Chief Human Resources Officer

An accompanying piece to 10**Minutes**

Opportunities and HR roles in the cloud

Highlights

Cloud computing can reduce HCM costs, and it is fast becoming a powerful engine for growth.

Cloud solutions will enable CHROs to focus on new strategies and value-adding innovations for HR.

The CHRO should set expectations for cloud services needs, costs, and vendor offerings.

Cloud computing will require that CHROs lead and manage change across the entire organization.

Whether your organization is gearing up for growth or is head-down against the enduring recession, chances are you're under pressure to "do more with less." You're not alone: Today CEOs expect human resources (HR) leaders to deftly make strategic (or enterprise-wide) hires, retain top talent, and create a superlative work environment—often without additional resources.

Many Chief Human Resources Officers (CHROs) have adopted cloud computing to help meet these challenges. Cloud applications enable you to quickly implement cost-effective capabilities and streamline HR processes. Best-of-breed features enable cloud-based talent management solutions to provide a comprehensive view into employee performance that empowers HR and business leaders to quickly make informed human capital decisions. They also can promote innovation and collaboration across divisions by leveraging social media and networking tools, which are critical to attracting the next generation of young workers. And the economies of scale inherent in a shared server environment contribute to a sustainable approach to IT, a corporate commitment that is increasingly vital to a company's brand.

CHRO as a strategist

Cloud computing automates transactional activities and frees you to focus on value-adding initiatives—career planning, training, and change management, to name a few—that enable HR to more fully participate in the strategic success of the business. The cloud will bring changes to the HR function, however, requiring new staff skills like managing relationships with service providers and the ability to provide support to employees and managers.

CHRO as a Chief Financial Officer

When considering a cloud environment, cost benefits will be a strong selling point, and you must be prepared to articulate the advantages (and limits) of the cloud's cost structures to the C-suite. Business fundamentals like reduced capital expenditures and reduction of IT involvement with maintenance are relatively easy to convey. Other benefits, such as an enhanced user experience, more innovative processes, and better enterprise-wide collaboration, will be more difficult to quantify. Nonetheless, you should include these factors in the high-level discussion of cloud value and return on investment (ROI).

HR as a Chief Information Officer

While adoption of a cloud solution doesn't require that you be an IT expert, you must proactively educate yourself about HR cloud providers and how their offerings can close gaps in your HR systems. You should also be prepared to work closely with IT and cloud service providers to guarantee that the HR application can be seamlessly integrated with existing IT systems, and ensure that necessary customizations can be accommodated. Once implemented, however, IT will have less

direct responsibility for day-to-day management, updating, and maintenance of the cloud service. Some of that responsibility may fall to HR.

HR will own the relationship with its HRIS cloud service providers, and the CHRO will oversee the providers' performance and reliability, data security, privacy, and regulatory compliance. Accordingly, you must design and manage governance that guarantees agreed-upon benefits and services, and ensures that innovations are consistently delivered. HR also must maintain in-house control over the design and interpretation of performance metrics as a means to evaluate the effectiveness of cloud implementations and identify improvements.

HR as the leader of change

The impact of an HR cloud solution will ripple across functions, altering processes and operations for all managers and employees. Accordingly, change management—the people side of the project—is one of the CHRO's most critical roles in the cloud.

An up-to-date, centralized system can increase productivity and employee satisfaction. A self-service approach to employee data, for instance, will enable personnel to view consolidated benefits, vacation balances, and personal information from a single tool. Among HR and business managers, an integrated view of employee work history and HR transactions will empower quick, informed personnel decisions. To be truly successful, however, the implementation must be carefully aligned with user needs. Browser-based cloud solutions are

typically intuitive to use, but even small changes in the user interface can erode productivity among users—and dampen enthusiasm for the new system.

Consequently, you must plan, implement, and manage an organizational change strategy to ensure that users embrace and maximize cloud solutions. CHROs should gain buy-in from business leaders during the planning phase, then carefully formulate and implement a change management strategy that sets expectations, offers pilot programs and training, and provides appropriate support to users.

In the end, the most essential role of the CHRO is to ensure that people—not technology— remain the top priority when planning and implementing a cloud computing solution.

How PwC can help

To have a deeper conversation about cloud computing, please contact:

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