A director's guide
How to prepare an RFI
for an HR & payroll software system

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Selecting a new HR & payroll system is a big decision, one requiring significant investment of time and capital. You want to ensure that you choose the right system from the most experienced vendor at the best price.

Given the average term for a software system is 7–10 years, this is a long-term commitment so you need to get it right. Costly mistakes can however be avoided by running an effective selection process. As with any successful project, preparation is key – and should begin with the process of documenting your needs.

There are several terms to describe this process. You may be familiar with Request for Information (RFI), Invite to Tender (ITT) or Request for Proposal (RFP). For consistency, we'll refer to the term RFI throughout this guide. By the end, you'll understand exactly how the process works, what a good RFI should cover, and how you can avoid the most common pitfalls.

To help you get started, we've also produced an RFI template. This provides the framework you need to start completing your RFI. Details of how you can download this complimentary document are provided at the end of this guide.

What is an RFI?

An RFI is the common way to collect data on the capabilities of differing software packages and vendors. It is a formal document, detailing your specific requirements, aimed to solicit responses that allow direct comparison between alternative solutions. The RFI will often be the first point of contact with a potential supplier, and it sets the tone of the relationship.

How does the RFI process work?

Prior to reaching this stage, you will have identified the need to change, agreed a business case, secured a budget and gained approval to move to a vendor selection process. **Click here** to read our guide to the selection and evaluation process.

Based on your specific needs you have identified a list of potential suppliers, and you now need to document your requirements for the project in the form of an RFI.

As part of the RFI creation you will need to consider the selection timeline and by having a strict timetable, will make sure that you (not the vendors) are in control of the process.

Any RFI should include specific dates for:

- confirmation that the vendor will be responding
- submission of questions by vendors
- completion of responses
- identification of shortlisted vendors
- formal demonstrations by shortlisted vendors
- selection of the successful vendor
- contract signing.

The remainder of this guide will focus on the RFI document, but careful consideration of the selection process is required to ensure you are geared up to manage the responses.

The importance of scoping within the RFI

If you were buying a car, you would start with a budget, which would steer you towards a particular set of manufacturers. Then you would focus on the type of car, and then look at specific features, compare the various options, understand the delivery lead times, and then negotiate a price.

Setting requirements for a new HR & payroll system should be no different. Here are the key reasons companies so often get this wrong:

- the wrong people are involved in the definition process. Directors and senior managers can define the business strategy that is driving the change, but may not be able to articulate the detailed functional requirements. End users may be able to help with the requirements but will be focused on their specific part of the business, and not see the end-to-end process.

So select a project team which encompasses both strategic knowledge and operational detail.

- difficulty nailing down the specific scope of the project. Scope creep is a classic problem in requirements definition, where stakeholders get carried away with the possibilities of a new HR & payroll system, and continue to add in new features which may ultimately change the entire complexion of the project.

Keep revisiting the original project objectives and don't allow excessive scope creep in the RFI.

- trying to do too much with too little. If you are working to a tight budget, you have to stick to a tight requirement – don't be tempted to squeeze in too much. Something will have to give, and this is usually the quality of the deliverable.

Think about de-scoping to reduce the budget without constraining the solution; choosing a flexible system will ensure you can easily add in further functionality when budgets allow.

- being too ambitious with timing. You may have a 'burning bridge' in terms of a compelling event that necessitates change.

It may be that you are already too late based on the work required to effect the change in time, but don't try and rush – either simplify to deliver the bare minimum needed now, or think about contingencies and set a more sensible date.

By keeping the RFI focused on the original project objectives you can ensure you don't end up with a tractor when you wanted a family saloon.

The RFI format

Your HR & payroll system RFI will be unique, based on the specific requirements of your business, but they should all contain the same basic components. The following sections should be considered for inclusion in your RFI document.

Company information

You need to outline your business, the market in which it operates, your products and services, and other key facts regarding the size and scope of your operation.

This will provide a useful context for vendors, as well as a guide for the provision of comparable reference in your industry.

Background & business objectives

This should detail why your company wishes to implement a new HR & payroll system, or replace an existing system. This is not the place to list all the shortcomings of your current software.

This is about understanding the key drivers for change – which could include reducing admin & increasing efficiency, improving staff engagement, reducing recruitment and turnover costs or meeting regulatory requirements. This will help vendors to articulate how their solution will deliver on your strategic HR & payroll objectives.

Project timescales

This should include a summary of the key milestones in the selection process, including an expectation of project commencement and go-live. Ensure you include enough time for vendors to respond – a rushed deadline will result in a poor quality of response, and busy vendors will often reject RFIs with unrealistic deadlines.

Make sure you give yourself plenty of time to review responses, and make sure key stakeholders' diaries are updated with supplier visit days and RFI response reviews. As a guide, for any significant HR & payroll system project you will need a minimum six-month window between issuing the RFI and expected go-live.

Format of response

You need to indicate to the vendors how you wish the RFI to be completed, including printed copies and electronic documents required, and any supporting information. Insist that responses are delivered in your desired format, as any vendor specific responses will make direct comparison difficult,

and will also make it difficult to understand the extent to which a vendor has met your specific requirements. We've provided a template to help you do just that – see 'How to use the RFI template' on p6 of this guide.

Evaluation criteria

Vendors need to understand how responses will be evaluated; the cost of the new HR & payroll system should not be the only determining factor. By sharing your priorities upfront, negotiations can be transparent while still getting the best deal for your company. The final selection must be based on a balanced view of cost, benefit, experience, service standards, functional, technical and cultural fit. You need to give a broad view of your priorities so that a vendor can demonstrate their ability to deliver on them.

Confidentiality statement

This is to ensure that potential vendor(s) keep your company and RFI details confidential. It is also important to stress that the answers provided have contractual significance. If your RFI relates to a particularly sensitive business change, or shares financial data, then you may insist on a Non-Disclosure Agreement (NDA) prior to issue of the RFI to the vendor.

Vendor queries

Experienced vendors will seek to meet with you prior to completion of the RFI, in order to clarify requirements and gain further insight to your company and needs. You may welcome this as an opportunity to gauge interest prior to receipt, and get a feeling for the culture of the vendor. You may also want to share the answers to any vendor queries with all vendors, to ensure a consistent understanding of the requirement. Provide the vendors with some guidance as to the options available.

Vendor information

It is usual to request details on the vendor to understand their suitability and security as a partner for what will be a long-term relationship. In addition to financial information such as recent turnover figures,

you may also want to understand the company structure, number of offices, staff in each department and the proportion of the business dedicated to the solution proposed.

Some vendors will be happy to provide audited accounts, for others you can request the registered company address and the company registration number, and conduct your own credit checks as part of the due diligence process.

Business requirements

This forms the core deliverable of the RFI, and will be the major focus for vendors. A statement of your business requirements should be provided as a structured checklist, indicating:

- functional requirements (e.g. ability for users to record an absence request and define a custom workflow for manager approval)

- technical requirements (e.g. solution must be based on a Microsoft SQL-Server platform)

- integration requirements (e.g. solution must provide a real-time stock level integration with our warehouse management system).

Vendors should be given the chance to state the extent to which each requirement will be met based on the solution proposed by the vendor, from 'standard' through to 'requiring bespoke modifications' or 'not achievable'. Special attention should be given to those requirements which are unique to you or your industry, or have proven to be a challenge in your current solution. Integration with existing systems should also be carefully considered, as this area is often overlooked.

This section of the RFI is best delivered by the vendor via a spreadsheet to simplify the generation of a balanced scorecard. The following instructions take you through this process. This is the time to sit down and really think hard about your business and its future. It is essential to be clear about what your needs are now and what they will be in a few years time.

Once complete, the spreadsheet should be sent to the vendor along with your RFI template (to download the template, see p6 of this guide).

Business requirements			Vendor's response					
Ref	Business area	Description of requirement	Criticality C/P/O	Standard	Std with config	Bespoke	Not achievable	Notes
1.0	Recruitment	The ability to create a new employee from candidate information as part of a successful recruitment process	C					
2.3	Self-service	Ability for staff to access last payslip through self-service portal	C					
3.7	Learning & development	Provide training course availability to staff and booking through self-service portal, with manager approval	P					
4.1	Interfaces	The solution must interface with our existing time and attendance system	C					
5.2	Technical requirements	The core system must operate on a Microsoft SQL-Server database platform	C					

How to create the 'business requirements' document:

- Create a spreadsheet based on the grid above (note: the content within the chart is for example only).

- Fill out the second column with the key operational areas within your business. We've included some examples – you'll find many more under the next heading.

- Complete the 'description of requirement' part of the grid for each of your business areas – again, using the examples below as a guide.

- Enter the 'criticality' for each row in your chart. As a guide to responses:

  C – critical, key to the delivery of the overall solution

  P – preferable, whilst not critical, would be extremely beneficial to the solution

  O – optional, an additional requirement that may or may not feature in the final solution.

We have included instructions within the RFI template (see p6) to help vendors respond to your criticality ratings.

Note: all critical requirements should be met with a 'standard' / 'standard with configuration' response.

Any responses met with 'bespoke' or 'not achievable' should be questioned further as part of the shortlisting process to understand the level of change required and potential risk to the implementation.

Finally, keep this spreadsheet handy until you are ready to send it (alongside your RFI document) to the vendor.

Examples of business areas

As a guide, other functional areas to consider for a HR & payroll system RFI might include:

HR administration

- personal details
- job and salary history
- employment details
- disciplinary and grievance
- skills and competencies
- absence and holidays
- health & safety
- benefits, pension, fleet management
- salary modeling
- organisation structure

Recruitment and selection

- vacancy creation
- track applicants
- success, cost & equal opportunity monitoring
- mail merge (post and email)
- transfer to payroll
- online recruitment

Learning and development

- training course administration
- online booking
- CPD and NVQs
- email / calendar integration
- online appraisals (inc. competency models)
- skills search and management

Self-service

- holiday/planned absence request and authorisation
- training request and authorisation
- online appraisals
- sickness self-certification
- online forms e.g. return to work

Payroll

- online payslips
- links to accounts, BACS and time & attendance
- part payment for starters & leavers
- payment/deduction formulae
- departmental & cost code reporting
- timesheet facilities
- P11D production

Workflow

- holiday & training requests
- request creation of a vacancy
- self certification
- new employee processes
- custom workflows

Managing information

- document management
- business intelligence
- reporting
- KPI dashboards.

Solution details
Vendors should provide an overview of the software, hardware and infrastructure components utilised in delivering the proposed HR & payroll solution. This should include product names, specific modules utilised, integration, methods of user interface, (such as desktop PC, external web portal), reporting tools and references to any third-party products utilised. The RFI should state how this information is to be provided by the vendors, and whether additional information such as screen shots or standard reports are needed.

Vendor experience
Ideally vendors will have existing experience implementing similar solutions for companies in your industry. A minimum of three named reference sites should be requested, indicating the similarities with your organisation and requirements, including specific software used on each site. You should not expect to be able to speak to any reference sites as part of the RFI process. You should however insist on a reference call or a site visit once a vendor has been shortlisted.

Implementation methodology
Vendors should be asked to define their implementation methodology, and highlight how it will be used to minimise the risks involved with complex systems implementations. You may also request any accreditations that this methodology has received, or how the consultants involved in the project are accredited in the methodology.

You should request specific details on certain key elements which should be common to any implementation methodology:

- confirmation of detailed requirements
- hardware and software installation
- software testing process & signoff

- data migration
- user training approach
- go-live.

Project plan
A high level project plan should be requested, indicating expected tasks and timeframes for a project of this nature. This should correspond to the pricing given, in terms of number of man days to deliver services, as well as the stages identified within the implementation methodology. The plan will be subject to validation by the selected vendor, but should give a good indication of the effort required to complete.

You may also request the amount of time that you and the major stakeholders will be expected to commit to the project, including any workshops, testing, training and go-live requirements.

Go-live planning for the new HR & payroll system will also be key, ensure vendors identify the plan for cutover (usually after month end), final transfer of data etc. and that this fits with your operational needs.

Data migration
Special attention should be given to the migration of legacy HR/payroll data. The volume and type of historic data required in the new system will have an impact on costs and implementation timescales. You will also need to consider what information will be retained in your old HR/payroll system (or paper records) for future reference purposes.

Where this is a new systems implementation, there may be a significant amount of data entry required. Provide a high level view of what data will be migrating across, from what systems, and ask vendors to build this into the implementation plan.

Support requirements
You need to understand the standard service levels available to you for support of the system, including details of where the support team is based, whether it is outsourced to a third party, support response times, and what is included and excluded in the support fee.

You also need to understand the escalation process should a support requirement not be met, including the process to address any software faults found in your live system. If you have special support requirements (e.g. outside of normal working hours) you need to indicate this to the vendor in the RFI.

Costs
You need to split out different cost types for comparability purposes. Ask for the costs to be presented in a specific format, again for comparability. You therefore need to request the following:

- the type of cost quoted for the project (e.g. fixed price, time & materials)
- upfront costs such as software and user licenses, implementation services, and consultant day rates
- transactional costs (for SaaS type arrangements)
- ongoing costs such as support, upgrade and general maintenance
- any additional costs such as project management, or project contingency
- timing of payments (payments at contract signing, on installation, on go-live etc.)

User numbers will have an impact on costs, so you will need to state the number of users by function / role:

- core HR users – generally working in the HR function and using the system on a daily basis e.g. creating new employee records and setting up reporting hierarchy
- core payroll users – usually a dedicated resource using the system daily e.g. checking/signing off the payroll, ensuring monthly procedures are completed accurately and on time
- managers – may need access to the HR system for the purposes of approvals and performance management for their team
- employees – dependent on scope of the system, users may need to access the system through a portal, update contact details, access payslips, or enter absence requests.

If finance is required to fund the project, you may want to request the funding options available from the vendor.

It should be stated that all costs relating to the preparation, submission, and presentation of the supplier's response to this RFI should be borne by the supplier.

How to use the RFI template

We've made an RFI template available at **www.theaccessgroup.com/RFI-HR** covering the most common requirements as detailed in this paper. We recommend the following steps in completion of the RFI template:

- meet with the major stakeholders to confirm the objective of the project, the high level scope, key dates and the evaluation criteria to be used

- meet with the functional owners to detail the functional requirements, user numbers, transactional volumes, data migration requirements and support needs

- meet with your IT department or provider to document the technical and interfacing requirements, and what IT support will available for migration, testing and implementation

- develop a draft of both the RFI and business requirements documents for internal circulation and ensure all parties sign off the detail prior to issue

- once both documents are signed off, contact the selected vendors to confirm to whom you should email them to. Make sure to request formal confirmation that the vendor is willing to engage with you in the selection process.

Summary

A structured approach to the RFI will ensure you make a truly informed decision, and reduce the amount of time wasted investigating inappropriate HR & payroll solutions and partners. The RFI process need not be a daunting one if approached methodically, and the up-front investment of your time will ensure you get the solution that is right for you.

Who we are

Access will give you the advice, tools and clarity you need to make effective decisions, quickly and with certainty. As both a business-focused consultancy and a specialist software developer, we combine our innovative software with practical experience to deliver a solution that's exactly right for you and your business.

You can rely on us to provide you with a solution that's simple, proven and relevant to your company. We have over 15 years' experience of developing software here in the UK and our regional consultants have tailored and implemented this software all over the UK and in Ireland. The expertise we've gained gives us an unbeatable ability to accurately assess your needs and deliver maximum impact with ease and confidence.

We believe your solution must be ready for the future, as well as right for today. Because your business will constantly evolve, we provide a software solution that grows with you. Our modular software covers a complete range of business, financial and administration processes and can be flexed to give you the precise view of your business that you need at any time.

Our supportive consultants combine their first-class software expertise with in-depth industry knowledge to constantly improve and simplify your business processes so that your solution delivers maximum value and a continual return on investment.

With Access, you can be sure you've got the clarity you need to reach your business goals.

Further information

For further information on Access solutions, please telephone us on **0845 345 3300**, email **info@theaccessgroup.com** or, alternatively, visit our website at **www.access-select.co.uk.** You can also follow us on Twitter at **www.twitter.com/theaccessgroup**

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