



A FUNNY THING HAPPENED
ON OUR WAY TO HR CLOUD
TRANSFORMATION...

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Steven Resnick

INTRODUCTION

The days of the “early HR cloud adopter” are now over, and volumes have been written about the transformational opportunities that Software-as-a-Service (SaaS) technology provides. Capabilities that were once aspirational have become commonplace, and the improvements often are truly remarkable.

I recently had a conversation with a Fortune 500 client that just completed a move to global SaaS HCM; for the first time ever, she can produce a global headcount report on-demand in seconds instead of waiting weeks like she had to do prior to implementing SaaS HCM. As an added bonus, the org chart even has pictures!

And yet, not all successful SaaS HCM implementations result in the true transformation that organizations expect. We often hear senior HR leaders say things like:

- “Our managers are not adopting self-service, and HR is still processing transactions on their behalf. That’s significantly impacting our business case.”
- “Even when our managers try self-service, they often get frustrated and give up. The transactions aren’t as intuitive as promised in the sales cycle, and managers need help late at night when support isn’t available.”
- “We have much better information available, but we don’t have the right skills on our team to develop the insights to effectively drive our business.”
- “The volume of work decreased (fewer manual transactions), but the nature of the remaining work changed. We weren’t ready for that shift and are trying to re-organize and re-skill.”

Enterprises in this situation are asking what they need to do to realize the full value of their investment – and organizations just embarking on the SaaS journey want to know how to avoid the pitfalls experienced by others. It’s clear the “war stories” of early SaaS HCM adopters are valuable lessons for the next wave.

So what are the key lessons learned?

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EXPANDING THE FOCUS BEYOND TECHNOLOGY

Up to this point, many companies have focused efforts primarily on selecting and implementing the SaaS software, including adapting processes to defined best practices. While selection and implementation are obviously extremely important, this approach is too narrow and won't sufficiently drive true transformation. It is equally important to develop and execute against a broader SaaS transformation roadmap that expands the focus beyond technology to proactively define the new service delivery model and change management needs.

Here are four key aspects to consider:

- 1. Deliberately foster and confirm organizational alignment at the outset.** Be able to define and communicate why this is the right project at the right time for your company – and what success will look like. Also clearly articulate the positive outcomes expected from this initiative, including a well-defined, defensible business case with vetted return on invested capital (ROIC). While organizational alignment seems obvious and can be taken for granted, some organizations embark on this journey only to find later that key stakeholders are not aligned, which can jeopardize the entire initiative.
- 2. Define the SaaS target operating model.** A SaaS environment requires new roles and different skill sets to be successful. It also involves new relationships with third-parties, certainly the SaaS provider and possibly a new application management services (AMS) provider or a new HR outsourcing (HRO) provider. It's important to understand the options, define the end-state and develop a plan to execute early in the process.
- 3. Define the transformed end-state in advance for select strategic processes.** Take steps to define the desired outcome and align internally at the outset. For example, a Fortune 500 enterprise is currently reviewing a defined set of 5-10 strategic processes as it gears up to select its SaaS platform. One such process is onboarding. In three weeks, the company: 1) assessed the effectiveness of its current program (constrained by current technology) as well as new capabilities that are inherent in leading SaaS platforms, and 2) defined the desired transformed state (based on ISG's maturity model) with a key focus on measuring business outcomes. The organization is now seeking internal alignment to improve and expand the program as part of its SaaS roadmap. As a result of this exercise, the client will have a clearly-defined and agreed-upon end-state for onboarding at the outset of its initiative, a business case with defined performance measures, and an action plan that will be tracked alongside the overall technology implementation.

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4. **Assess the organization's change readiness.** Does your organization have the capability and the capacity to understand the nature of the change (what's truly different from the perspective of various user groups) and effectively manage that change? For example, knowing that a manager will infrequently perform certain transactions, it becomes crucial to develop on-demand support to truly enable self-service. The on-demand support can take the form of learning bursts, chatbots, virtual agents, extended service center hours, etc.

Defining, documenting and gaining alignment around the items above before beginning the software implementation – and then tracking execution along with the software implementation as part of an overall transformation program – are key steps to ensure you achieve the desired outcome. With the right targeted approach, developing this SaaS roadmap does not need to be overly costly or time consuming.

MAKING THE MOST OF THE SAAS TRANSFORMATION

For organizations that have already implemented and are now trying to optimize, the approach is different. In this case, the SaaS roadmap entails a rapid assessment and a well-defined improvement plan – and striking the right balance of celebrating outcomes already achieved while acknowledging the need to improve. The objective is to refocus on the goal while reflecting on all that has already been accomplished. Answering the three following questions are key for developing a targeted plan.

- What foundation has been laid that you can expand or build upon?
- What are the most pressing pain points and what can be done in the next three to six months to mitigate them?
- How can you effectively communicate and manage internal perceptions while working through this process?

While each organization's roadmap is different, the following are common focus areas in conducting the rapid assessment of optimization opportunities:

1. **Review and adjust the operating model.** After a few weeks or months in a SaaS environment, many organizations find they need to adjust their operating model to be successful. They may not have appropriately accounted for the change in activities in a SaaS model (e.g., less transactional and more analytical) or the new roles required (e.g., data management, data analytics, release management). Performing a quick assessment and developing a phased plan will facilitate moving forward.

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- 2. Define a plan to proactively manage internal perceptions.** Even with the most successful implementations, there are always “bumps in the road” that can lead to frustration and noise in the organization. Unfortunately, this noise – if left unchecked – can sidetrack the initiative. Establish clear communication and change management activities to shape the message. Openly address issues and mitigation actions and provide a balanced view of successes already achieved. Remember to identify key influencers across the organization and assign responsibility for outreach, leveraging a pre-defined, consistent message.
- 3. Identify, prioritize and execute remediations within the SaaS platform.** Create a list of improvements, categorize them in terms of time/effort/cost to implement and then create a prioritized “punch list” to enact. As part of this process, it’s important to show quick wins to maintain momentum. For example, a client recognized after go-live that an enterprise-wide, standard workflow was insufficient and was causing confusion. The team determined that this would be a relatively quick hit and so ranked it near the top of the improvements list. By quickly solving this issue, leaders demonstrated they were listening to and acting on feedback from the broader organization.
- 4. Leverage other technologies to supplement SaaS.** While the SaaS platform will reduce manual workload, there are situations in which manual work for a specific process may actually increase. For example, customization of the on-premise system may not be supported by the SaaS platform and therefore increase required work activity. In cases like this, organizations should look at other technologies, such as robotic process automation, to alleviate manual work arounds. Moreover, technologies such as virtual agents and chatbots can help drive self-service adoption by providing on-demand support to end users. These technologies are not yet prevalent in SaaS platforms, but they can be incorporated. An ISG client and Fortune 500 enterprise is actively working with its HRO provider to implement chatbots to bridge the interface between the manager and the HCM suite.

CONCLUSION

Today’s SaaS HCM platforms provide a quantum leap forward in capabilities for HR, but achieving true transformation takes a well-defined plan to adapt your organization to the cloud environment (within and beyond HR) equally as much as it requires planning and executing a sound technology implementation. Regardless of where an organization is on the HCM journey, a targeted SaaS roadmap will help it achieve its transformation objectives.

ISG has helped more than 65 enterprises with SaaS transformation, including companies of all sizes and industries and at all stages of the journey. Our depth of knowledge gives us a unique perspective on the path to successful HR transformation – and the pitfalls to avoid. If you’d like to learn more about how we can help your company, please contact us.

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ABOUT THE AUTHORS

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Steven Resnick is a Director in ISG's Human Resources (HR) practice, drawing upon over 20 years' experience in consulting, outsourcing and shared services to help clients evaluate and implement their HR technology and service delivery strategies. He brings a unique perspective to client engagements, combining practical experience leading a large business unit for a global HR business process outsourcing (BPO) provider along with extensive consulting experience across industries. Steven has supported multiple SaaS implementations dating back to 2008 as well as ongoing operations in a SaaS environment post-implementation. Specific areas of expertise include: SaaS transformation, business case development, contract negotiations, service delivery/operational excellence and shared services/BPO design and implementation.



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