

**HR**

# Human Resource Document Management Technology

Finding the Right Solution



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Many organizations recognize the advantages of converting from old paper-based human resources document processes to a more modern digital approach. With increasing awareness of the security and governance risks posed by physical HR files, companies are looking for ways to efficiently convert all of their existing paper records into digital documents in order to start down a new path that's exclusively digital.

### **The question is, 'what is the best approach?'**

In order to decide, we have to be clear on the goals of the project and the anticipated benefits. If the goal is simply to convert paper files to digital files, but not materially improve business processes, then there are several low-cost approaches. However, achieving a more meaningful business impact requires more than a simple conversion.

# Part 1 Define Your Goals

Nearly every organization that has been around for any length of time has a collection of paper personnel files. Usually, these files are stored within close reach of the HR department, and there is a fairly high level of interaction with the files.

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Most HR departments spend an enormous amount of time and resources filing papers, retrieving papers, chasing people to provide updated paperwork and responding to requests for information about employees contained in the paper files. One study showed that 71% of the HR staff's time is spent on service delivery, record keeping, compliance and internal management.

Human Resources departments are constantly challenged to do more with less. Most HR teams operate with barely enough resources to stay on top of the day-to-day requirements and do not have the extra bandwidth for anything out of the ordinary. So much that many HR leaders find little time to raise their sights above the basics in order to contribute to the more strategic goals of the company, or address the growing need to invest in employee engagement.

Different approaches to HR Document Management will result in dramatically different results in terms of freeing up HR resources to make a more strategic contribution. So, while going paperless is a great goal, you need to understand what it really means for your organization. The principal areas to consider when setting a paperless goal are:

- **Security**
- **Accessibility**
- **Efficiency**
- **Usability**
- **Cost and Complexity to Implement**

Each approach has a different profile for these key goals, so it is important to define your objectives for the project.

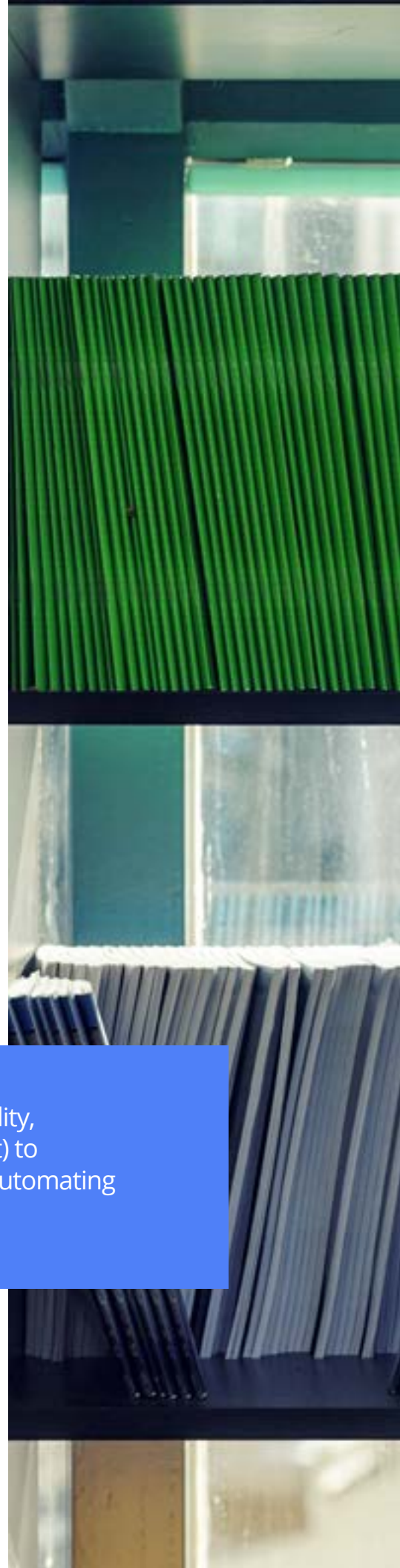
## Part 2 Define the Measures

In Part 1, we determined that we have to be clear on the goals of the project and the anticipated benefits. Achieving a meaningful business impact requires more than a simple paper to digital conversion.

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Remember, moving forward, that each approach has a different profile for these key elements, so it is important to be clear on the goals you have made and to define your objectives.

We will use the following five measures (Security, Accessibility, Efficiency, Usability and Cost and Complexity to Implement) to evaluate and score each of the alternative approaches to automating HR Document Management.



# Security

To understand the security topic, we need to divide the problem into a few components:

## **Documents at Rest**

Documents that are in storage under the control of the HR department

## **Documents in Transit**

Documents that are in the process of being delivered to someone

## **Documents On-loan**

Documents that are under the control of someone other than the HR department

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We all have a general understanding of the level of security precautions in place for paper files. Maybe they are in a locked cabinet inside a locked office or room, or maybe they have been sent to an offsite records center with clear security procedures. In any event, when someone needs to see the documents, the first step is to retrieve them from their secure resting place and, typically, that is where security goes awry. Do you hand the original documents to the requester? Do you make them a copy? Do you scan and email a copy? Every choice is fraught with risk.

To understand the security profile of each automation approach, we need to assess the security for each of these steps. However, in the process of going paperless, there is an additional security risk—the initial, and perhaps ongoing, security of the documents during the process of converting them from paper to digital. We need to be aware of who is doing the scanning, and how they are handling the sensitive documents. Do you want your internal staff looking at all of these documents? Do you trust a temp? This is a time when it may be best to consider outsourcing the task to professionals.



## Accessibility

Accessibility follows right behind security.

If we go overboard on security, nobody has access, and the documents lose their value to the organization. Once we determine who will have access, we need to establish the scope of their rights, and what we will allow them to do with the documents.

Can they make copies? Can they share them with others? Can they alter or replace them? Can they delete or destroy them? We also need to know how they will access them—only inside the corporate firewall, from anywhere with a secure browser, on a mobile device or from another application.

## Efficiency

It has already been noted that HR departments spend an inordinate amount of time on paperwork.

Most HR folks will acknowledge that this is not a very efficient process. Going paperless is typically intended to improve efficiency. However, if the processes remain the same, and the access rights remain the same, then we are simply converting steps currently performed with paper into steps performed with digital documents.

**The goals need to be to improve efficiency and to be clear on the level of improvement achieved with each approach to automation. Who is going to be more efficient, and how will that impact the organization?**

# Usability

Similar to the discussions about accessibility and efficiency, usability relates to how easy it is for HR staff, managers throughout the company and external parties to gain appropriate access to the documents and make efficient use of them without requiring extensive training and hand-holding. To take root, the selected approach must be easy to use across all of the common use cases.

## Cost and Complexity of Implementation

With enough money and resources, any solution can be made to work. However, from a more practical view, no organization is prepared to invest unlimited resources to convert to a digital solution. When evaluating different solutions, the cost of implementation and the complexity of the project are major considerations. The more general purpose the underlying technology tool, typically the more costly and complex to make it perform at a level that meets the fundamental goals of the HR department. Each HR-specific requirement becomes an exercise in custom configuring or requires coding features into the general-purpose tool. Conversely, applications that are built for HR will already have the requisite features and functions. The caution for very specific HR solutions is that they may be too narrow with 'one size fits all' features that do not align with your organization's specific needs, or do not cover enough of your needs to be cost-effective. Balancing cost and complexity with value is a major element of selecting the best approach for your company.





# Part 3 Use Cases and Approaches

In Part 3, we define the approaches under consideration and the use cases that need to be considered when evaluating a solution.

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## Human Resources Document Use Case

There are many scenarios when the documents in the HR file cabinets are needed. When considering solutions to move from paper files to digital files, it is important to be aware of the breadth of requirements and understand how each potential solution addresses the needs. Broadly speaking, there are two use categories that need to be considered: accessing the documents for a single employee and accessing similar documents for multiple employees.

In the paper-based world, we think about all of the documents for an employee being in a folder, and all of our tasks require opening individual folders. As we consider digital scenarios, we need to think more broadly and consider all of the tasks that require looking in multiple folders, and how we can optimize our activities.

## Alternative Technology Approaches to Paper Files

There are four broad approaches to managing HR documents in digital form:

- **Search and Retrieve**
- **HRIS Document Attachment (“Passive Attachment”)**
- **Enterprise Content Management Systems (ECM)**
- **HR Document Management Application**

Each method can achieve the goal of “going paperless,” but the resulting impacts on security, accessibility, efficiency and usability are quite different. Further, the benefits for the organization and the ability to significantly change the efficiency and effectiveness of the HR department are quite different.

The next four parts will each focus on a single technology approach. The purpose is to highlight the pros and cons of each approach for meeting the requirements of the example use cases.

# Part 4 Search and Retrieve

Part 4 evaluates the simplest approach to building a meaningful system, known as Search and Retrieve. This is typically the first approach considered. In its simplest form, the approach is to scan all the old paper files into digital images (PDF or TIFF), and load them into a shared file system.

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## Security

The first challenge is security. With the simplest solution of scanning documents and placing them in file shares on the corporate network, security is governed by the network. Granting limited rights to some people, or restricting access to certain documents while allowing access to others, very quickly becomes too complicated to administer. The minute an outside party requests documents, you are forced to extract and copy or print and deliver. Alternatively, you could decide to email the scanned document, and then you essentially give up control over who has it, how many copies exist and when the document should be disposed. With this approach, there simply is no secure way to share.

## Accessibility

Because security is a challenge, most organizations limit accessibility under this model. If a manager or outside party needs to see an employee's documents, they generally have to send a request to HR and wait for a response. For HR people, the advantage is that they can at least access the documents online without having to go into the file room.

## Efficiency

Clearly, this is not an efficient solution. HR personnel may be slightly faster at finding a document because they can do so from the computer on their desk, but this approach does nothing to automate HR processes or remove the constant interruptions by managers and external people asking for multiple documents.

## Usability

Search and retrieve is not too bad for simple retrievals. Particularly if some level of database is involved, instead of just loading files into directories. For the HR staff, provided there is a reasonable structure that enables them to know where to look, using HR documents is not very different from accessing their personal files on their computer. There is not much more to learn, and there certainly are not many new functions and interfaces to navigate.

## Cost and Complexity of Implementation

This is the low-cost, easy to implement solution. If you choose to include a database component, then the complexity to implement increases and, more importantly, the complexity to support the solution on an ongoing basis increases. Someone needs to remember how the database works and make sure it is kept up-to-date.

## Overall Score: 25%

The last elements to consider are who will scan the paper documents and how will you eventually eliminate the paper? You will need high-quality scanners and people you trust to do the work. Since the solution does not have any inherent capabilities to eliminate paper forms, receiving paper documents and converting them to images will be ongoing.

### NEW MANAGER SCENARIO

An employee just changed jobs and their new manager wants to look through the employee's personnel file. With a simple network filing approach, how much work will it be to change the manager's permissions, and how sure will you be that they only see what they are allowed to see?

Do you need to involve IT to make it happen, or will you just copy the files and send them to the new manager?

Are you considering emailing the files?

# Part 5 Document Attachment

Part 5 evaluates the most common approach to digitizing HR documents, known as Document Attachment. It makes sense to associate documents with existing data. For example, a payroll system knows the rate of pay and many other data elements, and it is valuable to see the supporting documents that go with the data, such as the offer letter or the last pay change form.

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Some HR systems have added the ability to attach documents to individual personnel records. Documents are uploaded and attached to an employee's record and are then available when a system user is viewing information for that employee. This is a one-dimensional approach that addresses a simple view of an employee by attaching documents to employee data. It is helpful for a quick review but generally does not meet the multi-dimensional requirements of an HR department.

## Security

You probably have an established security model for your HRIS, so attached documents will follow that model. The challenge will be to ensure that the level of granularity of access in your HRIS is appropriate for document attachments. You may allow managers to see employees' pay levels, but not their health issues. If you

attach merit increase forms and health insurance forms to the employee record, can the manager see both, or are they segregated? Often, an attachment model does not address the nuances required to secure all of the HR document types.

Attached documents should be encrypted and, when someone views a document, it should be a secure session. If the only way to transmit a document is as an email attachment, then there is a gaping hole in the security of handling this highly confidential personal information. When a copy of a document is attached to an email, there is a cascade of copies generated as the email passes from 'draft' to 'sent items,' and then from 'inbox' to 'deleted items' or 'saved items.' If the email is forwarded, the proliferation continues. Not to mention that copies of the attachment may be saved on local hard drives or network drives. HR totally loses control of the sensitive document once it is sent as an attachment to an email.



## Accessibility

This is primarily controlled by the HRIS. Most companies limit access to data in the HRIS, so the documents attached will also be narrowly accessible. If the goal is to free HR personnel from having to individually handle each request for documents, then this restricted access is an issue. How will HR deliver documents? If the plan is to email documents, then you have opened the previously mentioned security hole, resulting in an information governance nightmare.

## Usability

Not too bad for tasks that require finding documents for a single employee. The challenge is working across employees to find similar documents, as may be required in an audit. A lot depends on the consistency of the document naming convention. If all forms of a document are guaranteed to be similarly named and easy to request in bulk, then this approach can work. Too often, the focus of an attachment solution is to be strong on one dimension – things associated with a single employee – and the result is that they are weak on multi-employee common HR tasks.

## Cost and Complexity to Implement

This approach leverages existing systems, so it may have a low cost of entry. If you are using a hosted HRIS environment (meaning your vendor runs it and you pay to use it), then you may encounter digital storage costs for adding significant volumes of attached document images, and your HRIS system could incur slower performance as these documents may be stored directly in the system's database.

## Overall Score: 50%

This approach still raises concerns about who is doing the document conversion on an ongoing basis—internal people, temps or outsourced services. A larger concern is the general lack of process automation in this approach. The biggest issue is that an attachment model generally lacks support for true information governance.

On a case-by-case basis, it may be possible to set an expiration date for a document attached to an employee record, but true governance applies corporate policies uniformly by document type across all files. Retention rules need to be both event-driven, such as three years from termination, as well as date-driven, such as every January 1. An attachment model provides a logical place to put things, but does not do much to change the HR processes in a way that will provide meaningful efficiency gains.

### AUDIT SCENARIO

It is 4:30 pm, and you get a request for all of the training acknowledgments for all employees in two departments in six locations across the country. You need a quick way to select just this group of employees, and only the required documents, and to deliver the result to your counsel. If the documents are attached to individual records, how do you pull all of them at once? How are you going to share them with the requester? Do you have a secure data room for shared access? Or will you have to email them?

**Will you be done by 5:00?**

# Part 6 Enterprise Content Management (ECM)

Part 6 evaluates the typical IT-driven solution to a digital HR document challenge, known as Enterprise Content Management (ECM). Many organizations have adopted one or more content management applications. These are typically selected by the IT organization as an enterprise approach to managing corporate information. A few example systems are FileNet, Documentum, MS SharePoint, OpenText and Perceptive, but there are many more.

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## Security

An ECM is typically deployed by your internal IT department and generally tied into your corporate security model. The challenge for the HR department is to make document access sufficiently granular to only authorize access to specific documents, and further to derive the access rights based upon manager/employee relationships. Reporting structure changes will be reflected in your HRIS system, but they will need to flow to the ECM security model. There are so many unique documents in HR files that it is often challenging to establish the rules and rights associated with each document category in an ECM platform.

Further, these changes will typically be controlled and require participation from IT. HR is rarely able to act in an autonomous manner when the underlying technology is an ECM. Paper document images can be a challenge for an ECM. They are generally

treated as BLOBs (binary large objects), and the underlying ECM rarely knows much about the contents of the BLOBs. Additionally, ECMs are geared toward managing data, and are generally inefficient at storing and manipulating BLOBs. Encryption may not be an option, so there is an added security risk.

Lastly, security is generally controlled by IT, and frequently IT has ultimate administrative rights to data in the ECM. As such, someone in IT often has the right to see any and all information in the ECM. From an HR perspective, this is an exposure of PII that may not be acceptable. Aside from the general issues of anyone having access to PII, do you really want your senior executives' employment and benefits documents visible to an IT administrator?

## Accessibility

The ECM security and interface will control accessibility. These systems are built for corporate enterprise use, so finding and retrieving documents will be routine. Access becomes a bit more challenging when it involves third parties such as lawyers, regulators or auditors. The last thing an HR department wants to do is be in a position where they need to retrieve documents from the ECM and email them to third parties.

## Efficiency

Similar to the document attachment model, if managers, employees and outside parties can be allowed to self-serve, then an ECM can be an efficient solution. If you end up having to lock things down so that HR staff are the only ones that can retrieve or upload documents, then there really is not much of an efficiency gain for HR.

## Usability

Once the system is built and configured, the tasks that require finding documents and working across employees to find similar documents can be quite easy in an ECM. These are typical database-style activities, which is where an ECM will perform well. However, a lot depends on the consistency of the document naming convention and the design and implementation of the system by your IT department. A common complaint is that the IT department did not understand all of the requirements of the HR department, and the system delivered is simply not usable, or too inflexible to support without ongoing IT involvement.

## Cost and Complexity of Implementation

This is really the major downside to an ECM approach. Enterprise systems are very costly to acquire, implement and maintain. Generally, HR will only be one of several corporate functions being served by the ECM, so some of the cost will be spread across departments. However, creating the specific HR application will be an expensive, resource-intensive and complex task. ECMs are general purpose tools, so it takes a lot of work to create a special purpose solution for the unique needs of the HR department. The result is that HR will rarely get what they want and need for the amount the corporation is willing to invest.

## Overall Score: 50%

Many ECM vendors talk a good game about their HR solutions, but the reality is that it is frequently an underserved backwater of their larger offering. The result is that it will require investment to build what HR really needs. It is possible to create an excellent outcome, it just takes time, money and resources. HR will be at the mercy of the IT organization for ongoing updates and support, and rarely will HR be at the top of the list of priorities.



# Part 7 Business Process HR Document Management

There is much more to managing Human Resource documents than simply filing them away someplace convenient. HR departments have well-defined policies, procedures and workflows that govern the flow of HR documents. As described in previous posts, there are numerous use cases for documents in an HR department, and there are many people outside of the HR department that require access to HR documents.

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The fourth method of “going paperless” is really all about automating robust HR business processes and information governance policies, while managing the associated documents. Process automation enables dramatic gains in efficiency and effectiveness within the HR department and beyond. Instead of spending countless hours filing and finding documents, a document management solution will specifically address the tasks that consume HR personnel time, such as complying with internal and external audits, responding to litigation, executing campaigns for acknowledgments and/or re-certifications, onboarding new employees and coordinating the flow of paperwork across departments while ensuring continuous compliance with regulatory requirements and policies.

With an HR-centric application, HR documents are no longer one-dimensional and only stored in a single employee file. Documents are also classified by their type (I-9, W-4, Safety Certification, Handbook Acknowledgment, etc.) and available for retrieval by type to satisfy applications where you need to view the same document(s) across a list of employees.

As an example, an I-9 audit may require you to produce I-9s for all employees in one or more locations, performing specific jobs. You do not want to manually look in each employee record to find the requested form; instead, you want the system to do the work for you. Moving to paperless means not creating new paper. A process built around gathering paper documents, then scanning them into a new repository is still time-consuming, but a robust document management system will provide electronic forms and workflow management so you can eliminate paper altogether.

# Security

You already have defined HR roles and responsibilities. An HR Document Management application will easily adapt these established processes and follow appropriate security for your established roles. However, it will go a step further. Each document type can also have rules. Managers may be allowed to see some documents in their subordinates' files, but not all documents.

A robust security model will consistently enforce these rules across all employee records.

A further aspect of document security relates to how documents are made available to internal and external parties. The goal is to never lose control of the documents. Attaching documents to an email creates an enormous security hole; a secure document management system will only email an encrypted link to the document, and the recipient must view the documents within the application. All activity associated with the documents will be tracked and auditable, and the documents will be encrypted at all times—both at rest and in transit. Lastly, the email link will expire so that access is turned off after a defined period of time.

# Accessibility

With the goal to free HR personnel from individually handling each request and delivering every document, the HR Document Management system has to build on the robust security model to provide an intuitive interface for HR staff and others to interact with documents. An important tool to support multi-document access is to deliver access in a secure auditable data room.

# Efficiency

By focusing on process automation, a true HR Document Management solution is all about efficiency for HR staff as well as others. Routine tasks and processes will be built right into the system and, with workflows and automatic monitors, the system does the work for you.



## Usability

Because an HR Document Management system is designed from the ground up to support the unique requirements of interacting with sensitive personnel information, it is a natural fit for the work rhythms of the HR staff. Usability is a natural outgrowth of being designed for the tasks at hand.

## Cost and Complexity of Implementation

With a Software-as-a-Service (SaaS) application, the cost and complexity to implement are minimal. Because the application is already built for HR, implementation will require relatively minor configuration and tuning to accommodate your specific processes and workflows. IT resource requirements are minimal, typically limited to tasks related to the application's integration with existing HRIS and other systems.

With a SaaS solution, there are no upfront capital expenditures for equipment and technology licenses, and there is no delay for provisioning the platform.

## Overall Score: 100%

A purpose built HR Document Management system will result in the greatest return on your investment, and will free up the HR team to focus on their more strategic goals and objectives, rather than paperwork. With the right vendor partner, the process of implementing and hosting the system can be outsourced and streamlined. An HR Document Management application delivers the best of all paths. It is specific to the needs of the HR department while delivering value with minimal upfront costs.

# Part 8 Summary

We have addressed the question of 'what is the best approach to going paperless for HR Document Management' by determining the goals of the project and the anticipated benefits. Achieving a meaningful business impact requires more than a simple paper to digital conversion and, in Parts 4 through 7, we evaluated each of the alternative approaches. Part 8 brings it all together with a summary comparison and conclusion.

It is clear that this is not a situation where one size (or approach) fits all companies. However, the greatest benefits are derived from solutions that have been specifically designed for the HR department, rather than generic digital content management platforms. The primary objective is to avoid simply replacing a paper filing cabinet with the digital equivalent.

## Scorecard

To build a complete scorecard, we focused on five key goals across the four common approaches to going digital:

### GOALS

- Security
- Accessibility
- Efficiency
- Usability
- Cost and Complexity to Implement

### APPROACHES

- Search and Retrieve
- Document Attachment
- Enterprise Content Management
- Business Process HR Document Management

Approach	SECURITY	ACCESSIBILITY	EFFICIENCY	USABILITY	COST COMPLEXITY	OVERALL	Discussion
Search and Retrieve	25%	25%	25%	25%	75%	25%	The approach with the least options for functionality. Simply converting documents to images and storing those digital images in network directories or rudimentary databases. This option does not deliver significant gain for the HR department.
Document Attachment	50%	75%	25%	50%	50%	50%	An attachment model delivers a one-dimensional structure for attaching an individual's documents to HRIS records. It falls short on meeting the process needs of the Human Resources department for tasks that include multiple employees, and it is generally not the robust environment needed for secure document sharing with external parties, such as lawyers and auditors.
Electronic Content Management (ECM)	50%	50%	50%	50%	25%	50%	An ECM is a scalable IT tool, but it is rarely implemented in a manner that truly meets the unique needs of the HR department. The cost and complexity of configuring and maintaining an HR solution is generally beyond most organizations' available IT resources. There are also security issues that arise as a result of the internal IT department having access to sensitive HR data.
Document Management Application	100%	100%	100%	100%	100%	100%	A purpose-built application that specifically matches the needs of the HR department and delivers dramatic benefits across the board. Recognizing the sensitivity of personal information contained in HR files, a true HR Document Management application provides comprehensive security while preserving accessibility, efficiency and usability.

# CartaHR

Speak with a representative to find out how  
your organization can benefit from a Document  
Management solution

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