

Oracle aims to transform higher education's back office

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Ovum view

Summary

The core message of Oracle's Modern Finance Experience in New York City in February 2018 was about the many ways in which smarter, better enterprise resource planning (ERP) and human capital management (HCM) systems can accelerate growth in all industries. This messaging should be of particular interest to higher education institutions, many of which are reliant on outdated back-end systems that can stymie growth and delay the completion of business processes. Ovum's 2017/18 ICT Enterprise Insights survey found that many institutions are in the process of significantly transforming their finance and human resource systems: 34.1% of institutions globally plan to increase their spend on ERP finance systems by up to 5% in the next 18 months, while 21.8% plan to increase spend on ERP finance systems by more than 6%. Ovum saw similar figures for institutions examining their ERP HR systems: 29.5% plan to increase spend by up to 5%, and 19.4% plan to increase spend by over 6%. It is important for these institutions to ensure that they are working with a provider that can address their individual business needs and goals while delivering best-of-breed capabilities that will allow that institution to flourish.

ERP and HCM solutions can modernize institutional business processes

Ovum's Higher Education Finance survey discovered that most institutions are struggling with their existing financial solutions. For example, 60% of business officers reported that their institutions are reliant on Excel to manage their financial close process. While Excel usage has been commonplace in the higher education industry for decades, this practice leads to data being outdated or siloed, and thus results in an inaccurate accounting of the financial state of the institution. In fact, the average rate of erroneous reportage of financial data at a higher ed institution was 8.5%. Moving away from manual workflows or paper-based transactions to an ERP system that can automate those processes can significantly reduce human error and time to completion of tasks.

Moreover, automated reporting can dramatically improve timeliness and employee workloads; 91% of business officers with fully automated month-end reporting were able to report on their expected close date. For example, Shawnee State University's move to Oracle ERP Cloud has enabled it to move from an annual to a monthly financial close, a shift that will save its staff weeks of time. This faster, more streamlined process has improved the completeness and accuracy of Shawnee's vision of its finances while simultaneously lowering the total cost of operations.

At Modern Finance Experience, Oracle shared some of the product updates and strategies driving its mission to transition from a product-centric to a service-centric organization. It is executing an aggressive product development roadmap for ERP and HCM, releasing 17 new modules in the last 12 months and engineering emerging technologies such as bots and adaptive intelligence directly into its products (e.g., improving the hiring process by predicting best-fit candidates or using chatbots for self-service queries). One of Oracle's strengths is its ability to leverage its horizontal technologies for industry-specific needs. This has been demonstrated handily in the higher education sector, not only with Student Cloud, but with the vendor's careful configuration of ERP and HCM Cloud to address the specific challenges and problems facing institutions. Its deep partnerships with institutions such as

Rutgers, UCLA, and Vanderbilt – all of which shared their experiences with Oracle on the MFE stage – provide concrete proof of how Oracle solutions can modernize the human resources and finance systems at a university to improve operational efficiency and the employee experience.

Oracle Cloud solutions at a large university

One of Oracle's large university customers exemplifies how Oracle Cloud solutions can transform business practices and improve decision-making. The university had previously relied on a lot of customized web applications fronting its decades-old general ledger and PeopleSoft HR, Payroll, and Payables modules. It wanted to move to the cloud in order to maximize efficiencies, ensure better sharing of data across the institution, and simplify its processes. To do so, it started implementing Oracle Cloud solutions – including modules from ERP, HCM, and EPM Cloud – in the winter of 2016, and had its final go-live at the beginning of January 2018.

One major incentive for this institution to move to the cloud was better regulation of its grants processes. While the institution had previously managed its grants through its general ledger, staff found that pulling data from the general ledger and reporting was an inefficient and time-consuming process. Using the Grants Management module (part of the Project Portfolio Management [PPM] Cloud, in the Oracle ERP Cloud suite) has facilitated greater transparency and accuracy, providing the university with real-time data reporting about how funds are being spent, reducing the compliance and reporting burden. In addition, role-based access gives members of various teams the right kind of information at the right time to fulfill their specific tasks. Grant Management's principal users, faculty members, have discovered that the module offers a largely intuitive, seamless user experience, and easily understandable charts and dashboards give them direct insight into the way in which money is allocated and how much is left.

The implementation of Oracle Cloud has delivered many benefits to this university, allowing it to significantly reduce payment errors, and the self-service capabilities of ERP and HCM Clouds have eliminated the need for costly and inefficient interventions for the school's 8,000 faculty and staff members. The school has also discovered that PPM Cloud is the best home for faculty funds, capital projects, endowments, and other funds previously buried in the general ledger. As a result, it now has greater insight into how these funds are allocated and can share that data with other systems, allowing end users to make faster, more informed decisions about how they can most effectively use their funds.

Recommendations for institutions

Institutions looking to innovate and improve their business practices – and for greater transparency across the campus – should consider moving to a cloud-based ERP or HCM system. As institutions increasingly face budget constraints, it might seem counterintuitive to invest in new technology systems. However, switching to a cloud-based solution can in fact lead to significant savings in terms of operational expenses, staff time, and more, all while offering institutions the scalability and flexibility to meet ever-changing business requirements and new regulations.

There are other important considerations when selecting new financial or HR systems. Solutions that have task automation capabilities not only reduce the risk of human error but also free up space and time for employees to think more strategically about how data and insights can drive institutional

innovation. And when it comes to cloud security, the selected vendor must have best-in-class cybersecurity measures and the capacity to protect institutions' sensitive data from attack.

To facilitate the change management process, institutions must be communicative and transparent with their stakeholders. The above university's leadership team prioritized having candid conversations about why the existing systems weren't working, including the unmanageable complexity of their heavily customized architecture and the resources spent on maintenance. It spent several months evangelizing the clear benefits of Oracle Cloud solutions and training the relevant stakeholders across the campus, from the IT staff to the business officers. Most importantly, the team's messaging emphasized that being able to move data in one place would return time and money back to the university to support its core mission: teaching, learning, and research.

It has never been more important for schools to consider their existing systems investments carefully. Reliance on outdated, customized systems often requires huge amounts of time and money spent on maintenance yet fails to deliver a reciprocal amount of value. When institutions invest in a newer, integrated system that shares data easily, they will have a greater understanding of spending and budget allocations, resources requirements (such as classes, campus resources, teaching models, etc.), and other strategic insights that facilitates greater institutional innovation and differentiation.

Appendix

Further reading

Enterprise Case Study: Increasing Operational Efficiencies and Student Engagement, ENV006-000007 (December 2017)

"Oracle increases educational accessibility and enhances student success," ENV006-000002 (October 2017)

"Oracle advances its cloud story in higher education," IT0008-000281 (October 2016)

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