

Making the Case for **Cloud-Powered HR**

Gain Leverage with SAP® HXM Movement to Empower HR with SAP® SuccessFactors® HXM Suite



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The power of an intelligent cloud can deliver benefits such as faster innovation, reduced costs, greater flexibility, and accelerated digital transformation.

For SAP customers currently using the SAP® ERP Human Capital Management (SAP ERP HCM) solution, a move to the cloud positions you to compete in a fast-changing and uncertain world. You can take advantage of innovation and create personalized, engaging experiences for your people to drive business success.

The cloud-based SAP® SuccessFactors® Human Experience Management (HXM) Suite can also help you simplify operations, leverage new technologies, and build an intelligent enterprise that enables a competitive advantage.

Transform HR into a Strategic Force

Today's uncertain and unpredictable business climate has required organizations to rethink their HR strategy. Agility has become a necessity for success today and into the future. To truly become agile, businesses must be innovative, strategic, and supportive. Outdated systems were simply not built to handle today's challenges. By moving to the cloud, businesses can provide a winning experience that supports the needs of employees and managers alike.

Many organizations have yet to realize the power of a cloud-based HR application suite, which can change HR from a tactical operation into a highly valued, strategic force for completely changing workforce experiences and driving enterprise transformation and value.

On-premise HR solutions are often highly customized, time- and resource-intensive applications that are not fully integrated with each other. The result is poor user experiences, unnecessary IT complexity, and an unmanageable environment with little transparency into total cost and risk. In scenarios like this, HR spends more time on tactical and operational issues than strategic and innovative initiatives that are more likely to impact results.

However, in today's economy, organizations need to invest in and deliver great employee experiences to achieve better business results and outperform the competition. With the impact employee experience has on engagement, retention, and the bottom-line – it's become a strategic priority for HR leaders. The reality however, is that

even though organizations place great focus on experience today, in many cases they are not equipped to properly address it. With the focus on experience, it's time to move beyond human capital management (HCM) in order to meet employee expectations. It's time to evolve to human experience management (HXM).

HXM is a new way of delivering software that is designed completely around what employees need, how they work, and what motivates them. HXM shifts the focus from supporting traditional HR processes to delivering experiences that put employees first, and as a result, serve the business better.

The SAP SuccessFactors Human Experience Management (HXM) Suite provides powerful solutions for core HR and payroll, talent management, employee experience management and people analytics to empower employees while enabling HR leaders to accelerate business growth. The suite is unique in that it builds on the best of HCM and extends it to create truly dynamic, engaging, and employee-centered experiences.

With HXM in the cloud, your business can increase its agility so you can create new structures and processes in days rather than months. Plus, the cloud is always current, so you'll have the latest software and security updates. The cloud is also efficient, with a shared services model that offloads system management and puts your HR resources to work where they can have the most impact.

Use Cloud-Based Technology to Drive Results

For HR, a shift to the cloud isn't just about changing technology simply for the sake of change. The COVID-19 pandemic brought the importance of digital transformation to the forefront of many organizations. As stated in Deloitte's 2021 Global Human Capital Trends research,¹ it was found that "Ninety-seven percent of respondents to our 2020 Deloitte Global Human Capital Trends survey stated that they need additional information on some aspect of their workforce. Only 11% of organizations said they were able to produce information on their workforce in real time – a statistic that was staggering even before organizations were forced to make a series of immediate pandemic-driven decisions about their workforce."

These embedded intelligent technologies that are available in SAP SuccessFactors HXM Suite are a necessity for organizations who want to engage employees, improve business results, and maintain competitiveness. These technologies can modernize your HR processes and position your organization for the future.

THE PACE IS PICKING UP

Every company's path to the cloud moves at a different pace based on unique business requirements. However, a 2020 PwC HR Technology Survey² indicates that organizations are moving their HR strategy to the cloud more rapidly than ever before.

- » 72% of the PwC respondents said they would have or already have core HR application in the cloud in 2020

- » 74% plan to increase HR technology spending in 2020 to address talent needs
- » 48% are planning to invest in an improved user experience for their employees in the next 12–24 months

The respondents also shared what is motivating them to pick up the pace.

- » 58% identified finding, attracting and retaining talent
- » 43% identified developing people to reach their full potentials
- » 42% were motivated by improving the employee experience

A CLOUD-BASED HR STRATEGY DELIVERS RESULTS IN UNCERTAIN TIMES

Organizations around the globe are working hard to support their employees during the pandemic as well as ensure revenue streams remain strong and healthy. Oxford Economics and the Society for Human Resources (SHRM) recently partnered with SAP SuccessFactors to better understand the challenges businesses are facing and the steps they are taking to succeed in an ever-changing world. Respondents in this research indicated that "remote work will be a talent magnet in the coming years – and must be viewed as a long-term investment." To enable their employees, these businesses are investing significantly in remote collaboration tools. However, the report also indicated that "Remote work tools go beyond collaboration. HR leaders must also think of broader employee experience and development tools in the longer term." Cloud-based HR solutions can address this concern by providing an enhanced employee experience from practically anywhere in the world.

1. Erica Volini, Jeff Schwartz, Kraig Eaton, David Mallon, Yves Van Durme, Maren Hauptmann, Rob Scott, and Shannon Poynton, "The social enterprise in a world disrupted," Deloitte Insights, 2020.

2. "PwC's HR Technology Survey 2020," PwC Research, 2020.

Engaging, Employee-Centered Experiences Provide a Wide Array of Measurable Impacts

The companies in the Oxford Economics and SHRM research clearly share one common factor with SAP customers who use SAP SuccessFactors solutions: they understand that technology and innovation will help them provide the best possible employee experience. Legacy systems with fragmentation, poorly integrated software, disconnected and duplicate master data, and inconsistent user experiences put business competitiveness at risk by slowing down innovation and market responsiveness.

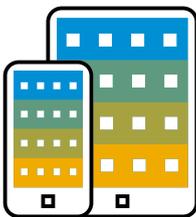
Moving to the cloud might seem daunting at first. However, building a cloud-based HR platform positions you to realize many positive benefits that matter to your business, including these advantages customers using SAP SuccessFactors solutions are experiencing:

Innovate easily and rapidly. A traditional on-premise deployment can take months or years to implement. That simply is not fast enough or efficient enough to answer the demands of present-day organizations like yours. SAP SuccessFactors solutions provide you with a greater time to value – they can be up and running in weeks. And while

on-premise systems can easily become stagnant, these cloud-based solutions are updated several times a year. There is no need for major IT upgrade implementations or manual workarounds. You can leverage new capabilities and approaches quickly, providing your entire organization with modern HR processes sooner rather than later.

Drive strategic initiatives. As HR evolves into HXM, it's increasingly playing a bigger role in organizational strategy. With HXM in the cloud, your organization can support digital transformation and optimize its organizational structure in a way that meets the demands and expectations of a multigenerational and more discerning workforce.

- » Leveraging cloud solutions, customers were able to reduce HR function cost by 30%, shifting focus to higher-value roles with greater business impact.³
- » Adoption of these solutions is fast, enabling strategy execution, with an average of 90.5% of users actively using newly developed HR processes.⁴



Customers using SAP SuccessFactors solutions **deployed their applications in an average of 6.46 months**, with some as soon as 2 months.²

³. SAP Performance Benchmarking. Provided by SAP HR Value Engineering.

⁴. The Value of Human Capital Management Technology. The white paper is an analysis of business results as reported by SAP SuccessFactors customers.

Increase simplicity and reduce administration.

The pace of change in the world, wherever you are, in whatever industry you work, is unprecedented. HR processes designed even a couple of years ago are now becoming quickly outdated and can't keep up with new demands. The cloud-based solutions from SAP can deliver simpler implementation and lower costs, with less need for customization. You'll have the flexibility you need to address unique requirements in a way that is far easier to support and sustain. And with the agility of the cloud, you can analyze the impact of changes, implement them, and then test and roll them out rapidly.

- » Customers of SAP SuccessFactors solutions found that there was a significant reduction in the administration of HR processes, with an average time savings of 59.9% and as much as a 90% reduction in time.⁵
- » 85% of customers on average found HCM processes to be easy and simple.⁵

Empower intelligence. Let's face it – many organizations can take days to get something as simple as an employee headcount. That doesn't work in a business environment that changes by the hour. HR data is critical to making business decisions, and you need simple, straightforward access to people data for business leaders and employees. Embedding relevant guidance directly into HR processes fuels immediate decision-making. With SAP SuccessFactors solutions, you can analyze current situations and data in real time and transform that information into vital in-the-moment assessments.

- » With SAP SuccessFactors solutions, customers experienced up to a 95% improvement in the completeness and accuracy of HR data.⁵

Gain global capabilities. Cloud-based systems from SAP can support organizations across the world, with access to information on any device, from anywhere, in preferred languages. And they can be localized to specific regions, with user-friendly consistency, localization, and compliance for the countries in which your employees work and do business.

- » With SAP SuccessFactors solutions, individual customers reported improved system integration results such as a 95% harmonization of global HR processes and the ability to have one global core HR system in 80 countries.⁵

Move beyond people tracking. Any HR system can track people as they transition to different roles or locations. SAP SuccessFactors solutions go beyond that, simplifying and streamlining business processes for your total workforce. For instance, reassignments can automatically change location, job role, and team structure while also providing recommendations for new learning and development opportunities, performance and goals changes, and updates to succession planning.

- » 65% of SAP SuccessFactors customers had open positions that were filled through internal promotions or transfers for key roles.⁵
- » Customers experienced an average of a 30.75% reduction in the annual percentage of employees leaving the organization one to three years after the solution was deployed.⁵

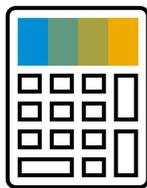
⁵. The Value of Human Capital Management Technology. The white paper is an analysis of business results as reported by SAP SuccessFactors customers.

Optimize operations. When your HR solutions are in the cloud, there are fewer vendors to manage and a reduced number of integrations to build and maintain. With automated tools and workflows, this means more time and resources for your staff, with less manual processes, spreadsheets, emails, and paper, and fewer duplicated processes and redundancies. And there is a greater ability to derive organization-wide data and less need for IT support.

- » Line managers using SAP SuccessFactors solutions reduced the time spent on HR processes from an average of 37% up to a maximum of 50%.⁶
- » Customers of SAP SuccessFactors solutions experienced a 26% reduction in cost per HR transaction when employee data is administered using a single system.⁶

Minimize risk. SAP SuccessFactors solutions can help your organization reduce risk through better and more integrated data sources, along with improved data validation and data cleansing requirements. The cloud also reduces manual oversights and user errors in managing processes. In addition, auditing processes can be automated, and there are few user adoption challenges with new processes and innovation, from the executive level down.

Achieve value beyond TCO. The bottom line drives nearly every business decision today. When you move to SAP SuccessFactors solutions, you will find there are no big up-front costs, no upgrade or third-party licensing costs, and no hardware or maintenance costs. You pay a single annual per-user subscription, so there are no surprises at budget time. Plus, the subscription fees are OpEx costs, saving your CapEx budget for other IT investments. Total-cost-of-ownership (TCO) reduction is perhaps one of the most widely touted benefits of the cloud, but the above noted strategic, operational benefits and indirect cost savings can easily dwarf these well-understood TCO savings.



SAP SuccessFactors solutions provide a strong ROI by helping to **reduce the cost of HR transactions by 26%**.⁷

⁶ The Value of Human Capital Management Technology. The white paper is an analysis of business results as reported by SAP SuccessFactors customers.

⁷ SAP Performance Benchmarking. Provided by SAP HR Value Engineering.

You're Ready for the Cloud – What's Next?

Here are some practical considerations to keep in mind as you transition from your on-premise applications to cloud-based SAP SuccessFactors solutions.

Start with a cloud mindset. Cloud-based software-as-a-service (SaaS) applications are similar, but different from on-premise ones, with design-based process flows. The best of your on-premise experiences can be moved to the cloud, but the power of cloud comes from reimagining processes to provide more power, functionality, insights, and impact.

Involve key stakeholders early. A move to the cloud is not an IT project, but a business initiative. Therefore, it is critical to include everyone involved in your business processes – HR, IT, employees, and managers – right from the start. An empowered and focused project team, with aligned goals, can have an 80%-ready system within weeks.

Manage the change proactively. Cloud-based applications are designed for people. Although the software is consumer-grade in user friendliness, there may be changes in how you run your HR processes that need to be managed. You want your users to quickly learn a new way of working to achieve maximal benefits quickly. Communications and change management are essential to success.

Enable ongoing changes. With cloud applications, new technological advancements are released several times a year. It's important to align your organization to take advantage of these latest innovations. This is typically a new process for HR, so you will want to monitor and assess which updates would most benefit your organization and help determine how and when to apply them.

Do your homework upfront. Given the speed of a cloud implementation, you may want to carefully design your new processes using as much standardization as possible to eliminating tedious, manual processes. You can often take advantage of templates and accelerators to reduce time, cost, and risk while retaining needed unique requirements.

Start where you are. No matter where you want to begin your transition to the cloud, we can help you build a blueprint for success. You can start with a single solution that is most needed in your business right now or extend your existing technology investments. Or, if it makes the most sense for your business strategy, you can move all of your HR solutions to the cloud immediately.

SAP HXM Movement: A Unique Service for SAP Customers

To help you achieve the benefits that the cloud can bring to HR, SAP has developed a clear, efficient transition program. The SAP Human Experience Management (SAP HXM Movement) program is a comprehensive offering that was specifically designed to facilitate your move from the SAP ERP HCM solution to the cloud.

SAP HXM Movement program services and tools can address your unique needs during your HR digital transformation to the SAP SuccessFactors HXM Suite – all while protecting your existing SAP investment. The program offers:

Knowledge and expertise of SAP and SAP SuccessFactors solutions. You will have complete access to experts that have in-depth knowledgeable of your SAP ERP HCM and SAP SuccessFactors solutions. They can guide and advise you on the best way to transition from on-premise to the cloud while optimizing your HR capabilities and investments in SAP technology.

A jumpstart to your journey. Moving to the cloud enables you to rethink your HR processes and we can make sure you don't have to start from scratch. SAP delivers a process library of leading practices with your subscription and offers SAP Model Company service for Human Resources to jumpstart your journey. This service provides measurable value by reducing time and resources. It can accelerate time to value and quickly introduce your employees to a new, consumer-like user experience.

Accelerated data migration and integrations. We created pre-built tools that can ensure the safe and complete migration of your HCM on-premise data model and structure to SAP SuccessFactors solutions. We also have tools for easy, efficient, and reliable integration to the rest of your enterprise systems, whether from SAP or others. These tools significantly reduce the time, effort, and resources required by our SAP HXM Movement customers, which enhances their time to value.

Strategic value case development. You can also access resources that can help you build your unique case for change, identifying the quantitative and qualitative targets for your business goals and investments. Our HR Value Advisory team can work with your HR and IT teams to develop a strategy and build a meaningful case for change to drive ROI and value.

The power of a strategic partnership. We will be on this journey together, with specialized roles supporting you on each step of the way. In addition, we bring the expertise of the SAP ecosystem and partners to support you with a consistent methodology and set of tools that will guide you throughout the journey.

LEARN MORE

The SAP HXM Movement program for customers using SAP ERP Human Capital Management (SAP ERP HCM) is all about leverage. This program starts you off with an advantage, and then provides for a smooth transition to the intelligent HR cloud.

To jumpstart your move to SAP SuccessFactors HXM Suite, use the “Building Your Case for Cloud-Powered HR Transformation” worksheet found in the addendum of this paper. The addendum also includes tips on how to prepare for a cloud migration.

Addendum

BUILDING YOUR CASE FOR CLOUD-POWERED HR TRANSFORMATION

As with any key investment decision, different stakeholders have different goals when pursuing such an initiative. For the best outcome for all decision makers, SAP recommends that you leverage a strategic business-case process. Not only will this help you develop a solid financial case, but it will also help prepare your organization for the future.

Here are some key steps to help drive alignment and insight as you build your business case:

1. Who Cares?

Identify and work with your key stakeholders from the beginning.

- Who are your key decision makers?
- Who else will inform the decision process?
- Who will be affected by the decision?
- Who is experiencing the pain of the status quo?

Soliciting the key stakeholders' perspectives on the following questions will help you identify meaningful goals for your strategic case for change.

2. Why Change?

- What is your organization's purpose and what are its critical business priorities?
- What key business strategies are at risk given the current operating environment?
- Is it time for cost reductions?
- What risks need to be mitigated?
- What can't you do today as a result of the status quo?

3. What Is Your Current State?

- How do you compare to others in your industry in terms of HR maturity, employee experience, organization key performance indicators (KPIs), and the business impact your HR organization has?
- What risks and threats are you facing?
- What opportunities can change bring?
- What is the cost of not changing? The opportunity cost?
- What is the risk of not remaining competitive?

4. What is Your Future State Vision?

- What is possible as to your HR strategy delivery, people engagement, operations optimization, risk management, cost reduction, and other results that matters?
- What would happen if these challenges were addressed head on?
- How would that enable other critical goals like culture change, talent strategy, or competitiveness?
- How do these potential capabilities and impacts tie to your strategies and goals?
- How do these capabilities mitigate risk?

5. What Is the Measurable Value?

- What are the measurable benefits of a move to the cloud? What will it cost?
- Which benefits matter to whom?
- What will the risk of doing nothing cost you?
- What is the bottom-line value of benefits versus cost?
- How does this tie into your organization's business objectives, purpose, and vision?

These are deep questions that can directly correlate your reasons for moving to the cloud to your business strategy and goals. More importantly, the answers may reveal how your HR current state is impacting your business today, and catalyze motivation to change.

JUST REMEMBER – THE EFFORT IS WORTH IT

The research summarized in this paper reflects a wide array of results that organizations have actually achieved with cloud-based HR solutions. Achieving such results from technology doesn't happen automatically. It starts with a clear vision and solid business case that clearly defines expected results.

Organizations that think through the process and develop a strategic business case have a better chance of achieving their results. In fact, the majority of those that build a business case do achieve their goals. That is great success!

START PREPARING NOW TO DEVELOP YOUR BUSINESS CASE

Many customers have been using their on-premise software for a long time. After many customizations and upgrades, current processes and ways of operating may not be well documented. They get frustrated trying to determine the cost of their current state, and give up on building a standard business case, based on cost alone.

However, with a little preparation work, you can gain insight into the opportunities to improve your current state and to generate critical business value. Pull together the information below, and get started with your SAP partners for SAP HXM Movement and your HR Value Advisor.

1. Your current landscape map

- How many systems do you currently use to run your HR processes?
- How many different vendors are you managing?
- How many integrations are required between your HR software and your enterprise applications?

2. Manual process map

- How many manual processes do you have in place today?
- How many work-around processes have you developed because your current system can't meet your needs, or you're waiting for IT attention?
- How many resources are dedicated to these manual processes?
- Rank your most cumbersome processes that consume more resources than you would like.

3. Validation resources

- How many sources of data do you access/ multiple sources of truth?
- How many steps and resources do you use to reconcile and validate data due to the use of multiple systems?
- How many due to the lack of automated checks?

4. Temporary or contract resources

Are there contract resources you are using to primarily handle manual processes, validation processes, or compliance procedures?

5. Time to onboard and train new hires

- How long does it take for someone to learn how to operate in your world?
- Consider someone who came from outside recently, with more advanced technology. What can they tell you about the complexity and time it takes for them to become functional in your current state?
- Are your processes and procedures documented?
- Can these processes be improved?
- Have you recently lost people due to onboarding frustration?

6. Requests from business leaders you can't meet today

- Develop a list of all of the management requests for HR that you either can't meet today or have had to patch together a cumbersome process in order to meet. What does it take to accomplish these "workarounds"?
- What's on your stakeholder's "wish list" that you can't you get to?
- How helpful would it be to have the capabilities to deliver those requests?

RESOURCES

- Here are the sources of the internal SAP research that was used to support the content in this white paper.
- The Value of Human Capital Management Technology. The white paper is an analysis of business results as reported by SAP SuccessFactors customers.
- SAP Performance Benchmarking. Provided by SAP HR Value Engineering.

NEXT STEPS

For more information, contact your SAP partner.

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