



Sierra-Cedar

Human Capital Management Mapping a Blueprint to the Cloud

June 25th, 2 – 3pm EST

Today's Presenters



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Sierra-Cedar Fast Facts

7

Service & Solution Areas

- Application Services
- Business Intelligence
- Host & Managed Services
- Infrastructure Services
- Integration & Cloud Solutions
- Research
- Strategy
- Training

17

Years of Leading
HR Systems Survey &
Research

900 +

Employees

5

Industry Focus

- Commercial
- Healthcare
- Higher Education
- Public Sector
- Justice & Public Safety

2014 merger of

4 companies with

decades of experience

*Delivering **industry-focused client success** by providing consulting, technical, and managed services for the deployment, management and optimization of next-generation applications and technology.*

Sierra-Cedar HR Systems Survey

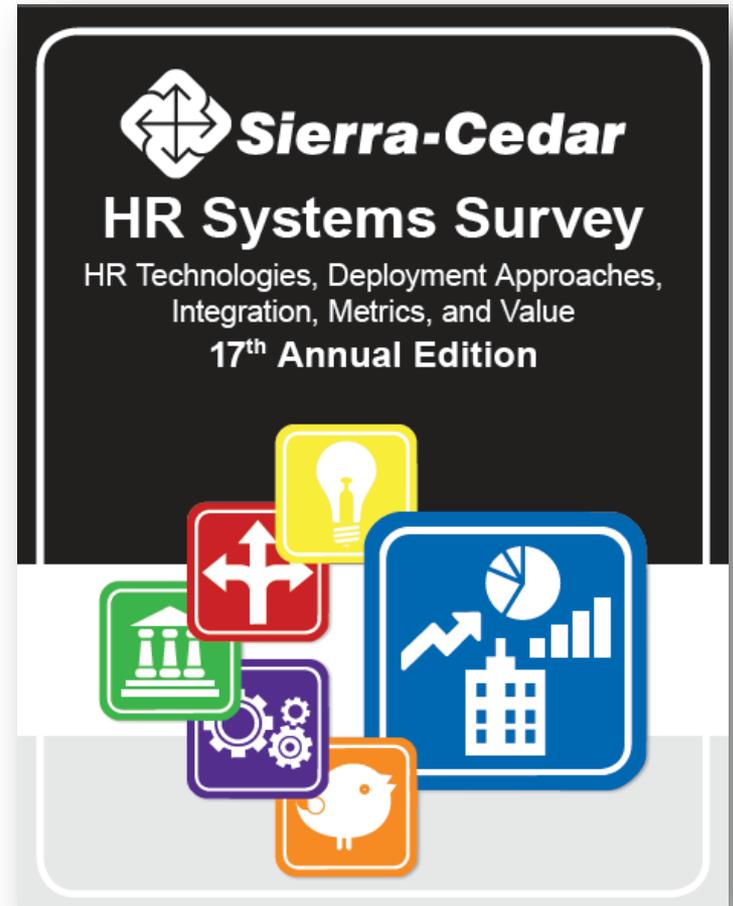
Over 17 years of continuous data gathering

The most comprehensive survey in the industry:

- Strategy, Process, and Structure
- Administrative and Service Delivery Applications
- Workforce Management Applications
- Talent Management Applications
- Business Intelligence/Analytics/Workforce Planning Applications
- Integration and Implementation
- Emerging Technologies and Innovations
- Vendor Landscape
- Workforce and HR Expenditures
- Workforce Usage and Perception

BE COUNTED!

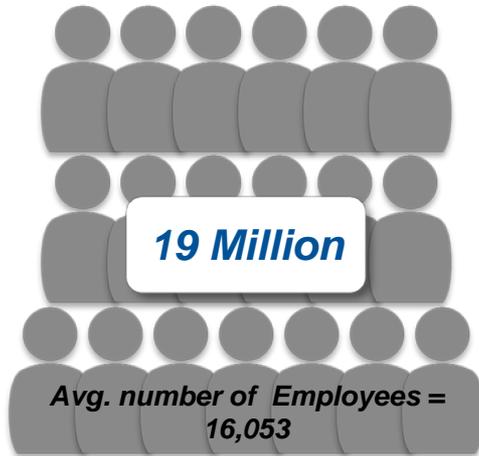
www.Sierra-Cedar.com/survey-sh



Sierra-Cedar 2014–2015 HR Systems Survey

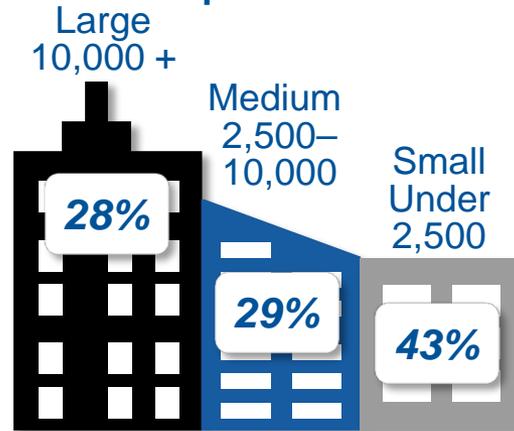
Demographics: All Respondents

Total Workforce Represented

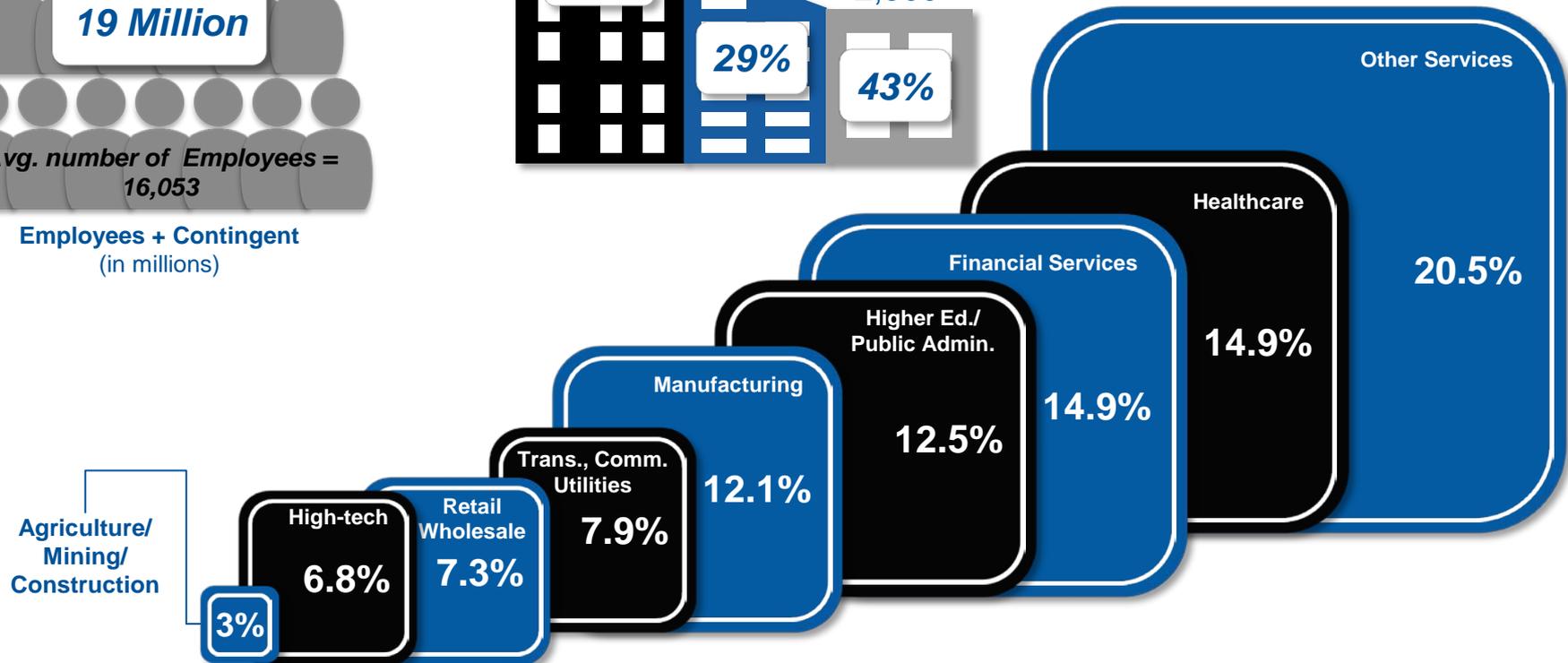


Employees + Contingent
(in millions)

Organization Sizes Represented



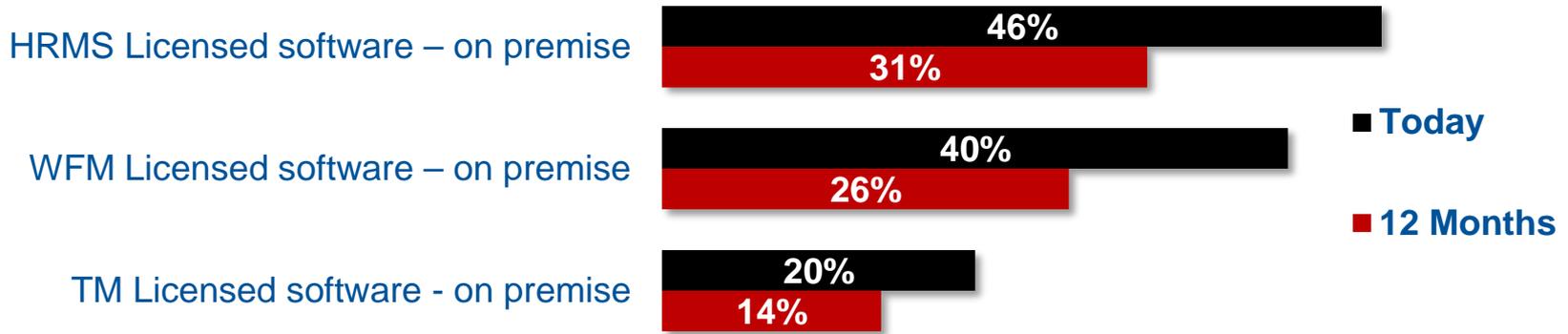
1,063
Organizations



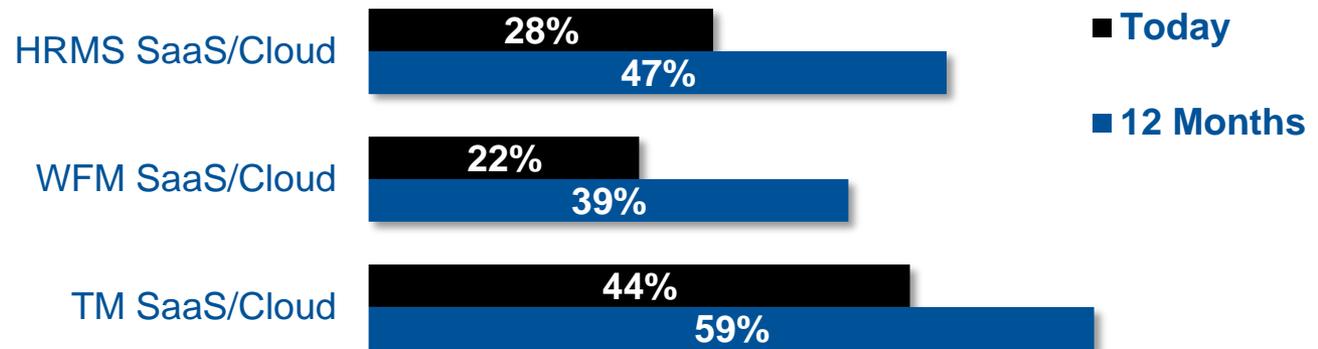
2014-2015 HCM Technology Deployment

Movement to the Cloud is happening in all HR Technology areas

HRMS Application On-Premise Deployment



HRMS Application SaaS/Cloud Deployment



n=602

* Note these do not include combination or hosted

Change is good...you go first.

Kenneth F. Murphy

Former SVP HR of Altria Group and writer



Deployments Models by Industry

Each Industry Moves at Its Own Pace

	Retail	Financial	Trans.	Bus Services	Manuf.	High Tech	Health care	Public	Higher Ed
On premise	30%	34%	38%	39%	47%	48%	56%	57%	65%
Hosted	24%	15%	5%	9%	26%	9%	14%	17%	15%
SaaS	27%	37%	29%	38%	18%	25%	24%	8%	10%



Shared Services: A Valuable HR Tool

48% of Organizations have a Globally Managed Shared Services function



When one exists, on average 71% of employees use a shared services function –



The average # of shared service locations today is 2.7



Shared Services and Cloud Deployment

Shared Services Model	Licensed - on premise	Licensed - hosted	SaaS - subscription based
No Shared Services Function	36%	41%	28%
Distributed Shared Services - no central management	17%	10%	12%
Single Shared Services	35%	38%	48%
Multiple Shared Services - Managed Centrally	12%	10%	12%

Shared Service environments with SaaS HRMS average 2 shared service centers.

Shared Service environments with On premise average 3 shared service centers.

Sierra-Cedar HCM Application Blueprint

General Ledger, Purchasing, Budgeting, T&E

Vendor Management

FIN

Enterprise Content

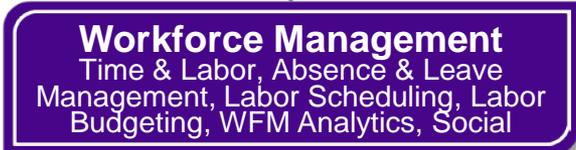
Enterprise Social

Enterprise Workflow

VMS



- Administrative Excellence
- Service Delivery Excellence
- Workforce Management Excellence
- Talent Management Excellence
- Workforce Optimization Excellence



CRM

Network Security

Mobile Access

SOA, API, ETL

Integration Platform

Projects

Backlog, Pipeline, Customer Satisfaction

Project Costing, Contracts, Grants

Multiple Blueprints to the Cloud

There is no right or wrong way to move to the Cloud



Rip & Replace

Move everything all
at once to the Cloud

TM Only

Move only TM
applications
to the Cloud

TM & WFM

Moving only WFM or
TM applications to the
Cloud

Hosting

Single Tenant, but
hosting with the vendor
or another organization

Audience Survey Question 1

Do you plan to conduct a major technology selection effort in the near future?

- **Yes, Next 6 months**
- **Yes, Next 12 months**
- **Yes, Next 2 years**
- **Not at this time**
- **I don't know**



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Selections

Typical Solution Evaluation

Phase I – Project Planning & Initiation

Phase II – Business Requirements Definition

Phase III – Vendor Evaluation & Selection

Phase IV – Business Case Development

Phase V – Implementation Strategy

Typical Timeline is 10-12 weeks for Phases I-III

Traditional Technology Selection

Focus on Automation/Efficiency/Business Goals

1. Evaluate current state
2. Document Strategy (Business Drivers/Goals)
3. Identify key process areas
4. **Process map key processes**
5. **Identify features and functionality**
6. Complete a features and function checklist (for each process area)
7. Complete massive Use Case Scenario lists
8. Send out **RFI's**
9. Send out **RFP's** and conduct demo's
10. Complete a User Experience Review
11. Send out **RFQ's** and negotiate price
12. Keep vendors at arms length through the decision making process
13. Make selection and move forward

Purchase is for 7 – 10 years, few updates, limited services, focus on data capturing

Cloud Technology Selection

Focus on User Experience/Business Outcomes

1. Evaluate current state
2. Document Strategy (Business **OUTCOMES**)
3. Gather **USER EXPERIENCE** expectations
4. Identify key process areas
5. **Vendor Show and Tells (Roadmaps)**
6. Create 5-7 Use Case Scenarios (Key Functionality)
7. Send out RFP's and conduct demo's
8. Narrow list to top 2-3 Vendors
9. Test use cases, data input and extraction, integrations, and various user experiences
10. Make selection and move forward

Purchase is for 3 – 5 years, continuous updates, lots of services, focus on data output

Audience Survey Question 2

Why are you planning to change?

- **Reduce costs**
- **Increase functionality**
- **Mobile functionality**
- **Other (Please put your other in the QA box)**
- **I'm not planning to change**



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Implementations

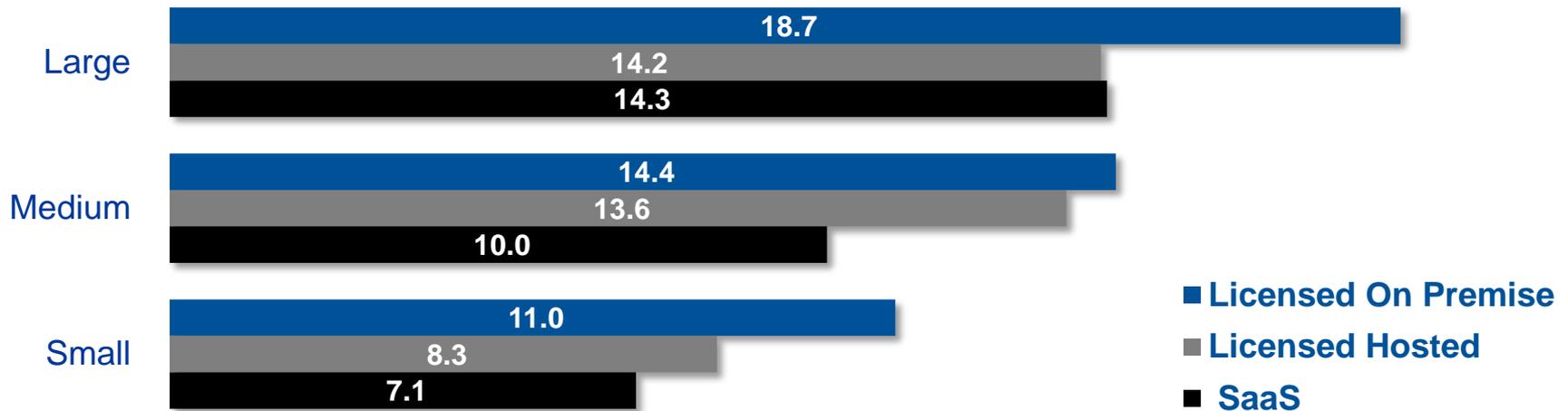
SaaS Takes Less Time to Deploy

Impact Implementation PM Resourcing

Length of Time for New HRMS Deployments



Time for New Deployment for an HRMS by Size of Organization* in months



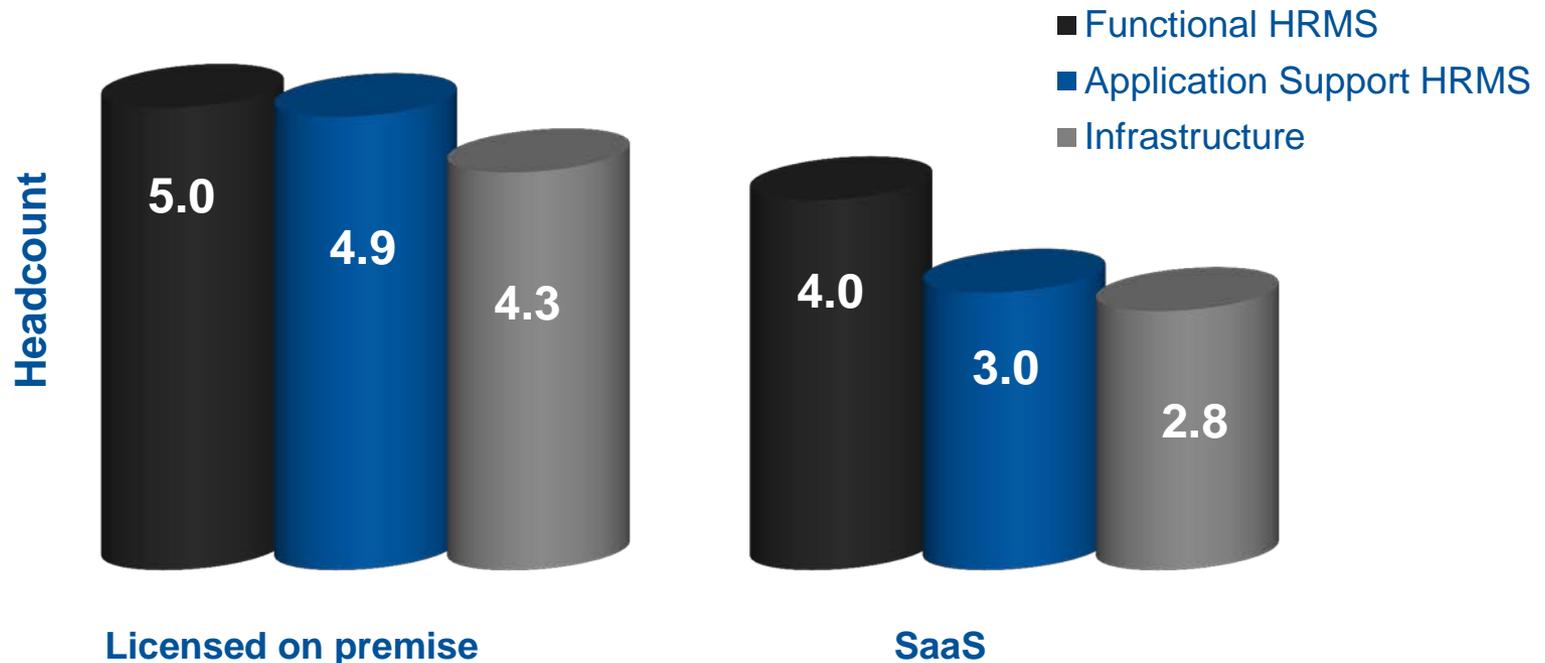
*Large = 10,000+; Medium = 2,500–10,000; Small = <2,500

n=536

SaaS Takes Less Resources

Requires Lower Total HR Technology Headcount than Licensed Solutions

HRIT/IT Headcount by Deployment Type*



*All Licensed on premise and SaaS respondents from organizations with average of ~11,000 employees plus contingents served by the HRMS

SaaS advantage holds true across small, medium, and large organizations. It is best to benchmark for your size and industry.

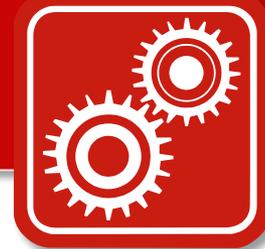
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Adoption by Deployment Model

SaaS/Cloud Deployment On Average Has Higher Adoption Levels

Average **Manager Self Service** adoption level by deployment model:

- Licensed On premise – 38%
- Licensed Hosted – 30%
- **SaaS/Cloud – 47%**



Average **Employee Self Service** adoption level by deployment model:

- Licensed On premise – 60%
- Licensed Hosted – 61%
- **SaaS/Cloud – 68%**



Average **Overall & HRMS Mobile** adoption level by deployment model:

- Licensed On premise – 10% (HRMS 10%)
- Licensed Hosted – 12% (HRMS 15%)
- **SaaS/Cloud – 17% (HRMS 23%)**



Value of OCM

Organizational Change Management

Staying on Budget

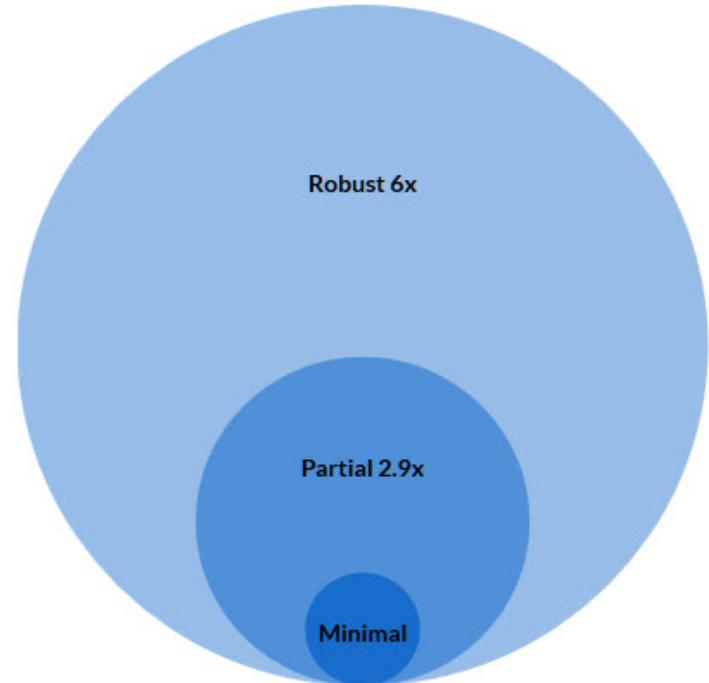


Staying on Schedule



Meeting Project Objectives

6 times more likely

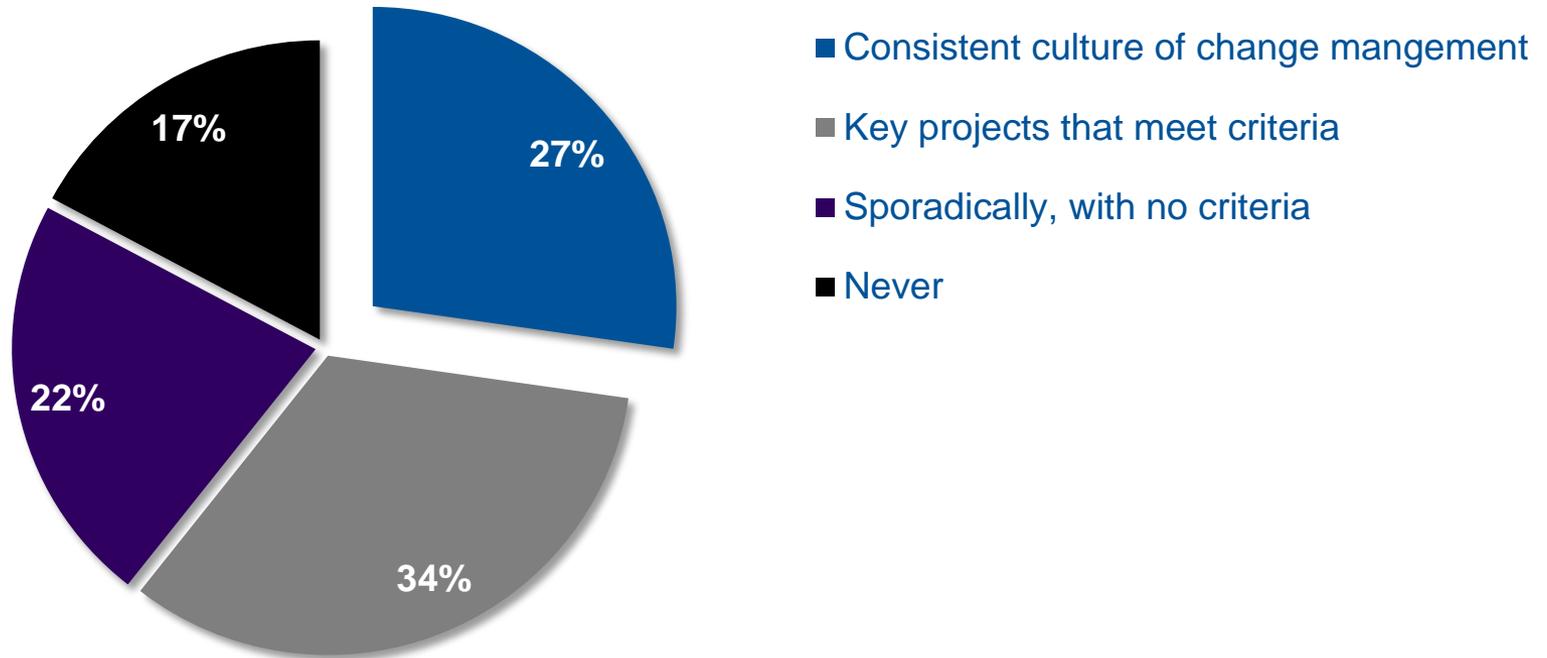


Source: Best Practices in Change Management - Prosci Benchmarking Report 2014 Edition

OCM Practices

27% of Respondents Report a Culture of Change Management

Level of Change Management for HR Technology Projects



Benefits of Change Management

Reduces Costs and Increases Perception of HR as Strategic

Total HR Technology Costs/Employee



Change Management Increases Strategic Value of HR

2 X

Organizations with a Culture of Change Management are twice as likely to be viewed by all levels of management as contributing strategic value, versus at organizations that never uses change management.



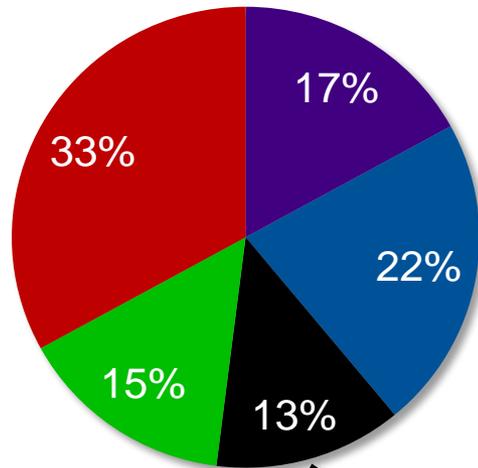
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Integrations

HR System Integration Approaches

Early Indication that Enterprise Integration Strategy (EIS) is Valuable

Primary Approach for HR Application Integration



- Integrate into HRMS
- Integrate into ITM
- Enterprise integration strategy/platform
- Case by case integration
- No approach/not aware

Respondents with an Enterprise Integration Strategy Are Using

- 45%: on-premise solution (Oracle SOA, WebSphere)
- 23%: platform as a service solution (PasS – Dell Boomi, MuleSoft, Informatica)
- 20%: hybrid solutions
- 12%: not aware

n=494

Integration Strategy by Deployment Method

SaaS and Hosted are More Alike

	Licensed – On premise	Licensed - hosted	SaaS - subscription based	Combinations
None/Not aware	10%	13%	15%	19%
Case by case integration	36%	29%	27%	39%
ITM and data into core HR systems	24%	27%	26%	14%
Integrate core HR, payroll, etc. into an ITM	15%	22%	22%	14%
Enterprise integration strategy (platform)	14%	9%	10%	14%

Expenditures are Complicated

Benchmarking is Necessary!

HRMS Technology Costs * (per employee)**

Licensed On Premise Current Year	Licensed On Premise Next Year	SaaS Current Year	SaaS Next Year
\$134	\$148	\$132	\$132

External Costs Paid to Consultants/or Vendor (per Employee)** for Implementation Costs

Licensed On Premise Current Year Implementation ***	Licensed On Premise Next Year Implementation ***	SaaS Current Year Implementation ***	SaaS Next Year Implementation ***
\$41	\$39	\$47	\$67

External Costs Paid to Consultants/or Vendor (per Employee)** for Ongoing Support

Licensed On Premise Current Year Ongoing Support****	Licensed On Premise Next Year Ongoing Support****	SaaS Current Year Ongoing Support****	SaaS Next Year Ongoing Support****
\$34	\$14	\$22	\$24

*License plus maintenance for licensed on premise; annual amount paid to vendor for SaaS

**From licensed on premise and SaaS respondents with an average of ~11,000 employees plus contingents served by the HRMS

*** Implementation, upgrade, and/or change management

**** Ongoing support for HRMS

Different Dimensions of Cost

On premise



Cloud



- More costly
- Less costly
- Similar



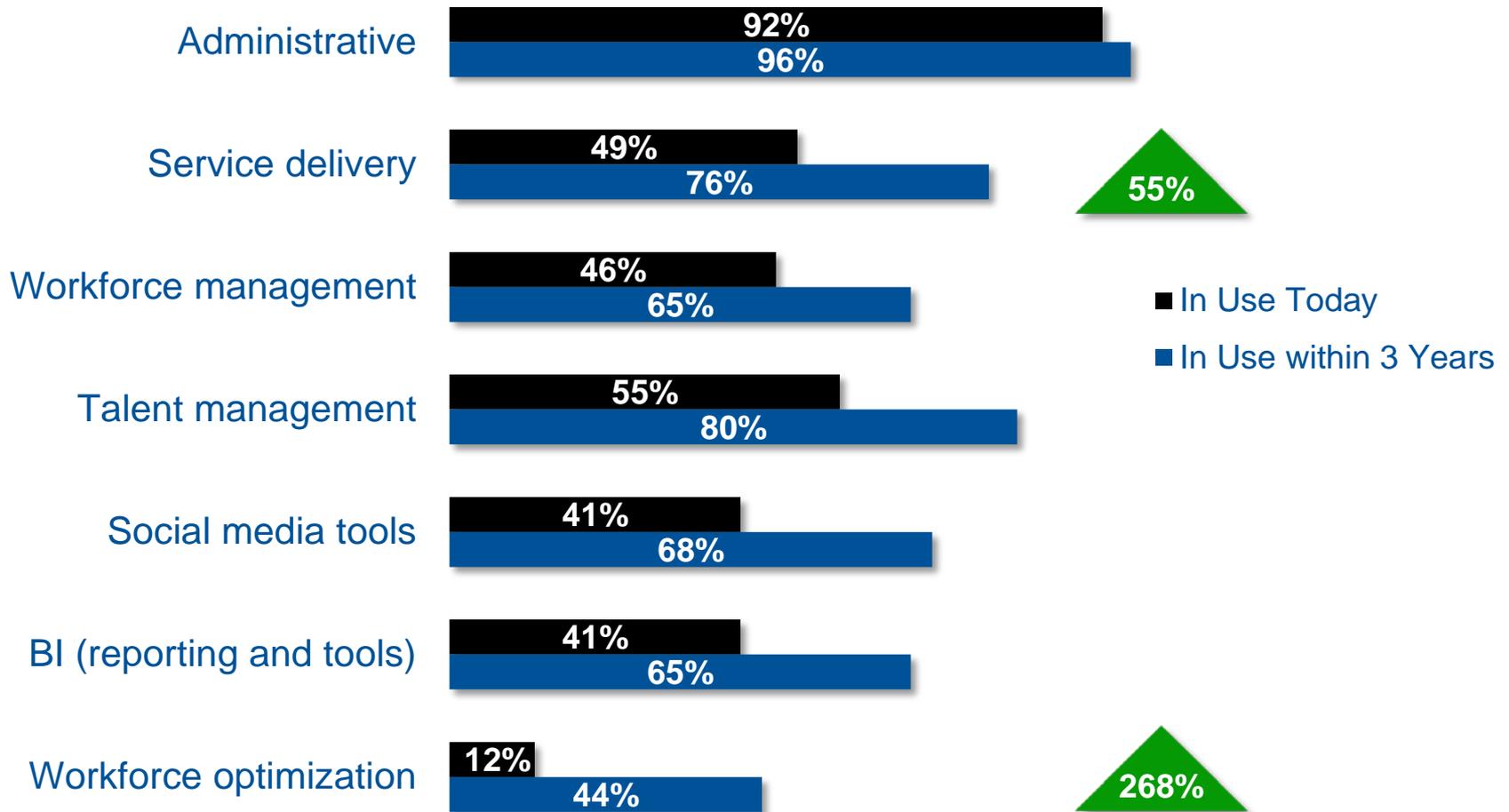
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Reporting and HR Analytics

2014–2015 Three-year Adoption Outlook

Looking Forward, Workforce Optimization Will Be Hot!

Three-year Application Outlook

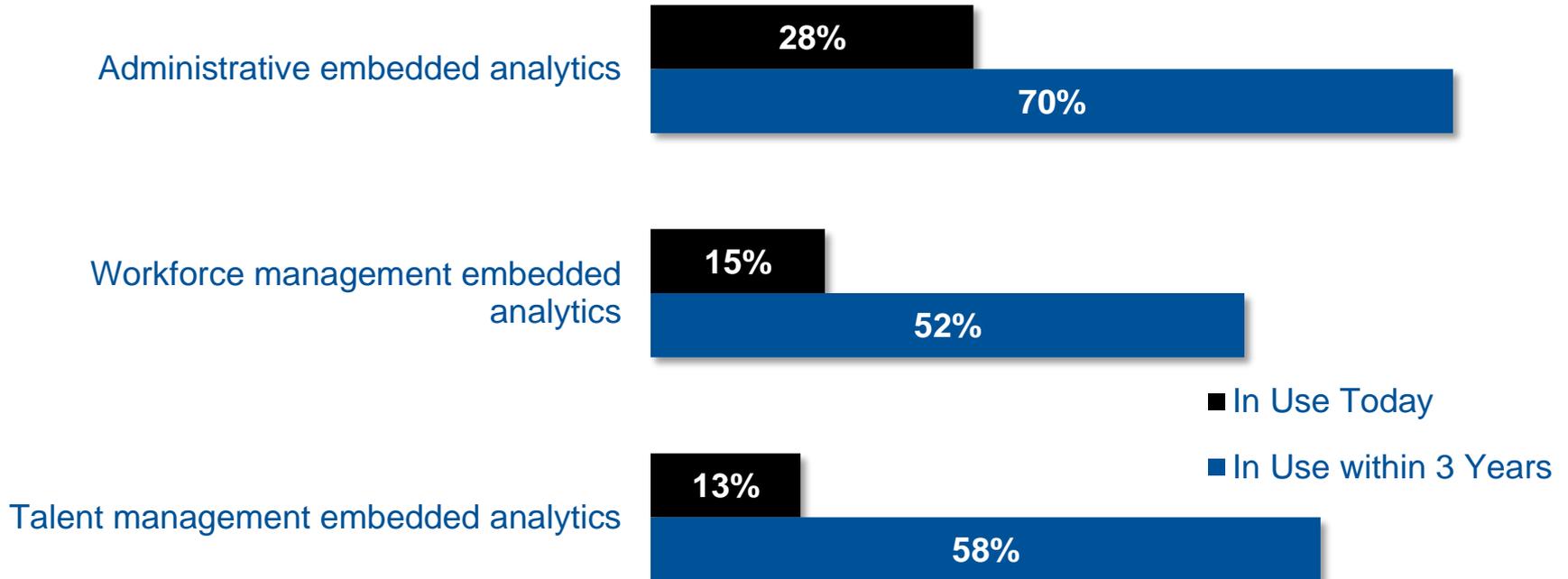


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Embedded Analytics Solutions

2 to 3x Growth Anticipated

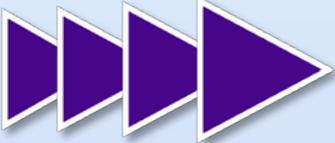
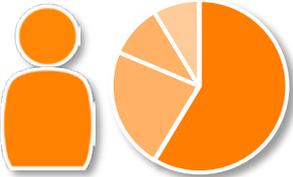
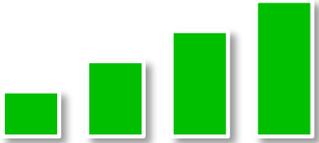
Embedded Analytics Three-year Application Outlook



n=733

Introducing the “Quantified Organization”

An Environment of Data-driven Decision Making

	Quantified Organization	Not Quantified
Better BI Process Maturity 	BI Process Maturity 3.2 Effective	BI Process Maturity 1.8 Efficient
More Manager Access to Analytics 	Managers with BI access 74%	Managers with BI access 20%
More Data Sources 	BI Sources 4.8	BI Sources 2.4
More Categories of Metrics 	Metrics Categories Tracked 4.2	Metrics Categories Tracked 2.8

Quantified Organizations Outperform!

They Have 79% Higher ROE than Non-QOs

	Quantified Organization	Not Quantified
Return on equity Measures an organization's success at generating profits from every unit of shareholders equity, such as that allocated for HR technologies. A company that earns an ROE in excess of its cost of equity capital adds value.	ROE 18%	ROE 10.1%





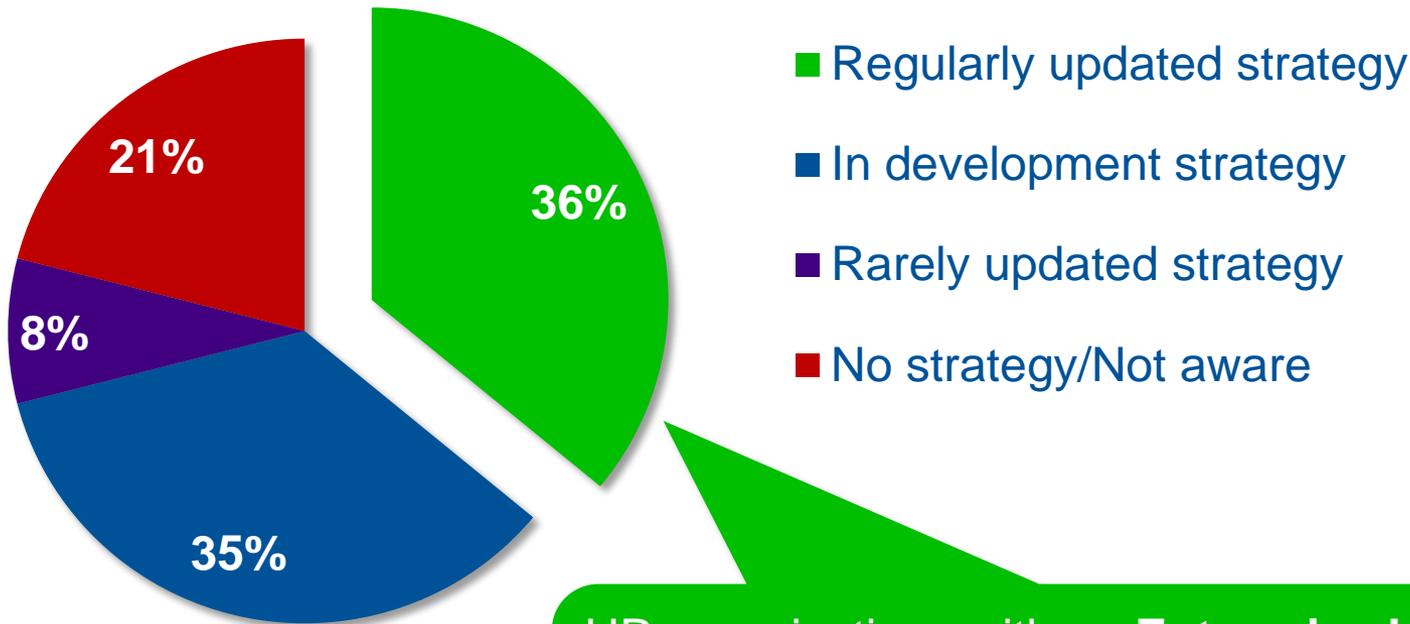
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Maintenance and Governance

An Enterprise HR Systems Strategy

Our Top Performers Have One. Do You Have One?

Percentage of Organizations With a Current Enterprise HR Systems Strategy



HR organizations with an **Enterprise HR Systems Strategy** are 38% more likely to be viewed by all levels of management as **contributing strategic value** to the organization.

Process Maturity

HR Functions w/ Cloud Deployments are More Likely to be Effective

- ❑ Transformational: unique, stands above others, contributes to competitive advantage financially and as an employer of choice.



- ❑ Effective: aligned, best practice, strategically-focused



- ❑ Efficient: transaction-focused

- ❑ Manual: paper-based, non-standardized, ad hoc, or reactive

Average Time for Upgrades and Releases

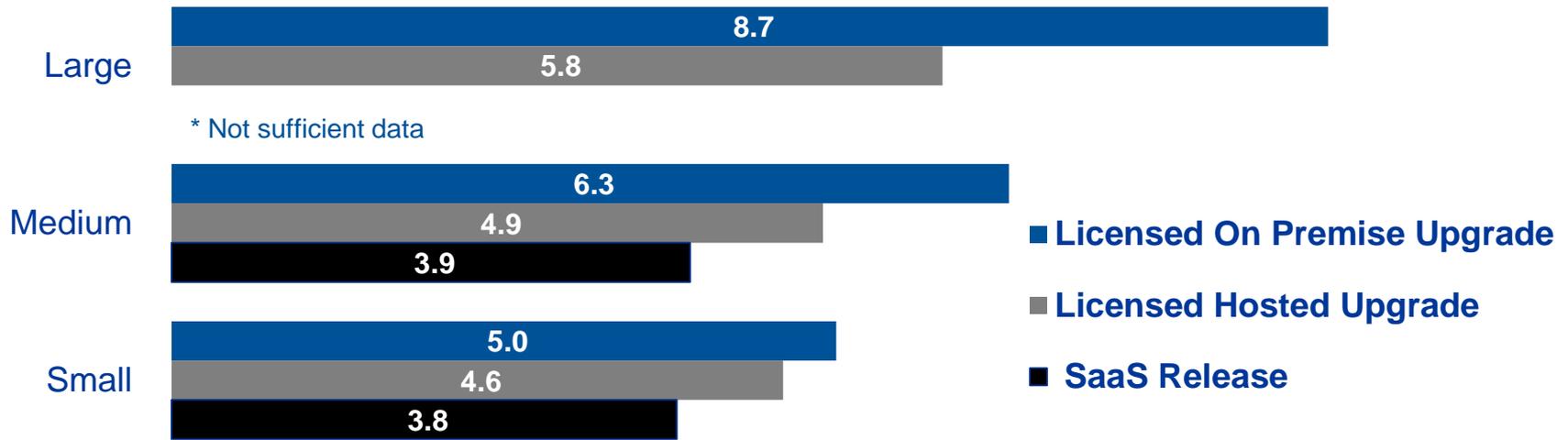
SaaS Requires Regular Maintenance Schedules

Length of Time for HRMS Upgrades/Releases



Time for HRMS Upgrades/Releases – Org. Size *

in months

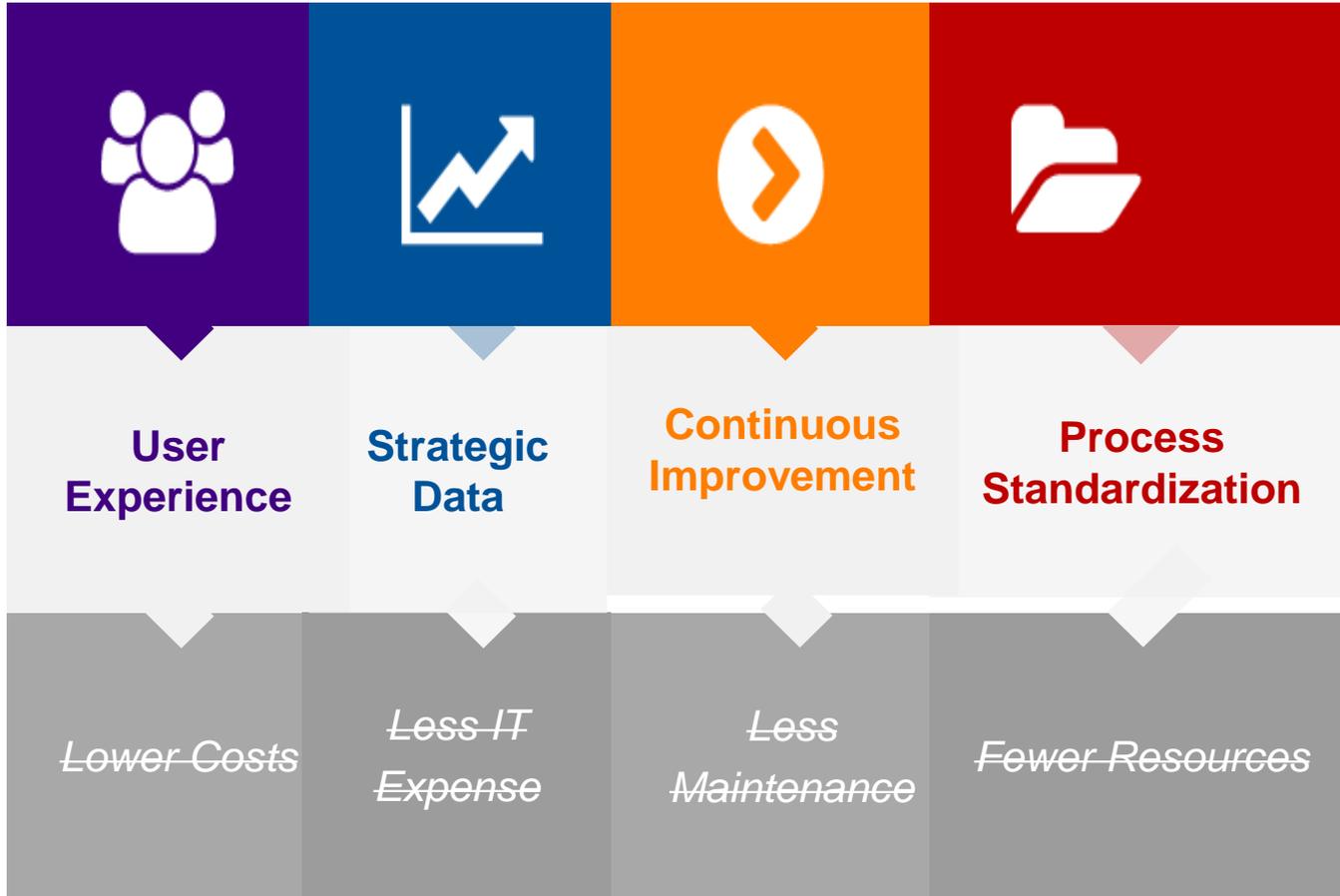


*Large = 10,000+; Medium = 2,500–10,000; Small = <2,500

n=536

As You Move to the Cloud....

Think Business Value



Visit the Sierra-Cedar Website

Get Full Survey Details and Participate!



Sierra-Cedar

2015–2016 HR Systems Survey
18th Annual Edition



PARTICIPATE NOW

The Survey will open on May 19th
and close on June 30th—

BE COUNTED!

www.Sierra-Cedar.com/annual-survey



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Appendix

Changing Skill and Talent Requirements

Functional

- Cross functional skill sets with a company focus and understanding of desired business outcomes.
- Skilled functional specialists with technical aptitude for system configuration and maintenance.
- Less need for report writers but more need for business analytics.
- Strategic thinkers, strong communicators, individuals who see the big picture and understand why they are doing things, in addition to attention to detail for tactical tasks

App' Support

- Cross functional analysts to support regular maintenance and release cycles.
- Individuals that provide user support, new configuration, security setup.
- Technical roles focused on integration management and PaaS extensions (Java).
- Individuals that embrace an environment of continuous improvement

Infrastructure

- Enterprise Architect expertise and individuals who understand how cloud apps fit into the overall application landscape within the organization.

Quantified Org's – Global & Non-Global

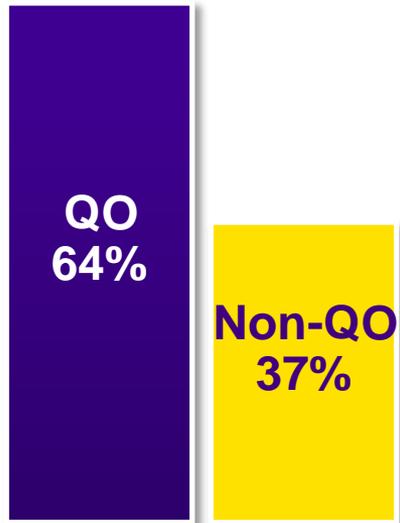
- **Ranged in size:**
 - 102 - 410,000 Employees
- **Industries:**
 - Consulting Services
 - Financial Services
 - Healthcare
 - High-Tech
 - Hospitality
 - Manufacturing
 - Public Utilities
 - Retail
 - Transportation
- **Types of Businesses:**
 - 25% are Non-Profits



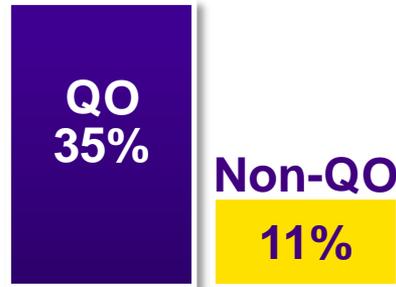
Lessons from Quantified Organizations

They Have Strategies and Culture that Support Performance

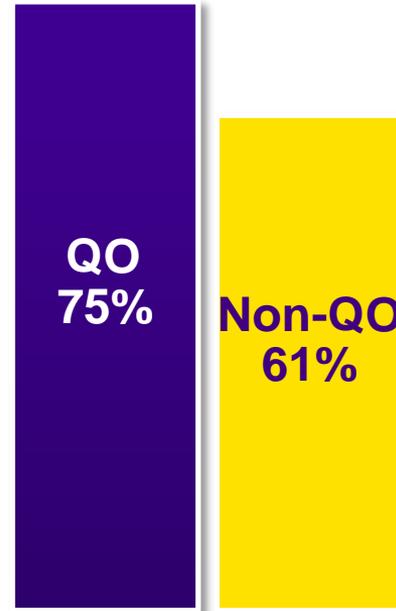
Updated HR Systems Strategy



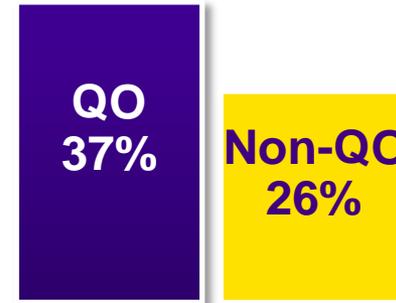
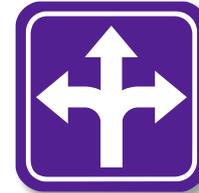
Enterprise Integration Strategy



Migrate to Enterprise BI



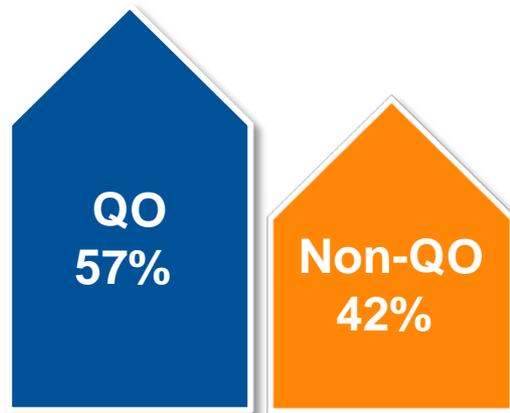
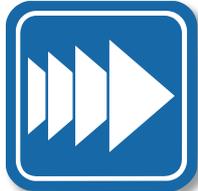
Change Management Culture



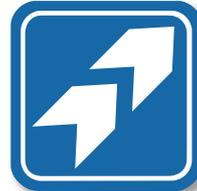
Lessons from Quantified Organizations

They Get the Basics Right

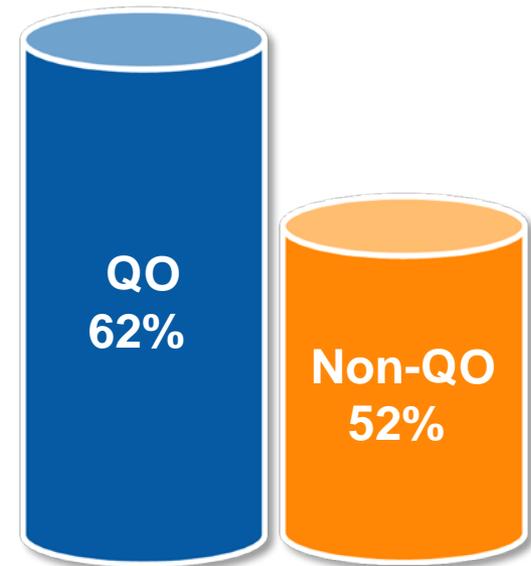
Process Standardization



Process Maturity



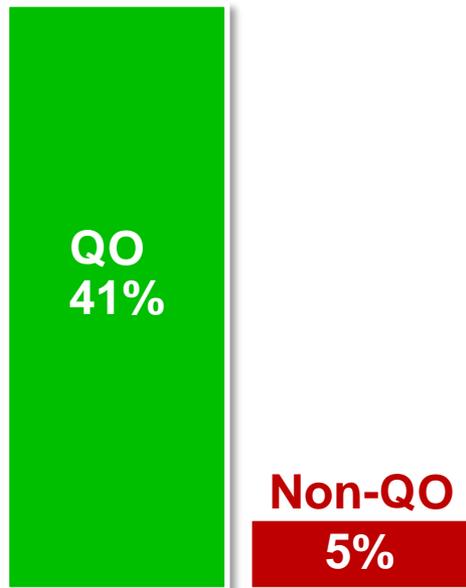
ITM on HRMS



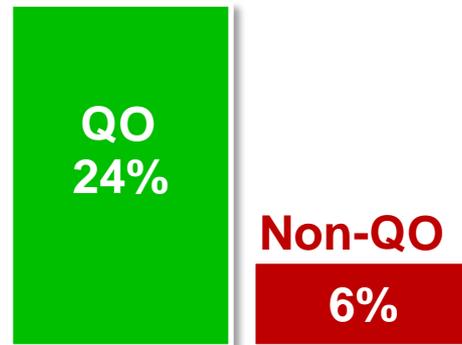
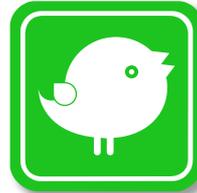
Lessons From Quantified Organizations

They Innovate with HR Technologies

Adoption of
WFM, TM, and BI



Higher level of
Social adoption



Higher level of
Mobile adoption

