meeting as the last step of the process. The first meeting in 2011 was supposed to be arranged during the first or second week of February. However, the author was able to arrange the time for her presentation already at the end of January, which speeded up the process. The author is happy that the approval process did not extend the project too much and she was able to include the final decision into the thesis report.

The author understands that the project plans and schedule very rarely stay unchanged during the whole project. Although changes happened also during this thesis project and the schedule was updated accordingly, the author decided to keep the original schedule in the attachment 1

to be compared with the execution. This shows the difference between the plans and the execution in the best possible way.

The author feels she succeeded in the project management well considering she had no previous experience in organised project management tasks. Some previous experiences were, however, gained through managing group projects during her studies. The author learned the basics of planning and executing a project, which helps her in her current position in the company as she is managing different HR projects.

### **8.3 Process evaluation**

The outcome of the first presentation was positive as the CEO did not reject the case but asked it to be included in the budget for 2011. An immediate approval was never expected, however, an immediate rejection could have been possible in case the CEO had not found the case justified. The author feels that the first presentation was useful also in order to prepare the CEO and the CFO for the investment request. The Vice President of HR could have included the investment into the budget without the presentation but it could have been rejected if no justification had been provided in advance.

After the Board of Directors had approved the budget, the author started to prepare herself for the investment review meeting. A good preparation was needed as the CEO asked several questions regarding the recommended supplier and the solution. The CEO asked for the customer references to be examined more in detail and he was pleased to hear that the author had planned to visit one of the supplier's current customers.

As mentioned in the beginning of the chapter 8, the CEO gave the final approval for the implementation project at the end of the meeting. He understood that the situation could not be improved with the current e-HRM tools and agreed that a bigger change has the best possibility to achieve the objectives set for the development project.

The approval for the recommended approach was the best possible outcome for this business case project. Thus, the author is extremely happy with the process in general. Although, the planned process differed from the executed process due to the reasons discussed in the chapter 8.1, the changes did not harm the project and the author was able to adapt to them.

## **8.4 Evaluation of project documents**

The author received some feedback from the CFO immediately after the first presentation in September 2010. The CFO found the business case relevant and justified. In his opinion, all the important factors had been taken into consideration in the case. The CFO especially appreciated the risk analysis. He found the analysis detailed and realistic. He found the return on investment calculation unrealistic. However, he understood that it was based purely on the supplier's example calculation.

The author is satisfied with the project documents. The information was extensive enough for the executives and all the relevant data was included. If similar document should be written again, the author would, however, consider leaving the provider's return on investment calculation out and rather emphasise the other benefits than cost-related benefits. Although one of the objectives is to reduce long-term costs, the realistic estimation of the cost reduction is extremely difficult when it is based on increased efficiency.

The author could have also emphasised the reasons behind the supplier selection in the documents as the CEO had several questions concerning the supplier during the investment review meeting. However, some of the questions were technical or related to the contract draft the author received only a couple of days before the meeting. The author had familiarised herself with the technical description and the contract draft, and had them in the meeting as supporting materials, which enabled her to answer all the questions.

## **8.5 Next steps**

As the approval for the project has been received, the implementation project can start as soon as the contract is signed with the supplier. The author is happy to state that she has been assigned as a Project Manager for the implementation project. The author believes it will be a valuable experience and a learning curve on her career. She is very excited to continue with the project she has already been preparing for a year.

As the implementation of the new e-HRM solution includes evaluating the current HR processes and defining new ones together with HR professionals, the author will have a great opportunity to learn more in the field of international HRM.

The author strongly believes that the successful thesis project helped her to get the Project Manager role for the implementation project. During the project, she can utilise the learned project management skills and gained knowledge of the implemented solution.

The author suggests research to be carried out after the implementation project is finished and the new system has been in use for some time. The research could investigate the affect of the new system to different interest groups. It would be interesting to find out how it has changed the daily routines of the HR professionals, how the managers find the change in personnel and performance management duties and how the new system has affected the end users' HR system transactions such as maintenance of personal information.

Another possible research could be carried out to find out how the HR team managed the implementation project. It could provide useful information for future projects that involve implementing corporate level solutions. The research could aim to find out e.g. the level of change management, communication and training needed in relation to implementation projects that affect all the members of personnel in the company. Both of these suggested research topics could be used in a Bachelor's thesis.

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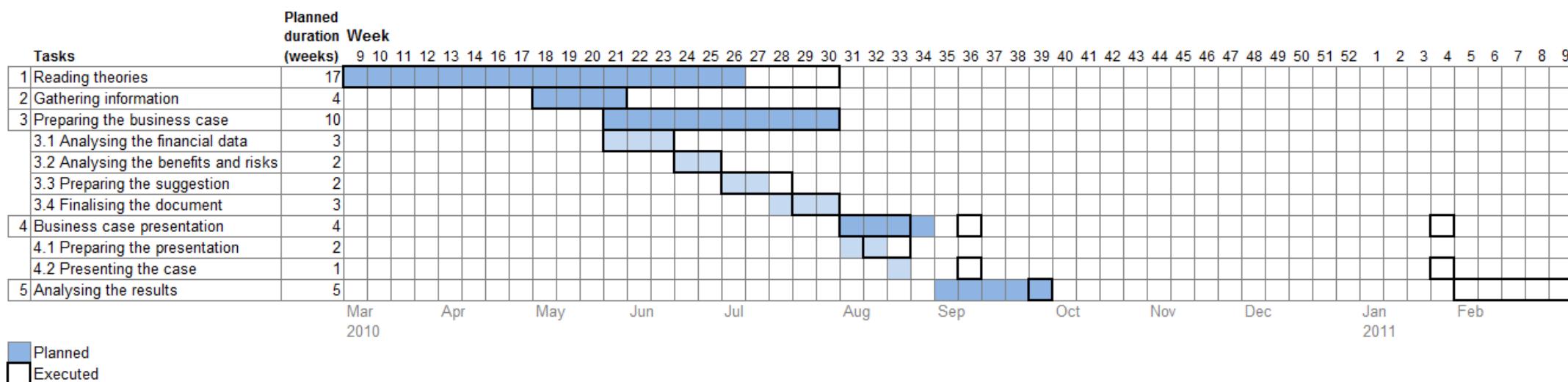
## Attachments

### Attachment 1. Gantt chart – Project schedule

Gantt Chart

Project name: Development of e-HRM at Basware Corporation  
Project Manager: Sanna Burton

Start date: 1.3.2010



## Attachment 2. Business case presentation slides



# Development of e-HRM

## Business case

Bianca Burton 10.9.2010 1

### Problem setting

- Current systems do not support global HRM
  - Large amount of manual work
    - Increasing costs
    - Motivation problems
- Missing functionalities
  - Training management
  - 360° assessment reporting
  - Control over absences
  - Management of employment contracts
  - Orientation plans
  - Competence profiles

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## Objectives

1. To improve efficiency and work motivation by reducing manual work
2. To improve HR services globally
3. To gain visibility and control
4. To gain long-term cost savings

### Vision

*To have integrated HR processes throughout the organization and world-class HR services provided by highly motivated HR team members*



## Proposal

### Possible approaches

1. Implementation of a comprehensive HR system
2. Purchase of Training Management System
3. Development of work processes using the current systems



## Benefit analysis

Benefits	Scores		
	Option 1	Option 2	Option 3
Improve efficiency	9	3	2
Improve work motivation	7	3	1
Reduce manual work	9	4	2
Improve HR services	10	4	2
Gain visibility and control	7	3	1
Gain long-term cost savings	8	3	1
	50	20	9

Scale: 1 - 10  
where 1 means "Not likely to improve the current situation"  
and 10 means "Very likely to improve the current situation"



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## Risk analysis

Risk	Probability			Severity			Total		
	O1	O2	O3	O1	O2	O3	O1	O2	O3
1 Provider fails to deliver	1	1	n/a	3	2	n/a	3	2	n/a
2 Provider fails to develop the software according to our needs	5	10	10	3	2	3	15	20	30
3 Implementation costs exceed the expected amount	5	5	n/a	2	2	n/a	10	10	n/a
4 Long-term costs increase	1	10	10	3	3	3	3	30	30
5 No improvement in HR practices	1	5	10	2	2	2	2	10	20
6 No improvement in HR services	1	5	10	2	2	2	2	10	20
7 HR fails to carry out the project	5	1	1	3	2	2	15	2	2
8 New practices not understood / ignored	5	1	1	3	2	2	15	2	2
							65	86	104

Provider related risk
Financial risk
Internal risk
Customer related risk

Probability:  
10 = high  
5 = medium  
1 = low

Severity:  
3 = high  
2 = medium  
1 = low

Total risk:  
Low (1-9)  
Medium (10-20)  
High (21-30)



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## Cost analysis – annual cost comparison

Current costs	Cost per annum
HRM application	5 400,00 €
Recruitment system	13 680,00 €
Survey tool	3 456,00 € HR licenses
360° assessment reports	9 600,00 € estimated
	32 136,00 €
Additional applications	
Training management system	3 600,00 €
Comprehensive system	
System X	35 856,00 €



Option 1	35 856,00 € per annum
Option 2	35 736,00 € per annum
Option 3	32 136,00 € per annum - EXCLUDING the increase after development work

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## Cost analysis – implementation cost comparison

System X

Consulting	1 620,00 € per day
Estimated need	22 days
	35 840,00 €

Integration

Payroll	3	estimated
Budgeting software	3	estimated
6 x 1 620,00 €	3 108,00 €	

Option 1 48 740,00 €

### Training Management system

Basic functionalities	16 200,00 €
Integration to HRM system	4 800,00 €
	21 000,00 €

Option 2 21 000,00 €

### Development of current HRM system

Costs depending on provider's ability to carry out the development work

Option 3 ??? €

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## Suggested approach

- Implementation of a comprehensive HR system
- Provider Y
  - *(Hidden: key information on the provider)*

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## Return on investment

Supervisor's monthly salary	4 000,00 €
Leadership productivity estimation (2.6 x monthly salary)	10 400,00 €
Number of supervisors	148 (17.6.2010)
System X's Impact on productivity (growth)	5 %
Investment for the 1st year (System X SaaS annual fee + implementation)	79 596,00 €
Average productivity per annum/supervisor (4 000 € x 2.6 x 12)	124 800,00 €
Total productivity per annum (124 800 € x 200)	18 470 400,00 €
System X's impact on leadership productivity (18 470 400 € x 1.05)	19 393 920,00 €
Increase in annual productivity due to System X (19 393 920 € - 18 470 400 €)	923 520,00 €
<b>Profit after the investment</b>	
First year (923 520 € - 79 596€)	843 924,00 €
Second year (923 520€ - 35 886€)	893 640,00 €

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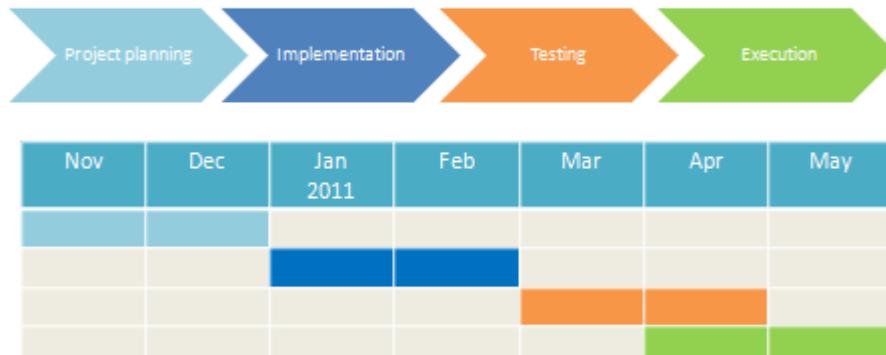
## SWOT analysis

<b>Strengths</b>	<b>Opportunities</b>
<ul style="list-style-type: none"> <li>• One system to cover all HR processes</li> <li>• One supplier for most e-HRM needs</li> <li>• Many new functionalities to improve the efficiency of supervisors and HR team members</li> <li>• Possibility to reduce manual work</li> </ul>	<ul style="list-style-type: none"> <li>• Good development opportunities including new functionalities and integration to other systems</li> <li>• To increase the number of GDD records</li> </ul>
<b>Weaknesses</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>• Loss of some minor functionalities (compared to separate systems)</li> <li>• No possibility to include payroll functionality</li> <li>• Helpdesk available only during office hours, Finnish time</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier failing to develop the software as expected</li> <li>• A large implementation project for HR team to carry out</li> <li>• Affects all the employees in the company – challenge in motivating employees for change</li> </ul>

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## Implementation schedule



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## Development possibilities

- New system versions with new functionalities
- Integration to Basware systems
- Data storage solution