



HRnetSourceTM

HRIS Solutions for Small to Mid-size Companies

Small to Mid-Size Companies:

Should your HRIS be purchased or hosted?

You have determined that you need an HRIS and now are deciding whether to go with a hosted HRIS solution or purchase software that will run in-house. As we head into uncertain economic times, here are some factors you may want to consider as you make your decision.

Cost Cost Cost

The long term cost of your HRIS will be significantly less if you purchase the HRIS software outright. Let's look at some numbers. The cost of using a hosted service runs in the range of \$2 - \$5 per employee per month, not including any start-up fees. Using an average employee monthly cost of \$3.50, we can see that the cost of a hosted service adds up over time.

75 employees: \$3,150 (1 year) and \$9,450 (3 years)
125 employees: \$5,250 (1 year) and \$15,750 (3 years)
250 employees: \$10,500 (1 year) and \$31,500 (3 years)

Purchasing an HRIS software package would cost you more up front, generally ranging from \$1,000 - \$9,000. The software would be yours to keep, reducing your costs year after year. (You may also want to purchase a small annual upgrade maintenance fee which would keep your system up-to-date).

Business Continuity

Consider what would happen to you and your data should your vendor run into financial problems. As we have seen in the news recently, many established companies have gone out of business overnight.

What happens if your hosted solution runs into financial trouble? They can raise their prices, which increases your cost. They can sell out, or go out, of business. If they close their doors, what happens to your data? How do you make sure that your employee data is protected? What do you do next?

When you have HRIS software running in-house, you can continue using it as long as you want. You have no additional costs.

Data Availability and Security

With a hosted solution, you are dependent on your host company's system and employees to protect your data and fix their system should it go down (and is unavailable for you to use). Will they respond quickly when you are having technical problems and have questions? Also, Internet connectivity can be lost on your end, the vendor's end or anywhere in between.

When you purchase an HRIS your data resides on your computers at your facility. It is available to you when you need it, whether your internet connection is working or not. If your network allows, you can even access it from remote locations. You choose the security measures and the people who will be working with and protecting your employee data. You can utilize your standard company backup process to ensure your data is backed up.

Flexibility

A hosted solution features a standard design that all clients use. That makes it more challenging to meet any special requirements you might have. A purchased HRIS package is more likely to be customizable, providing the flexibility needed for individual HR requirements. With the continuously changing Human Resource environment, that flexibility can be an important consideration.

A small to mid-sized company should consider the costs, risks, uncertainties and flexibility when deciding between a hosted solution and a purchased HRIS. A choice that may seem safe and convenient today, may end up being a costly mistake in the long run.

For additional articles and information to help you make your HRIS decision, please visit our [News and Articles](#) page of our website.

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