ORACLE

Oracle Cloud HCM
Value Realization Report

Business Outcomes Achieved by Oracle Customers

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For purposes of this report, each business benefit was collected from primary sources including customer interviews and engagements. All customer data from participating Oracle Cloud customers is blinded and aggregated. All value benefits and process improvements listed here are intended for information purposes only and may not be incorporated into any contract. It is not a commitment to deliver any service, material, code, or functionality, and should not be relied upon in making purchasing decisions. The development, release, and timing of any features or functionality described for Oracle's products remain at the sole discretion of Oracle.

INTRODUCTION

As part of Oracle's ongoing commitment to our customers' success with shifting to the Cloud, we make investments in programs like Value Realization, which are designed to help businesses unlock the full potential value from their Cloud investments. The Oracle Value Realization team works collaboratively with our customers to identify, capture and analyze their specific business outcomes from Oracle Cloud application investments.

> *Technology projects typically report on-time and on-budget as key measures. Equal consideration must be given to the value and outcomes achieved by the business from these projects."*
>
> – Erik Mlincek, Oracle Group VP of Business Value Services

This Oracle Cloud HCM Report is designed for business, functional, and IT leaders responsible for the creation and delivery of business capabilities. We present data collected directly from customer interviews and post go-live value assessments. The Value Realization Reports provide readers with evidence-based insight into the benefits customers are achieving from the implementation and adoption of Oracle's Cloud Applications.

Research for this report involved collecting business value and benefit data from Oracle customers who have been live and in production on Oracle's Cloud solutions for more than six months. Primary data is collected from 1:1 customer value realization interviews with key business and IT leaders. Improvements in business benefits are collected from all participating customers, and then aggregated across the dataset to arrive at the estimated percentage improvement for each business benefit. The customers interviewed represent a cross section of industries as well as across diverse company sizes ranging from large global enterprises to small/medium businesses.

EMBRACING UNCERTAINTIES

Businesses that have successfully navigated shifting market conditions know the only constant is change, and therefore the ability to adapt and adjust as an organization is critical for sustainability. It is an imperative driven by factors such as changing customer expectations, economic disruption, the pace of innovation, and continued regulatory mandates. Organizations should be looking for initiatives to help provide fast payback to shore up their operations. Accelerating a digital transformation will make companies stronger and more competitive, while also adding resiliency for the next crisis or economic downturn…and a platform for future growth. Recent studies by Gartner, echoed by the customers we spoke to, showed that to be more agile and competitive, companies should assess the cost, complexity, and rigidity of their existing legacy applications. By developing an enterprise Cloud strategy with embedded modern best practices, companies will benefit from functional, technical, agility, and financial advantages over their competition. Oracle Cloud HCM investments can empower businesses with the speed, agility and adaptability necessary to get and stay ahead of the market shifts.

This report is an updated version of the Oracle Cloud HCM Report v1.0 published in September 2018. In this updated version, apart from highlighting the key benefits data collected through customer value assessments, the reader will also discover key insights and critical success factors for successful Oracle Cloud HCM transformations as well as customers' perception of Oracle Cloud HCM attributes and capabilities that drive value.

HR TRANSFORMATION

The rapid growth of technology is poised to change every single aspect of how we live and how we work. Technology is changing the workforce - it has made it more mobile, global, and diverse than ever. Technology is disrupting the traditional hierarchal structures and enabling organizations to flatten, thereby creating more nimble and agile teams in a digital economy. And technology is changing business - companies are innovating to new business models, leading to the disappearance of old jobs while new ones emerge, forcing companies to rethink their brand, customer experience, and promoting digital transformation.

To keep pace with change and ultimately thrive in the digital age, organizations need HR to play a critical role in their success. Today HR teams are expected to take on a more strategic role in the business – finding ways to optimize the workforce, plan for the future organizational changes such as mergers and acquisitions, business expansions, and reorganizations, make employee experience exciting and engaging, help executives and individual contributors make faster and smarter decisions, and boost employee engagement and business performance.

Based on the customer evidence we have collected, business benefits achieved from Oracle Cloud HCM fall into the following categories:

- ▶ **Transform Business Operations**
- ▶ **Drive Business Agility**
- ▶ **Enhance Workforce Experience**

TRANSFORM BUSINESS OPERATIONS

To continue to grow and evolve at the pace of modern business, HR continues to re-contextualize its role within the organization and play the role of a business partner where it is not only involved in identifying, attracting and retaining talent, and creating innovative and productive workplaces, but also discussing how to **increase revenue** and **reduce cost.** By reducing reporting time, enabling faster deployments, smoother upgrades, lower maintenance, and fewer customizations, customers were able to reduce cost and improve productivity which helped them make faster and smarter decisions to drive business transformation.

- ▶ **Improved Reporting Productivity (Efficiency)** – With Oracle Cloud HCM, customers were able to provide a consistent reporting environment with innovative self-service reporting tools focused on reducing process inefficiencies and the number of manual reports generated, leveraging analytics and reporting with context. Customers were able to **increase reporting productivity by an average of 62%** with Oracle Cloud HCM. With Oracle Cloud HCM, a large credit union gained the ability to produce ad hoc reports 95% faster and compensation reports 80% faster, boosting productivity and accelerating insight. Moreover, "Improvements in Reporting" was the business benefit achieved soonest by the majority of customer interviewed.

- ▶ **Reduced Legacy System Maintenance Costs** – With the move to Oracle Cloud HCM, customers were able to **reduce customizations, save on application support, reduce upgrade costs along with IT maintenance staff and infrastructure costs by an average of 29%.** Removing the hardware costs, support costs and lowering IT dependency allows IT to focus on critical problems and helps HR to deliver their services without interruption and focus on more value-add functions. With Oracle Cloud HCM, a financial services company has been able to drastically reduce time and effort spent on fixes and patching by 50%, allowing them to standardize processes, scale workloads rapidly, and reduce costs.

- ▶ **Improved Workforce Efficiency** – Through self-service, customers were able to reduce time spent on routine activities enabling their HR staff to have greater focus on strategic activities, such as identifying critical workforce gaps including diversity, salary-pay, performance training, etc. Customers were able to implement programs to address gaps while **increasing staff productivity by an average of 11%.** Some customers interviewed have seen a reduction in their number of HR IT decision support staff. Whereas other customers have been able to redeploy HR staff to value-add activities such as training, strategy & operations. A fortune 100 multinational financial services company saw a 26% increase in workforce efficiency by leveraging Oracle Cloud HCM, allowing them to scale without adding 10 additional FTEs.
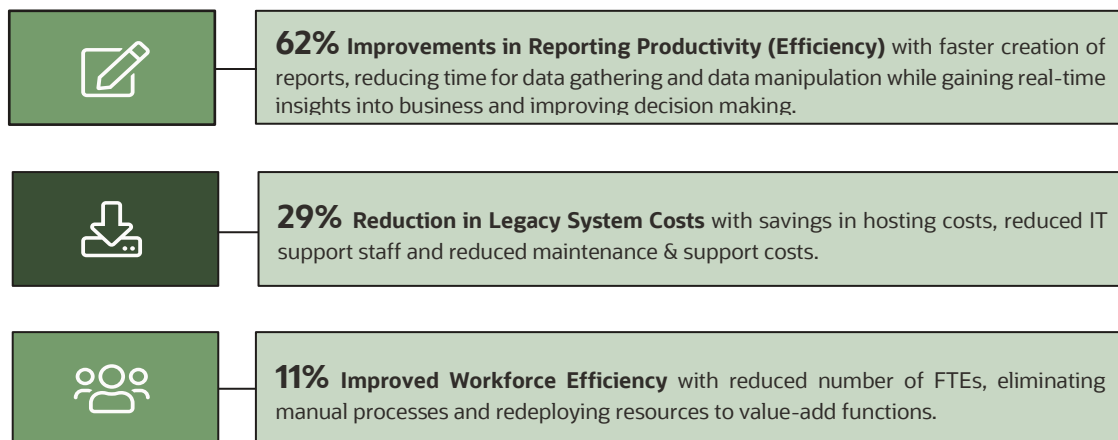
Transform Business Operations – Key Results

62% **Improvements in Reporting Productivity (Efficiency)** with faster creation of reports, reducing time for data gathering and data manipulation while gaining real-time insights into business and improving decision making.

29% **Reduction in Legacy System Costs** with savings in hosting costs, reduced IT support staff and reduced maintenance & support costs.

11% **Improved Workforce Efficiency** with reduced number of FTEs, eliminating manual processes and redeploying resources to value-add functions.

Figure 1 represents business benefits related to transforming business operations

DRIVE BUSINESS AGILITY

Business models are being disrupted every day. Companies are merging, acquiring, and divesting at record levels to drive their transformation. Businesses must be able to sense, react, and adapt to market changes quickly. With Oracle Cloud HCM, customers were able to drive digital transformation and improve business agility while meeting both current and future business requirements.

▶ **Improved Performance Management Processes** – Customers were able to realize **improvements by an average of 17%** with **automated** and **standardized review and approval** of performance management processes providing executives, managers, and employees with valuable and immediate insight into workforce performance progression and alignment with organizational objectives. By moving to Oracle Cloud HCM, a fortune 500 industrial manufacturer experienced an 84% cycle-time reduction for Compensation & Talent Management processes.

▶ **Improved Benefit Administration Processes** – The automation of benefits administration to model benefits programs to suit business needs and the ability for employees to access policies, make selections, and understand the value and costs of their benefits program resulted in **process improvements of time, and ultimately FTEs, by an average of 55%.** With the automation of benefits administration, a fortune 500 high tech firm was able to reduce benefit administration FTEs by 50%.

▶ **Improved Payroll Processes** – Customers saw **improvements in payroll processing [time] by an average of 56%,** driving efficiency and accuracy by monitoring payroll processes through payroll dashboards, pre-configured localizations, setting up payroll rules based on business policies and automation with payroll flows and checklists. After deploying Oracle Cloud HCM, a fortune 1000 fast-food retailer experienced an 88% reduction in payroll runs, from 4 days to 4-hours.
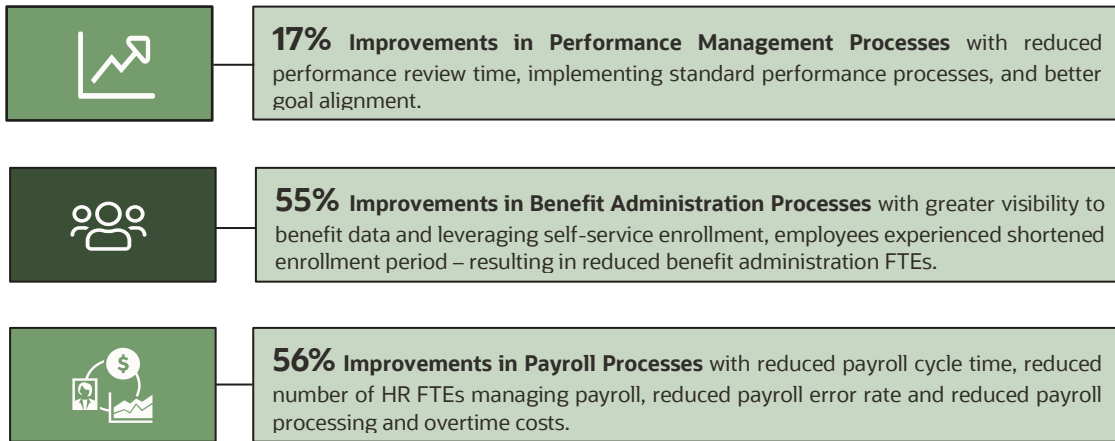
Drive Business Agility – Key Results

17% **Improvements in Performance Management Processes** with reduced performance review time, implementing standard performance processes, and better goal alignment.

55% **Improvements in Benefit Administration Processes** with greater visibility to benefit data and leveraging self-service enrollment, employees experienced shortened enrollment period – resulting in reduced benefit administration FTEs.

56% **Improvements in Payroll Processes** with reduced payroll cycle time, reduced number of HR FTEs managing payroll, reduced payroll error rate and reduced payroll processing and overtime costs.

Figure 2 represents business benefits related to business agility

" *Our journey to the cloud is about shrinking the timeframe to innovation for the company and our employees. We want the best experience possible and access to the best data on the talent & capabilities we have in the company."*

– Senior Vice President of HR, Fortune 500 Retailer

ENHANCE WORKFORCE EXPERIENCE

As companies use digital technologies to solve traditional problems, they require HR teams to support changing business requirements around talent management and talent acquisition, while furthering workforce productivity. With Oracle Cloud HCM, customers were able to deliver superior employee experiences by simplifying routine processes and transactions, providing self-guided processes with relevant content, reducing hiring time, while boosting employee satisfaction and accelerating innovation at the workplace to align their people strategy with their business.

- ▶ **Improved Recruiting Efficiency (Time to Hire)** – Automating recruiting processes, Oracle Cloud HCM identifies and shortlists the right candidates, automates processes, integrates data with other business functions allowing new hires to apply from any device. Through the standardization and centralization of all hiring processes, customers were able to recognize right-fit candidates and **reduce time to hire by an average of 18%**. Through use of these streamlined recruiting processes, an international engineering firm reduced time to hire of new employees from 120 days to 60 days, a 50% improvement.
- ▶ **Improved Onboarding Processes** – Customers were able to **improve onboarding [time] by an average of 22%** by automating processes and data entry with online tools. Onboarding and employee productivity was accelerated by streamlining new hire paperwork and immediately connecting new hires with critical knowledge and training. A mass media & business information conglomerate modernized and standardized their onboarding processes. By transitioning from a paper to paperless strategy, tasks that took 4 hours before only take 4 minutes now, a 98% improvement. Additionally, this firm experienced new hire productivity gains 30 days sooner after deploying Oracle Cloud HCM.
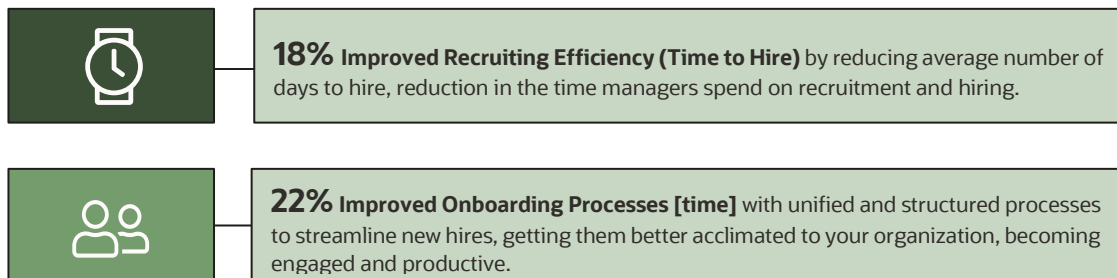
Enhance Workforce Experience – Key Results

18% **Improved Recruiting Efficiency (Time to Hire)** by reducing average number of days to hire, reduction in the time managers spend on recruitment and hiring.

22% **Improved Onboarding Processes [time]** with unified and structured processes to streamline new hires, getting them better acclimated to your organization, becoming engaged and productive.

Figure 3 represents business benefits related to enhancing workforce experience

> *" The solution is robust and the functionality that we needed was already in place. We like where Oracle is going with its HCM cloud platform and the speed at which it is progressing."*
>
> – Head of HR, Fortune 500 High Tech Firm

Business Benefit	[1] % Improvement Estimates	[2] Cloud Capabilities	Related Key Performance Indicators (KPIs)
Improved Reporting Productivity (Efficiency)	62%	• Provide instant access to HR information, advanced analytics, and reporting from any device-enabling managers to effectively manage their teams as well as make better decisions about company growth and operations and reduce reporting requirements. • Consolidate all HR information in a single system to standardize and automate all reporting requirements such as compensation reports as well as ad-hoc reports.	*Reduce # FTE IT staff needed for reporting* *Reduce # manually generated reports* *Reduce time spent for data gathering/data manipulation*
Reduced Legacy System Maintenance Costs	29%	• Reduce customizations and costs associated with maintenance, support, patching, and upgrades with Oracle Cloud HCM. • Standardize all applications on Oracle Cloud HCM to reduce Total Cost of Ownership (TCO) by reducing the complexity and resources to manage different applications.	*Reduce annual cost of application support* *Reduce application upgrade costs* *Reduce IT staff and infrastructure maintenance costs*
Increased Workforce Efficiency	11%	• Gain visibility into HR information and trends, automate HR processes, and streamline reporting compliance with Oracle Cloud HCM. • Improve core HR process efficiency and increase capacity, allowing staff to spend more time on strategic initiatives. • Consolidate and align disparate business processes resulting from multiple acquisitions with Oracle Cloud HCM.	*Reduce % of time spent on routine HR activities vs % time spent on strategic activities*
Improved Benefit Administration Processes	55%	• Streamline benefits enrollment with Oracle Cloud HCM's self-service solution and eliminate time-and-materials costs associated with preparing, distributing, and processing paper-based benefits. • Accelerate and improve accuracy of benefits through open enrollment processes by eliminating manual entry of forms and verifying information.	*Reduce # of FTEs involved in benefit administration* *Reduce benefit enrollment cost per FTE*
Improved Performance Management Processes	17%	• Automate the appraisal cycle to reduce administrative effort required to complete the performance-appraisal cycle for managers and employees. • Enable managers to easily track staff-member progress towards performance and development goals and ensure alignment with organizational objectives with Oracle Goal Management.	*Reduce # annual hours spent on performance management activities*

Business Benefit	[1] % Improvement Estimates	[2] Cloud Capabilities	Related Key Performance Indicators (KPIs)
Improved Payroll Processes (Efficiency)	**56%**	• Enable payroll managers and workers to easily access payroll processes and provide insight into issues requiring their attention • Incorporate the ability to include customized processes in payroll dashboards and checklists. • Simplify payroll processes and minimize human errors by integrating Oracle Global Payroll and reducing payroll error rate/reconciliation time, ensuring that employees are paid correctly and on time.	*Reduce annual payroll processing time* *Reduce payroll error rate* *Reduce payroll reconciliation time*
Improved Recruiting Efficiency (Time to Hire)	**18%**	• Accelerate hiring by providing HR staff and hiring manager's instant visibility to a candidate's status within the recruiting process, and the ability to review all candidate correspondence and interactions within Oracle Cloud HCM. • Implement user-friendly recruitment processes to facilitate better communications with candidates, reduce paperwork and automatically identify/flag the best candidates for interviews.	*Reduce average days to hire*
Improved Onboarding Processes (Efficiency)	**22%**	• Leverage HCM cloud capabilities, centralize & standardize onboarding processes, move from paper to online forms, allowing candidates to complete new-hire paperwork prior to their start-dates, on any device, saving time and money.	*Reduce time spent by Managers on hiring & onboarding activities* *Reduce average number of days for new hires to reach full productivity*

1 Customer Evidence is based on KPIs collected during the customer interview process, and reflect benefits achieved post-go-live and are indicated for cross-industry & company size. Actuals may vary based on each customer, participating in the interview process. % Improvement Estimates are based on aggregate average data.

2 Cloud capabilities listed here do not reflect a 1:1 direct mapping with the business benefit or % improvement, but instead indicate customers' perception of Oracle Cloud attributes/characteristics/capabilities that were essential in delivering value.

The improvement metrics detailed enable customers to quantify performance, compare the organization to others, identify performance gaps, and define the actions necessary to close those gaps. Companies use this data holistically to:

▶ Measure current performance
▶ Set baselines for process improvements
▶ Track and trend performance over time
▶ Identify strengths and rectify weaknesses

> " *With Oracle we now have a standardized, global recruitment process with strong reporting and analysis capabilities, enabling us to reduce costs while attracting the best candidates from the global talent pool as our organization transforms."*
>
> – SVP of Human Resources Operations, Global 2000 Media & Entertainment Organization

CONCLUSION

HR teams today play the role of a change-agent, a business partner, where it is not only involved in identifying, attracting and retaining talent, and creating innovative and productive workplaces, but also in discussions around how to increase revenue and reduce cost. HR is transforming from a transactional hub to a more service-oriented mindset. This transformation requires HR to look at challenges from the perspective of the business goals, think in terms of the organization's success and create an avenue for measuring that success. Modernizing HR systems is an important first step.

Oracle is committed to helping customers optimize their HR business processes with Oracle Cloud HCM. Cloud transformation has shown a reduction in costs, improved controls, and increased productivity, while delivering faster and more accurate insights to all stakeholders.

Oracle hopes this study provides some insight into the kind of value customers are experiencing from Oracle Cloud HCM and the kind of metrics customers used to measure success.

If you would like to learn more about this report, other available reports, or if you are a current Oracle Cloud customer who would be interested in taking advantage of the Oracle Value Realization Program, 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.

Oracle is committed to helping plan, measure, and optimize business value at each stage of the customer journey. From pre-sale to go-live and optimization. We provide quantifiable insights that help our customers make financially justified business investments.