

# HiSoft Reduces Labor Costs and Speeds Payroll Processing for Global Workforce



Quality & Security Made Certain

HiSoft Technology International  
Ltd  
Beijing, China  
www.hisoft.com

**Industry:**

Professional Services

**Annual Revenue:**

US\$100 million

**Employees:**

More than 3,000

**Oracle Products & Services:**

Oracle Human Resources  
Oracle Payroll

*“Over the past two years, HiSoft has grown into a global software outsourcing organization. Our Oracle HR management system supports the local currencies and regulations of the countries in which we operate, while delivering a complete picture of our HR activities to the Beijing headquarters.” – Wang Jin, Vice President, HiSoft Technology International Ltd*

Founded in 1996, HiSoft Technology International is China’s leading software outsourcing provider. The Beijing-based company has 3,000 staff across mainland China, Hong Kong, Japan, Singapore, and the United States offering IT application and product development services to clients in the banking, finance, health, insurance, manufacturing, and retail sectors. It was ranked 20<sup>th</sup> on the Association of Outsourcing Professionals’ 2008 *Global Outsourcing 100*, a list of the world’s top 100 outsourcing firms.

As a service provider, HiSoft considers its workforce to be its most important asset. To ensure it could attract and retain highly skilled employees in a competitive labor market, the company decided to implement a global HR management system based on Oracle E-Business Suite 12.

The system has enabled HiSoft to standardize and simplify HR workflows across its operations, meet local country regulations and conventions, ensure the best qualified staff are assigned to projects, and deliver near real-time HR intelligence to senior managers. The company has also reduced HR management costs by 20% and cut payroll-processing time by 40%.

“We believe improving HR management can help boost our competitiveness,” said Wang Jin, vice president of HiSoft Technology. “The Oracle HR management system has reduced the time we need to spend on routine tasks such as payroll processing, so we can devote more time to staff development and strategic recruitment and retention activities.”

**Key Benefits:**

- Lowered HR management costs by an estimated 20%
- Cut payroll processing time by 40%
- Improved efficiency by standardizing HR management processes across 12 global offices
- Ensured compliance with local payroll and reporting regulations
- Enabled HR managers to locate and allocate the best personnel for new projects with global employee database

**Unifying HR Operations**

Up until mid-2007, HiSoft was using different HR systems and processes in its 12 offices to manage more than 3,000 staff. This was not only inefficient and expensive, but it made it difficult for the Chinese head office to get an accurate picture of workforce numbers, staff qualifications, labor costs, and the results of HR initiatives. As its business expanded, the company also had to ensure it complied with local and international regulations.

When HiSoft made the decision to implement a new global HR system, it wanted a solution that could be integrated with its business management platform, configured to meet different country regulations, and expanded to support growth. The company opted to implement a range of HR modules from the latest version of Oracle E-Business Suite.

**Meeting Global and Local Requirements**

As a global IT service provider, HiSoft must be able to accommodate the different requirements of each country in which it operates. With the Oracle HR system, the company can standardize HR processes globally while abiding by local regulations. For example, the Japanese and Singaporean offices have used patches in Oracle E-Business Suite 12 to configure their systems to the local currency and language. This enables them to meet local payroll laws and issue reports and labor statistics that address the legal requirements of the country.

**Flexible System Ensures Business Agility**

With Oracle, HiSoft's global HR information is now stored in a single database, enabling managers to access data such as individual staff qualifications and project experience in near real time. This has made it easier and quicker for HiSoft to find and allocate the right personnel for new projects, leading to greater efficiencies. In addition, by integrating the Oracle HR system with the business management platform, HiSoft can determine the skills needed for different jobs and incorporate accurate labor costs into project estimations.

Its rapid growth means HiSoft must be able to adapt quickly in a dynamic and fiercely competitive commercial environment. The Oracle solution allows the company to quickly adjust business processes, ensuring it can incorporate new structures, regulations, reports, departments, and offices into the HR system.

### **HR Management Costs Cut by 20%**

Personnel costs account for a significant proportion of HiSoft's gross expenditures, so it is imperative for the company to exercise effective control over HR spending.

The Oracle HR management systems allows the head office to keep a close eye on HR activities in its 12 offices. Senior managers can monitor employee numbers in each location and analyze any changes in production lines, projects, and labor costs. Improved efficiencies and smarter resource utilization enabled HiSoft to reduce HR management costs by an estimated 20%.

### **Payroll Processing Time Cut by 40%**

David Yang, senior manager of pay and welfare at HiSoft, said the company faced two major payroll challenges.

"First, we must meet different payroll regulations in the countries where we do business. Any changes must be quickly incorporated into the local country system and reflected in the global system, because we have to meet strict auditing and internal control requirements," he said. "Second, HR data from across the world must be made available for analysis and the results integrated into management reports. With Oracle, we have resolved these two issues."

HiSoft has used the Oracle HR platform to implement a rule-based salary calculation system that complies with local regulations and ensures employees are appropriately compensated based on their level of skill and experience.

The Oracle system automatically calculates salaries based on a standardized payment scale and in the currency of the employee's native country. When staff members are transferred or promoted, the system adjusts their salaries to reflect their new position. By automating pay management processes, HiSoft has reduced payroll-processing time by 40%.

### **Why Oracle?**

According to Jin, HiSoft chose Oracle E-Business Suite 12 because the software helped the company meet its global HR management strategy.

“Oracle supports multiregional and multicultural business management, which is ideal for our organization,” he said. “In addition, Oracle offers an advanced architecture that enables high-speed development.”

### **Implementation Process**

HiSoft’s internal enterprise resource planning team implemented the Oracle HR management system. The eight-person group began the project in July 2007.

The group developed a multi-language system with a single data source, which enabled information from across the world to be viewed by users in the Beijing headquarters. The implementation team also streamlined business processes and developed a variety of reports to deliver vital statistics to managers.

### **Advice from HiSoft Technology**

- Opt for a staged implementation to minimize disruptions to the business.
- Ensure your project plan and implementation is completed by professionals with a proven track record.
- Take the opportunity to reengineer business processes to maximize efficiency.

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