



# best practices

Six questions  
to ask before moving  
core HR into the cloud



Mergers and acquisitions, decentralization, and globalization are putting enormous pressure on HR to standardize systems and processes.<sup>1</sup> The lack of a single global system of record for core HR data — such as name, payroll, benefits, talent, and contact information, as well as legally required documentation — prevents companies from operating effectively and efficiently. As companies race to expand into new markets quickly, HR leaders must understand the opportunities and challenges that exist with core HR today.

In a Forrester survey, fewer than 27 percent of IT and HR professionals reported having a single global system of record.<sup>2</sup> On average, global companies today use seven different systems<sup>3</sup> and nearly 1 in 5 companies use 10 or more systems.<sup>4</sup> Fragmented systems prevent companies from answering the most basic questions. It's difficult to get even the total number of employees at a company, much less manage a global workforce, keep accurate records, or develop data-driven workforce insights.

Core HR systems were fragmented in the past because of the limitations of server-based, on-premises technology. These systems required expensive hardware and staff to maintain, which made them the right choice only for large offices. The user experience was equally difficult and typically only designed for dedicated HR professionals — which led to low adoption rates. Also, it was impossible to maintain compliance with constantly changing local regulations, laws, and reporting requirements.

Today, core HR is changing. Now, companies can get a clear view of their workforce with a single system of record in the cloud, such as SuccessFactors' Employee Central. Core HR in the cloud not only costs less, it's scalable, easy to implement, and suitable for offices with only a few employees, where an on-premises solution doesn't make sense. With core HR in the cloud, companies can:

- **Facilitate organic growth.** With cloud solutions, you can expand easily and enter new markets. You can support your employees anywhere you have an online connection and a Web browser.
- **Execute mergers and acquisitions smoothly.** Cloud solutions make it far easier to get employees anywhere into a single system of record. Your data is aggregated and ready to integrate.
- **Manage decentralized companies.** Companies with a global presence might have only two or three employees in any given country. Cloud solutions can support small pockets of people wherever they may be — in cities, rural areas, or on the move.



Did you know that 19 percent of companies use 10 or more HR technology systems? Core HR in the cloud means that fragmented systems won't get in the way of a truly global view.

SOURCE: Forrester Research

1 Deloitte. Global Business-Driven HR Transformation: The Journey Continues. 2011.

2 Forrester Research. HR Market Overview and Trends webinar. 2011.

3 Bersin & Associates: Strategic Human Resources and Talent Management: Predictions 2012. [http://marketing.bersin.com/rs/bersin/images/Predictions2012\\_Final.pdf](http://marketing.bersin.com/rs/bersin/images/Predictions2012_Final.pdf)

4 Forrester Research. HR Market Overview and Trends webinar. 2011.

However, not all cloud-based core HR solutions are the same. Before putting your core HR system into the cloud, you should ask the following questions:

1. **Does the system support “glocalization”?** It’s harder than you would think to find a global system of record that’s truly “glocalized,” or fine-tuned for local needs.

There are three steps to creating a global system of record in the cloud. The first two steps are easy. The first is **translation** — delivering applications, content, and documentation. The second is **enabling support for different languages, time zones, calendars, and currencies**. Little in these first two steps will change over time. The tricky part is the local part: **accounting for local business practices, legal requirements, and statutory reporting**. The last step is the hardest to execute because of the volume of changes over time. In 2011, there were more than 1,000 regulatory changes affecting employee data worldwide. Changes included a new donations tax in South Africa, additional statutory paternity pay in the U.K., and new forms of pension funds in Russia.

Most vendors leave compliance for customers to figure out — but not SuccessFactors. Together with SAP, we support full glocalization in more than 79 countries, have 200-plus people focused on local issues, and maintain close established partnerships with local governments.

2. **Does the system support end-to-end talent management?** Even when a core HR system captures employee data, the data is usually limited to a name, a home address, payroll and benefits information, and maybe an employee ID number or national ID information. According to Gartner, integration between core HR and talent management applications is critically important. Beyond disruption to daily operations, inconsistency in data can also create breakdowns in workforce planning, talent acquisition, merit-based compensation, and workforce development.<sup>5</sup>

With comprehensive, consistent data, you can know more about your workforce. Core HR data about every employee should include knowledge, skills, expertise, performance scorecards, career & development plans, and even informal connections and social graphs. At Siemens, more than 350,000 employees in 80 countries use talent management functions, giving HR valuable information to support people decisions worldwide.

3. **Can the system correlate data across all enterprise systems and use analytics to support decision-making?** On a global scale, firms that adopt analytics to enable “data-driven decision-making” achieve productivity gains that are 5 percent to 6 percent higher than other factors could explain.<sup>6</sup> Correlating employee and talent data with other enterprise systems, such as CRM and financials, can unlock insights about your workforce. You can predict how your workforce needs will evolve as you enter new markets, effectively integrate with acquired companies, and accelerate revenue growth.

One SuccessFactors customer, DENTSPLY, a manufacturer and distributor of dental and healthcare products, brought employees in 48 countries onto a core HR system connected with enterprise data. Now management can use the system to understand turnover trends and to compensate employees based on performance.<sup>7</sup>

5 Gartner. Integration Challenges Can Thwart Getting Value From Talent Management Application Investments. 2012.

6 Lohr, Steve. The Age of Big Data. The New York Times. 2012.  
<http://www.nytimes.com/2012/02/12/sunday-review/big-datas-impact-in-the-world.html?pagewanted=all>

7 SuccessFactors case study. DENTSPLY International. <http://www.successfactors.com/resources/download/dentsply-success-story/>

**4. Is the system adaptable and flexible?** Even if you can't always expect the unexpected in business, you can handle sudden changes with a core HR system that is easy to customize and configure. Whether you need to revise your org structure or add new employees from an acquired company, your system should adapt to your needs. It's not always easy to adapt with on-premises solutions or even other cloud vendors who force you to conform to their data model. And adapting to your needs can affect more than just your business.

Ricoh, a digital output solutions provider, combines employee data with Google maps during emergencies. The company has used this data to find out if employees were out of harm's way during disasters like the 2011 tsunami in Japan or Hurricane Irene in the Caribbean and eastern U.S.

**5. Is the system designed to be usable for all?** Core HR can't just be for HR. According to Towers Watson, 75 percent of global organizations have adopted self-service in at least one country.<sup>8</sup> However, unless a system is easy and intuitive, employees and managers will find ways not to use it. Also, a system must benefit employees in the field at different levels of proficiency, not just HR people in the corporate office.

ECOM, a Swiss-based supplier of commodities such as coffee, cocoa, and cotton — and with employees in 30 countries — needed just such a system. ECOM chose Employee Central because the diverse nature of the company's workforce required customized user interfaces and local language support. Now ECOM employees can populate their own information, whether they're behind a desk in an office in Switzerland or in a cocoa field in Mexico or Malaysia.

**6. Does the system encourage global collaboration?** It's tough to stay connected to a company culture when you're the only person in a local office and possibly the only employee in the entire country. However, with employee collaboration tools like Jam built into Employee Central, employees can stay plugged in with colleagues who may be many time zones away. Employees can set up groups to share information and content of any kind. Your people can even build and manage profiles to find subject matter experts to answer an urgent customer question or assemble stronger virtual teams.

Global business may always be challenging, but SuccessFactors has the tools to make it easier — easier than you probably thought possible. Our unparalleled global expertise has helped customers in 168 countries and in 35 languages. With global capability and local flexibility, you can speed up business decisions, improve execution, and get real results. Contact us today to find out how we can help you address your global challenges.

8 Towers Watson. Exploring the HR Function of the Future. 2011.



## About SuccessFactors, an SAP Company

SuccessFactors, an SAP company, is the leading provider of cloud-based Business Execution Software, which drives business alignment, optimizes workforce performance, and accelerates business results. SuccessFactors customers include organizations of all sizes across more than 60 industries. With approximately 15 million subscription seats globally, we strive to delight our customers by delivering innovative solutions, content and analytics, process expertise, and best practices insights. Today, we have more than 3,500 customers in more than 168 countries using our application suite in 35 languages.

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