



Oracle Value Realisation Finance and HR Unified in the Cloud

This whitepaper outlines the value higher education customers expect from integrating finance and workforce solutions deployed on Oracle Cloud

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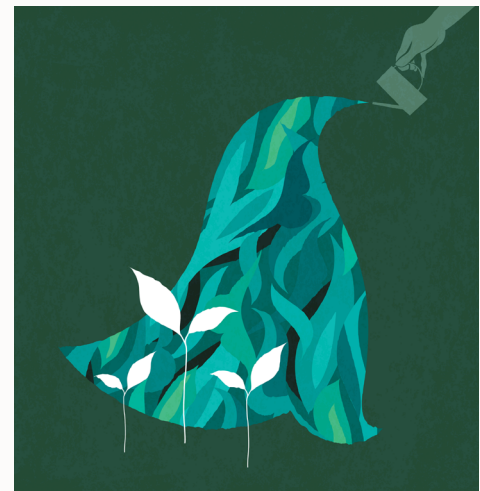
Introduction

Higher education providers have a fundamental influence on the future lives of graduates. With consequences for the national economy, as higher education is a key driver of growth and prosperity in local and national economies. But to foster excellence in all areas of teaching, research and administration they must be financially sustainable. Whilst providing a stimulating and inclusive environment for their people.

As an independent provider, heavily dependent on student fee income, top-up grant funding and government research funding, universities must address a range of financial pressures, including challenges arising from the COVID-19 pandemic. As a result, the next five years are likely to bring profound changes to the higher education sector. They need plans to prepare people for the challenges they will face – whether that be for recruitment, talent management, rewards, diversity or wellbeing.

Yet, many universities view finance and human resources (HR) as contrasting and distinct entities – finance accounting for the facts of business and HR the people side. As finance teams get more involved in defining the high-level strategic plan, they need to set out the financial and resourcing implications. At the same time, HR teams need a clearer view of academic and administrative budgets and strategic priorities to recruit and retain the right people. We believe there is a need for converging finance and HR automation, processes and data.

The purpose of this white paper is to highlight the value customers can achieve by integrating Oracle Enterprise Resource Planning (ERP) and Human Capital Management (HCM) solutions deployed on Oracle Cloud. This white paper provides a point of view on where we expect customer benefits to come, in advance of more formal customer value realization engagements, in which we help customer's target, track, measure and promote business outcomes throughout a cloud transformation journey.



Overview

Universities have made significant steps to improve their internal efficiency, with gains translated into enhanced teaching and research. However, like other parts of the university, finance and HR teams must continue to evolve and innovate. It is no longer enough to be efficient in terms of cost. Finance and HR teams must also continue to add value in terms of greater transparency, deeper business insight and improved decision-making. It is more important than ever for universities to demonstrate that their investments deliver tangible benefits - both now and in future.

Oracle works with our customers, across government and commercial industries, to gather evidence from finance and HR teams on the types of benefits they have experienced with Oracle cloud solutions. This evidence is captured in the ERP Benchmark paper and the HCM Benchmark paper. And explains how our customers have transformed their organisations through streamlined and automated processes, improved access to more information, greater analytical insight and real-time reporting. Which has resulted in improved end-to-end financial management processes, drawing on data from across the organization to create an agile, scalable and insight-driven finance function.

ERP Cloud Benchmark Paper - Highlights



Key highlights from the Value Realization ERP Cloud Benchmark Paper - published July 2018

With Oracle HCM Cloud, customers were able to think strategically about building a workforce that can meet future challenges through real-time insight. Evidence shows that customers were able to control costs while addressing strategic recruitment and retention challenges, evaluating their impacts and providing a competitive advantage to the organisation.

HCM Cloud Benchmark Paper - Highlights



Key highlights from the Value Realization HCM Cloud Benchmark Paper - published September 2018

Unified Finance and HR

The need for closer collaboration between finance and HR has never been more important. It has become almost universally accepted that our universities must adapt to the world they live in. Whether it is government policy on fees, the expectations of millennials or the opportunity offered by new technologies, universities find themselves beset by a barrage of external change to which they must respond and adapt. And since the start of the pandemic there have been concerns about the financial impact on universities. The Institute for Fiscal Studies (IFS) modelled the overall long-run losses from all aspects of the pandemic at £11 billion.

Finance must become a strategic partner to the university. The strategic plan and the financial strategy must cascade through the university. They will inform the development of other institutional strategies and plans, such as an estates strategy and a human resources strategy. The HR team then also plays an essential role in ensuring that the university becomes an employer of choice with a culture, policies and procedures that set high expectations.

Integrating finance and HR data means improved transparency and productivity across multiple back office functions and the wider university. A unified view shares financial and HR data for deeper insights. Operations are simplified, streamlined, and are better able to support teaching and research. The senior management team have access to joined-up data for better decision-making, while faculties and other parts of the institution are more productive as they access services through a modern and unified user experience.

Listed below are few questions to help explore the unique capabilities that an integrated, unified ERP and HCM cloud solution can enable:

- Do the people overseeing academic and administrative management of the institutions, including the Council, Board of Trustees, Senate or Academic Board, engage strategically in finance and workforce issues?
- Can you explain the way in which the institution will use the available resources (people, campus, financial resources) to create value in the short, medium and long-term?
- Are you able to attract, recruit and retain the most able staff across all areas of academic and professional activity, to maintain and enhance the institution's reputation as a thriving and inclusive community?
- Are you able to identify opportunities to increase economy and efficiency in the management of expenditure, delivery of teaching activities or the adoption of different models of teaching?
- Are you able generate a surplus to invest in the future, keeping up to date your built estate and facilities, developing new information technology and learning resources and platforms or investing in other initiatives to improve the student experience?

Oracle has identified 34 critical touchpoints between ERP and HCM cloud systems where integration can speed up operations and eliminate manual tasks across an institution. We regularly see the following benefits that organizations can achieve through integrated finance and HR solutions deployed on an Oracle cloud platform:

- **Value** – management has time to focus on future threats and opportunities rather than transactional problems
- **Agility** – lower cost, faster to respond to organisational change and volatility, with no shortage of talent and the best possible skills mix
- **Control** – excellent data quality, one version of the truth, and data processes, with no question of leadership competence and control
- **Performance** – excellent student understanding and service (internal and external), with measurably better business insight



Customer Perspective

“ The main driver behind our implementation of both the Oracle finance solution and Oracle HCM solutions has actually been the fact that we’ve been Oracle user for nearly 15 years at this point. So as a mature user of the Oracle solutions we found that we didn’t really want to give anything up in this transition. In fact, quite the opposite. We wanted to build on the capabilities that we already had. We found it a great fit for both continuity in terms of application functionality and the data that we held behind the scenes because it’s a natural progression. ”

Tahir Yousaf, when ERP program director at Heriot-Watt University

Improved Operational Efficiency and Effectiveness

Increasingly organisations are seeking to unify data and processes on a single platform to increase responsiveness and promote innovation. According to Gartner, by 2025, 95% of new IT investment made by public sector agencies will be made as a service solution.

A single data model breaks down operational silos and provides a shared understanding of performance against budgets, delivering greater control and consistency. By moving to integrated finance and HR applications deployed on the Oracle Cloud, customers can gain greater insight from one single data model and integrated ERP and HCM systems. As a result, they:

- **Reduce Costs** - With an integrated finance and HR solution deployed on Oracle cloud platform, customers can reduce customizations, save on application support and upgrade costs, IT maintenance staff and infrastructure costs.
- **Staff Productivity** - Customers can reduce repetitive work by eliminating the need for manual data entry at multiple points across systems, thereby enabling staff to have greater focus on strategic activities like spend analysis, employee engagement and training, increasing staff productivity.
- **Reporting Productivity** - With a unified single master data set, customers can improve reporting with standardised and automated reporting with improved tracking providing granular insight, eliminating time intensive efforts of assembling information from multiple sources and enhancing decision-making.
- **Streamline Processes** - Customers can maximize productivity with automated workflows, leveraging the information in the integrated ERP and HCM systems to determine the approval routing for business processes such as expense approvals and implement policy changes easily, resulting in significant process improvements.

Align the workforce to strategic priorities

Finance and HR directors are directly involved in the way in which the university is governed. This involves making sure that financial management and HR arrangements are aligned with the series of long-term goals the university wants to achieve. Whether that is increasing or decreasing the number of students that it teaches in specific subjects, opening an overseas campus, increasing the amount of research it does or enhancing the role that the institution plays in its local community. And also being able to measure the achievement of strategic objectives.

A unified cloud platform promotes co-operation across finance and HR teams. With an integrated solution deployed on the Oracle cloud platform, customers can improve collaboration by standardizing processes and simplified change management, creating goals and taking the strategy into people's daily work. Examples include:

- **Workforce Engagement** - When organizations build engagement with their employees, not only does customer satisfaction levels improve, but so does employee turnover ratios. With happy and engaged employees, an organization reduces the need to "buy" talent to fill gaps and opens more opportunities to retain and re-deploy top talent.
- **Employee Onboarding** - With an integrated cloud solution, HR can bring in the right candidates to fill talent gaps and streamline the on-boarding process. Customers can facilitate quicker onboarding of new employees and automatic population of employee information across the entire system to immediately enable required activities, such as assigning user roles and requisitioning needed assets and reduce onboarding costs.

Further, for universities, by understanding their costs through academic workload modelling, they can gain a better understanding of the different activities that academic staff undertake, compare workloads across departments, schools and faculties, and ensure resources and responsibilities are allocated equitably.

Enhance decision making to improve strategy execution

In addition to planning university's vision and strategy, finance teams need to balance income and expenditure and generate the surplus required to support future investment.

The annual budget sets out the income the university plans to receive and how it will allocate it. With the budget broken down into individual budget streams (tuition fee income, research grants, commercial income) and then further into different degree programmes, individual academic departments or specific commercial activities. Universities need to be able to make informed decisions swiftly, to reallocate resources to address new opportunities and threats that will test their capacity and skills. Particularly as the higher education sector is so competitive and universities have to move faster than ever to keep up with student preferences, research priorities or government policy changes.

These issues demand fresh thinking that needs to be at the heart of future plans. With access to accurate, consistent data and analytics capabilities across ERP and HCM systems, senior managers and academics can make faster, smarter decisions. With an unified finance and HR cloud, customers can improve their decision-making and gain real-time insights that help in driving the university forward. Examples Include:

- **Financial Close** - With an integrated finance and HR solution deployed on the Oracle cloud platform, customers can improve closing processes with automatic transfer of payroll journal entries into the general ledger, catch issues and variances early and resolve them quickly before the formal period close. This ensures data quality, improved accuracy, and significantly reduced workloads.
- **Planning and Performance** - Data provides the long-sought link between strategic planning and implementation. Customers can incorporate key HR data into operational decision-making including examining the links between the organization's ability to develop the future workforce and their ability to achieve their strategic objectives.

The underpinning finance and HR information systems are key to improving the efficiency of administrative processes and reporting capability. Sharing accurate and timely information is the foundation for organisational agility, as the university must plan as internal and external drivers change.

Adapt quickly to threats and future opportunities

Alongside getting the basics right, universities need a plan to realise opportunities, such as growth in existing income streams or the development of new ones. This includes planning to attract and retain the best talent (the most successful universities recognise the importance of a rich and diverse workforce), to meet rising student expectations (particularly as students quantify the benefits derived through the choice of their degree and provider) and when technology and digital innovation is the norm (as platforms are being used to innovate the teaching and learning experience or revolutionise research through the use of big data).

Investing in an integrated cloud-based ERP and HCM system provides new insights into how business change influences budgets, forecasts, talent, resource allocation. Making it easy to implement new strategies to respond effectively to change. Examples include:

- **Strategic business planning** - Organisations can augment business decisions by integrating disparate finance and HR data sources with Oracle Cloud, to get the detailed workforce and financial insight, giving them a detailed understanding of costs, to determine the extent to which each activity is generating sufficient income to cover costs both now and over the longer-term. New activities and budgets can be easily created and approved, to support changing business strategies.
- **Budgeting and Forecasting** - With a single integrated dataset, HR leaders can perform workforce trend analysis and use prediction techniques to recommend changes to workforce and headcount. Collaborating with their finance counterparts, they can create insightful and timely financial reports, rolling forecasts and sandbox “what-if” scenarios to plan future courses or other strategic activities.

Further, the finance team can monitor performance against the budget at least monthly and can ask budget holders to explain any significant variations from what has been agreed. And the universities financial performance can also be reported regularly to senior management and to the Governing Body or one of its committees.



Implement robust security and governance

With separate ERP and HR systems, organisations are required to invest in rigorous security models and continuously work on areas to reduce risk, eliminate manual errors and enable better compliance and auditing. With a shared master data across the integrated ERP and HR cloud, organisations can drive standardization and greater control across the university, eliminating the need for multiple sets of employee records. As an employee moves throughout the organization, the unified cloud knows exactly where that person is in the organization and manages workflows, approvals, and access, to address all governance and compliance requirements.

With Oracle Cloud organisations can implement the same security and controls across the integrated ERP and HCM reporting environment. To identify all transactions which need attention and require adjustment. Immediately taking appropriate action and meeting all statutory and legal accounting requirements. While, at all times, contributing to reduced audit, risk and compliance costs.

This is, of course, ever more important as university networks must safeguard sensitive data not just for what the enterprise does, but also additional data that faculty, staff and regulators can access when they need to.



Conclusion

The cloud has become a critical tool for universities. Oracle believes that, when you look at the HR and finance data, it is easy to understand why a unified HCM and ERP cloud system has far-reaching, concrete benefits that touch nearly all aspects of the organisation. Our evidence points to advantages such as cost efficiencies, single-sourced data sets, and optimized workflows are the top motivators for unifying HR and finance in the cloud. Investing in an integrated Oracle ERP and HCM Cloud provides organisations new insights into how change can impact budgets, forecasts, workforce management and resource allocation.

Oracle hopes this report provides some insight on the value customers could expect from integrating Oracle ERP and HCM cloud. This white paper is a thought-leadership piece and accompanies ERP and HCM Cloud benchmark reports, which will contain aggregated customer benefit data from on-going customer engagements. Participation in Oracle's Value Realization program will help customers realize cloud success and help achieve the full potential value from the Oracle Cloud investment. To benchmark your performance vs. others, and to target, track, measure business outcomes and promote your cloud success, please get in touch with us at: customer_value_realization_ww_grp@oracle.com

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

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