

# HRMS SOFTWARE PRICING GUIDE

Your comprehensive guide to the cost of implementing HRMS software

## GUIDE HIGHLIGHTS



The latest pricing information  
from leading vendors



A comparison of the two  
major HRMS pricing models



Hidden costs, calculating  
HRMS TCO, and more



## INDEX

Written by experienced HRMS project managers, this guide will give you a headstart on your HRMS pricing research, including:

3

Pricing Models

5

HRMS Price List

10

Free HRMS Explained

12

The TCO of HRMS

14

Updated: Hidden Costs & ROI



## PRICING MODELS

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Despite the many pricing permutations, and leaving aside the ‘freemium’ option that some vendors offer, there are basically two types of HRMS pricing model: the subscription and the license; to put it into more evocative terminology: the rental and the purchase.

The subscription approach is common with off-site cloud HR packages and its popularity has risen due to it piggybacking on the Software as a Service (SaaS) model. The subscription payment is usually made on a monthly basis and the amount is often dependent on either the number of system users or, more frequently, the number of employees in the client organization.

The license fee is a more traditional model and is still largely associated with systems running via on-premises servers. This is the “you-buy-it-you-own-it” model and carries a greater degree of responsibility for the system’s operation but also a greater degree of freedom.

### SUBSCRIPTION BEATS LICENSE

A subscription model often costs less up front and it’s largely on this basis that it’s become so sought-after, especially among small to medium-sized businesses who may not want a high initial outlay. The license fee (i.e. purchase cost) isn’t the only factor that makes the ‘day one’ cost of the perpetual license more expensive. Licensed, on-premises software usually costs more to customize and integrate with your other HR and business systems. Similarly, depending on your requirements, you may incur additional hardware and middleware costs as part of the installation. SaaS HRMS vendors tout their low to non-existence maintenance costs, with ‘owned’ systems generally needing more in the way of manual upgrades, updates and patches.

### LICENSE BEATS SUBSCRIPTION

So far, so SaaS. However, licensing HRMS is like buying a home; it may cost a lot up front but once you’ve paid for it, it’s yours. The tenant in the property next-door will be paying rent every single month for as long as they live there; even if they decide to move, they’ll be paying rent somewhere else. In that sense, the ongoing costs of the subscription approach are greater and, sooner or later (most sources suggest around the seventh year of use), the costs begin to converge. Before long, the total cost paid for the subscription outweighs that of the license. Bear in mind that these days, most businesses are buying HRMS hoping/expecting to get 10 years use from it at a minimum.

Furthermore, SaaS HRMS is often less customizable, and it's cheaper to maintain simply because there is less upgrading and updating being done – what you see is what you get.

At the end of the day, it's "horses for courses" and your decision depends on your business requirements. To stretch another analogy, it's the difference between buying ready-to-wear and going to a bespoke tailor: if you have a generic size and shape, you may be able to walk out of the shop wearing your HRMS SaaS suit, but a perpetual license outfit will not only fit you perfectly but it may last you a lifetime.

Hopefully this clarifies a few terms you may have seen during your research and will better prepare you for these costing terms coming up in conversations with vendors.



## HRMS PRICE LIST

Pricing Information from Q4 2018. Follow the source links for more information.

HRMS VENDOR	HRMS PRODUCT	PRICING MODEL	COST	SOURCE
Ajiva Corp	SimpleHR	Perpetual license	From \$495	<a href="#">i</a>
Applaud	Applaud Cloud Platform	Monthly subscription	From \$1.00 / user (minimum 250 users)	<a href="#">i</a>
APS	APS HR and Payroll	Monthly subscription	From \$4 / employee	<a href="#">i</a>
Appogee	Appogee HR	Monthly subscription	From \$3.20 / user	<a href="#">i</a>
BambooHR	BambooHR	Monthly subscription	From \$99	<a href="#">i</a>
Boomr	Boomr	Monthly subscription	From \$4 / user	<a href="#">i</a>
Breathe HR	BreatheHR Micro	Monthly subscription	From £9 / user	<a href="#">i</a>
BrightHR	BrightHR	Monthly subscription	From £3 / employee	<a href="#">i</a>

CakeHR	CakeHR	Monthly subscription	From \$4 / employee	
Cezanne HR	Cezanne HR Core	Monthly subscription	From \$200	
Collage HR	Collage HR	Monthly subscription	From \$7 / user	
Conrep	Conrep HRM	Monthly subscription	From \$40 / user	
EffortlessHR	EffortlessHR Basic	Monthly subscription	From \$39 (up to 10 users)	
EffortlessHR	EffortlessHR Plus	Monthly subscription	\$120 (up to 50 users)	
EffortlessHR	EffortlessHR Ultimate	Monthly subscription	\$235 (up to 500 users)	
EmpXtrack	EmpXtrack Basic	Monthly subscription	From \$2.50 / employee	
HRCOGS	HRCOGS	Free	*Free	
IceHrm	IceHrm	Monthly subscription	*From free	
Ironflow Technologies	PurelyHR	Monthly subscription	From \$30	
Jacando	Jacando Match	Monthly subscription	From €180	
Jacando	Jacando Admin	Monthly subscription	From €60	
Jacando	Jacando Talent	Monthly subscription	From €60	

Jacando	Jacando Time	Monthly subscription	From €60	
Job Science	Job Science Corporate	Monthly subscription	From \$100	
OpenHR	OpenHR	Monthly subscription	From \$1 / user	
Optimum Solutions	Optimum HRIS	Perpetual license	From \$10,000	
OrangeHRM	Orange HRM Open Source	Free	*Free	
Paycor	Paycor	Monthly subscription	From \$2.25 / user	
People HR	PeopleHR Starter	Monthly subscription	From \$4 / employee	
People Trak	PeopleTrak LT	Perpetual license	\$9.95 / employee	
Planday	Planday	Monthly subscription	From £4 / user	
Ramco Systems	Ramco HCM	Monthly subscription	From \$80 / user	
Saplica	Sentrifugo HRMS	Free	*Free	
Staff Squared	Staff Squared HR Management	Monthly subscription	From £3 /employee	
SutiHR	Suti HR Professional	Monthly subscription	From \$3 / user	
Unicorn HRO	iCON	Monthly subscription	From \$6/ user	

Vibe HCM	Vibe HCM	Monthly subscription	From \$5 / user	
WebHR	WebHR	Monthly subscription	From \$2 / employee	
XCD	XCD HR	Monthly subscription	From \$6 / user	
Zenefits	Zenefits Core	Monthly subscription	\$5 / employee	
Zoho	Zoho People Standard	Monthly subscription	From free	

*Pricing information reported on 9th November 2018. Pricing displayed corresponds to lowest pricing tier available. Pricing shown in local currency where USD pricing is unavailable. Where pricing sources are hosted on <https://hrmsworld.com>, pricing was provided directly to HRMS World by the vendor.*

\* There is no such thing as a free lunch (or free HRMS in many cases). Be sure to read our explanation of free HRMS on page 10.

## HOW THIS DATA WAS GATHERED

Pricing information for HRMS software is notoriously difficult to pinpoint as the costs involved can display extensive variety from project to project . The information shown above was gathered from a variety of public sources including, where possible, the vendor's pricing documentation (click on the source icon next to each product for more information). This data should be used as a rough estimate of HRMS prices and does not constitute an official price quote. Please contact [customerteam@hrmsworld.com](mailto:customerteam@hrmsworld.com) to report pricing changes.



## FREE HRMS EXPLAINED

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You've probably heard the phrase, 'if it sounds too good to be true, it probably is'. How about, 'anything free isn't worth having'? On the other hand, 'they' do say, never look a gift horse in the mouth... Enough clichés, let's move onto the real question: is free HRMS software really free? And if it is, how can the vendor afford to give it away?

### DOES 'FREE' HRMS MEAN FREE?

The answer in purely monetary terms is likely to be yes. When the likes of OrangeHRM say their system will cost you nothing, that's true. Your bank account balance won't change at all; it's download and go. However, there are a few caveats to the free model, and of course, there are costs other than financial.

Free HRMS packages tend to be basic and stripped-down (not in all cases, but mostly so). For example, IceHRM is slick, modern and – of course – free, but it only offers personnel recordkeeping, time and attendance monitoring, and leave management. Now it might seem churlish to complain, but if you'd really benefit from a learning and development module, or software to run your payroll then what you're getting for nothing only meets some of your needs. Factor in the cost of buying those functions elsewhere, then the lost opportunities from running separate and non-integrated HR software and ultimately it might be less painful in the long run to buy a shiny all-in-one package from the get-go.

### WHY WOULD A VENDOR OFFER FREE HRMS?

As to how these vendors can afford to operate as a charity, the simple answer is that they don't. The free options are almost always for a limited number of employee records or users, or the ongoing support package is a pay-for added extra. Nothing underhand about it at all; they just use the 'freeware' as a loss leader and as an advertising platform, eventually making their profits on other products.

Then you need to consider the other costs of implementing new HR technology; training, data cleansing, possible hardware upgrades. Long-term, 'free' isn't free; but on the other hand, for the right business with the right needs, these options are still viable.

## EXAMPLES OF FREE HRMS

**OrangeHRM** is a well-established free HRMS system which is also open source, so if you have a passion for software development you can tinker with it to your heart's content. That said, OrangeHRM's hosted SaaS option carries a fee, so if you want the flexible benefits of a cloud system, you need to reach for your wallet.



## THE TCO OF HRMS

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The old phrase about knowing the price of everything and the value of nothing is often strangely reversed when it comes to HR software. Most businesses see the value in having an up to date HRMS, but it's very easy to be misled about the price.

### COMMON ELEMENTS OF TCO

The TCO, or total cost of ownership, is the key figure, the one you look behind the price tag to find. TCO matters because what you pay at the point of purchase (or subscription) is only part of the picture. The price of your HRMS is whatever it costs you during the entire time you're using it; that cost goes beyond what you hand over to the software vendor.

So what goes to make up the total cost of ownership? First of all, naturally, comes the one-off cost of the license or the monthly subscription fee (depending on which of the two basic pricing models you're going for). Then you should consider the following factors: labor costs (both internal and external), data cleansing and migration, updates and maintenance for the lifetime of the system, then there's staff training – quite apart from the cost of buying or developing a training package/ materials, the trainees (and usually, in these days of employee self-service, that's every member of staff) will need to take time away from their day jobs.

### SUBSCRIPTION TCO VS LICENSE TCO

So, are there any differences in TCO between the subscription and license pricing models? The short answer is, yes. Perhaps for a start, just to be pedantic, subscription model SaaS systems should have TCR (total cost of rental) instead of TCO. But let's not get bogged down in the nomenclature...

Installation is often cheaper for subscription systems – being off-premises means there are fewer hardware costs, and cloud HRMS tends to be much less customizable, much more of an 'off-the-shelf' experience; this may mean it's less flexible but it's also cheaper. SaaS systems also tend to have a far less dramatic upgrade schedule compared to 'traditional' licensed options. Similarly, maybe due to its online nature, user training for a SaaS system is more likely to be online, saving on the inevitable overheads of face-to-face training.

That said, on-premises HRMS is still perceived to be more secure and should a data breach occur, you might find that the upfront cost savings of storing all your HR information in a distant data centre are wiped out by recovery costs and non-compliance fines. Also, the longer you use the system (and the previous industry lifespan of 5 years has increased in recent years as businesses seek to get more value from their IT investments) the more inevitable it is that your monthly subscription will add up to far greater than any initial license fee.

The total cost of ownership will ultimately vary from business to business. Knowing how ready you are for the HRMS implementation will give you an indication of any costs you may incur outside of the actual investment.



## HIDDEN COSTS & ROI

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It's obvious that the stated price on your new HRMS is not the final cost of the system. And we're not just talking about the cost of delivery. With any business system, there are hidden costs attached and an HRMS is no exception. To be clear, we're not talking about 'secret' or deliberately hidden costs, just the non-price tag factors that are so easy to forget or gloss over when you're putting together your project budget.

Why is this important? We've all heard the various project failure statistics – some as high as 7 out of 10 projects failing – but a more shocking figure comes from the Harvard Business Review<sup>[1]</sup>, stating that while the average project financial overrun was 27%, a sixth of projects exceed their planned budgets by 200% (accompanied by a schedule/time overrun of up to 70%). So, unless you, your project, your C-suite, and your organization as a whole are comfortable with spending three times more than planned, hidden costs are important to factor in.

### WHAT IS A 'HIDDEN' COST?

There's a difference between the stated cost and the total cost of ownership (TCO) of an HRMS. That difference derives from the system's hidden costs; which are necessary to the operation and integration of your new system. Whatever you pay up front, that TCO is the true cost of your new HRMS and apart from anything else, it's a cost you need to know if you want to accurately calculate the systems return on investment.

Apart from your licence or subscription payment, hidden HRMS costs include labor costs (both your own and any consultants you bring in), data cleansing and migration (assuming you have a legacy system), maintenance and updates during the course of the system's lifespan, and user training. Below you'll find a list of 'hidden' costs that have the potential to wreck your HRMS implementation budget, if not factored into your project costs.

### 1. SYSTEM INSTALLATION

This represents the technical installation of the HRMS and the additional costs included in the process of getting the system not only to the 'go-live' day but functioning correctly beyond that. Such costs can include cleansing and migrating the data from legacy systems (though this can be minimized if you have a regular data validation and checking regime) and the hardware costs, if any.

In one sense, the simplest route here is to opt for one of the many, many cloud HR systems. Such systems require no on-site hardware, nor any maintenance responsibilities for the client company. Cloud HRMS also usually comes with a subscription pricing model, which spreads the cost more than the up-front licence fee associated with more traditional on-site systems.

## **2. SYSTEM UPGRADES**

No software lasts forever and even during its life cycle, most software will receive regular upgrades to maintain or add functionality, and take account of new information in a changing environment (for example, changes to legislation or local laws that impact on your HRMS' compliance capabilities). Depending on your contract with the system vendor, such upgrades may attract an extra cost. Check up front what their planned upgrade schedule is and what it will cost you.

## **3. SYSTEM MAINTENANCE COSTS**

Unlike an upgrade which usually adds or improves system performance, maintenance is about ensuring that the system continues to function as planned and promised. It could be anything from bug-fixing to addressing external problems (for those old enough, Y2K was probably one of the biggest ever maintenance issues for all systems) to extracting dust from the hardware.

## **4. DIRECT LABOR COSTS**

As long as human beings are involved (and you're paying those human beings for their time and knowledge) then there will be a labor cost to your HRMS. The most direct (and easily identifiable) labor costs are those of your own employees that spend some or all of their time supporting the system e.g. maintenance, repairs, training, etc. Another such expense is the cost of employee time spent in user training. Whatever such factors cost you is attributable to the HRMS project.

Naturally, if you opt for an on-site HRMS, this direct labor cost will be higher due to the IT personnel maintaining the system's functioning, including hardware maintenance.

## **5. INDIRECT LABOR COSTS**

The indirect equivalent in terms of labor is represented by the time of those employees whose people management activities are directly linked to the HRMS – this might include collection of staff data, timesheet monitoring, answering staff questions about the system, etc.

Of course, if your HRMS delivers the hoped-for benefits, there should also be indirect labor savings, as the system's transformed HR procedures mean less time and effort from its users.

## 6. DIRECT NON-LABOR COSTS

Look for added extras from the system vendor and any related in-house corporate overheads; for example, the opportunity costs related to user training – while everybody is learning about HR portals and personalized dashboards, what money is the company not making?

## 7. OUTSOURCING COSTS

Not every element of your HRMS installation will be done in-house. A common option is to engage an HRMS consultant (either completely independent or from the vendor company) to apply their skills and expert knowledge of the HRMS landscape to your selection or implementation projects, or both.

## 8. CUSTOMIZATION

Sometimes it seems that the HRMS market is infinitely varied and that the result of your selection process should be a perfect off-the-shelf fit for your business needs. However, the reality is that many companies opt to customize their HRMS, perhaps adding additional (and essential) functionality, a mobile app, integrating with your other business systems, or maybe just tweaking the user experience so it fits the company's own branding. Whatever changes you want, they'll add to the cost.

## FINAL THOUGHTS

So... your HRMS budget should include not only the system price tag, but also as many of the above that apply to your specific situation.

The good news is that these so-called hidden costs are not really hidden. Though they can be easy to overlook (or maybe you really just don't want to think about them – that's understandable!). The key is taking the time at the beginning of the project to think through and identify every cost heading. It may be tedious – even depressing – but it's much better than being ambushed later by a cost you'd ignored.

After all, while your C-suite sponsor is more likely to sign off on a 'reasonable' budget figure, if the project begins to overrun on that figure (likely) and take more time to deliver than planned (not unheard of) then that same sponsor will soon be complaining. If there's a robust discussion to be had about budget size then better to hash it out right at the beginning.

This guide was written by Dave Foxall, HRMS World Columnist, with contributions from Megan Meade, and Kathryn Beeson, HRMS World Editors

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References

<sup>[1]</sup> [Harvard Business Review](#)

