Gaining insight with PwC People Analytics leveraging SAP SuccessFactors

Numbers are the language of business, and People Analytics is the script Human Resource uses when it is at the table. When done right, analytics allows you to see around corners, assess future talent risks, and have insight to work on solutions.

The People Analytics science enables organizations to not only predict, but measure and adjust using data to stay ahead in a world where the pace of change is increasing. The right statistics bring leaders insights that can be used to make better decisions and drive successful outcomes.

As the Human Resource (HR) and Information Technology (IT) areas implement SuccessFactors, they should ask whether they have the people analytics to:

- Equip recruiters with data to make better hiring decisions
- Provide managers with insight into what drives workforce productivity
- Upskill and transition the workforce into the right assignments and roles
- Leverage facts to drive down turnover and develop targeted retention strategies
- Use quantitative results rather than just gut feel to get at the heart of what matters most to your employees

PwC can help organizations realize the true capabilities of these applications. We think about the analytics opportunities associated with SuccessFactors in two ways:

- First, clients are looking to take advantage of having all of their data in one place – and that's where dashboards, metrics and Saratoga benchmarks can add value.
- The second opportunity is to embed analytics results in SuccessFactors modules to make better, more informed talent decisions directly at the decision point.

Improve business results through people

- Performance & Goals
- Employee Central
- Workforce Analytics & Planning
- Succession & Development
- Recruiting
- Onboarding
- Compensation
- Learning

In this white paper we will describe various ways to capitalize on your investment in SuccessFactors and build analytics to drive your business forward. We discuss how to:

- Embed an analytics mindset into your core module design
- Take advantage of SuccessFactors out-of-the-box Employee Central (EC) reports and Online Report Designer (ORD)
- Build the right metrics and dashboards to analyze the value capturing from your HR transformation
- Move beyond metrics and dashboards to build models and leverage predictions

With more than 40 years of experience helping HR become more analytical about their talent, we literally wrote the book on people metrics and analytics.

Analytics first: Analytics-enabled module design

Too often, reporting and analytics are only considered at the very end of the implementation. However, the SuccessFactors solution that is built as a series of modules with limited analytics and interconnectivity usually under-delivers on expectations and provides a confusing user experience. Analytics should be at the forefront of the implementation. Given the right focus, analytics not only improves each module but serves as the glue that connects one SuccessFactors module to another.

To deliver on this analytics promise, PwC's approach to the implementation process is fundamentally different. We articulate overarching data and analytics objectives up front, design a solution to enable them as part of module design, and embed analytics experts within module design to help clients achieve their reporting and analytics. This approach speeds time to value, and limits rework.

PwC's analytics approach to each module covers 4 steps:

1. Analytical inputs to the module
2. Data foundations
3. Metrics and data governance
4. Reporting

Analytics inputs.

Module implementations typically begin with a series of design sessions to build out configuration workbooks. These early sessions are the ideal opportunity to consider analytics and reporting requirements, such as the metrics and reports that will be produced using data from the module. For example, if a company has identified that monitoring turnover by employees in "key positions" will represent a critical future success metric, they must clearly define the criteria that designates a position as key and be certain that the module is configured in such a way to capture this data. Far too often, modules are configured in such a way that key data elements are excluded, poorly defined, or configured as non-mandatory fields, presenting a significant challenge for producing reports, metrics, and subsequent analytics.

Data foundations and data structures.

From the onset of implementations, organizations will make various decisions on data foundations. Often a client's existing data foundations and structures are not optimized to take advantage of the SuccessFactors capabilities. Job Architectures have not been rationalized. Multiple hierarchies exist and do not map. Competencies are not adequately defined to support multiple talent purposes – hiring, development and compensation.

PwC's analytics resources are critical to working with the implementation team to complete these tasks effectively and making sure the system delivers the insight that it should, post implementation.

Metrics and data governance.

We construct a data dictionary and governance framework that can then be leveraged across the suite of modules – establishing a universal data dictionary and governance framework ensures that calculations of key demographics (e.g. active headcount) are interpreted consistently for each module and within each geographic location. We make sure that decisions made during EC implementation are leveraged/replicated appropriately for subsequent modules. For clients that implement Workforce Analytics (WFA), we leverage its installed metrics library. For clients that don't purchase WFA, PwC brings our Saratoga metrics set – the same intellectual property that was originally used to create WFA.

Reporting and module design.

While SuccessFactors offers reporting solutions (discussed in the appendix), many organizations are left not knowing what tools to use and when to use them. This, and the general focus on implementation itself, causes organizations to wait until the module is live to begin focusing on reporting. To make sure that the model is correct and that leaders get the most value out of their applications, PwC recommends that organizations immediately identify their 'must-have' reports, the right tool for each report, and begin report design during module implementation.

PwC can help organizations to strategically leverage the full gamut of reporting tools to satisfy the needs of HR, managers, and leadership. While SuccessFactors allows for a streamlined approach to module configuration, this should not stop organizations from investing in an analytics based approach to their configuration. The upfront investment will pay dividends once the module is live.

Take advantage of SF out-of-the-box EC reports and ORD

Most organizations create a library of weekly, monthly, and quarterly reports. SuccessFactors has created pre-built 'Standard Reports', that leverage standard fields and cover a variety of reporting topics preventing organizations from having to "start from scratch." In practice many clients are not able to take full advantage. Because standard reports are designed for the out-of-box data model, they require customization or extension whenever a client has used a standard field for a different purpose or when custom fields have been used in the configuration.

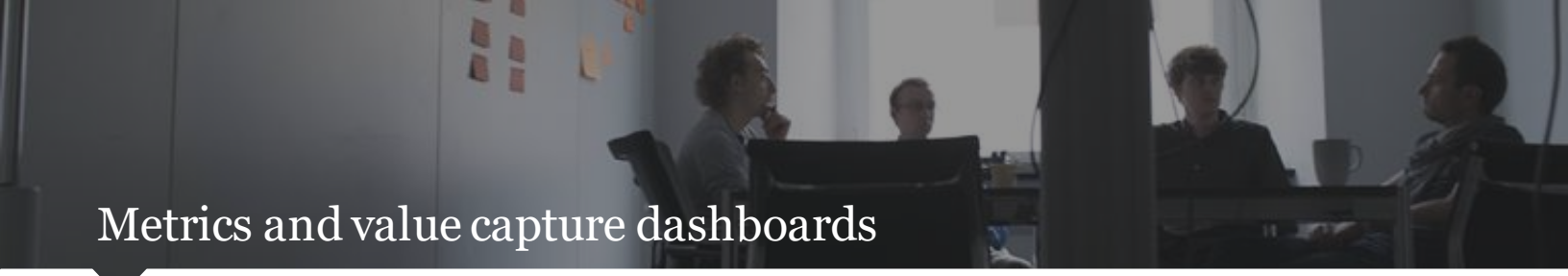
To be made valuable, these dozens of 'out-of-the-box' reports need to be transferred, validated, and configured before they work. Each standard report needs to be validated against your Employee Central configuration workbooks and the required configuration changes need to be enabled for them to run. With these extra steps – Standard Reports become immediately usable.

Most organizations require customization of reporting and analytics. More specifically, they need to build custom reports that source data from different domains while also allowing users to perform calculations and operations on the data they are reporting. The Online Report Designer (ORD) tool addresses this functionality.

To build its initial library of reports, and to become self-sufficient with the tool, PwC recommends a five step approach to knowledge transfer:

- Create standard report templates
- PwC builds 2 initial reports and fully documents data, formula and visualizations
- Conduct a workshop/working session to train client team
- Produce 2 additional reports, whereby PwC and client collaborate in the development
- Produce 2 final reports where the client has primary responsibility for the build

With the right approach to reporting in the implementation, clients can take advantage of the inherent value of having all of their data in one place.



Metrics and value capture dashboards

PwC's approach to reporting and analytics can also help maintain the connection to the underlying business case that secured the SuccessFactors investment in the first place. These business cases generally combine a number of "hard dollar" savings, (such as reduced server maintenance costs, reassignment of IT support headcount), with "soft dollar" savings, (such as improved productivity and reduced turnover), to estimate the value that SuccessFactors implementation will bring to the organization. These business cases are often marginalized shortly after approval, and represents a missed opportunity for analytics to measure the value captured by the implementation.

We advocate the use of metrics, targets, and benchmarks in the business case for implementation and the creation of "value capture" dashboards for tracking progress on these metrics. Doing so allows for a clear articulation of expected benefits while simultaneously creating a mechanism through which value creation can be tracked. We lean heavily upon PwC Saratoga's Human Capital Effectiveness Survey and the 350+ metrics it contains.

HR impact metrics	
• Revenue per Employee • Voluntary Turnover • Succession Pipeline Utilization	• Compensation Over Band • First Year Turnover
Finance & structure metrics	
• HR Spend per Employee • HR FTE Ratio	• HR Administration Spend • Field HR Ratio
Guiding principle metrics	
• Direct Access Adoption • Approvals	• Usage • Clicks per process

To show an example looking at turnover:

- Using our industry-standard definition of turnover, we calculate current turnover based upon data from legacy systems.
- Comparing these results to benchmarks from their industry, we identify a target improvement percentage. For example, a health system's turnover rate of 18% falls in the third quartile for all health systems Saratoga's benchmarks.
- Within twelve months, the client may target achieving median turnover - in this case, 16.5%, representing a 1.5% reduction.
- By combining this target with a cost of turnover calculation, this value driver can be transformed into a tangible dollar amount that can be included in the business case.

To keep these metrics top of mind, we implement a "value capture" dashboard that helps clients to track their progress towards the targets previously articulated. Historical results are extracted from legacy systems and visualized in an intuitive dashboard. The data is refreshed monthly or quarterly so that HR teams can monitor progress and adjust their targets accordingly. Following system deployment, these dashboards are migrated into an SAP system such as SuccessFactors Workforce Analytics or SAP Analytics Cloud, where metric results are calculated using data from the newly implemented system; these dashboards are refreshed and reviewed on an ongoing basis. Ultimately these dashboards inform our clients whether they accomplished the talent objectives they set out to achieve, and also serves as a periodic progress check that provides the HR organization with an opportunity for course correction where needed.

The value capture dashboard and its creation serves several purposes:

1. Assists clients in articulating specific success criteria and actionable goals for their implementation
2. Assists in developing clear business cases that are tied to financial performance
3. Allows for better staying on course by routinely determining the degree to which they are achieving their original objectives
4. Sets the stage for broader analytics by identifying key talent outcomes and measuring them – setting the stage for more advanced analysis of these items

Beyond dashboards and reporting

Beyond dashboards, PwC People Analytics uses predictive models and forecasts to help assess talent risks and 'see' into the future. Oftentimes, advanced statistical models can assess the probability of future events: the likelihood that someone will resign, the likelihood that someone will become a good leader, the likelihood that a team will achieve its business goals. Multivariate modelling and other techniques have proven effective in answering these questions, and we have worked with many companies that now have a data driven approach to determine, for example, which employees are most likely to resign.

This type of modelling is also used to assess pay equity as we compare predicted salary/rewards to actual salary/rewards, and assess if there are impacts by gender and ethnicity. Considering pay equity from an analytics perspective allows clients to determine if there are broader talent issues impacting pay, even if a company's pay practices are defensible. Evaluating whether there are systemic issues in starting salary, performance ratings, bonuses, promotions and the like may surface root cause for pay equity issues and solve problems beyond compliance.

Oftentimes, companies can use more simple mathematical approaches to build forecasts and assess risks. Workforce planning models can identify resource and skill set risks in the future. Models can recruiting funnel yield – and assess risks in talent supply especially considering hard to fill roles and locations. Others have used models to evaluate spans and layers, and evaluate which VPs/directors/managers don't seem to warrant the seniority of their roles.

Further down the road analytically, will come machine learning and artificial intelligence. Within the HR department, initial uses of this are to support high volume activities, such as resume reviews and data entry reviews.

Summary

PwC uses SuccessFactors tools to facilitate reporting, dashboards and advanced modelling in three basic ways. First it creates a globally consistent data set. Secondly, it provides a number of tools – some of which work across applications, and others which work within certain applications – to conduct analysis. For many companies the advanced analysis is brought outside SuccessFactors and conducted in a third party solution.

The third – and often most overlooked use of SuccessFactors from an analytics perspective, is as a place to use the analysis. Analytics is most powerfully used when business processes are improved by the insight: when it is decision support for an existing application. For example:

- Succession planning that embeds engagement survey results or flight risk predictions provides much better insight into the slate of potential candidates
- Recruiting that puts applicants most likely to succeed in front of hiring managers, and that efficiently focuses resources to yield the right number of applicants will increase the likelihood of bringing in the right talent
- Annual budgets and that properly understand workforce flows and expenses allow companies to most effectively allocate their resources.

The best analytics teams are looking at how to get analytics results embedded into the point of decision – and these are the SuccessFactors modules.

Appendix: Understanding the Successfactors reporting and analytics toolset

SAP Successfactors provides five different tools that empower the customer in terms of reporting and analytics. These tools each have unique pros and cons that customers should become familiar with.

Standard & Ad Hoc Reporting

SuccessFactors enables reporting right out of the box with Standard Reports and Ad Hoc Reporting tool. Organizations that rely on unconventional fields or definitions for reporting will often not be able to use Standard Reports without additional effort.

The Ad Hoc Reporting tool complements standard reports by enabling users to build their own list reports. The data populating these reports is real time, and the tool allows users to report across multiple datasets or domains. Additionally, users can add filters, define targets, control access and building rights using role based permissions, and automatically share a report to a colleague or group of people. The Ad Hoc Reporting tool comes at no extra charge and is one of the most used analytics tools provided by SuccessFactors.

YouCalc Dashboard Reports

YouCalc Dashboard Reports are reports that visualize ad hoc reporting data. Because the data feed from ad hoc reports is live, these tools are appropriate for real-time reporting, and users can simultaneously include multiple Ad Hoc Reports as sources. Similar to Standard Reports, some Dashboard Reports are pre-built and usable immediately, and others must be ordered or subscribed to for a fee. While a degree of customization does exist, with YouCalc Dashboard Reports, customers cannot build completely custom visual reports using these tools.

Advanced Reporting & Online Report Designer (ORD)

ORD is an embedded SuccessFactors tool and is available for customers regardless of the modules that have been implemented, at no extra charge. ORD pulls data from the same source as Ad Hoc Reports, meaning that the data feed is real-time. However, ORD allows users to visualize data like the YouCalc Dashboard Reports. It's worth noting that for organizations with Employee Central that a slight latency in the data feed exists.

With ORD, users can input advanced filters, complex calculations, and data visualizations all in one report and then distribute the report automatically to the relevant parties. SuccessFactors provides standard report templates for ORD advanced reporting.

These reports also come out of the box and are simple to run, but they are not very customizable. Using these reports as inspiration or a starting point for reporting is often the best approach to capitalizing on this tool's functionality.

Workforce Analytics module

The Workforce Analytics (WFA) module is not a native reporting and analytics tool like the previously mentioned tools, instead it must be implemented as a separate module. Depending on the version, it can source data both from SF modules and third party data sources. WFA produces thousands of pre-calculated metrics, and allows companies to filter, drill and investigate the metrics, and produce visual, metric-based reports. The WFA Report Designer capability is essentially an enhanced ORD tool.

WFA contains over 2,000 pre-defined metrics and measures along with a variety of dimensions. These metrics and dimensions are grouped according to Metric Packs (e.g. Core Workforce & Mobility, Recruiting Management, Succession Management, Goals Management, and more).

WFA differentiates itself from other SAP SuccessFactors tools by working specifically with aggregate data and allowing users to engage in vastly different analytics capabilities like: Headlines, Investigate, Report Designer, and Analytics Workspace, and these results can be leveraged into custom tiles and landing pages.

WFA has evolved over time resulting in two different versions of WFA that organizations can implement: the legacy SQL version and the more recently developed S/4HANA version. There are functionality and implementation differences between the two versions.

SAP Analytics Cloud

The SAP Analytics Cloud (SAC) is a web based BI solution built on the S/4HANA Cloud platform that streamlines end-to-end analytics. The tool helps organizations quickly answer complex business questions and make data driven decisions. An SAC user can connect to a data source, transform the data, build a data model, and visualize the outputs in a customizable report. SAC is source agnostic and compatible with both SAP and non-SAP data.

In addition to historical reporting capabilities, SAC also has the ability to plan, forecast, and predict in real time.

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