

Collaborative technology for managing today's talent

June 2011

*How an integrated
technology solution can
help build a culture of
innovation and growth*

Table of contents

<i>The heart of the matter</i>	<i>2</i>
---------------------------------------	-----------------

<i>An in-depth discussion</i>	<i>4</i>
Integrated functionally to measure, manage, and reward talent	5
The collaborative power of Oracle's Fusion HCM	6
Rapid, flexible deployment through coexistence	7
Case study: How Principal Financial Group (Principal) benefits from the coexistence model	8

<i>What this means for your business</i>	<i>10</i>
The right fit for Fusion	12

The heart of the matter

Companies that emerge from the recession with forward-looking talent management strategies and supporting systems will excel at attracting top talent and building a culture of innovation and growth

As the global economic recovery shows signs of lasting traction, CEOs are turning their focus from cutting costs to growing revenue. Optimism is back—in a very big way.

Among the 1,200 CEOs polled in PwC’s 14th Annual Global CEO Survey, 48% of respondents reported they are confident of revenue growth over the next 12 months, and 51% said they foresee earnings increases over the next three years.¹

As they gear up for growth, CEOs anticipate an uptick in hiring. Yet many are troubled that potential candidates may not have the right skills in the right areas of expertise, while others worry about a limited reserve of candidates in emerging markets. In fact, 66% of CEOs see availability of key skills as a significant threat to achieving the growth they expect. (See Figure 1.)

Given these concerns, it’s not surprising that assessing, rewarding, and retaining critical talent is at the top of the CEO’s agenda this year. In our survey, 83% of CEOs reported they intend to adjust their strategy for managing talent this year.

They recognize that a high-performing HR organization is critical to attracting and retaining the top-tier talent necessary to generate growth. Increasingly, however, HR’s performance hinges upon advanced human capital management (HCM) technology (coupled with an integrated HCM and talent-management strategy, of course).

Technologically advanced HCM and Talent applications can enable HR to make fast fact-based decisions (from hiring to compensation), focus on developing and retaining the best employees, and provide higher quality service (such as learning programs, and career and succession planning) for employees. Ultimately, integrated HCM and Talent applications can free up time for continuous innovation around an organization’s talent strategy.

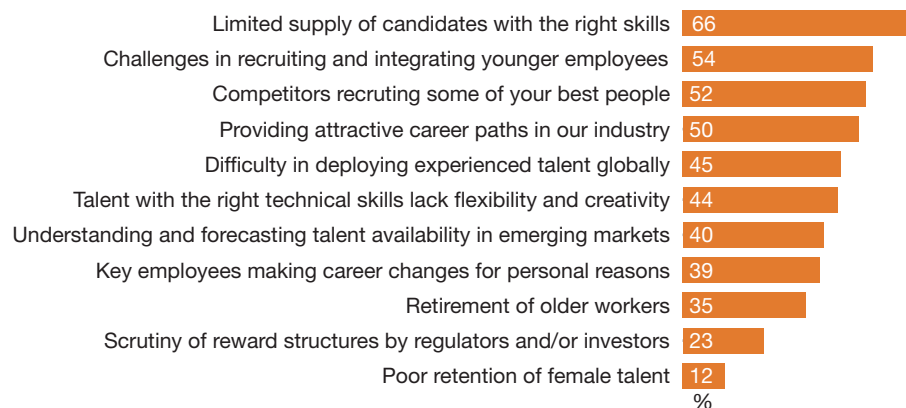
An integrated HCM application also can help HR prepare for the future. Today organizations recognize that they must attract and manage new workers who have grown up in digital-social communities such

as Facebook and Twitter. As the face of the workforce becomes younger, HR leaders are beginning to recognize that their technology systems should emulate the ways that youthful employees—Generation Y and the younger millennials—communicate, collaborate, and connect.

To manage the digital-social workers of today (and tomorrow), a full spectrum of talent-management applications must be tightly integrated and capable of sharing, analyzing, and reporting data across all enterprise systems. This challenge sits squarely on the shoulders of HR and HRIS leaders—and it is one too weighty to ignore.

Appendix 17: Two-Thirds of CEOs foresee skills shortage

Q: Considering the talent required for the success of your business over the next 3 years, what are the key challenges you expect to face?



Base: All respondents (1,201)
Source: PwC 14th Annual Global CEO Survey

1 PricewaterhouseCoopers, 14th Global CEO Survey. <http://www.pwc.com/gx/en/ceo-survey/index.jhtml>

An in-depth discussion

How talent and
technology challenges
handicap HR—and
what to do about it

In today's demanding global business environment, the pressure to attract and cultivate skilled talent has never been more acute. Simply put, this will not be an easy task.

As the economy improves, CEOs and HR leaders worry that employees will seek out new opportunities in greater numbers. Their concern is well-founded: The average number of monthly voluntary separations in the US increased by 36% between January 2010 and February 2011, according to the Bureau of Labor Statistics.²

Top leaders also are disquieted by a looming talent deficit as millions of baby boomers—more than one in 10 US employees—reach retirement age this year. Although US millennials (those born between 1980 and 2000) outnumber baby boomers, their graduation into the workforce won't fill the gap for skilled employees.

It's a deeply troubling prospect for business executives. In our survey, two-thirds of CEOs believe they are facing a tight supply of skilled candidates, particularly in emerging markets. Indeed, businesses that aim to expand in new markets are finding that availability of skilled talent is their biggest constraint. It is critical, therefore, that organizations develop an effective global talent strategy that enables them to deftly move talent across geographies—a capability that is rare today.

Internally, most organizations are challenged by a labyrinth of disparate information systems that are not integrated with the core HCM system, thus hindering HR's ability to unite processes and understand talent across the enterprise. Many organizations, in fact, cannot measure global talent because their HCM systems lack enterprise-wide integration with other corporate data and analytic capabilities.

The good news? While funding for HR technology was flat during the global recession, organizations are starting to update technology as they prepare to resume hiring. In particular, we are seeing a new emphasis on deployment of talent management systems as well as integration of analytics—including dashboards and predictive analytics—into core applications.

While more companies update HR technology, consolidation of solutions providers has left HR leaders with fewer choices. It's a trend that is likely to escalate as large companies continue to build out their service offerings by acquiring specialized talent management providers. For HR leaders, this presents challenges as service providers acquire niche vendors and attempt to upgrade their offerings on dissimilar schedules.

These market and IT hurdles, if not addressed, can impede HR's ability to attract top-tier talent and align them with corporate strategies in ways that improve business performance.

Integrated functionality to measure, manage, and reward talent

We believe a well-integrated HR technology platform—coupled with a rigorous talent management strategy—is foundational for business growth. This HR platform should comprise a robust talent management process, enhanced collaboration tools, and end-to-end integration across the enterprise to deliver a comprehensive, real-time view of the workforce.

First, let's face the facts: HR must update the way it measures talent to reflect today's digital business environment. Current talent management processes are typically inefficient, often manual and paper-focused, and lack rigor in many organizations. A modern talent management system should be networked, collaborative, and interactive. It should be capable of capturing required ratings, of course, but the talent management system also should capture advanced metrics such as risk of loss, impact of loss, and talent score. The ability to tap a richer set of metrics will enable organizations to immediately identify top performers and quickly calibrate talent across business units and geographies. The resulting calibration can lead to more effective compensation decisions to reward performance and top talent.

² Bureau of Labor Statistics, May 4, 2011.

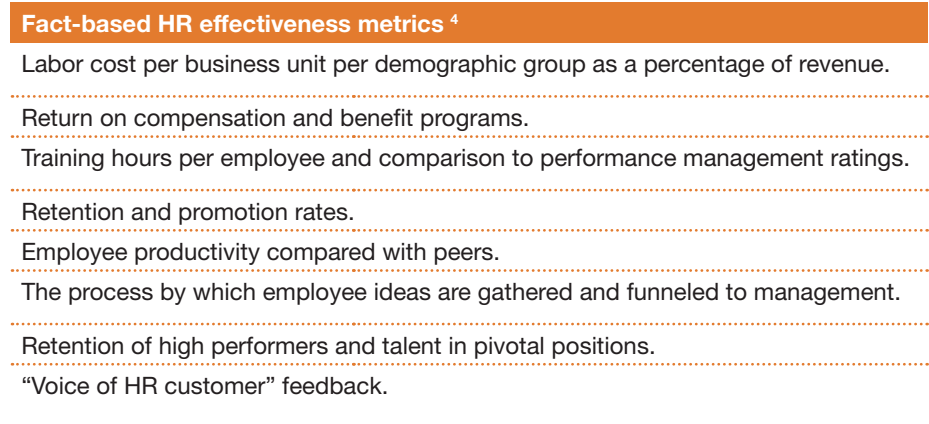
An enterprise 2.0 talent-management tool should harness formal data, such as past performance reviews, of course. But to truly understand and quantify the contributions of each employee, talent assessments also must take into account data like informal praise from managers and peers via social-networking applications or instant messaging tools. This ongoing digital snapshot of performance can provide real-time insight into competencies, experience, and career planning in ways that are impossible in today's paper-bound review process.

Beyond collecting manager and peer review of employees, the talent management system also must measure key performance indicators (KPIs) such as profit and revenue per full-time employee. But organizations should go beyond these traditional measurements and capture advanced fact-based metrics such as those developed by PwC's Saratoga human capital management services. (See Source: PwC Saratoga)

The ability to collect this data on an employee or groups of employees can ultimately deliver a deep breadth of information on the workforce. Yet the information will be of little value without powerful, integrated capabilities to analyze talent and leverage data to design strategies and guide decision making.

It is critical, therefore, that real-time analysis of these metrics be systematically distributed to HR

Figure 2: Fact-based HR effectiveness metrics



⁴ Source: PwC Saratoga.

and managers to enable smart, timely decisions on compensation, career path, and development opportunities. The HCM system should disseminate at-a-glance dashboards that display information that is customized based on the user's role.

You can be certain that the top talent of tomorrow will expect—and thrive—on this type of social-collaborative platform.

The collaborative power of Oracle's Fusion HCM

Oracle developed its Fusion Human Capital Management (HCM) solution to meet the needs of today's digital-social workplace, delivering powerful functionality and enterprise-wide integration.

In addition to Talent Management modules such as Compensation Management, Profile Management,

Performance Management, and Goal Management, Oracle has added new tools that include Workforce Directory Management, Network at Work, Talent Review, and Workforce Embedded Analytics. In particular, Profile Management, Network at Work, and Talent Review emphasize innovative new collaborative capabilities.

Profile Management empowers employees to define and control their own careers by entering an up-to-date, accurate representation of their education, experience, skills, interests, and competencies. This wealth of employee-generated data will enable HCM to capably identify skilled candidates for specific job profiles and career opportunities.

Network at Work integrates Web 2.0 capabilities such as social networking, chats, kudos, and collaborative workspaces to extend the reach

of interactions among employees, managers, and HR professionals. These features help employees better achieve goals by digitally connecting with peers and mentors across the organization, regardless of function or geography.

Similarly, Talent Review reduces the manual processes of employee reviews. It presents an integrated view of the workforce, typically in a nine-box grid, that enables managers and HR leaders to holistically review their workforce in a fully digital environment. This tool enables HR to efficiently identify, recognize, and develop the next generation of leaders without the use of scattered paper documents. When used in conjunction with an interactive whiteboard, the technology can empower HR leaders to achieve even greater efficiency and interaction during a talent review.

Compensation Management provides a robust, integrated solution that enables a variety of compensation programs to be administered by managers and compensation administrators with budgeting, modeling, and rollup capabilities. Seamless integration within Fusion Talent reveals performance ratings, high-potentials, and talent scores of employees for fine-tuning compensation decisions.

HCM also offers powerful embedded analytics and dashboards that enable HR and business managers to quickly make talent and compensation decisions without having to dig

through paper documents or make phone calls. Organizations that require more advanced metrics can combine HCM's analytics with PwC Saratoga's benchmarking services to create a customized, comprehensive view of KPIs in real time.

Rapid, flexible deployment through coexistence

While CEOs and HR leaders recognize the importance of modernizing HR systems, most companies today are not in a financial position to replace their entire HCM infrastructure. With that in mind, Oracle has developed flexible, cost-effective implementation options that enable companies to choose the Fusion HCM modules that best suit their business needs and deploy those modules using prebuilt integrations to existing core HR systems.

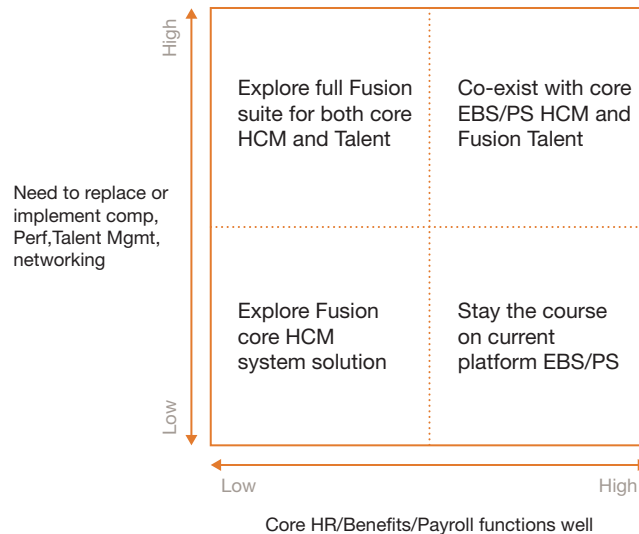
This "coexistence" approach lets organizations maximize current technology investments while quickly gaining access to state-of-the-art functionality. Oracle provides integrations between Fusion Talent Management and PeopleSoft, E-Business Suite, and JD Edwards HR systems. In addition, organizations can configure integrations to other third-party HR systems of record through the use of standards-based tools.

Oracle offers a range of flexible deployment options for Fusion HCM that are designed to meet the needs of individual organization, including:

- On premise: Your organization owns, implements, and manages the HCM application.
- SaaS on premise: The HCM application is deployed as a private cloud service on premise but is managed by Oracle.
- SaaS hosted by Oracle: The HCM software is hosted and maintained by Oracle off-premise using a pay-as-you-go model with single tenancy or multi-tenancy.

Fusion adoption profile

How to identify the right approach to adopting Fusion applications.



Case study: How Principal benefits from the coexistence model

The flexibility and modularity of Oracle's coexistence model enables organizations to build HR systems that match their needs, for today and tomorrow. Consider Principal, a leading global financial services company.

Principal, which has 19 million customers and 15,000 employees worldwide, found that its HCM system could not keep pace with the complex needs of its rapidly growing global business. The financial services firm relied on PeopleSoft v8.9 for both HCM and Financials, yet its custom compensation and performance management tools

would require considerable coding changes to accommodate anticipated global growth.

Talent management was a key concern because Principal's performance-based culture calibrates compensation and development opportunities based on employee results and their impact to the organization's success. The custom system implementation was not designed to measure these results on a global basis.

Principal carefully weighed its needs and decided to deploy select Oracle Fusion HCM modules using the coexistence model. Working with PwC and Oracle as an early adopter of the coexistence model, Principal

deployed a pilot Compensation Management module to a targeted employee population that included multiple business units and international employees. Fusion's configurability and ability to flexibly accommodate business rules enabled us to implement the Compensation module in a compressed time frame of four months. What's more, the prebuilt configurations between PeopleSoft and Fusion enabled us to quickly and efficiently integrate the required HR data to support the Compensation process.

The pilot deployment has enabled Principal to more efficiently meet global, multi-currency compensation requirements and improve performance ratings and compensation processes. Through a combination of business process changes and adoption of the Compensation module, Principal HR professionals pared the compensation

process for a pilot group of employees from ten weeks to three weeks. In the short term, Principal has incorporated complex incentive plans, formulas, and global requirements into its Compensation programs. Long-term anticipated benefits include shortened end-to-end compensation cycles and more informed compensation decisions across the global organization, which will ultimately translate to improved retention and employee satisfaction.

Principal feedback from employees participating the pilot program has been overwhelmingly positive, with 83% of users reporting that they would advocate the tool and the same percentage reporting they are eager to adopt the new system. In particular, they praised the usability of the applications and the availability of comprehensive information to make fast, knowledgeable decisions.

What this means for your business

Taking advantage of
the flexibilities and cost
efficiencies of Fusion
Talent Management

Oracle's coexistence model enables an organization to implement select Fusion HCM modules that support current needs while preserving the ability to implement additional modules as requirements evolve. This strategy enables the organization to continue leveraging core HCM processing—such as base HR, Benefits, and Payroll—on an Oracle E-Business Suite or PeopleSoft platform.

We believe it delivers groundbreaking flexibility and potential for cost efficiencies.

If your core HR system is not keeping pace with today's highly collaborative and global business environment, there is no need to "rip and replace" the entire solution. Instead, Oracle's coexistence model enables you to adopt targeted Fusion applications in the Talent Management suite while maximizing your current HR technology investment.

We have found that several guiding principles and attitudes are critical to a successful implementation of Fusion HCM employing the coexistence model. These factors are particularly true for early adopters of the technology, but will be valid for most early future implementations (post general availability) as well.

Developing an upfront business case for change is a critical first step because it defines the benefits, goals, and scope of the project.

It is essential to maintain a tight working partnership among your organization, a trusted third-party integrations specialist such as PwC, and Oracle throughout the lifecycle of the project.

Flexibility is critical for early adoption of new technology. Organizations also should understand, for instance, that module disciplines—such as recruiting, learning, and time and labor—are not yet available in Fusion HCM.

Measuring and assessing your HR metrics (in partnership with a company like PwC Saratoga) will help determine quantitative and qualitative goals that can be measured before, during, and after the project. This will build buy-in for the project in the beginning and demonstrate ROI at conclusion of the project.

The right fit for Fusion

Unsure if you should explore Fusion HCM in greater detail? To help you decide, we have created a set of questions that will help you determine if your organization is a “Fusion Fit.” If you answer yes to three or more questions, Fusion HCM may be right for your HR organization.

In today’s fluid and connected workplace, the success of the implementation will ultimately

depend on sound change management practices. An effective HR technology implementation must leverage a disciplined, skilled approach to align the people, process, and technology aspects that are unique to every business. Only then will HR be prepared to support an organization’s strategic business objectives and attract, motivate, and retain the right talent to fuel future growth.

Is your organization a “Fusion Fit”?	Yes/No
Does your organization have more than two HRIS vendors?	
Do you plan to replace or implement new functionality (such as compensation, performance management, competencies, and social networking) in the next year?	
Does your organization maintain custom applications to manage talent?	
Does the IT strategy include SaaS or hosted solutions?	
Does the IT strategy include new service-oriented architecture (SOA)-based technology?	
Do changes to your workforce demographics require a greater level of self-service, collaboration, or instant feedback?	
Do you have effective tools to match top talent to your organization’s pivotal roles?	
Do you need HR systems that can support global growth?	
Are your internal costs to support your HR/Talent Systems too high?	

***For a deeper discussion on
Oracle Fusion HCM and how
it can transform your HR
function, contact:***

Sheryl Johnson
Director, Oracle Fusion HCM
(972) 345-2124
sheryl.johnson@us.pwc.com

Sushil Ahuja
Director, Advisory, People
and Change
(214) 754-5288
sushil.ahuja@us.pwc.com

Dan Staley
Principal
(678) 419-1802
daniel.staley@us.pwc.com

Gerard Verweij
PwC Oracle Global Practice Leader
(617) 530-7015
gerard.verweij@us.pwc.com