Adopting Oracle HCM Cloud
Ovum view

Summary

Oracle has spent a lot of time and effort developing its human capital management (HCM) solutions for the cloud, and today this group of services is delivered as Oracle HCM Cloud. These services can be deployed simultaneously or individually; it is a comprehensive set of services covering the full recruit-to-retire demands of HR. Oracle HCM Cloud appeals not only to Oracle's traditional target market of large organizations, but also to midsize enterprises. Larger organizations can opt for a phased deployment of Oracle HCM Cloud or take a similar approach to that of midsize organizations (those with 1,000–15,000 employees), which tend to go for a big-bang deployment of Oracle HCM Cloud (outside of the payroll element).

As one would expect with cloud services, the Oracle HCM Cloud portfolio is being developed continuously, although it currently includes a comprehensive set of offerings that serves enterprises of all sizes well.

More than administrative HR: Recruit-to-retire capabilities are essential for organizations to attract and retain talent

HR is now recognized as a strategic part of an organization. Talent acquisition and talent management are crucial elements of ensuring that an enterprise recruits and retains the people it needs to operate effectively in the marketplace. "Productivity" might be a buzzword, but it is also a real-world demand – employees who are engaged with the organization feel valued and are therefore more productive. In August 2015 the Gallup poll of employee engagement reported that just 31.7% of US-based employees feel engaged with their organization. This leaves a significant 68.3% of US employees not engaged with their enterprise, and therefore not as productive as they should be.

Ovum research into the customer-adaptive enterprise identifies the link between workforce engagement and customer satisfaction; the need to attract, retain, and develop valuable talent mirrors the need to attract, retain, and develop customers, and therefore requires the same degree of focus, insight, and strategy. Organizations are using HCM solutions to help them attract and retain relevant talent, and although employee engagement cannot be achieved overnight, the use of HCM solutions can help apply more scientific methods to employee engagement, such as the extensive use of analytics to ensure an organization's talent is being used to the greatest effect.

Introducing Oracle HCM Cloud

Oracle HCM Cloud is a suite of HCM services, the groupings of which are identified in Figure 1.
There are many services included in the Oracle HCM Cloud platform, which are split across the five main categories shown in red in Figure 1:

- **Global Human Resources.** Recognizing that many enterprises currently have multiple HR solutions as a result of mergers and acquisitions, this category of services provides these organizations with a single global HR solution that incorporates common processes but recognizes country-level requirements. In addition, this category contains Work Life Solutions that can help develop employee engagement by supporting the work-life balance of the workforce, and uses gamification to help focus employees on wellness goals. Global Human Resources also incorporates HR optimization and HR analytics, both of which use analytics to ensure that talent within the organization is being supported and developed, and to aid HR-related decision-making throughout the enterprise.

- **Talent Management.** There are four key service groups within the talent management category: talent acquisition, performance management, career and succession, and learning. This suite is about finding and supporting the talent an organization needs to maintain and develop customer satisfaction.

- **Workforce Rewards.** Compensation, benefits, payroll, and sales compensation are the services within this category – essentially, this enables organizations to offer a series of rewards packages to employees within budget.

- **Workforce Management.** Incorporating time and labor alongside leave management, this category provides the administrative capabilities expected. A further project management service allows the organization to run projects using the skills available around the enterprise by finding the best resources to support that particular project.

- **Social.** Social capabilities are offered across a number of the services identified in the above categories, including the talent management suite, the workforce management suite, and the workforce rewards suite.

Recognizing that midsize organizations have slightly different needs to their larger counterparts, Oracle HCM Cloud for Midsize Companies is also available. This provides the same capabilities as
above, but tailored to companies with between 1,000 and 15,000 employees. It is important to note that Oracle HCM Cloud is complemented by a broader solution set, including ERP, financials, and customer experience (and more), giving enterprises the option of broadening out their Oracle cloud services if they choose to in the future. This is further supported by platform-as-a-service (PaaS) and infrastructure-as-a-service (IaaS) capabilities from Oracle.

Of course, any HCM solution is not solely about the technology – the business benefits drive adoption. HR-related roles can benefit from a cloud-based HCM set of services at several levels:

- **Candidate.** The hiring process varies significantly between organizations, and this is often a candidate's first experience of an enterprise. A joined-up sourcing, interviewing, hiring, and onboarding process can help engage an employee before their first day.

- **Employee.** Retaining and developing existing employees is crucial for employee engagement. Being able to self-monitor your own performance and learning requirements for a specific career path supports engagement, alongside ensuring that administrative requirements are addressed as part of the suite.

- **HR director.** Align company strategy with talent, ensure compliance locally and globally, and ensure optimal workforce performance.

- **HR manager and line-of-business manager.** Alongside administrative functions such as managing leave, pay, benefits, and compensation, talent management capabilities support efforts to attract the right talent, the screening and selection of potential employees, hiring and onboarding, and of course the management of these employees to be the best they can be for the organization. Additionally, project management helps lines-of-business create project teams with the right skills.

- **HR analyst.** Of great interest to HR directors and other senior managers is understanding metrics regarding multiple factors in different employee roles. Using analytics – Oracle HCM Cloud has strong analytics capabilities across the board – can help improve strategic alignment and find the right people to fill roles.

- **Line-of-business.** Functions within the organization are supported in developing the right skill sets to deliver organization strategy. Furthermore, line-of-business managers are provided with capabilities to support recruitment and retention, performance management, development, and learning among their teams.

**Typical adoption**

There is no standard pattern of adoption for Oracle HCM Cloud; this could range from full implementation across all services through to phased adoption of individual services and everything in between. However, knowing that the services deployed are modular but can stand alone will reassure the more cautious organization in its adoption of Oracle HCM Cloud. Enterprises must focus on what they need initially, and then add on further services as the demand arises.

Adoption could take any of several forms:

- **HR transformation.** Many organizations have multiple HR solutions as a result of mergers and acquisitions that have taken place over a number of years. Some of these organizations decide to opt for full HR transformation as one project, bringing global HR functions together on one platform, and consequently providing additional support to the business.
Adopting Oracle HCM Cloud

- **Multi-pillar cloud.** Moving to the cloud is on the agenda of enterprises in the public and private sectors. HR capabilities are closely aligned with enterprise resource planning (ERP), and Oracle has seen adoption of Oracle HCM Cloud alongside adoption of Oracle ERP Cloud as organizations increase their use of cloud services.

- **Talent processes.** Outside of HR transformation, this area represents the greatest need of many organizations. Currently, recruitment is often done on a manual basis, and the benefits of an HCM talent acquisition solution can be seen immediately, improving not only the process but also the quality of candidates being put forward. Following on from this, talent management – supporting and developing employees – is a natural next step for rapid benefits to be gained from HCM.

In terms of the adoption of Oracle HCM Cloud being seen by Oracle and its partners, large enterprises are continuing their journey to the cloud, and a large proportion of those organizations not taking the full suite at once are very large enterprises. The remaining organizations, including midsize organizations of between 1,000 and 15,000 employees, are deploying Oracle HCM Cloud across the board as per the HR transformation approach outlined above. The only exception here is the payroll function, which is normally addressed after the other services have been deployed or at the beginning of the calendar/fiscal year, due to the sensitivity and importance of this element of HR.

HCM deployment is not a credit card-sourced cloud service, and Oracle HCM Cloud is no exception. A single module can be up and running in a matter of weeks, irrespective of organization size. The time to deployment, from decision to launch, can then range from weeks to between 12 and 18 months in the case of a large organization taking a mix of Oracle HCM Cloud services. This is particularly relevant in more complex scenarios, when mergers and acquisitions have resulted in multiple HR solutions being in use across an organization.

Oracle HCM Cloud has good exposure across multiple verticals:

- **Healthcare.** The American Dental Association used the talent management suite to replace its existing manual onboarding process.

- **Public sector.** The Belgian province of Antwerp deployed Oracle’s Global HR Cloud and Talent Management Cloud. These services have been used to reduce the required amount of IT infrastructure and improve performance management.

- **Financial Services.** Standard Life, which provides savings and investment products, utilized Oracle Talent Management Cloud to improve reward and performance management within the organization. It wanted one solution to replace many different versions of data to deliver real-time business intelligence not only for the HR function, but throughout the business.

**Measure the value of your HCM investment**

Ensuring return on investment (ROI) is a requirement for all CFOs signing off any new technology deployment, whether it is a capital or operational expenditure. Oracle conducts an annual “health check” with its customers to ensure they are getting value from their deployments, which includes ensuring that full use is being made of the services they have deployed; organizations often take new services on board but do not use everything they are paying for. This type of review is something that enterprises should be asking their providers for.

As one might expect, ROI is most easily demonstrated in relation to talent acquisition – replacing time-consuming manual services with automated, more focused recruitment capabilities. For Global
HR, ROI is achieved through self-service. To demonstrate the ROI, enterprises need to have first measured costs before deploying a new service, which is often something software vendors and service providers can help with. It is also worth enterprises assessing how the new HCM solution has improved employee engagement. Conducting regular surveys about how engaged employees are, with regular reviews, will give real evidence of improvements – which will in turn improve end-customer satisfaction.

Analytics are key to successful HCM deployment, and Oracle has strong analytics capabilities in Oracle HCM Cloud. Analytics are available across the five main capabilities identified in Figure 1, and using these analytics can help enterprises identify workforce trends and fine-tune HR to continually adapt to organization strategy. Having a view across multiple Oracle HCM Cloud services using analytics can help an enterprise understand regional or role variations, where learning investment is required, or potential future staffing or skills gaps.

<table>
<thead>
<tr>
<th>Opportunity</th>
<th>Measurement</th>
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<tbody>
<tr>
<td>Talent acquisition – replace existing manual processes with automated, focused processes</td>
<td>Time to recruit, from creating a vacancy through to offer; retention period</td>
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<tr>
<td>Talent management – replace manual performance management process with an improved, automated service</td>
<td>Retention rates; movement of staff within the organization to retain and satisfy career goals</td>
</tr>
<tr>
<td>Employee self-service</td>
<td>Time freed up by HR processing admin requests (e.g., benefits, absence requests); usability – speed of uptake for employee self-service</td>
</tr>
<tr>
<td>Improve employee engagement</td>
<td>Regular staff reviews of employee engagement (e.g., every six months)</td>
</tr>
<tr>
<td>Analytics and reporting</td>
<td>Insight available – what could you not investigate previously that you can now?</td>
</tr>
<tr>
<td>Compliance</td>
<td>Time taken to comply with country-level compliance demands</td>
</tr>
</tbody>
</table>

Source:

Remember, however, that obtaining value from your HCM investment is not just about ROI. Pulling your myriad HR solutions in use across the globe together into one system, providing an overall view of HR across an organization and giving your employees more power to support their own career development, will significantly benefit your enterprise.

Appendix

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Ovum Consulting

We hope that this analysis will help you make informed and imaginative business decisions. If you have further requirements, Ovum’s consulting team may be able to help you. For more information about Ovum’s consulting capabilities, please contact us directly at consulting@ovum.com.
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