WHERE OUTSOURCING MEETS CONFIDENTIAL INFORMATION

AUTOMATING EMPLOYEE VERIFICATIONS

ABERDEEN | **InVerify**
Income and Employment Verification Services

In 2017, more than half of industry leading organizations today rely on one-to-one communications for verifying confidential employee information. As a strategy, this might provide a secure communications channel, but it is slow, inefficient, and costly.

As companies seek to reduce the amount of time, money, and resources needed to hire a new employee, they are struggling to optimize efficiency with secure communications channels for employee information verifications.

Today, while companies are 21% more likely to embrace automation versus outsourcing for many technology-enabled human capital management (HCM) tasks, they are reticent about making sensitive employee information universally accessible to in-house software solutions. Consequently, outsourcing is emerging as a top strategy in employee verifications.

WHAT'S COVERED

In this eBook, Aberdeen, in conjunction with InVerify, will share insights into how and why companies are choosing outsourcing as a means to optimize the resource spend needed to efficiently and effectively conduct employee verifications.

▷ Understanding where outsourcing fits into the communications strategy
▷ Strategies for selecting an outsourcing partner
▷ Goals for managing an effective outsourcing relationship
▷ Optimizing outsourcing as a part of the daily workflow
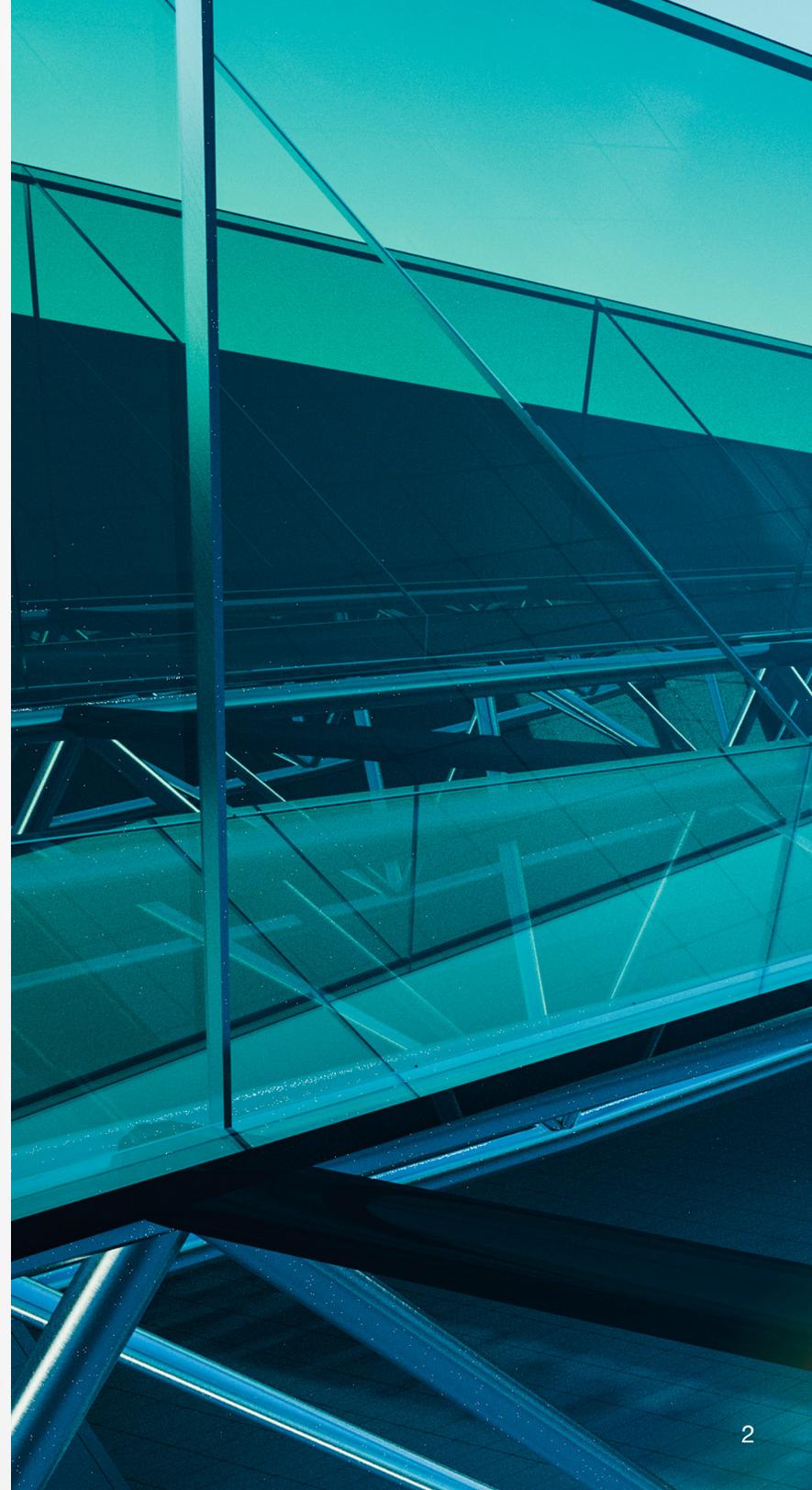
THE IN-SOURCED VERIFICATION PROCESS

When it comes to verifying confidential employee information, organizations today rely on one-to-one communications. This process can be time-consuming for HR staff, and intrusive for employees. In addition to problems with the process, more than half of industry leaders (52%) say that they rely on personal communications to manage the transfer of secure employee information.

Every company seeks to reduce the amount of time, money, and resources needed to verify employee job & wage information. While many have succeeded in making the verification and employee management processes more efficient, one roadblock still exists: the verification process for secure employee information still relies on manual procedures and one-to-one conversations, despite decades of technological innovation in communications and data management.

Naturally, automation can seem like the best way to increase the visibility of personal data while also accounting for data security in the verification process. Automation can also improve data accuracy, giving individuals a sense of confidence in the outcomes of verification-based decisions.

The problem is that while companies are experimenting with automated verifications as a possible solution, they are reticent about making sensitive employee information universally accessible. Without universal access, however, individual companies have little choice but to directly engage one another, one at a time, to transfer sensitive and secure information.

More than 70% of Best-in-Class companies today have doubts about the security associated with automating the data flow channels in-house and concerns about their internal controls for universally accessible data. While some areas within HCM, such as employee assessment and screening, are benefitting from standard processes and data controls, organizations are skeptical that the employee verification process can be likewise standardized and controlled in-house.

Ultimately, the lack of standardization and process flow, not to mention low confidence in the security controls of universally accessible data sets, hampers the case for in-house digital automation and strengthens the case for process outsourcing to the right partner.

WHAT PROCESSES ARE RIPE FOR OUTSOURCING?

Processes that are costly or time-consuming, and that fall far from an organization's core competencies, are the top candidates for outsourcing. Verification of employment and income verification, especially if you are on the receiving end of a verification request, is the perfect example of a process that consumes resources without providing the company any immediate value.

At the same time, employment and income data is highly critical and confidential. This means that any outsourcing partner you might choose must be strictly vetted. How else can you ensure the accuracy and security of the data they provide?

Pressures Facing HCM Organizations - Willingness to Automate/Outsource

Best-in-Class   All Others

95%
75%
43%
33%
40%
15%
20%
12%

Need for Increased Process Productivity

Need for Faster Access to Information

Will to Automate (With Manual Checks)

Will to Outsource
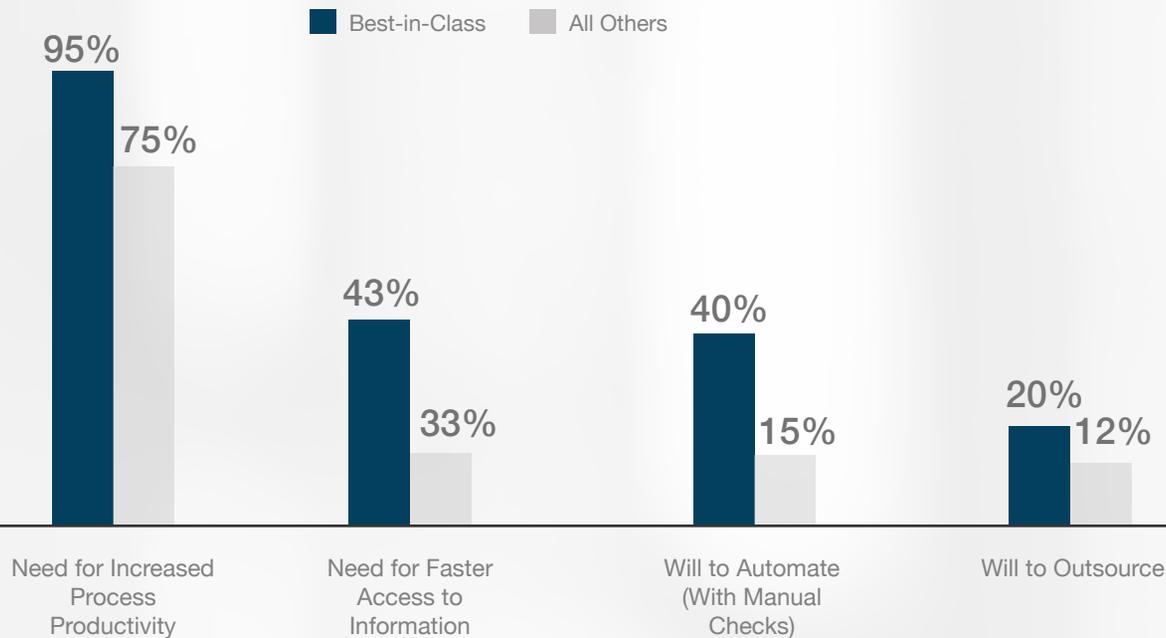
Aberdeen Group, January 2017

Best-in-Class companies are constantly on the lookout for new ways to increase process productivity in employee data and income verification. A growing piece of the push for greater process productivity is the need for faster access to job, wage, and employee demographic data.

True to expectations, the Best-in-Class currently have a greater will to automate rather than outsource, but that trend is shifting from just five years ago, when the will to outsource was almost non-existent.

As data security risks are shifting the perception about what can be automated, outsourcing is becoming a viable means to improve productivity and the rate of information flow. This results in a higher quality of service to the employee.

4

SELECTING A RELIABLE OUTSOURCING PARTNER

Outsourcing partners should be evaluated based on the following criteria:

The usability of their system interface

The seamlessness of the workflow for managers and employees

The availability of self-service

The level of data controls afforded to management and employees

All around information and data security

In the end, the right partner should save you time and money, without, at the same time, exposing you to compliance-related risks.

DATA SECURITY
Best-in-Class companies may be 5% more likely than All Others (20% vs. 19%) to select an outsourcing partner on the basis of general data security, but they are 18% more likely than All Others (60% vs. 51%) to select a partner based on the level of data security controls they provide.

INTEGRATION
Best-in-Class companies are 75% more likely than All Others (70% vs. 40%) to choose an outsourcing partner based on their ability to integrate with existing solutions and protocols.

Integration is the number one thing that separates one vendor from another for Best-in-Class companies. As the Best-in-Class look to maintain data controls, and as they shift their perception to seek an outsourcing partner for tasks that require the free flow of vital information, top vendors will be those that can successfully conform to the existing organizational structure of the client.

Best-in-Class companies are **75%** more likely than All Others to prefer outsourcing partners that are capable of managing complex deployment environments.

70%
Best-in-Class

40%
All Others
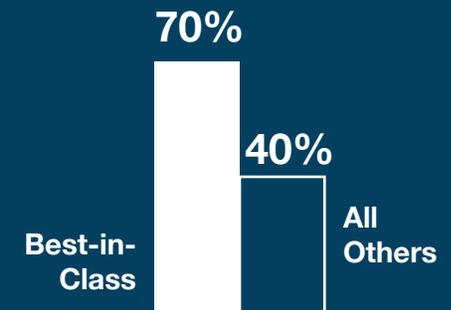
BEYOND SELECTION: MANAGING THE SOLUTION

Selecting a partner is easy, but driving adoption is not. Employees need to know that their data privacy is being respected, and managers need to know that the system actually solves a problem (without creating a new one).

A successful outsourcing deployment depends on a partner with a solid data security reputation. The ability and willingness to manage the security of data channels, while remaining accountable to both employees and the companies performing information checks, is essential.

As mentioned, Best-in-Class organizations value integration first when it comes to deploying new systems or protocols. When engaging an outsourcing process partner, they are looking for compatibility with existing systems and communications policies. Beyond that, they seek to provide managers with self-service options that enable maximum accessibility to procedural control measures.

While data security is a concern, Best-in-Class companies are primarily focused on controlling who can and can't see their data. Effective outsourcing partners must ensure that the flow of information is controlled in the event of a verification check.

Figure 2: What the Best-In-Class Look for in Solutions that Manage Secure Data

Best-in-Class   **All Others**

INTEGRATION
70%
40%

USABILITY
50%
36%

MANAGER SELF SERVICE
68%
46%

EMPLOYEE SELF-SERVICE
42%
63%

DATA CONTROL
60%
51%

INFORMATION SECURITY
20%
19%

SEAMLESS WOKFLOWS
60%
33%
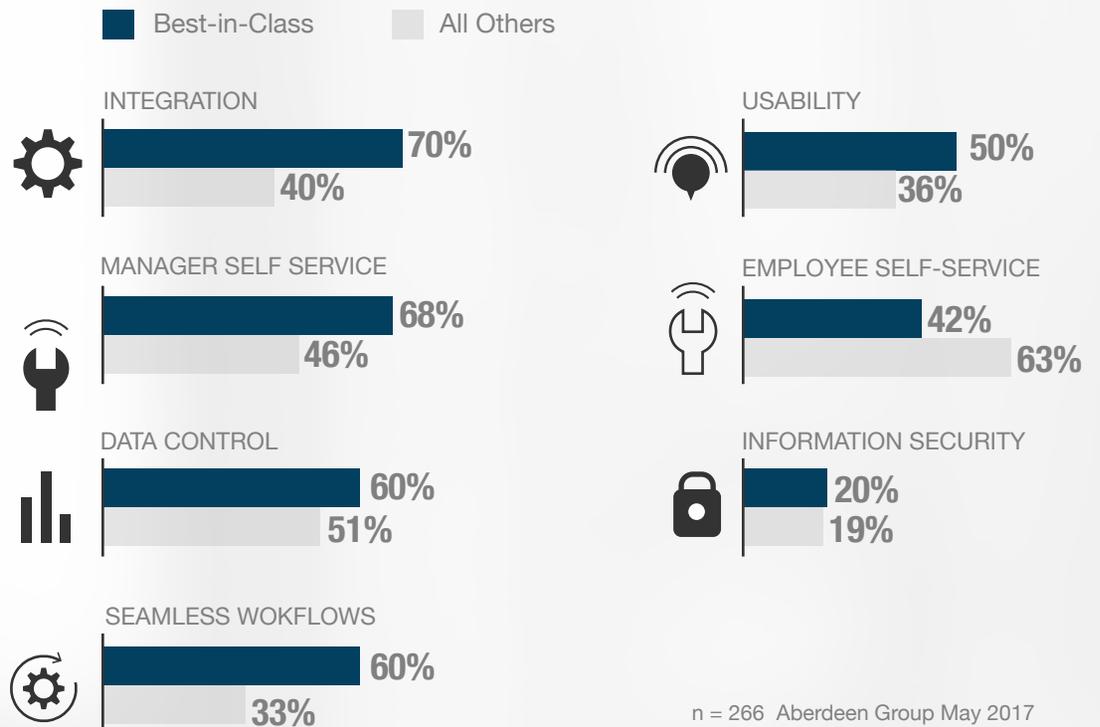
n = 266 Aberdeen Group May 2017

BALANCING THE WORKLOAD AND THE WORKFLOW

Strict internal oversight of protocols, and the maintenance of a partnership with the outsourced automation provider, will help ensure that the hard work does not fall on the buyer's side. Frankly, outsourcing partners should be capable of resolving both simple and complex transactions, removing the burden from the buyer.

Best-in-Class companies are 2.6x more likely than All Others (60% vs. 23%) to prefer outsourcing partners that are capable of managing complex deployment environments. As the Best-in-Class seek to maintain protocol control over the flow of information, they look for vendors capable of handling higher volume of verifications while maintaining existing requirements for verification requests. In other words, the Best-in-Class do not want to compromise the known security of their existing measures as they try to increase the productivity in the verifications process.

CONCLUSION:
MAKING THE CASE FOR OUTSOURCED AUTOMATION

Outsourced automation of employment and income verification optimizes resource allocation while keeping costs under control. At the same time, it improves employee engagement by boosting confidence levels on the part of employees with regard to both their employer and any organization running verifications.

Improving personal data visibility (i.e. letting people know and control what is and what isn't visible) and increasing accountability for data security are both ways in which organizations can improve employee confidence that their needs will be met in the process. Such steps also improve data accuracy in reporting, giving individuals a sense of confidence in the outcomes of verification-based decisions.

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