

# Oracle Value Realization

## HCM Cloud Benchmark Report

Evidence from customer business outcomes

2018 – 2019

ORACLE®

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## RESEARCH METHODOLOGY

Research involved collecting first-year business value and benefit data directly from Oracle customers who have been live on Oracle's HCM Cloud solution for at least a period of 6 months. Data was collected through interviews with key business and IT leaders who experienced both pre and post cloud environments. The customers interviewed represent a myriad of industries like Financial Services, Industrial Manufacturing, Retail, Healthcare, High Technology and diverse company sizes ranging from large global enterprises, to small/medium businesses globally. For purposes of this benchmarking report, all customer data from the initial/pilot Oracle HCM Cloud customers was blinded and aggregated.

We thank all customers participating in this research, and in particular, the [Quest Oracle Community](#) for accelerating the research by connecting us with their members

## REPORT ROADMAP

The Value Realization program is an on-going effort, and Oracle will continue to update this report on a regular basis (at least two+ times yearly) with additional insights from on-going customer interviews. As more customers participate in the Oracle Value Realization program and additional customer feedback is collected, Oracle will also continue to produce additional industry, demographic and company-size versions of the benchmark report, adding in metrics for years two and three, post go-live.



This report will provide customers with a glimpse into the benefits organizations could expect to achieve from the implementation and adoption of Oracle HCM Cloud. In this report, customers will discover:

- Benefit data collected through customer value assessment interviews
- Areas where their organization is performing strongly and other areas where they may be able to make improvements
- Key insights and critical success factors for a successful Oracle HCM Cloud transformation

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**“Customer Success is the result of relentlessly driving measurable business outcomes and value for customers. Oracle’s job is to focus every aspect of what we do on helping our customers achieve their objectives.”**

**Jeb Dasteel**  
*SVP & Chief Customer Officer*  
Oracle

## INTRODUCTION

At Oracle, our goal is to make customers and their business processes the center of our business. As business models and requirements continue to evolve, Oracle understands that there is a need to rethink the way customers are served in today’s environment. Our job has changed from IT enablement to supporting the core business processes of our customers, and we recognize that this means an altogether new way of looking at our responsibilities. We are responsible for Customer Success. Key to facilitating this is helping customers achieve measurable business outcomes.

The goal of the Oracle Value Realization program is to engage with Oracle’s Cloud customers and help them target, track, measure and promote business outcomes throughout their cloud transformation journey. This includes providing insights and best practices to help achieve the full potential of cloud investments, as well as quantifying and communicating the value customers experience from cloud investments.

## OVERVIEW

Cloud is the catalyst for a host of disruptive new business technologies, from chatbots and artificial intelligence to blockchain. Cloud technologies help companies redefine modernization, innovation, and competition in today’s digital world. With the industry-wide push to the cloud, Oracle sees more customers driving additional value to their businesses. With the cloud investment model, it is more important than ever for organizations to demonstrate that their investments deliver tangible business benefits, both now and in future. Based on customer evidence we’ve collected, first-year returns on investment from Oracle HCM Cloud fall into two main benefit categories:

- **Operational Excellence**
- **HR Modernization, Integrated Workforce Insight and Agility**

**Operational Excellence** – With Oracle HCM Cloud, customers transformed their businesses by increasing efficiency through streamlined and automated processes. By improved & faster processes, reducing time, enabling faster deployments, smoother upgrades, lower maintenance, and fewer customizations, customers were able to reduce cost and improve the quality of service. Below is a summary of the benefits achieved by Oracle HCM Cloud customers that have helped drive operational excellence.

- **Improved Training Process** – Customers were able to automate and support multiple types of learning (e.g. online, social, and blended) and improve training processes by 80%, through customizing onboarding and training capabilities, and self-service delivery.
- **Reduced Compliance Costs** – Customers were able to reduce compliance costs by 70% and eliminate manual processes by simplifying compliance for all employees. A large retail brand saw dramatic savings of \$1M USD by avoiding risks and meeting compliance standards.
- **Reduced Payroll Processing Time** – Customers were able to reduce payroll-processing time by 68% and drive efficiency and accuracy by monitoring payroll processes through payroll dashboards and automation with payroll flows and checklists.
- **Reduced Benefit Administration Expenses** - The automation of the benefit administration as well as the ability for employees to access policies, and to make their own selections, saved considerable time and reduced costs by 50%. Benefits enrollment at a large fast food company now happens much quicker with Oracle HCM Cloud, saving 3 days in open enrollment and 3 days in confirmation.
- **Reduced Maintenance Cost of Legacy HCM Systems** – With the move to Oracle HCM Cloud, customers were able to reduce customizations, save on application support, and upgrade costs, IT maintenance staff and infrastructure costs by an average of 48%.
- **Reduced Time to Hire** – Through an automated recruiting process customers were able to reduce the overall time to hire by 44%.
- **Improved Performance Management Process** – Customers interviewed were able to realize productivity improvements at an average of 32%, via automated and streamlined review and approval of performance management process.
- **Reduced Compensation Costs** – By enabling managers to view employee performance ratings and compensation history details, optimization of compensation costs of around 10% was achieved while making budget and compensation decisions.



**Customer Perspective**

*“Payroll runs have been drastically improved in addition to incorporating process improvements, flows, etc. We now run payroll in 4 hours vs. 4 days. These are great improvements”*

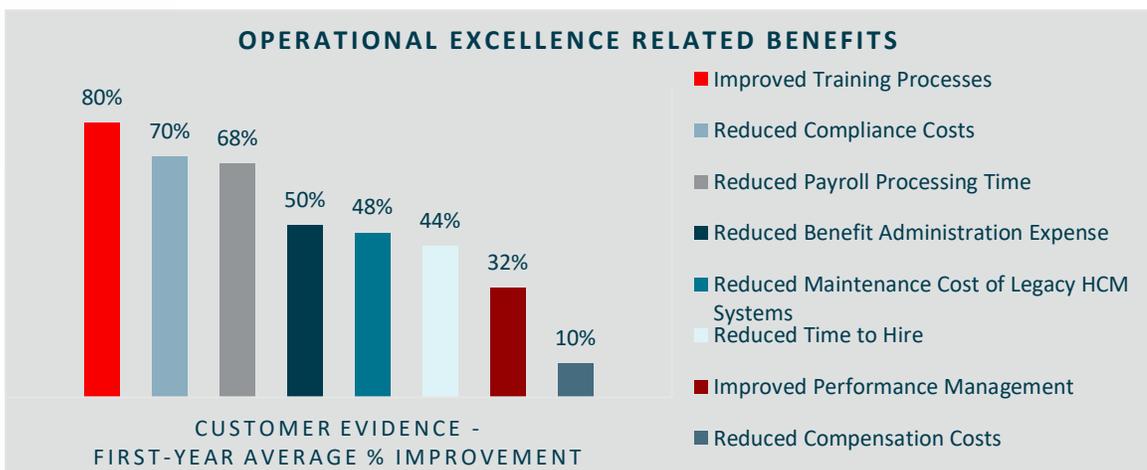


Figure 1 depicts % improvements in Operational Excellence achieved over the first 12 months

**HR Modernization, Integrated Workforce Insight and Agility** – Customer evidence shows that the role of HR has changed to keep pace with changing workforce, changing organization, and changing business landscape — to be that strategic partner in helping business achieve its goals in this digital age. With Oracle HCM Cloud, customers were able to focus on advancing business and workforce agility to drive desired behavior that increased productivity through real-time insight. Customers were able to control costs while scaling business, engage new and existing talent and provide insight to managers and executives with Oracle HCM Cloud. Below is a summary of the benefits achieved by Oracle HCM Cloud customers, which have helped create an agile, scalable and insight-driven modern HR function.



**Customer Perspective**

*“Our employees wanted to identify how their daily role aligns with the company’s overall key business objectives, and with Oracle HCM Cloud we can now define how each employee strategically impacts the company and aligns with the goals of our CEO—a great win for our company”*

- **Improved Reporting Productivity** – With Oracle HCM Cloud, customers were able to provide a consistent reporting environment with innovative self-service reporting tools, focused on reducing process inefficiencies and number of manual reports generated, leveraging analytics, and reporting with context. Customers were able to increase reporting productivity by 79% with Oracle HCM Cloud. A telecommunications conglomerate has been able to reduce from seven HR business reports to just one business report with filters, shifting the focus from manual reports to automated self-service reports.
- **Increased Staff Productivity** – Through self-service, customers were able to reduce HR staff time spent on routine activities; and enabling HR staff to have greater focus on strategic activities like employee engagement, training and increase staff productivity by 34%. Some customers interviewed have seen a reduction in the number of HR IT decision support staff, whereas others have been able to redeploy HR staff to value-add activities such as training, strategy & operations.
- **Improved Workforce Engagement** – Customers were able to enhance employee engagement by 15% through a more effective performance and goal management process, and by aligning employee goals with their organization’s strategy and vision. A leading chemicals manufacturer was able to increase employee satisfaction scores, through better transparency and visibility with the performance review process.
- **Increased Percentage of Right Hires** – Customers were able to decrease the overall employee replacement cost and attrition rate by 11%, ensuring the right candidate is in the right job. A large clothing and accessories retailer was able to reduce employee turnover by having real-time performance insights and mapping employee performance to potential.

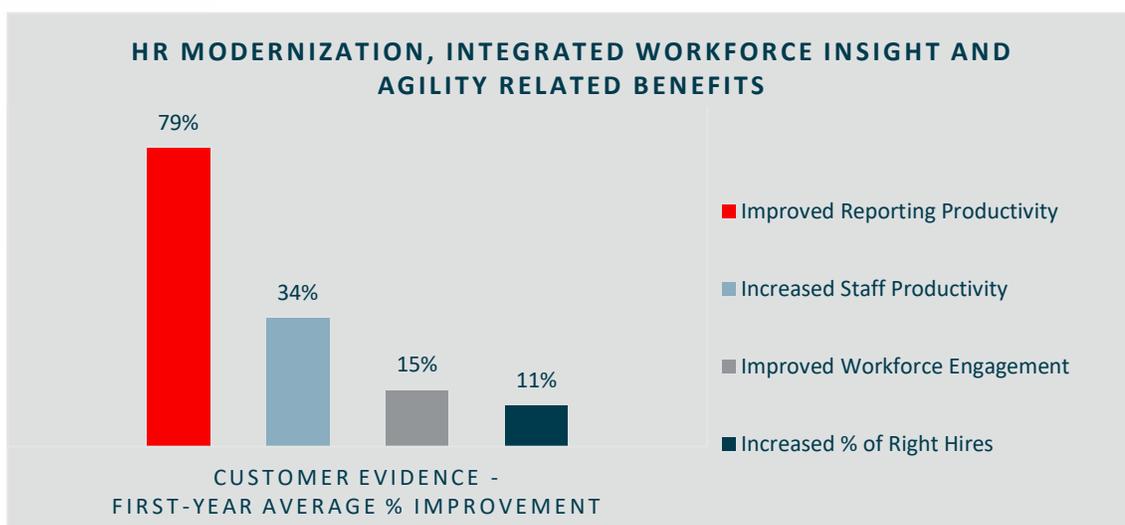


Figure 2 depicts % improvements in HR Modernization, Increased Workforce Insight and Agility achieved over the first 12 months

## BENCHMARK RESULTS

Listed below are the benchmark results indicating the business benefits related to the move to Oracle HCM Cloud, based on feedback from customers participating in the Oracle Value Realization Program and associated Key Performance Indicators (KPIs). This benchmarking data is intended to help customers identify areas where their organization is performing strongly and other areas where they may be able to make improvements.

CATEGORY	BUSINESS BENEFIT	CUSTOMER EVIDENCE – % IMPROVEMENT (FIRST-YEAR AVERAGE)	KEY PERFORMANCE INDICATOR (KPI)
Operational Excellence	Improved Training Process	80%	Total employee training time/effort & related costs
	Reduced Compliance Costs	70%	Time/effort taken for audit & compliance
	Reduced Payroll Processing Time	68%	Annual payroll processing time
	Reduced Benefit Administration Expense	50%	Number of FTE involved in benefit administration
	Reduced Maintenance Cost of Legacy HCM Systems	48%	Annual cost of application support, application upgrades, IT staff and infrastructure
	Reduced Time to Hire	44%	Average number of days to hire
	Improved Performance Management Process	32%	Annual hours spent on performance management activities
	Reduced Compensation Costs	10%	Compensation planning process improvements
HR Modernization, Integrated Workforce Insight and Agility	Improved Reporting Productivity	79%	Number of IT staff needed for reporting and/or number of manually generated reports
	Increased Staff Productivity	34%	% of time spent on routine HR activities vs % time spent on strategic activities
	Improved Workforce Engagement	15%	Employee engagement index / satisfaction score
	Increased Percentage of Right Hires	11%	Employee attrition rate

## CUSTOMER FEEDBACK INSIGHTS



Based on ongoing conversations and discussions with several customer executives participating in the Oracle Value Realization Program, here are some key insights derived:

- Top 3 drivers for choosing Oracle HCM Cloud were:
  - ✓ **Modernize HR operations**
  - ✓ **Enhance data security**
  - ✓ **Drive process efficiency**
- Several customers interviewed were able to **realize a dramatic 70% improvement, due to strategic and automated global payroll management.**
- With Oracle HCM Cloud implementation, customers experienced **significant 30% improvement<sup>1</sup> in staff productivity with automated performance management.**
- Customers experienced **80% improvement in reporting productivity<sup>2</sup>** by setting up automated and self-service reporting processes, eliminating data-manipulations and leading to increased security compliance.
- All customers interviewed want to **increase staff productivity by streamlining core HR processes** in a personalized, self-service and connected environment.
- In the future, customers plan to **leverage dashboards and progressive reporting techniques to offer usable insights** and **manage talent acquisition and retention easily with Oracle Talent Cloud**, to get deeper insights into attrition by mapping employee performance to potential.
- The key capability that derived the **greatest value** for customers with Oracle HCM Cloud was **'Global alignment of goals'**, which has led to increased employee satisfaction and workforce engagement.
- The business benefit that was **achieved the soonest** with Oracle HCM Cloud was **'Holistic view of talent'**, providing them with real-time performance insight and effective workforce management techniques.
- Greenfield businesses that adopt cloud first see maximum improvements in **'Training Processes' and 'Reporting Productivity'**, whereas organizations that transition from an existing legacy or on-premise technology to cloud see maximum improvements in **'Reporting Productivity' and 'Compliance Costs'**.

<sup>1</sup> & <sup>2</sup> These productivity improvement percentages are for Oracle customers, realized over 6-12 month period. Productivity improvements tend to flatten out over time, and numbers show marginal improvement Year-on-Year

## CRITICAL SUCCESS FACTORS



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### **Customer Perspective**

*“We wanted to modernize our HR systems. Our previous environment was greatly customized. We were able to eliminate all customizations in all modules. From where we started to where we are is night and day”*

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Based on feedback from Oracle HCM customers participating in our Value Realization Program, we have identified 7 best practices that were instrumental in helping these companies drive their HR transformations.

### **Best Practice(s) for Oracle HCM Cloud Transformation:**

1. **Simplify and standardize your environment** as much as possible before embarking on digital transformation. All customers interviewed eliminated customizations.
2. Build expertise in **creating a culture of change management**; including creation and distribution of “super users” drive adoption.
3. Use **innovative communication and training methods** such as collaboration platforms, e-learning systems, gamification, challenges and pop-up stands to disseminate key information and engage employees.
4. Secure an **executive mandate for cloud transformation**. Customers interviewed had a clear champion, typically the line executive and/or the CEO.
5. **Create a performance-driven culture that rewards employees for their contributions**. Help line of business managers see what employees are working on, track their performance, and tie employee compensation to contributions.
6. **Invest in reporting and analytics**. Customers interviewed stressed on the need to provide managers with a global holistic view of the workforce for improved decision making
7. **Make knowledge and people easily accessible** with a single business-sponsored location for employee profiles and enterprise knowledge.

## CONCLUSION

Effective benchmarking enables customers to quantify performance, compare the organization to others, identify performance gaps, and define the actions necessary to close those gaps. Use the listed KPIs holistically to not only measure performance, but also to:

- Set baselines for process improvements
- Track and trend performance over time
- Benchmark performance vs. others
- Identify strengths and weaknesses

Oracle hopes this study provides some insight on the kind of value customers could expect from Oracle HCM Cloud and the kind of metrics customers may want to use to gauge success. Below are listed industry-standard KPIs that Oracle encourages its customers to target, track, measure and promote organizations' performance along the Oracle HCM Cloud transformation journey:

Operational Excellence			HR Modernization, Integrated Workforce Insight & Agility
 <p><b>Reduced Payroll Processing Time</b></p> <p>Annual payroll processing time</p>	 <p><b>Reduced Benefit Administration Expense</b></p> <p>Number of FTE involved in benefit administration</p>	 <p><b>Improved Performance Management Process</b></p> <p>Annual hours spent on performance management activities</p>	 <p><b>Increased Staff Productivity</b></p> <p>% of time spent on routine HR vs. strategic activities</p>
 <p><b>Reduced Compliance Costs</b></p> <p>Time/effort taken for audit &amp; compliance</p>	 <p><b>Reduced Compensation Costs</b></p> <p>Compensation planning process improvements</p>	 <p><b>Reduced Time to Hire</b></p> <p>Average number of days to hire</p>	 <p><b>Improved Reporting Productivity</b></p> <p>Number of staff needed for reporting and/or number of manual reports generated</p>
 <p><b>Improved Training Process</b></p> <p>Total employee training &amp; related costs</p>	 <p><b>Reduced Maintenance Cost of Legacy HR Systems</b></p> <p>Annual cost of application support, application upgrades, IT staff and infrastructure</p>	 <p><b>Increased % of Right Hires</b></p> <p>Employee attrition/turnover rate</p>	 <p><b>Improved Workforce Engagement</b></p> <p>Employee engagement index / satisfaction score</p>

Participation in Oracle's Value Realization program will help customers realize cloud success and help them achieve the full potential value from their Oracle Cloud investment. For further assistance, questions or comments, please do get in touch with us at: [customer\\_value\\_realization\\_ww\\_grp@oracle.com](mailto:customer_value_realization_ww_grp@oracle.com)

**Wherever you may be in your cloud journey, Oracle can help.**

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## Integrated Cloud Applications & Platform Services

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