

Unexpected Benefits of HCM and ERP Integration in the Cloud

How Healthcare HR Can Lead
Digital Transformation



Moving information systems to the cloud is hardly a novel idea; each year, the percentage of healthcare providers that move their HCM and ERP systems to the cloud grows. And when you look at the data, it's easy to understand why a unified HCM and ERP cloud system has far-reaching, concrete benefits that touch nearly all aspects of the business. Executive teams often cite advantages such as cost efficiencies, optimized workflows, and reduced maintenance as top motivators for unifying HCM and ERP in the cloud. In addition, as healthcare providers focus on the need to improve the patient experience during a time of rapid industry consolidation, improved insight across the organization can impact key areas like quality of care and regulatory compliance.

But beyond the clear benefits of HCM and ERP integration, healthcare providers can gain unexpected bonuses as well, particularly in areas of special interest to HR. Cloud plays a pivotal role in the transformation of the HR function into a more strategic organization; but just as importantly, cloud technology can also uniquely position healthcare provider HR departments to lead a fundamental shift in the way healthcare organizations operate at every level. Research by MIT Technology Review Custom, sponsored by Oracle, uncovered three unexpected yet transformational outcomes of HCM and ERP integration that underscore its sweeping effects on HR and beyond.¹

CLOUD INTEGRATION EXPOSES SKILL GAPS AND OPPORTUNITIES FOR GROWTH

Though it may seem counterintuitive, revealing the need for additional skill development is a huge, if unforeseen, bonus to cloud integration. After all, the transition to cloud rarely creates skill gaps; it merely exposes those that already exist. Understanding where the organization is strong and where there is room for improvement is a boon to any healthcare provider, and HR is uniquely positioned to tackle these opportunities head on.

While cloud integration allows for more time to be spent on value-added endeavors in theory, some organizations found that they didn't quite reap the results they'd hoped for. Investigation into the issue revealed two major skill gaps that needed to be remedied: collaboration between teams and time management.²

Integrated cloud solutions can provide big benefits to healthcare providers, but implementing the right technology alone isn't enough. If administrators, physicians, and nurses haven't adopted a mindset of innovation and agility, the organization will find itself going nowhere fast. But changing that mindset doesn't necessarily happen overnight—especially in the cost-sensitive healthcare market. When teams are used to owning their own projects, processes, and decisions, it can be difficult to convince them to share the load. Yet, according to the American Hospital Association, “When all clinical and nonclinical staff collaborate effectively, healthcare teams can improve patient outcomes, prevent medical errors, improve efficiency and increase patient satisfaction.”³ That's why it's critical for healthcare



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providers to find ways to bring teams together, foster a collaborative environment, and build trust amongst clinicians, staff, and patients.

This isn't always easy to do. In fact, a recent study featured in the *Journal for Nursing Management* found that, “The results from the subscales within the teamwork model showed that nursing teams had a good understanding of the various roles and responsibilities. However, nurse team members held a more individualistic rather than collective team-oriented mindset.”⁴

Luckily, these challenges can be addressed through cultural and operational changes.

Collaboration and communication skills can be

developed with cross-training, one-to-one coaching, and facilitated by shared platforms that enable social and collaborative behaviors. This can be especially important in a patient-centric healthcare setting where the quality of care and patient outcomes are directly tied to the teamwork, collaboration, and trust of healthcare workers. Another approach is for managers to engender trust across teams through peer-based recognition programs, architecting challenging projects for administrative teams to jointly solve, and old-fashioned team building.⁵



“40% of HR and finance respondents say time-management skills need improving.”¹²

MIT Technology Review
Custom

For clinicians, improving time management skills may take both training and a rethinking of how patient and administrative duties are handled. Healthcare administrators, on the other hand, can carve out planning time, find the latest ways to improve communication, and surround themselves with helpful colleagues.⁶ To truly improve time management, both sides of the healthcare organization must collaborate. Currently, many teams operate under a laundry list of governing processes and workflows—many of which are slow, laborious, and destroy employee motivation.⁷

The move to cloud frees teams to reevaluate their processes as they integrate their workloads into a new solution. Unwieldy, unproductive, or overly restrictive workflows and processes can be culled or revised to be less cumbersome on production and creativity. Transitioning from waterfall processes with their long lead times and slow delivery to more iterative, agile models grants individuals and teams the opportunity to change their work habits—and their mindsets. By experimenting with work models that rely on continuous delivery and continuous innovation, individuals will find ways of working that are more efficient, and healthcare providers will finally see the productivity yield they expected.



UNIFYING HCM AND ERP IN THE CLOUD LEADS THE WAY FOR CONTINUOUS HEALTHCARE BUSINESS TRANSFORMATION

Hospitals and healthcare facilities who have completed their transition to the cloud have seen improvements across many aspects of their business, from increased productivity, to cost savings, to better strategic planning and decision making.⁸



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And because HCM and ERP integration delivers measurably high returns, this partnership is often lauded as a clear indication that unified systems deployed in the cloud are critical to continuous organizational transformation.

It's clear that the natures of work and healthcare are changing. From the increasingly diverse workforce, to value-based care, to an aging population, the future of work presents a brand-new landscape to traverse. Many healthcare organizations are discovering that their processes, workflows, and strategies are ill-suited to the many pressures facing healthcare providers. This can become even more complicated when mergers and

acquisitions occur. One way that healthcare providers are meeting this challenge is through digital transformation—the organization-wide adoption of technology to enable new types of innovation, collaboration, and production.

Integrated HCM and ERP systems share a single source of data. People data and financial data reside in the same place, and records can be cross-referenced to form a more complete picture of how different parts of the organization interact. With a unified system, HR and finance leaders can speak the same language, facilitating better collaboration and faster decision making. Integrating the datasets between HR and finance allows these leaders to glean new visibility and insight into the organization's real health—which can have a tremendous impact on the ability of healthcare providers to reduce costs.

And, importantly, these learnings spread throughout the organization, informing what types of care are delivered, people are hired, problems are solved, and dollars are spent. This organic transformation is powerful, creating new value and opportunities as the hospital or healthcare facility evolves. Collaborative leadership



“Nearly 40 percent of HR respondents say the flow of information between their department and finance is significantly improved.”¹³

*MIT Technology Review
Custom*

between HR and finance, for example, may challenge attitudes about functional territories and begin to correct misaligned objectives or KPIs. In this way, successful collaboration between HCM and ERP not only yields measurable ROI, it also illuminates the path toward fundamental shifts in culture that produce greater agility and innovation.



EXECUTING A UNIFIED CLOUD STRATEGY PREPARES THE ORGANIZATION FOR THE NEXT DISRUPTION

Deloitte's 2018 Global Human Capital Trends report identified “symphonic leadership” as one of the key trends transforming business today.⁹ Defined as a model where executives interact and support each other as a single team while continuing to lead their own lines of business, symphonic leadership is both a requirement for and a byproduct of an interconnected enterprise. This is incredibly important for healthcare providers, where the uncertain regulatory environment and industry consolidation create risk and complexity that leaders need to deal with on an ongoing basis.

As healthcare providers gain access to more data, analysis will become more complex, and forecasting will become more crucial. And not just forecasting about the organization: HR's ability to partner with finance to forecast market changes and the social forces that shape them will become a vital bulwark against disruption. Security is also top of mind for healthcare today—and putting data in a secure, proven cloud environment can ease concerns over employee and patient data privacy.

As new working relationships form, old habits may be difficult to break, and the learning period where HR and finance adapt to their new roles may be rocky at first. But the outcome of this challenge will be new skills—collaborative, interpersonal skills that the rest of the business will also need to learn to remain competitive. In this way, HR's partnership with finance becomes a model for the entire organization.

Executives aren't the only ones who may need an adjustment period. As cloud integration allows for more time and resources to be spent on higher value, strategic initiatives, managers and individual contributors alike may need to strengthen muscles that were previously underdeveloped. But in doing so, physicians, nurses, technicians, and administrators become more adaptable, more amenable to change, and better able to prepare for disruption. When individuals and teams are accustomed to flexible work models predicated on the ability to meet fluctuating market needs, weathering the storms of continuous change becomes second nature.




THE EMERGING TECHNOLOGY ADVANTAGE

Future-ready healthcare providers are doing more than preparing their people for disruption. Increasingly, HR leaders are enlisting the help of artificial intelligence (AI) to navigate the churning seas of change.¹⁰ And to be useful, that AI must be taught—fed with relevant data and coached into producing acceptable, usable outcomes. But AI is only as useful as the data it has, making unified data sets between HR and finance even more valuable.

Armed with the right information and the right coaching, AI is poised to alleviate many of the burdens HR currently faces, such as overtaxed resources and time spent on mundane tasks. Chatbots, for example, will become welcome new members of many HR teams. From facilitating the update of employee records to fielding common questions and redirecting inquiries, AI can improve employee experiences while allowing humans to do more strategic work.

Other emerging technologies are making headway into organizations, too. According to Gartner, blockchain, for example, “has potential to kick-start a platform evolution or revolution within the next 5-10 years.”¹¹ Blockchain is poised to become the future of business transactions—and if healthcare providers aren’t prepared to



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utilize the technology that offers improved validity and integrity of transactions, they may find their opportunities to grow their partner networks shrinking. Integrating or sharing services between and among networks is only becoming more vital, and savvy healthcare leaders are looking to take advantage of these abilities *now*—before they become table stakes.

Disruption usually comes from outside—an external force whose extreme pressure either changes or breaks an organization. In the case of healthcare, government regulations are one major form of disruption. Others

include patient expectations and the affordability of healthcare. Healthcare provider organizations that invest in emerging technologies and integrated solutions stand a fighting chance not only of withstanding disruption, but taking advantage of it. Organization-wide alignment on goals and vision, the ability to restructure teams to focus on innovation and experimentation, and the ability to move quickly lie at the

heart of disruption. And these are all areas that HR can lead with confidence, supported by the right technology and business processes.



HOW CAN HR MAXIMIZE THESE BENEFITS AND LEAD THROUGH DISRUPTION?

To make the most of their organization's digital transformation and prepare to become the next disruptor, healthcare provider HR teams need to focus on three fundamental areas: business readiness, prescriptive data analysis, and automation.

Any fundamental shift in the way a healthcare business operates can create challenges. And even though the coming changes may prove highly beneficial in the long run, most hospitals and healthcare facilities cannot afford to have their everyday operations significantly interrupted. Even during a tidal wave of change, each day must be business as usual—and HR can help create that center of calm amid the storm.

Ensure Business Readiness

In times of transformation, many HR functions focus on change management—ensuring that people understand the change, how it applies to them, and how they can transition from the past into the future. And it's a necessary activity. But future-ready HR teams can't stop there.

Ensuring change is least disruptive to people is one thing; ensuring change is least disruptive to the organization is another. HR can protect their organizations from interruptions and continuity challenges with five key strategies:

- Use fundamental knowledge of the healthcare business—financial, strategic, regulatory, and technological capability—to inform hiring and training decisions
- Provide data-driven insights about the business and its people
- Go beyond change management to change leadership, modeling a culture of change as the new normal
- Provide cross-training with an emphasis on developing collaborative problem-solving skills
- Challenge the status quo and investigate new work models, collaboration methods, and internal processes

Become Master Consumers of Data

If that sounds like a heavy undertaking, it is. But HR teams don't have to do it alone. Today's unified HCM and ERP solutions provide the rich data teams need to make informed decisions. Predictive analytics allow healthcare HR professionals to not only understand what is happening in the organization, but also to predict a timeline for when certain actions should be taken, such as when an employee should be considered for a raise or promotion. And to take it one step further, future-ready HR leaders are also learning to use AI to prescribe specific actions that benefit the organization in the longer term. For example, data analysis may indicate that the abovementioned employee is at risk of leaving, and AI-augmented prescriptive analysis may recommend offering him a 10 percent pay increase to keep his salary aligned with market trends. This can be crucial to control costs in the intensely competitive healthcare talent market.

HR teams have long been data creators: performance reviews, compensation history, turnover rates, etc. are common in every HR toolkit. But to lead the organization through disruption, HR needs to evolve from pure data creators to becoming data consumers. HR must learn to understand the numbers in ways that allow them to make thoughtful, meaningful predictions about the future of the organization.

Embrace Automation

In addition to understanding the numbers, HR will need to share information with teams across the organization. But standard reporting is quickly becoming outdated, as HCM and ERP systems move to the cloud. AI, machine learning, and pattern recognition can automate routine human resource management tasks while reducing dependence on custom reports. Reports become configurable dashboards, allowing stakeholders to retrieve the information they need in ways that make sense to them. That automation results in better, more timely reporting and fewer resources spent on the data integration required for custom reports.

Automation is here to stay, and forward-thinking healthcare providers are already looking for ways to capitalize on it. Automation will move throughout the organization, and many jobs will evolve as certain skillsets are displaced and the need for new skillsets arises. While this evolution will not be without challenges, the resulting ability to move faster and respond quicker to healthcare industry shifts, regulatory changes, and medical trends will be invaluable.

CONCLUSION

HCM and ERP integration in the cloud has many clear benefits for healthcare providers, but perhaps the unexpected benefits are even more noteworthy. HR teams that take advantage of integrated cloud solutions and tackle the ensuing culture changes will be well-positioned to lead through regulatory changes, value-based care, digital transformation, and other disruption. Future-ready leaders will build upon the many advantages integrated cloud technology affords, directing their teams and their organizations to greater success while promoting patient health.

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¹ MIT Technology Review Custom, "Finance and HR: The Cloud's New Power Partnership", 2017

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ORACLE CORPORATION

Worldwide Headquarters

500 Oracle Parkway, Redwood Shores, CA 94065 USA

Worldwide Inquiries

TELE + 1.650.506.7000 + 1.800.ORACLE1

FAX + 1.650.506.7200

oracle.com

CONNECT WITH US

Call +1.800.ORACLE1, visit oracle.com/hcm, or email us at oraclehcm_us@oracle.com.



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