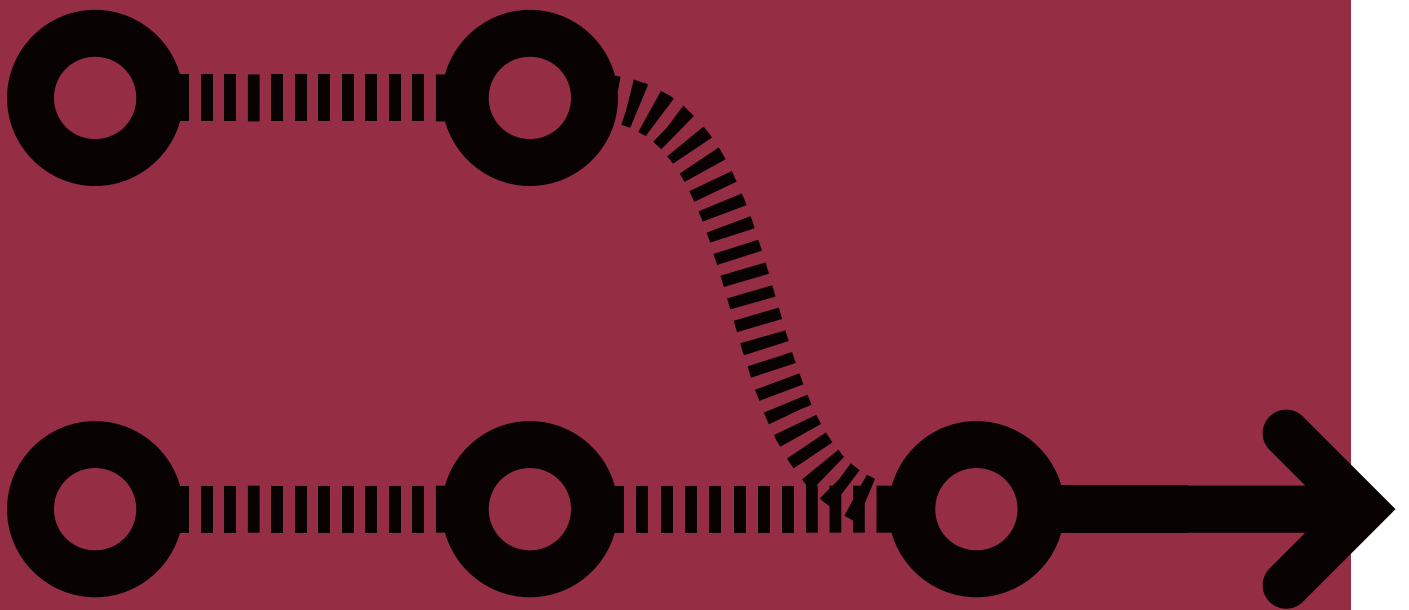


A Combined ERP-HCM Solution Makes the CIO a More Strategic Partner

Unite HR and Finance to Take Data Sharing and Analysis to New Levels



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Better Together: A Unified Finance-HR System Accelerates Digital Transformation

Oracle shares the same challenges as many companies across industries and around the world. Recent events have changed the way we and our customers work, leading organizations to consider how they can accelerate their digital transformations and stay ahead of the ever-evolving needs of those they serve to deliver exceptional experiences.

As we've embarked on our own transformation, Oracle Cloud has proven to be the ideal platform to enable the rapid change required. The benefits boil down to four categories:

- 1. Higher efficiency.** Automation across the business enables our employees to collaborate and work more productively. We've eliminated routine work and manual intervention, enabling our teams to focus on what matters most—customer success. For finance and HR specifically, we identified 43 common “touch points” between applications, processes, and policies. These are distinct areas—from budget approval to supplier invoicing to project management—in which finance-HR integration eliminates manual work and accelerates processing times.
- 2. Smarter decisions.** A unified finance-HR system enables finance and HR leaders to make smarter decisions quickly based on visibility of analytics and data as well as emerging technology, like machine learning and artificial intelligence. For example, understanding talent needs is one benefit of a unified system, and, at Oracle, we measure the productivity of sales reps by combining headcount data from Oracle HCM Cloud with booking data from Oracle ERP Cloud. Sales leaders then dive into the full cost structure—salaries, commissions, travel, and entertainment expenses—to make decisions about hiring, promotion, and performance improvement.
- 3. Faster rate of change.** With Oracle ERP and HCM Cloud, our teams have the ability to leverage quarterly updates to stay ahead of changing expectations and needs. Every 90 days, we uptake 100 new features on average to continuously improve and innovate the experience. For instance, we leveraged quarterly updates that introduced a news feed feature in HCM and in-app expenses assistance in ERP, and to enhance the employee experience and drive productivity across HCM and ERP, we've reduced the number of fields employees need to complete.
- 4. Better user experience.** At Oracle, we've implemented a unified, consumer-grade user experience. The new experience makes it simple, fast, and intuitive to complete tasks. For example, employees at Oracle may now complete tasks, like submitting their expenses and searching the employee directory, on their mobile devices via chatbot.

With our finance and HR teams running on a single cloud platform, we've seen dramatic improvements across areas, including financial reporting, strategic workforce planning and budgeting, what-if modeling and forecasting, and succession planning. We now complete talent reviews in 70% less time, forecast 25% faster, process employee reimbursements one day sooner, and close the books in 12 days or less.

Finance and HR are always better together, and when CIOs and their teams partner with finance and HR to support digital transformation, organizations can outpace change and **respond to evolving needs faster and more effectively.**



DOUGLAS KEHRING
EXECUTIVE VICE PRESIDENT,
CORPORATE OPERATIONS
ORACLE

A COMBINED ERP-HCM SOLUTION MAKES THE CIO A MORE STRATEGIC PARTNER

Unite HR and Finance to Take Data Sharing and Analysis to New Levels

With the business landscape under constant and rapid change, companies need a stronger focus on the connection between business strategy and workforce strategy. Business leaders must constantly reevaluate their talent to ensure they have the skills needed for an ever-evolving environment.

This cannot be accomplished, however, if companies are riddled with data silos that prevent them from attracting, retaining, and managing the talent to support their business strategies.

Consequently, solutions that combine enterprise resource planning and human capital management (ERP-HCM) can have a transformational effect on organizations, according to a survey of 505 executives across executive management, finance, HR, and IT conducted by Harvard Business Review Analytic Services.

Survey respondents said these combined solutions enable better workforce processes, improve data stores, and support the rapid consumption of artificial intelligence (AI), machine learning, digital assistants, and other next-generation technologies.

Combined ERP-HCM solutions are having a profound effect on chief information officers (CIOs) and IT departments as well. Some 79% of respondents said that improving data stores can make the CIO an enabler of growth in the organization. And 89% agreed that integrated reporting and analytics can lead to increased data sharing across HR and finance, too. [FIGURE 1](#)

“IT can become the gatekeeper of a single version of the truth and make sure everyone is looking at the same data,” says Zachary Chertok, a research analyst at the Aberdeen Group. “IT needs to create that environment of analytic consistency that allows for the faster and better decision making that organizations require today.”

Integration, upgrades, and other resource-intensive tasks are reduced or eliminated by combining data and simplifying the technology environment. As a result, 35% of respondents said combined ERP-HCM solutions reduce the number of mundane IT tasks and allow IT departments to focus on more strategic projects.

FIGURE 1

CIOs CAN ELIMINATE SILOS AND SPUR GROWTH

Percentage of respondents who agree with the following statements

—
89%

Integrated reporting and analytics lead to increased data sharing across HR and finance.

—
86%

Siloed data prevents the CFO, CHRO, and CIO from making informed workforce decisions.

—
84%

A combined ERP-HCM solution reduces data silos.

—
79%

Improving data stores can make the CIO an enabler of growth in the organization.

SOURCE: HARVARD BUSINESS REVIEW ANALYTIC SERVICES, JANUARY 2020

FIFTY-SEVEN PERCENT OF IT PERSONNEL PREFER A COMBINED ERP-HCM SOLUTION FROM A SINGLE VENDOR.

That saved time could be devoted to, say, approaching businesses with ideas on how emerging technology can meet strategic goals—the kind of difference-making work that many IT departments find challenging to do while focusing on operational efficiency and “keeping the lights on.”

But to gain the most benefits from these solutions, companies need to approach them in a new way. CIOs, chief financial officers (CFOs), and chief human resources officers (CHROs) must collaborate more closely, with the tech leader taking a critical role in easing potential issues between the two other departments.

“Companies need to elevate how they see HR data and link it to business strategy,” Chertok says. “The CIO can be the broker between HR and finance and encourage the CEO to greenlight the project by showing how a combined ERP-HCM solution can support critical business goals.”

This paper explores the benefits that a combined ERP-HCM solution can bring to HR, finance, and the organization as a whole; the best approach to implementing the technology; and how the CIO, CFO, and CHRO can work together to ensure the technology propels business transformation.

Eliminating the Pain Points

IT departments must go beyond mere technology proficiency to meet competitive demands. Today, CIOs are under great pressure to provide technology that can help companies grow, innovate, and achieve strategic goals. Some 82% of survey respondents said the future success of IT depends on taking more steps to identify line-of-business (LoB) pain points and offer solutions.

Workforce strategies are a prime area for IT to focus its expertise. Lisa Massman, a partner in the human capital advisory group at KPMG, says HR departments are grappling with a number of key challenges that can be addressed only by consolidating HR and finance information. These challenges include helping the business shape the workforce of the future, delivering human-based insights from multiple data sources, and, most important, providing a consumer-grade experience to the workforce.

“Without integrated data, it’s extremely challenging to provide employees with the experience across things that matter to them, including onboarding and understanding their benefits,” she says.

The survey identified that a combined ERP-HCM solution can address these issues—and more. This technology allows HR and finance to collaborate more effectively on what-if forecasting, succession planning, and other key efforts that generate higher employee engagement. [FIGURE 2](#)

That may be only scratching the surface of the technology’s payoff. “A consolidated ERP-HCM solution provides value that most people don’t consider,” Chertok says. “This includes financial planning, response time, the timing of decisions, and the ability for HR and procurement to manage bigger workforces spread across more diverse departments with the same resources, if not fewer.”

The impact these solutions have on CIOs and IT departments is no less significant.

FIGURE 2

DEEPER HR-FINANCE COLLABORATION

Biggest benefits workforce planning can realize from a combined ERP-HCM solution

Finance and HR can better collaborate on rolling forecasts and what-if scenarios, improving planning/budgeting

67%

Stronger finance and HR collaboration generates outcomes that increase employee engagement

52%

Talent reviews and succession planning can be done more effectively

38%

More relevant performance goals can be set

36%

SOURCE: HARVARD BUSINESS REVIEW ANALYTIC SERVICES, JANUARY 2020

“Companies need to **elevate how they see HR data and link it to business strategy**. The CIO can be the broker between HR and finance.” —Zachary Chertok, research analyst, Aberdeen Group

“Moving the back office to the cloud in one solution improves information flow, standardizes processes, increases the company’s ability to be agile, and takes the heat off IT to be the connection point in all this,” says Massman. “Right now, IT is spinning the plates behind the scenes to make this happen and trying not to drop any. A consolidated system allows IT to focus on the digital strategy and things that matter to the business, like implementing AI and RPA [robotic process automation].”

A combined ERP-HCM solution supports advanced technology, like AI and machine learning, in multiple ways. In addition to freeing up IT’s time for such efforts, this technology provides the more comprehensive data stores that are needed to feed AI, machine learning, and other data-hungry applications. No wonder two-thirds of respondents said a combined ERP-HCM solution is a critical part of a company’s journey to embracing advanced technologies.

CIOs Looking to Drive Growth

As companies embrace the importance of becoming data-driven, the CIO is positioned to be a force in driving key business initiatives: 79% of survey respondents said improving data stores can make the CIO an enabler of growth in the organization.

“When we talk about IT as a driver of growth, it’s no longer about managing where data is stored or how it’s stored,” Chertok says. “Managing data is a moving target. Successful CIOs are monitoring how data is flowing in and out of systems along an objective trajectory.”

The biggest benefit of a combined ERP-HCM solution for IT is improving the user experience, cited by 52% of survey respondents. This finding speaks to both changing expectations about technology and the new role that CIOs must take today to be effective leaders in their organizations. [FIGURE 3](#)

A focus on the user experience can reinforce the need for IT departments to move away from highly customized, on-premises solutions, Massman says. “When you start from the viewpoint of the employee experience, you can make hard decisions to standardize processes and the way you deliver services.”

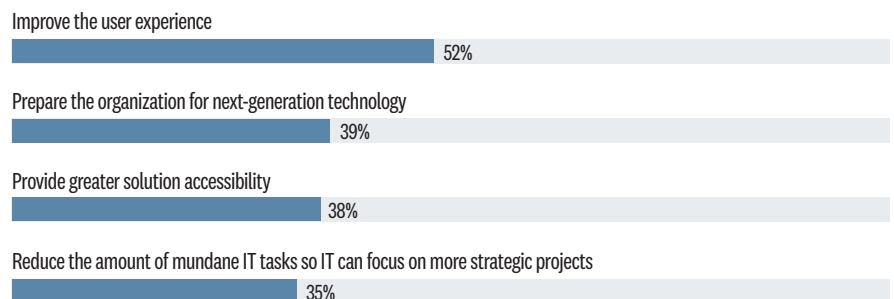
The employee experience is also fundamental to the success of a combined ERP-HCM solution. “If you want to achieve ROI from a project, you need to improve the user experience,” says Andrew MacMillen, a research

THE BIGGEST BENEFIT OF A COMBINED ERP-HCM SOLUTION FOR THE IT DEPARTMENT IS IMPROVING THE USER EXPERIENCE.

FIGURE 3

IT DEPARTMENTS CAN IMPROVE THE USER EXPERIENCE

Biggest benefits IT departments can deliver to the business by implementing a combined ERP-HCM solution



SOURCE: HARVARD BUSINESS REVIEW ANALYTIC SERVICES, JANUARY 2020



THE EMPLOYEE EXPERIENCE IS ALSO FUNDAMENTAL TO THE SUCCESS OF A COMBINED ERP-HCM SOLUTION.

analyst at Nucleus Research. As he explains it, the ROI derived from a combined ERP-HCM solution depends on having technology that will be used frequently by a large number of people.

“If you are trying to introduce a tool that is less intuitive than a spreadsheet and does not perform substantially better, you will get no adoption because of the bad user experience,” MacMillen says. “If you account for the human factor and make the switch simpler, your job will be 100 times easier.”

Deeper Collaboration between the CIO, CFO, and CHRO

A combined ERP-HCM solution also underscores the growing importance of CIOs collaborating with peers in HR and finance. Technology is no longer the sole province of IT. Thus, 81% of survey respondents said the ability of finance and HR to deploy their own technology requires the CIO to develop a stronger relationship with them. [FIGURE 4](#)

“In the past, these technology projects were driven by IT; the business was just pulled along, and it was a mess,” says Massman.

To become a strategic leader and enabler of growth, CIOs need to become deeply knowledgeable about

how other departments operate. For HR matters, for example, CIOs must understand everything from scheduling to training to succession. “Specialized expertise will always be important for IT professionals, but a liberal-arts approach is becoming more common as CIOs take on a more expansive role,” MacMillen says. “The CIO needs to be well versed in everything the business units do that depends on technology and understand how the relationships between the departments work.”

By getting closer to C-suite colleagues, the CIO can leverage a combined solution to enable HR to offer competitive pay and benefits to attract and retain the right talent, allow finance to collect business activity data for a new subsidiary to comply with country-by-country tax reporting, or help the company reap the benefits of smart sourcing. As a result, tech leaders can not only support other departments; they also can provide transformational ideas on how to improve the business processes of those departments.

With this deeper understanding, the role the CIO plays in implementing a combined ERP-HCM solution is expanding. “IT used to have to be the one that HR and finance would go to and translate their needs into language IT could understand,” Chertok says. “Now it’s the reverse. IT has to take the capabilities of the technology and translate that into language the CFO and CHRO can understand.” At the same time, the CIO makes sure that the technology and people processes are aligned, alleviating potential problems that can stymie the adoption of a new technology.

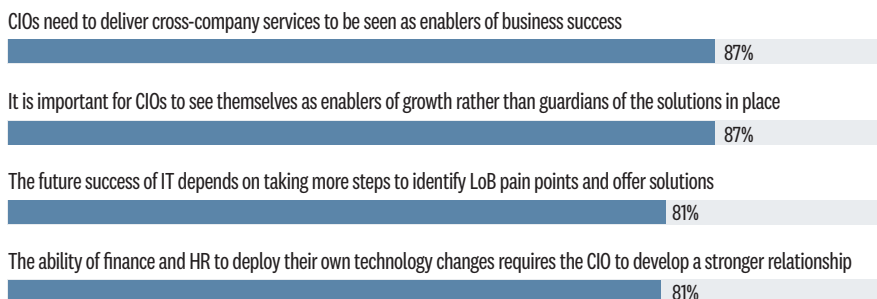
Along these lines, the most important step in the successful implementation of a combined ERP-HCM solution—cited by two-thirds of respondents—was a strong partnership and collaboration between the CIO, CFO, and CHRO.

Experts say the CIO position is particularly critical, given the

FIGURE 4

PUSHING GROWTH

CIOs are being encouraged to take a stronger role



SOURCE: HARVARD BUSINESS REVIEW ANALYTIC SERVICES, JANUARY 2020

“Being an authority figure in the company, but outside the two departments, **can make the CIO a top-down influence** to encourage change.” —Andrew MacMillen, a research analyst, Nucleus Research

sometimes-contentious nature of data stores. “By the time organizations are at a point where they are considering bringing the systems together, they have the data, but they are overwhelmed by the data,” says Chertok. “The CFO and CHRO go into meetings with different data sets that are in different languages, so it sounds like they are talking at each other.”

The CIO becomes a critical arbiter in presenting the benefits in cost, time, and efficiency that a combined ERP-HCM can provide. Meanwhile, the CIO can lay out the strategy for consistency in data modeling, workflows, report type, and user experience.

“Being an authority figure in the company, but outside the two departments, can make the CIO a top-down influence to encourage change,” says MacMillen. “By being objective and unbiased, the CIO can get the two sides to play nicely and alleviate the mutual pain points that result from siloed data. The CIO can use the objective ‘I don’t care how you used to do it’ voice more diplomatically than the heads of the two departments that are overtly affected.”

Companies Favor a Single Vendor

When it comes to a combined ERP-HCM solution, the survey indicated that companies’ criteria for a solution vendor underscore their wide-ranging plans and expectations for the technology. Forty-three percent of respondents favor a single-vendor solution, and just 28% favor using technology from multiple vendors. The IT workers who support single-vendor systems especially like

them—they are the preferred choice of 57% of IT personnel and 50% of CIOs. [FIGURE 5](#)

By choosing the same vendor to handle both ERP and HCM processes, companies eliminate costly and time-consuming integration projects while reducing the number of vendor relationships to manage. Legacy software, which now often drags down processes, can be retired. A single-vendor solution can reduce time-consuming customization, freeing up IT resources while eliminating data silos.

In addition, nearly half of respondents are using or considering a cloud-based solution, compared to only 11% who are considering or using a completely on-premises solution.

Three-quarters of respondents also said it is important to unify ERP and HCM solutions with other back-office solutions, such as supply chain and

COMPANIES’ CRITERIA FOR A SOLUTION VENDOR UNDERScore THEIR WIDE-RANGING PLANS AND EXPECTATIONS FOR THE TECHNOLOGY.

FIGURE 5

DOWN TO ONE

Single-vendor solutions are popular—especially with IT professionals

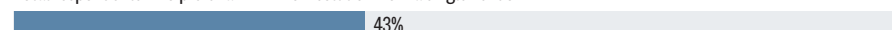
Respondents in any IT position who prefer an ERP-HCM solution from a single vendor



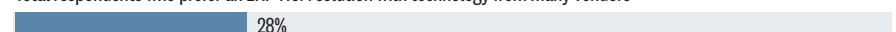
CIOs who prefer an ERP-HCM solution from a single vendor



Total respondents who prefer an ERP-HCM solution from a single vendor



Total respondents who prefer an ERP-HCM solution with technology from many vendors

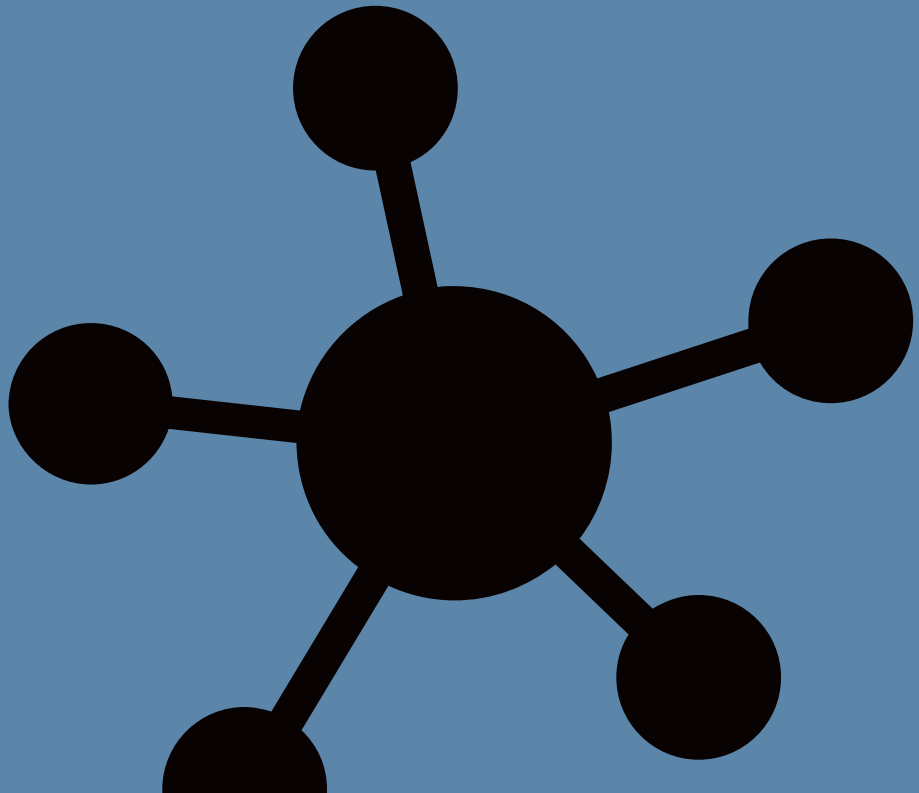


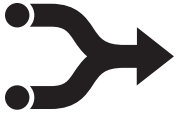
SOURCE: HARVARD BUSINESS REVIEW ANALYTIC SERVICES, JANUARY 2020

43%

OF RESPONDENTS FAVOR A SINGLE-VENDOR ERP-HCM SOLUTION.

The IT workers who support single-vendor systems especially like them—they are the preferred choice of 57% of IT personnel and 50% of CIOs.





WHEN ASKED HOW A COMBINED ERP-HCM SOLUTION SHOULD BE PRESENTED TO THE BOARD, 45% OF SURVEY RESPONDENTS SAID A CIO SHOULD WORK WITH THE CHRO AND CFO TO DETERMINE WHETHER AND EXPLAIN WHY THE COMPANY IS READY FOR SUCH TECHNOLOGY NOW.

enterprise performance management software. Companies want connections to a wide range of data sources so they can gather information that provides deeper and faster insights.

In selecting a vendor, the ability to provide a complete solution was the top consideration, along with other capabilities, like strong support capabilities that both improve the user experience and reduce the demands on IT.

Conclusion: Propelling Business Transformation

Data has become the fuel for better decision making. A combined ERP-HCM solution allows finance and HR departments to collaborate more effectively and implement strategies that propel growth and meet strategic objectives. To execute these solutions successfully, the CIO, CFO, and CHRO must work together as a tight-knit trio.

For example, when asked how a combined ERP-HCM solution should be presented to the board, 45% of survey respondents said a CIO should work with the CHRO and CFO to determine whether and explain why the company is ready for such technology now. These business leaders' focus, respondents said, should be on how the combined solution can propel business transformation, rather than on cost reduction or tech components.

In sum, a combined ERP-HCM solution is a key enabler of workforce planning efficiency and future success. CIOs who work closely with their HR and finance counterparts to drive a combined ERP-HCM solution are seen as important strategic partners within their organizations.

"HR and finance software come from very different histories," MacMillen says. "These two departments have entrenched ways of doing things that can lead to data silos and slow everything down."

"The CIO can be a force in helping overcome the inertia to change and allow everyone to see what they already know—if you want to make good decisions that lead to growth, you need to combine your HR and finance data in a consistent environment," he adds.

METHODOLOGY AND PARTICIPANT PROFILE

A total of 505 respondents drawn from the HBR audience of readers (magazine/ newsletter readers, customers, HBR.org users) completed the survey.

SIZE OF ORGANIZATION

23% 10,000 OR MORE EMPLOYEES	24% 1,000 – 9,999 EMPLOYEES	29% 100 – 999 EMPLOYEES	24% FEWER THAN 100 EMPLOYEES
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SENIORITY

35% EXECUTIVE MANAGEMENT/ BOARD MEMBERS	33% SENIOR MANAGEMENT	25% MIDDLE MANAGEMENT	7% OTHER GRADES
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KEY INDUSTRY SECTORS

12% TECHNOLOGY	11% CONSULTING	10% BUSINESS/ PROFESSIONAL SERVICES	10% MANUFACTURING	8% FINANCIAL SERVICES	8% EDUCATION	ALL OTHER SECTORS LESS THAN 8% EACH
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JOB FUNCTION

23% GENERAL/ EXECUTIVE MANAGEMENT	10% CONSULTING	10% HR/TRAINING	9% FINANCE/RISK	8% IT	8% STRATEGIC PLANNING	ALL OTHER FUNCTIONS LESS THAN 8% EACH
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REGIONS

40% NORTH AMERICA	21% EUROPE	20% ASIA/PACIFIC	9% LATIN AMERICA	8% MIDDLE EAST/AFRICA	2% OTHER
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Figures may not add up to 100% due to rounding.



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