How Cloud-Based Human Capital Management Can Impact Business Results

By Jennifer Taylor and Lori Asbury
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Executive Summary

The role of human resources (HR) is changing as HR teams face new pressures. Today, HR is expected to not only provide traditional operational and personnel services, but also better anticipate and respond to strategic business needs.

The challenge for today’s HR professionals is to stay focused on meeting rapidly changing business requirements using technology that is also in transition. Cloud-based Human Capital Management (HCM) applications introduce new and often easier-to-master capabilities that can help transform HR from a service provider to a corporate advisor.

These next generation cloud-based HCM applications have the potential to provide never-before-imagined benefits that can maximize business results. However, HR and IT teams cannot approach them as they did systems of the past. In the same way an educator must approach each student slightly differently to maximize individual performance, HR and IT will need to couple the advancements in these new applications with an integrated systems and process approach to user experience and a renewed focus on change management and user adoption that empowers (not just supports) HR teams and the business they serve.

About the Authors

Jennifer Taylor is Vice President of Workday Cloud Services at Appirio. Prior to this role, Jennifer was VP of HR for Appirio where she was oversaw recruiting, employee development, and compensation and benefits programs during the company’s consistent triple digit year-over-year growth. She has played an integral part in growing Appirio’s team both domestically and internationally, and led the organization to review and select Workday HCM and Financials for Appirio. Prior to Appirio, Jennifer was director of human resources at Borland Software and a human resources business partner at both Remedy Software and BMC Software.

Lori Asbury is Senior Director of Consulting at Appirio, now focused exclusively on leading the Workday practice. An early key hire at Appirio, Lori has over 15 years experience leading service and support, education, and consulting organizations for software product companies from startup through acquisition, including DataFocus (MKS, Inc.), Roadshow (Descartes), and Artesia (OpenText). While at Booz Allen Hamilton, Lori led the support center for NASA’s Marshall Space Flight Center.
Navigating Change

Deliver better data. Add greater value. Be more strategic. What to do is clear. It’s the how to do it that has HR professionals looking beyond traditional HR systems for answers.

Legacy HR systems adequately support traditional HR responsibilities. They enable HR teams to accomplish day-to-day tasks, such as processing time-off requests, awarding promotions, negotiating benefits, facilitating management reports and more. Yet, as the pressure on HR evolves to become more involved—at earlier stages—in strategic corporate decisions, HR applications must change to support them.

HR professionals require processes and solutions that quickly deliver the insight they need to help answer new questions coming from management. HR is a particularly critical role now that talent is a top priority for CEOs. In the 2011 PwC annual CEO survey managing talent overtook risk as the top of the CEO agenda.¹ In this year’s annual CEO survey, two-thirds of CEOs interviewed said they want to devote more attention to developing talent pipelines and meeting with customers. According to PwC, “...CEOs are changing talent strategies to improve their ability to attract and retain the right people.”²

Talent remains priority no. 1 for CEOs

Q: To what extent do you anticipate changes at your company in any of the following areas over the next 12 months?

<table>
<thead>
<tr>
<th>Area</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategies for managing talent</td>
<td>21</td>
<td>17</td>
</tr>
<tr>
<td>Organisational structure (including M&amp;A)</td>
<td>55</td>
<td>52</td>
</tr>
<tr>
<td>Approach to managing risk</td>
<td>26</td>
<td>25</td>
</tr>
<tr>
<td>Capital investment decisions</td>
<td>50</td>
<td>54</td>
</tr>
<tr>
<td>Focus on corporate reputation and rebuilding trust</td>
<td>42</td>
<td>48</td>
</tr>
<tr>
<td>Capital Structure</td>
<td>35</td>
<td>36</td>
</tr>
<tr>
<td>Engagement with your board of directors</td>
<td>29</td>
<td>34</td>
</tr>
<tr>
<td>No change</td>
<td>55</td>
<td>50</td>
</tr>
<tr>
<td>Some change</td>
<td>50</td>
<td>52</td>
</tr>
<tr>
<td>A major change</td>
<td>27</td>
<td>23</td>
</tr>
</tbody>
</table>

Base: All respondents 2012 (1,258); 2011 (1,201)
Source: PwC 15th Annual Global CEO Survey 2012

Managing Talent in a New Environment

CEOs want to have a deep bench, hire the best employees and retain key talent. Requirements like these pressure HR teams to ensure the data they collect and publish is a source of intelligence that will help companies better manage their talent and quickly answer critical financial and business questions such as “What does it cost to get work done?” and “Is the organization spending wisely on people assets?”

With HCM applications that are designed from the start to engage employees while tracking their certifications, expertise and interests, HR teams can support real-time recruiting efforts and regularly assess internal talent in response to business priorities. They also can facilitate the delivery of more value-added, self-service processes, freeing HR teams to focus more of their efforts on how to improve employee productivity, invent services that motivate individuals and improve the transparency and impact of HR. Applications meeting these needs clearly are not the traditional HR systems of the past.

Shortly after the most recent HR Technology Conference, consultant and HR expert Naomi Lee Bloom, Managing Partner of Bloom & Wallace, blogged, “In twitterspeak, the hashtags for my learning topics from this conference are: #social #mobile #consumerization #global #analytics #embedded intelligence #KSAOCs, #objects #architecture #socialmarketing #infographics and #ripandreplace.”

Her observations and presentation of them are indicative of where HR must invest to improve data integrity, global visibility and HR transparency. By leveraging a cloud-based HCM platform such as Workday—which provides an intuitive and unified HR and talent management solution in a software-as-a-service model—and engaging Appirio’s cloud-powered business experts, enterprises can dramatically improve HR processes to drive better business outcomes.

**Using the Cloud to Transition from Service Provider to Corporate Advisor**

Cloud-based applications provide organizations with significant cost advantages. They also offer greater flexibility, efficiency and agility than on-premise systems. With traditional HR systems, major upgrades can result in the same cost and complexity challenges that organizations experienced during initial implementations, frustrating both executive sponsors and end users. With cloud-based applications, organizations not only simplify IT, but they also can stay ahead of advances in HR and business models and only pay for what they need.

HCM applications in the cloud are now proven in both large global enterprises and medium-sized businesses to support real-time collaboration, as well as industry compliance and best practices requirements. After a 69-criteria evaluation of human resource management systems (HRMSs), Forrester Research reports Workday is a leader in the space, followed by Oracle PeopleSoft, Oracle EBS and SAP. Cloud-based HRMSs such as Workday enable organizations to accelerate the pace of innovation by providing greater self-service access to appropriate data on a wide variety of devices, which in turn, increases system usability. They also integrate with internal and external social networks, which can increase existing and prospective employee engagement.

Yet organizations must be confident that the right people are accessing their data. By providing appropriate role-based access to information, cloud-based applications can maintain the same high levels of security as traditional on-premise solutions while still offering HR professionals and end users the ability to log-in from anywhere. Mobile access is critical for decision-making, putting business-critical data at the fingertips of the practitioners and executives who need it, when they need it. Precautions can be taken in the HCM application and through other processes so that if a device is lost or stolen, data is still protected.

**Applications to Support a Transforming Role**

Just as Salesforce.com redefined organizational roles for sales and support professionals, applications like Workday HCM are transforming the role of HR from service provider to corporate advisor. Empowered with dynamic and trusted information to support organizational goals when decisions are being made, HR can both participate in and influence business outcomes.

Consider the systems in use at a company looking to acquire a foreign entity. A next-generation HCM application could enable the HR team to access and empower decision makers with the right data in response to talent-based questions. For example, how...
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Workday’s chief technology officer believes, “With the high level of innovation around mobile access and Web-based user experiences happening today, the ability to be current on enterprise systems to take advantage of these changes is more important than ever.”

Flexibility Enables Innovation

Cloud-based HCM applications also enable HR teams to activate features if, and only when, they need them to meet specific business objectives. Workday delivers three major updates per year. Each release incorporates new and useful features that enhance the end-user experience. The most current release—which includes management dashboards, talent profiles, faceted talent search, integration with social tools like Salesforce.com Chatter and an enhanced mobile interface—is well ahead of traditional HR systems. Workday engages its communities and relies on actual use to drive new features on its roadmap. Since all customers through multi-tenancy interact with the same basic application through the cloud, data can be aggregated and changes made faster than with traditional HR systems.

Software-as-a-service (SaaS) is becoming widely accepted for human resources and is expected to outpace purchases of on-premise HR software within several years. Analysts cite faster innovations and updates, and relief from onsite management and maintenance, as the primary drivers. R “Ray” Wang, CEO at Constellation Research, says more businesses understand that SaaS users benefit from updated features and functions, delivered through regularly scheduled customer-wide updates, rather than the old way of having to plan and implement a major onsite software upgrade.

While on-premise technology providers may claim cloud-based solutions impede application performance, create risks and are not designed for large-scale rollout, Workday customers disagree.

“Workday allows us to do a lot of things in human resources that we haven’t been able to do to date. A major benefit is that we can move forward faster. We aren’t bogged down by difficult and time-consuming upgrades,” said Mary Opperman, Vice President of Human Resources at Cornell University.

Gartner has predicted that by “year end 2014, customer sales of SaaS core HR management system (HRMS) purchases will outpace new ERP-based purchases in Global 2,000 organizations.”


“Three HR Technology Trends to Watch in 2011.” Mary Hayes Weier.


Patrick Ryan, vice president of financial systems at SLM Corporation, better known as Sallie Mae, quickly saw the advantages of the SaaS model for his company: lower total cost of ownership, a leaner IT staff and greater flexibility to serve its dynamic business. “I was one of the many people in the company who could see the benefits of having a great system that would capture and provide visibility to not only basic HR information but also the more interesting stuff—skills and capabilities, performance management, and total workforce spend.” As a publicly traded financial services company, Sallie Mae places the highest value on data security and privacy. Again, Workday stood out when the Sallie Mae security team saw what the company offered. “Knowing that our information is safe lets our security guys sleep at night,” Ryan added.

Taking a New Approach

Just as educators take a different approach to different types of students, HR professionals must approach cloud-based HCM applications differently from traditional HR systems to maximize business results.

HR systems of the past have served primarily as a source of stored and historical data, used on a transaction basis by HR professionals to accomplish operational tasks. This led to HR systems being a black box of information that was (often purposely) inaccessible to managers or executives. For HR to move from service provider to corporate partner requires improving HR transparency and eliminating manual processes so teams can focus on more strategic initiatives, not data entry and reporting. Cloud-based HCM applications like Workday and the right HR processes can support more self-service processes and enable employees to feel more involved and gain access to information that better supports their careers. For example, when a colleague gets promoted, what if the HR system showed peers their most likely path to promotion? What if a manager who wanted to promote an employee could click a button to understand the process and what needs to be done to advance that individual? As HR teams move to become more transparent and strategic, they will be able to accommodate higher-level capabilities such as these. However, for all of this to happen businesses must rethink their processes now more than ever. Some may even have to plan for different roles—such as more business analysts.

HR and IT can and should work together to shift the way they do things to accommodate a more productive and strategic relationship for both roles in the business. The applications they choose to use will have a dramatic impact, but less so than how they approach those systems and the processes they support.

The following recommendations can make a dramatic impact when moving from traditional HR to cloud-based HCM applications:

- Invest more time in discovery
- Optimize for mobile access
- Balance confidentiality with more social processes
- Make user adoption a critical success factor
- Take advantage of more frequent innovation – in a smart way

Invest More Time in Discovery

One of the greatest benefits of a cloud-based application is the speed with which it can be implemented compared to legacy HR and financial systems – with projects measured in months not years. Although it may prove tempting to rush through the process to get the solution into management and employees’ hands faster, moving too quickly at the beginning can cause dissatisfaction and challenges later.
The most successful organizations invest extra time in a more thorough discovery process to better understand how the HCM application will be used, when it will be used, who will use it and what process changes it should support. This not only increases the long-term return on investment, it also increases user adoption. Involving the right team members and executive sponsors in the process, as well as proven experts in HR and cloud systems can help organizations ensure that both short-term and long-term goals are met. Engaging experts also can increase the likelihood that systems and processes are integrated with a focus on the user experience, and that the data quality of the new systems is high.

**Optimize for Mobile Access**

Where HR processes were once only focused on operations and administration, now self-service applications need to offer integrated intelligence that is readily accessible and easy to drill down into on iPads and other mobile devices. This ensures executives have the most up-to-date information they need, where and when they need it, so they can keep a pulse on their organizations. With the right data at their fingertips, executives can confidently sit in meetings and discuss how they found their most successful employees, as well as show talent cards for those deemed ‘superstars’ in their workforces. More accessible analytics also can provide HR professionals with an opportunity to work more closely with executives to improve business outcomes and get one step closer to the corporate advisor role.

**Balance Confidentiality with Social Processes**

The vehicles of personal and professional communication have changed. End users have voted. They want access via mobile devices to social media channels that marry professional and personal interests. Businesses must meet employees and future employees where they are currently conversing online – whether that’s LinkedIn, Google+, Facebook, Twitter or Chatter –or be left out of the conversations.

Tapping into the information and conversations on internal and external social networks can be a critical resource for talent sourcing. Through the flexibility and openness of certain cloud-based solutions, HCM applications can be extended to monitor social networks and identify people who are influential on topics critical to the role for which they are recruiting. As a result, topic experts could become leads or could refer qualified candidates that may have otherwise gone unnoticed.

On one hand, HR professionals absolutely should develop best practices for integrating social media to encourage open and continuous dialog; but on the other hand, those same professionals are bound to protect confidential data. Today’s cloud-based HCM applications ease these concerns by integrating HR business processes with social media in a secure and compliant way. Salesforce.com Chatter, Rypple and other social applications have become popular dissemination channels for professional and personal commentary and instead of sitting on the sidelines, HR can become part of these interactions.

Using the cloud and social applications, HR also can help internal communities foster a sense of engagement among distributed workers. However, as more data about individuals becomes visible to larger teams or across companies, HR processes and applications need to integrate role-based security capabilities, policies and extensions to ensure posts and other shared content receive the appropriate filter.

“IDC predicts there will be 895 million unit shipments of smartphones and media tablets in 2012”

– Frank Gens, Senior Vice President and Chief Analyst
The goals of successful user adoption include:

- Reach – A lot of people use it
- Depth – People use it a lot
- Sustainability – People use it on their own
- Advocacy – People rave about it

**Make User Adoption a Critical Success Factor**

Adoption is the key to maximizing the impact of any IT investment, and cloud-based applications are no exception. Organizations should focus early in the implementation lifecycle on how to increase adoption metrics around reach, depth, sustainability and advocacy.

This may sound like common sense, but typical HCM implementations are often challenged when it comes to user adoption. This happens for a variety of reasons, few of which have to do with the application itself. For example, a company has:

- Implemented a new system, but neglected to update the core processes it supports to reflect changes in the business or industry advancements
- Experienced resistance by key roles due to lack of executive sponsorship
- Ineffectively communicated the system’s value and lacked incentives to use the new system

As HR organizations shift toward self-service processes, management can be an even bigger issue. Self-entered and self-monitored data typically is trusted and more up-to-date than data in traditional closed HR systems. More current data, in turn, is more useful to the organization and enables greater application ROI. In order to get useful data, however, businesses need the people entering the data to understand the value of keeping it current and see the system as easy to access and use. By fostering better self-service access, cloud-based HCM systems can enable higher levels of adoption and greater overall ROI, which can also improve data integrity if supported by the right processes.

Incorporating user experience and user adoption experts in the HCM application implementation process can give enterprises proven strategies to transition through the four stages of user adoption—preparation, perception, acceptance and commitment. Experts also can provide insight into how adoption strategies and tactics should shift based on those different stages.

**Four Stages of User Adoption**

![Four Stages of User Adoption Diagram]

- **Preparation**
  - **Unaware**
  - **Aware**

- **Perception**
  - **Understand**

- **Acceptance**
  - **Positive Perception**

- **Commitment**
  - **Initial Use**
  - **Adoption**
  - **Institutionalization**
  - **Internalization**

**Take Advantage of Frequent Innovation in a Smart Way**

Cloud-based HCM applications bring an unprecedented pace of innovation to HR processes with new versions being sent simultaneously to customers two or three times a year in contrast to the 18-month release cycles of the past. Sometimes these new versions have substantial feature or user interface changes that greatly impact processes or the people that rely on the solution to do their job.
How Cloud-Based Human Capital Management Can Impact Business Results

While it may be dramatically easier and more cost effective than in years past to take advantage of these innovations, companies have to be wary of just turning them on – especially with core systems of record. HR teams and their IT partners should take the time to understand what is in each new release, how the changes negatively affect or improve existing processes, and what impact they will have on compliance or best practices. It is also important to fully understand how any changes will affect user adoption.

‘Talent Cards’ in Workday’s HCM application is a great example of a new innovation that can have a big organizational impact. Talent Cards enable approved employees, HR and managers to more easily record and track careers, skills and competencies, as well as rates of attrition and more. However, getting users to adopt these new capabilities requires planning and the right strategies.

However, the right HR processes and training must be in place to support such decisions as shown in the example below:

### Managing Top Talent

<table>
<thead>
<tr>
<th>Business Goal (What needs to change?)</th>
<th>HR Consulting</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Automate tracking and reporting of Hi-Potentials and Key Talent</td>
<td></td>
</tr>
</tbody>
</table>

| Expected Behaviors (How will it change?) | |
|------------------------------------------|-------------------------------------------------
| • Stop using spreadsheet tracking/reporting: track all key talent in WKDY and report quarterly to business on development progress; attrition rates etc. |

<table>
<thead>
<tr>
<th>Current Behaviors (How much has it changed?)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Business is still managing key talent through email updates to HRBIPs</td>
<td>• Many HRBIPs still staging data in spreadsheet before entering in WKDY and not using WKDY reporting/analytics.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Communication (Were expectations clear?)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Set expectations to track key talent data in WKDY and to start using WKDY reports instead of spreadsheets.</td>
<td>• Did not provide a “cut over by” date, or incentives.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Training (Were people prepared?)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Provided basic feature—function training; not specific to role or process.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Support (Did they get help?)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Have power users—but not clear on who they are; or how to engage them.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Intervention (What now?)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Provide specific goals, a timeline, and incentives for adoption.</td>
<td>• Offer targeted “refresher” training built around process along with short, focused recorded “how to” demos.</td>
</tr>
<tr>
<td>• Provide direction on where and how to get support.</td>
<td>• Monitor and respond to indicators.</td>
</tr>
</tbody>
</table>
Workday HCM in Practice: Talent Cards

Identify and Track Internal Expertise – Now a difficult process because it relies on manual employee skills matrices or complex learning management systems (LMS) that track certifications and training, cloud-based HCM applications provide a more accurate picture of the expertise in an organization because experts can more easily self-identify. By making the process social and incorporating data from internal or public social networks, HR can bring additional empirical and behavioral data to bear on identifying experts in their organizations.

Improve Performance Management – By moving from annual, five-point ratings scale performance management processes to shorter timeframes and quarterly review discussions, cloud-based HCM applications enable organizations to better tie performance back to strategic business goals. With enhanced performance management, organizations can more effectively assess the true value individuals are delivering to the business regardless of their roles. While this information is not a replacement for traditional performance reviews, it can add valuable information that can be factored into evaluating an employee’s performance within their team and among the whole organization.

Minimize Retention Issues - System and process integration with social networks also can help HR teams identify engagement and retention issues among employees. Tracking participation in internal and external forums can help HR to see and reward high performers, while at the same time noticing when someone’s interests change or they reach out looking for other opportunities. In both cases, HR now has the opportunity to intervene on behalf of the company to prevent a valuable employee from leaving the organization.
Empowering HR Teams and Business Stakeholders into the Future

Shifting from delivering standard services to providing dynamic strategic counsel requires a transformational mindset. Those that begin to see cloud-based HCM systems as a way to transition their role in the business and improve processes versus seeing them as simply a newer version to support existing processes will have the most success.

Today, forward-looking HR teams are engaging experts who have a blend of functional, cloud and adoption expertise to strategize how best to apply this new generation of HCM applications in their business. These experts can also help guide teams on how best to leverage their employees’ acceptance of mobile devices and social media into more frequent use of HCM solutions.

Beginning with small steps, businesses can adopt cloud solutions to involve their workforces more in HR processes and take advantage of new trends that feed back into business priorities. To effectively achieve higher-level goals, HR and IT teams need a partner that understands the unique challenges and tremendous opportunities of powering your business with the cloud. Appirio is that partner.

About Appirio

Appirio runs 100 percent of its global business on cloud technologies, including Workday. This reality gives the company and its consultants first-hand knowledge and a deeper understanding of cloud implementations compared to traditional service providers. While traditional providers may have emerging cloud practices, they still operate and optimize their methodologies for the traditional HR world. Today, more than 300 enterprises around the world look to Appirio as a strategic partner to help them power their business with the cloud. Appirio’s technology-enabled professional services are supported by 400 cloud experts and a 30,000+ person strong cloud developer community.

With a team consisting of functional HR and technical experts, Appirio works with organizations to determine how to most effectively implement, manage and evolve cloud-based systems, and coaches HR and IT teams through many of the concepts mentioned in this paper. Appirio’s level of innovation is unparalleled when it comes to cloud, mobile and social enterprise integration, and the company been recognized for its leadership by organizations such as Gartner, IDC, CRN and the World Economic Forum. Appirio’s focus on user adoption and the user experience is unique in the industry, as is its cloud-focused delivery model which incorporates the Cloud Enablement Suite and crowdsourcing development community to increase the quality, repeatability and efficiency of projects.