



An Oracle White Paper
February 2012

Oracle Human Capital Management: Leadership that Drives Business Value

How HR Increases Value

Introduction

Joyce Westerdahl shares the story of how Oracle's HR organization built a very strategic HR function—away from the administrative back office—to drive Oracle's business. The demands of supporting an extremely high-growth company with 80 acquisitions over 8 years put a great deal of strain on Oracle's HR department, but thanks to technologies put in place 12 years ago, it was well equipped to perform. In response to a challenge from the Oracle CEO to use only Oracle software, the HR department consolidated onto a single system and embraced an HR transformation.

That transformation began with finding the answers to simple workforce-related questions, such as how many employees Oracle has worldwide and what they do. But deeper insight into those employees was needed to identify top talent, analyze skills gaps and predict necessary people changes for the organization when, for example, an entire new business was introduced or Oracle expanded to new markets. HR had to demonstrate leadership that drives business value and support these new business initiatives with a high performing workforce.

Transforming HR

Twelve years ago, Oracle had about 45,000 employees in 50 countries. But HR didn't have enough data about those employees for an aggregated view of its workforce. "Our CEO asked me how many employees we have, and I had to get on the phone and call people around the world and ask how many employees there were in every country," says Westerdahl. "It took about 10 days, and I had it on a little piece of paper. I sent an e-mail to our CEO and told him the number. He then asked what they all do. It took great effort to find out what all employees did, and I knew we needed to make a change, become more efficient so we could easier find out this information." It is critical for an organization to be able to consolidate data worldwide. An integrated system that ensures the consistency of data is necessary for a total view of the workforce. Westerdahl explains, "We had many, many different payroll systems around the world. We had time and labor, we had vacation systems—in some countries we had four or five systems. Our challenge was to save a billion dollars, use our own systems, and streamline our processes to become a truly global organization."

An Integrated HR System

Often HR works closely with the finance organization to establish a global shared service system. At Oracle, "HR did this with finance and purchasing," says Westerdahl. "Finance had a shared service model to support the finance organization worldwide. Now payroll does, too, and so does HR. We have three shared service centers around the world, one in Rocklin, California, for all the Americas; one in Singapore for all of Asia; and one in Romania for Europe and Africa. We ended up with consistent processes and better efficiency."

With an integrated system in place, HR can provide detailed information on what employees do. Executives can see whether employees have met their targets, and they can view various qualifications and specializations. And they can access this data to identify top talent regardless the size of the organization. "Today we're almost at US\$37 billion in revenues," says Westerdahl. "We are in 67 countries. We have almost 115,000 employees."

Becoming a Strategic HR Organization

Streamlining HR processes frees HR resources to perform more-strategic work. "The team that transformed HR is still with us," says Westerdahl. "Our goal was to move from the administrative back office to very strategic HR functions. We had many administrative people entering data for each HR function. Twelve years ago when the economy was booming, and employees were constantly offered new jobs, I had to pay administrative people US\$10,000 to US\$20,000 retention bonuses so they could finish the job and stay with the company. We were able to significantly reduce data entry over time, and HR could focus better on supporting our employees. Today I have one HR person for more than 150 employees worldwide."

Surviving Extreme Growth through Acquisitions

Mergers and acquisitions are a disruption for an organization. HR often must integrate both companies at all levels in a short period of time. “We have made more than 80 acquisitions since PeopleSoft,” says Westerdahl. “At the start of the PeopleSoft acquisition we didn’t know how many employees they had, what they did, or where they were located.”

When an M&A takes place, you need to have a robust and flexible HR system to make all the necessary changes. “We could not have taken on these acquisitions as fast as we did if we did not have an integrated system,” Westerdahl explains. “It was rough, but we figured it out. We integrated the employees in the U.S., U.K., Canada, and then a number of other Western countries in two-and-a half months—fully integrated, on board.”

Proper Onboarding is Vital

Organizations can save a lot of money by onboarding new employees quickly. Regardless whether they hire employees or inherit them through an acquisition, it’s important to make the new employees productive immediately. “At first,” says Westerdahl, “we had challenges with onboarding. Today we have come a long way in our onboarding efforts—we’ve learned what’s critical in the first 10 days, what’s critical the first day, what training new employees need, getting their offices, getting their phones turned on- all of the basic things they need to do in order focus and be successful in their job.”

Surviving for High Acceptance Rates

Sometimes during M&As tough decisions have to be made to maintain the overall health of the organization. The toughest issue is whether there is a job for every person. Oracle has a set strategy, Westerdahl explains. “Typically what we do in an acquisition is hire everybody. We want everybody. We want product. We want people who want to be a part of a winning organization, and the interesting thing is we have a 99.9 percent offer acceptance rate,” she says. “We sometimes don’t have spots for all the back-office folks, but as we’ve grown over the years, you can see we can absorb many people. So we don’t have a problem with huge layoffs. We want people to join. We strive for high acceptance rates.”

A New Challenge

Organizations often find it difficult to handle changes when expanding into new markets, or when adding a completely new business line. Knowing how to approach the tasks at hand and what kind of talent is needed to do the work can be a challenge. “We integrated 79 companies in the software, middleware, and database space,” says Westerdahl. “Then we bought Sun. Now we’re in the hardware business. We didn’t know anything about hardware. But we brought Mark Hurd into the fold. In one year we needed to hire 10,000 new people worldwide. We will actually complete our hiring programs by December 1, 2011 this year.” But it’s been a challenging process to learn what people Oracle needs in hardware, Westerdahl adds, and what capabilities those people need to have.

The War for Talent

There is often not enough talent when an organization is expanding into new markets and is looking for people with the right skill sets. The war for talent indicates a higher demand for skilled workers than the market can supply. “There was no way we could hire enough hardware people,” says Westerdahl. “There's not a ton of them out there, like there are in the software and database marketplace. So we've had to really identify key talent, and rotate that talent in areas that aren't known to them. Another challenge was that we had introduced industry-focused solutions at Oracle, and we needed talent there as well. Our emerging markets are still a challenge, China and India continue to be just explosive in growth, and we need to hire more talent there.” An integrated HR system provides the necessary insight to easily hire and identify talent that has the required skill sets for jobs in new market areas.

Accomplishments

When an organization goes through a lot of changes and growth, employees are asked to be flexible and adapt to these changes. Often employees struggle to cope with these challenges, leave the company and valued skills are lost. Open positions mean that the job does not get done, and a high turnover rate leads to a loss of productivity for an organization. Reducing turnover and retaining people is key because it is very costly to replace people. When an organization has a low turnover and high retention rate, it means more than just saved expenses. It means that business operates without disruption despite growth challenges. “In the last two years, our turnover has gone down dramatically. Even though Oracle continues to do well, it is an important factor. We have been retaining people, and are steadily improving on that,” Westerdahl says. She further explains, “HR provided leadership that drove business value and supported Oracle’s business strategies. Today Oracle is the leader not only in databases but many other product areas as well.”

New Goals

An organization always has new goals. “We have to advance the capabilities of our people to meet new challenges,” says Westerdahl. “We need to keep accelerating productivity and maintain breakthrough growth and continue to manage our talent. We need to strengthen our organizational capabilities and grow our people’s careers. We need to engage and enable this inclusive network of talent across the globe, and continue to advance these leadership capabilities. These are our big goals for the next couple of years.”

Oracle Fusion Talent Management

Modern applications and technologies are created to accomplish these new business goals. So Oracle turned to its newest Fusion applications for help. “Our talent management was missing,” Westerdahl explains. “I needed to strengthen that area. Currently we don't effectively use a talent management solution the way we should. We started with Oracle Fusion Talent Management in the cloud in order

to learn who our key performers were, retain people and have the right people in the right place so we can accelerate workforce productivity and support our growth.”

Social

Today people interact and collaborate differently, and there is a lot of talk about social networking. Companies are looking at social networking and are figuring out to what extent to incorporate it into their business. “We use social media technologies,” says Westerdahl. “And it kind of got ahead of us, too. We didn’t have the policies in place, and before I even knew it, the recruiters were using it.

“The interesting thing for us,” she adds, “is that our European recruiting organization started using social media tools way before our U.S. organization did. You expect the U.S. or Asia to be leading, but instead we had European countries leveraging these technologies to recruit, and network.

Business Intelligence

HR has to provide timely, insightful and actionable information to leaders, so they can run their business efficiently and make better-informed decisions. “There is no shortage of things for us to measure in HR,” Westerdahl points out.

“We are combining HR data with financial reporting so that we will have quotas, financial insight, and revenue goals for each region. We don’t report only on turnover, we also report on all the different components—for example, the performance ratings of the people. We are getting into predictive analytics as well so we can model performance and attrition and take actions.”

Different leaders need different kinds of information to make the best decisions. “We have three different views for our three leaders,” Westerdahl says. “Our leadership challenges us to have proof—to actually show how something is substantiated by data. Show us what story you’re telling. Can you prove it in data? And that’s how we use business intelligence.” Drill-down capabilities are important so executives can view supporting details of any presented reporting.

Ready for a Changing World

It is important for an organization to anticipate change, and to go back and re-evaluate all the processes that have been established in order to support a changing world. Being agile and following the company’s direction is key, Westerdahl says. “You constantly need to demonstrate value and make a business impact daily. This is an economy that’s fragile. So we have to adjust and make changes as we go. We talk about HR analytics and capabilities, and we talk about driving for consistency globally,” she adds. “Every few years we have to go back and refresh and make sure that we are doing things consistently, and that we are still working from the same handbook. I sometimes have to turn around, re-audit, re-check, and ask where we are going, and make sure we are still on the right page.”

About Joyce Westerdahl Senior Vice President, Human Resources

Joyce Westerdahl is senior vice president, Human Resources, at Oracle Corporation. Her responsibilities encompass all HR functions globally, which include compensation, benefits, staffing, diversity, organizational learning and development, and HRIS. Ms. Westerdahl joined Oracle in 1990 and has held both line and corporate human resources positions. She has been a vice president since July 1996 and has served in her current role as senior vice president since April 2000.



How HR Drives the Business
February 2012]

Oracle Corporation
World Headquarters
500 Oracle Parkway
Redwood Shores, CA 94065
U.S.A.

Worldwide Inquiries:
Phone: +1.650.506.7000
Fax: +1.650.506.7200

oracle.com



Oracle is committed to developing practices and products that help protect the environment

Copyright © 2012, Oracle and/or its affiliates. All rights reserved. This document is provided for information purposes only and the contents hereof are subject to change without notice. This document is not warranted to be error-free, nor subject to any other warranties or conditions, whether expressed orally or implied in law, including implied warranties and conditions of merchantability or fitness for a particular purpose. We specifically disclaim any liability with respect to this document and no contractual obligations are formed either directly or indirectly by this document. This document may not be reproduced or transmitted in any form or by any means, electronic or mechanical, for any purpose, without our prior written permission.

Oracle and Java are registered trademarks of Oracle and/or its affiliates. Other names may be trademarks of their respective owners.

Intel and Intel Xeon are trademarks or registered trademarks of Intel Corporation. All SPARC trademarks are used under license and are trademarks or registered trademarks of SPARC International, Inc. AMD, Opteron, the AMD logo, and the AMD Opteron logo are trademarks or registered trademarks of Advanced Micro Devices. UNIX is a registered trademark licensed through X/Open Company, Ltd. 0112

Hardware and Software, Engineered to Work Together