accenture technology

High performance. Delivered.

The Digitisation of Human Resources

Digital HR technology comes of age

Strategy | Consulting | Digital | Technology | Operations

Contents

Introduction

Human Resources (HR) departments have typically managed people while remaining separate from other parts of an organisation. This is rapidly changing thanks to advances in digital technology, specifically Software as a Service (SaaS) based applications for human capital management (HCM) that are hosted on online cloud platforms rather than located on site.

Increased digitisation is revolutionising how HR departments serve managers and employees. In particular, cloud technology and mobile functionality are integrating HR into the fabric of everyday business. HR departments can generate data-driven insights to enhance workforce performance and thereby improve overall business performance. As a source of quantifiable value to organisations, HR has truly come of age.

This point of view provides an overview of five key trends in the adoption of digital HCM solutions. It is based on insights gained by Accenture through its extensive projects around the world and as an alliance partner of leading vendors including Workday, Success Factors and Oracle. Learn how HR departments are embracing digitisation and the benefits that other organisations can expect to gain.

Human resources goes digital

HR departments are seizing ownership of IT systems to achieve business outcomes and drive organisational change.

The world of HR is changing. While HR professionals will always require a deft touch for managing people, they must increasingly achieve business goals by harnessing the possibilities of digital technology.

HCM systems in many organisations are being migrated to cloud platforms rather than being housed on premises. Thanks to cost-effective and user-friendly SaaS applications, IT departments are no longer the sole repository of the skills required to manage HR computer systems and implement software changes.

Digitisation is blurring the line between IT and other business functions, and HR practitioners can now become IT systems experts.

As this process accelerates, HR departments are not only expected to manage the IT system changes associated with optimising business processes and structures. They are also responsible for creating the roadmap and deciding what functionality to deploy into their live environment and when.

This may require HR to gain more technical expertise. A support team could be enlisted to manage the ongoing configuration and functional software updates that are offered by vendors up to four times a year. Fortunately, today's cloud-based SaaS applications are so advanced that they can be implemented as a whole-of-HR solution. In many cases HR may require customised reports to be built to meet unique reporting requirements. Whilst this can add complexity, these can be developed from within the application by HR or other end users.

Many vendors offer their customers access to forums where challenges can be brainstormed, solutions shared and product enhancements suggested. Workday attributes its 98% customer satisfaction rate to establishing this type of collaborative community.[1]

Overall, enabling HR departments to seize greater ownership of IT makes sense in a world of digital disruption where business structures and support systems are in flux. Many organisations prefer to remain flexible and not set staffing structures in stone. Under this model, HR coalesces employees around joint goals and autonomous, collaborative teams, instead of discrete positions with tight job descriptions. This new way of working promotes ideas and innovation at all levels.

Reduced total cost of ownership

Digital HCM solutions enable organisations to scale up operations, and protect and backup workloads, while spending less on IT capital equipment, installations and staffing. A major financial services company achieved a 43% total cost of ownership reduction by switching to Workday.[2] It consolidated its legacy HR systems into the one cloud-based solution over eight years. Similarly, a franchise management company that supports 650 restaurants in eight countries reduced personnel and payroll management activities by 30% since implementing SuccessFactors.[3]

Human resources becomes decentralised

Digitisation decentralises HR activities to users and embeds them in the business.

Digital HCM solutions give more power to users, making many tasks traditionally managed by HR redundant. For example, employees and line managers can review and action work-related administrative tasks in the same flexible and convenient way they run their lives as digital consumers outside work.

Just as people don't need a tutorial when accessing a new app, booking a holiday online or processing a bank transfer, an organisation's employees expect similar ease while managing an expense claim or processing an annual leave request.

Employees, especially younger 'digital natives', often perceive consumer tools as more enjoyable and intuitive to use compared with those provided by their company. Digital HCM solutions recognise this. They invest significantly in ensuring a great user experience when employees view reports, or go back to view, edit and action transactions. Equally, these systems are so easy to use that managers do not feel as if HR work is being forced on them. Rather, it is experienced as a natural extension of their role.

Inevitably, there are cases where a workforce may not be ready to shoulder full employee or manager self-service capability. These organisations should identify functionalities that can be phased in gradually and managed through a robust change and training program.

Smaller HR footprint

Decentralising activities to employees and managers results in more nimble HR teams. For example, when global food giant Chiquita Brands (headquartered in the United States with 21,000 employees worldwide) implemented Workday, it was able to reduce the number of HR workers from one in 145 employees to one in 225. This was partly achieved through saving time on creating HR reports.[4]

Easy to use

By implementing SuccessFactors, Timken (a steel and mechanical components manufacturer with more than 21,000 employees in 30 countries), has reduced the number of clicks per HR transaction from four to one.[5]

The Head of Operations at Nationwide Building Society, Neil Lewis, said that implementing Oracle HCM cloud would "give us a better view of our data and our people … and the same level of real-time technology we use every day outside of work".[6]

Another employee offered glowing feedback after a cloud application went live: "I managed to update my personal details and apply for annual leave in the blink of an eye. In my 15 years working in large corporations, I have never seen something so easy to navigate."[7]

Human resources knows the business

Digitisation empowers HR to mine employee data for insights so it can 'market' internal messages more effectively.

Digital HCM solutions free up HR departments to refocus their activities. Most importantly, they provide HR with the integrated technology architecture to capture employee feedback and data across business lines.

This means that instead of managing day-to-day administration, HR departments can move into human capital analytics, insight and prediction in order to add value in areas such as employee engagement and workforce planning.

As they better understand their employees, HR can create in-house talent offerings, incentives and educational programs that win acceptance. Just like the marketing arm of a business, they can segment different categories of employees and customise services to them. In this way, HR transforms cultures and brings needed organisational change.

Faced with this new HR value proposition, recipients of HR services have very different expectations.

- Employees now experience the face of HR as a portal, rather than a person. They expect seamless service, with fast resolution of issues, as well as the ability to access help anytime.

- Line managers expect value-added services from HR, such as workforce planning, guidance on predictive recruitment and training development programs aligned to business strategy.

Success is not necessarily measured by raw sales, but qualitative user-based measures that impact the business indirectly. These include employee satisfaction, workforce productivity and increased HR efficiency.

And HR's ongoing relevance hinges on its ability to use data-driven insights to support continuous improvement. For example, at Redstone Federal Credit Union, an Alabama based credit union, users can now spend 70% of their time on data analysis rather than data gathering since building its analytics capability through implementing Workday. This is productive time, used to better understand and engage with its employees.[8]

The new world of employee engagement

Digital HCM solutions are far from dehumanising. They are designed to be precisely the opposite; ensuring that work is tailored to individual strengths, flexible, portable, collaborative and meaningful to employees. For example, just six weeks after a hospitality company implemented Workday, 94% of its 62,000 employees had logged on. This helped HR quickly engage the workforce and communicate information.[9]

Human resources adds value

As HR becomes technology-based, it can help strategically position the business.

Organisations once streamlined their HR model to cut costs and improve efficiency. While the automation of some basic aspects of HR administration has largely succeeded, this is no longer enough to assure a competitive advantage. In a digitised world, HR departments are expected to contribute data-driven insights that help manage the workforce and strategically position the business.

The evolution of HR's role – from adding efficiency and effectiveness, to adding value – is seen in the table below.

Digital HCM solutions place important value-adding activities within HR's reach. During workforce planning, HR can use data analytics to prevent or shorten temporary skill gaps in areas that may be vital to a company's competitiveness.

In addition, HR can hire new staff and manage talent pools in response to seasonal business requirements by integrating standardised in-house systems, external careers websites and social networking tools such as LinkedIn.

Data analysis also help organisations manage change by giving them a holistic view on progress and outcomes. For example, Chiquita Brands estimates that it can implement structural changes at least four months faster by more effectively channelling resources where it needs them. "It's important to understand where the pockets of cost are in our organisation as our business changes," said Kevin Holland, Senior Vice President and Chief People Officer. "Workday's highly flexible organisational model allows us to manage that change at the speed that we need to move."[10]

Finally, digital technology creates opportunities for HR to promote improved performance through mobile adoption. According to Mary Sullivan, VP Human Resources at Four Seasons, a hospitality chain with more than 35,000 employees across 36 countries: "Many of our executives travel extensively, and Workday for iPad lets them accomplish tasks and gain insights while they're on the road ¬– including insights into the Four Seasons properties that are next on their itineraries."[11]

Efficiency	Effectiveness	Value
Reduce HR administration and compliance costs	Streamline HR processes and reduce administrative burdens	Compete more effectively for global talent
	Improve service and access to data for employees and managers	Provide real-time metrics to allow decision-makers to spot trends and manage the workforce more effectively
		Enable HR to transform so it can play a more strategic role in the business

Case studies and business benefits

Reduced staff turnover

Digital HCM solutions enable organisations to analyse datasets for patterns and causality. HR departments can identify the factors that lead to voluntary turnover. A life sciences client of Workday achieved an annual US$3 million saving by reducing voluntary turnover from 9 per cent to 5 per cent, based on 110 fewer new hires a year.[12]

Predictive recruiting

Data analytics improves hiring and retention rates by identifying the capabilities best matched to a particular position. For example, Workday has enabled Chiquita Brands to save between US$1 million and US$2 million annually by centralising its recruiting process.[13] By implementing SuccessFactors across 76 entities and 32 countries, chocolate manufacturer Barry Callebaut has also transformed its recruiting processes and reduced reliance on external agencies. Benefits include higher staff retention and access to a ready pool of external talent.[14]

Speed to hire

A multinational natural resources company achieved faster hiring times after implementing Oracle Cloud HCM. The time spent creating job requisitions reduced from 20 minutes per transaction to less than five, while the lengthy review and approval cycle for new hires fell by 70%. This saved the company millions of dollars in recruiting agency costs.[15] Meanwhile, a car manufacturer was able to insource its recruiting processes by implementing SuccessFactors. This led to faster hiring times and an estimated annual cost saving of US$400,000.[16]

More efficient internal hiring

A technology company increased the number of internal hires into managerial positions by 25% upon implementing Workday. This saved US$12,000 per employee compared to hiring externally.[17] Meanwhile, a global fashion designer used SuccessFactors to identify gaps in its talent pool and train its existing workforce to fill key positions.[18]

Access the contingent workforce

A technology company believed that it had 3,000 people in its contingent workforce. However, the true figure was found to be 5,000 when Workday was implemented and the company could accurately track employee numbers.[19]

Optimise overtime spend

A financial services organisation was able to save 4% on overtime costs by equipping HR with greater monitoring capability. Annual overtime spend per employee decreased from US$3,430 to US$3,257.[20]

Further benefits of digital HCM solutions

Oversight and governance: digital HCM solutions allow for integrated management of policies and approval workflows. They provide a single point of responsibility for managers, employees and HR, as well as more transparent usage, spend, availability and performance.

Genuine standardisation of processes: this results in better visibility, accessibility and intelligent reporting with analytics.

Improved speed of delivery: service blueprints and automation allow businesses to consume pre-integrated services or to create new services leveraging the cloud platform and tools.

Human resources wins over the boardroom

HR has become integral to growing top line performance.

HR departments have truly come of age around the boardroom in an era of digitisation. Increasingly, they can bring the same high level of rigour to decisions involving workforce management and talent acquisition that is evident in other business areas such as finances, operations, marketing, and procurement and maintenance.

HR owns the system of record, providing visibility into an organisation's global workforce – backed up by hard numbers, interactive dashboards and substantive insights.

Equipped with the ability to convince with data, HR no longer deals in "what if" scenarios anymore. It can now confidently answer the questions that business partners ask. HR can also recommend priority initiatives that are likely to impact productivity, customer experience and cost management – and thereby increase top line performance.

The advanced functionality and mobile accessibility of digital HCM solutions are even allowing HR to overtake other business functions. These parts of the organisation are now looking enviously at the global, intuitive and data-driven way that HR operates and saying: 'We want what they have'.

Next steps

HR departments need appropriate skills and training to administer digital HCM solutions. Appropriate governance structures are required to ensure that any process and policy changes lead to improved system functionality. Finally, on-going support is vital so that businesses can maximise the benefit from their SaaS licences and any subsequent releases.

BT calls SaaS a success

British telecommunications giant BT is using digital HCM solutions to improve its decision-making and strategic direction. Clare Chapman, People Director, noted that implementing Oracle Cloud HCM was helping to transform HR's role in the business and underpin growth: "We are excited to work with Oracle as the software product suite provides us with the breadth, depth and quality our ambitions require."[21]

Summary

Learn more

Digital HCM solutions demonstrate business value in four key areas:

User experience:
consumers of HR services expect these offerings to be technology-enabled, easy to access and user-friendly.

Data:
it is now possible to mine data and information about an organisation's people and provide business leaders with accurate and value-adding analysis.

Cost savings:
cloud-hosted HCM solutions are more cost-effective than on-premises solutions, both in terms of implementation, as well as the cost of ownership.

Flexibility:
technology allows organisations to manage people in a different and data-driven way, opening possibilities to re-imagine their business models.

Deploying technology to focus on HR outcomes delivers results. Accenture has received the following recognition for the success of its efforts:

Global Most Admired Knowledge Enterprise award for 14 years.

BrandonHall 2011 Silver for Best use of Social Learning.

Bersin & Associates 2012 Learning Leader award in Informal Learning.

References

[1] Workday, Aneel Bhusri and David Duffield, Rising 2015, Highlights from Keynote Speech. Source: https://www.youtube.com/watch?v=SKDwiODwnAA&feature=em-uploademail

[2] Workday Value Realisation Analysis data.

[3] Interview with Accenture client (name withheld for confidentiality).

[4] Workday Value Realisation Analysis data.

[5] SuccessFactors, Business Transformation Study, 2014. Source: http://www.successfactors.com/content/dam/successfactors/en_us/resources/business-transformation-study/timken-bts.pdf

[6] Goodwin, "Nation transforms to hybrid HR", ComputerWeekly.com, March 28, 2014. Source: http://www.computerweekly.com/news/2240217125/Nationwide-gets-hybrid-HR

[7] Interview with employee at a telecommunications company (name withheld for confidentiality).

[8] Workday Value Realisation Analyis data.

[9] Workday Value Realisation Analysis data.

[10] Workday, Workday and Chiquita: Managing a Fast-Moving Global Workforce, 2013. Source: http://www.workday.com/Documents/pdf/case-studies/workday-chiquita-case-study-drove-down-costs.pdf

[11] Workday Value Realisation Analysis data.

[12] Workday Value Realisation Analysis data.

[13] Workday, Workday and Chiquita: Managing a Fast-Moving Global Workforce, 2013. Source: http://www.workday.com/Documents/pdf/case-studies/workday-chiquita-case-study-drove-down-costs.pdf

[14] Feltham, "HR in 2015", HRMS World, January 28, 2015. Source: http://www.hrmsworld.com/hr-tech-europe-london-hr-in-2015-1155.html

[15] Oracle, HCM Cloud Customer Success Stories, August 2014. Source: http://www.oracle.com/us/products/applications/human-capital-management/hcm-cloud-customer-success-2067414.pdf

[16] Interview with Accenture client (name withheld for confidentiality).

[17] Workday Value Realisation Analysis data.

[18] Interview with Accenture client (name withheld for confidentiality).

[19] Workday Value Realisation Analysis data.

[20] Workday Value Realisation Analysis data.

[21] Brandon, "BT taps Oracle HCM cloud in multi-million pound HR overhaul", Business Cloud News, October 24, 2013. Source: http://www.businesscloudnews.com/2013/10/24/bt-taps-oracle-hcm-cloud-in-multi-million-pound-hr-overhaul/

Contact us for further information:

Andrew Woolf
Global Human Capital Lead
– Financial Services
andrew.woolf@accenture.com

David Mann
ANZ Strategy Lead
david.mann@accenture.com

Claire Gillies
ANZ Workday Lead
claire.gillies@accenture.com

Wesley Dunn
APAC SuccessFactors Lead
wesley.dunn@accenture.com

Tracy Taylor
ANZ Oracle Cloud Lead
tracy.taylor@accenture.com

About Accenture

Accenture is a global management consulting, technology services and outsourcing company, with more than 358,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US$31.0 billion for the fiscal year ended Aug. 31, 2015. Its home page is www.accenture.com.

15-4002