

Whitepaper

A driving change: approaches to HR transformation



Facing new HR challenges

The search for talent

Every major employer, in every industry sector, faces intense competition for the right kind of talent. In the world of cloud, disaggregated organizations and hybrid working, the conditions and challenges are evolving in unpredictable ways.

The tools deployed by HR departments in the past (good working conditions in well-maintained premises, strong supervision and training, corporate regulations and guidance) may no longer strictly apply, at least not in the old formats. Now, for example, where organizations may be distributed across wide geographical areas and many colleagues will routinely work from home or small remote hubs, cloud working means that collaboration across extended ecosystems will be a fact of life, with the security and management issues this brings.

Yet HR departments still need to deliver on their core goals, no matter how much and how fast the employment market may change. The drive to attract, engage and promote the growth and development of talented people is just as urgent as ever, perhaps even more so. So how should HR departments respond? As always, they have three main responsibilities:

- *Find and attract talent*, which is tougher than ever in this changing market.
- *Provide an excellent employee experience*, making sure the people working in their business are happy and productive.
- *Core tasks*, doing the basic jobs well, from onboarding to pay, to record keeping and compliance.

The headline objectives, therefore, remain the same, but every one of the detailed actions is subject to rapid change. HR departments need to build processes flexible enough to manage hybrid working conditions in a cloud-enabled world, while ensuring regulatory compliance, matched by an ability to manage costs and investments across an entire business ecosystem.

To ensure the best outcomes in this evolving environment, NTT DATA recommends a strong focus on delivering *quick wins through digitization*, while at the same time pursuing a *rational, integrated strategy for transformation*. Let's see how this works in practice.



Quick wins through digitization

By digitizing processes and functions, the HR department can reduce its costs and footprint *within the business*, while adding value to *the business*. Digitization focuses on both operational and strategic HR: enhancing the business as it is while helping to prepare for positive change.

Operational HR: reduce costs through automation, data integration and process simplification. Self-service allows us to cut out duplication of effort (or need for rework), for example, by replacing templates with integrated screens to initiate transactions, and giving managers the ability to pull reports for themselves. Using these initiatives, NTT DATA has helped deliver savings as high as 25%, with no risk to service and, when executed correctly, a rise in quality.

Strategic HR: improve quality of outcomes and deliver even further cost savings by treating HR not as a set of processes to be made more efficient, but as a strategic resource that benefits from redesign and restructuring. We believe HR departments should set themselves strategic priorities, such as total workforce visibility, enhanced collaborative working, and productivity gains, then rethink the way they design and manage their processes as the key to delivering measurable improvements in these areas.



Core vision for HR

Five pillars of transformation

Business context is crucial for a successful HR technology implementation, because it is never just about the technology. It is always an HR transformation — how we are going to use the technology, what data will be captured in the technology, how we are organized, how we measure ourselves. In essence, HR overall is a “system”, and changing any part of a system – for example, the technology – without assessing the impact on the other parts can lead to unexpected consequences, and potentially undermine the goals we are striving to achieve. So let’s look at each of the five pillars illustrated in figure 1 below:

Every HR transformation is based on five pillars

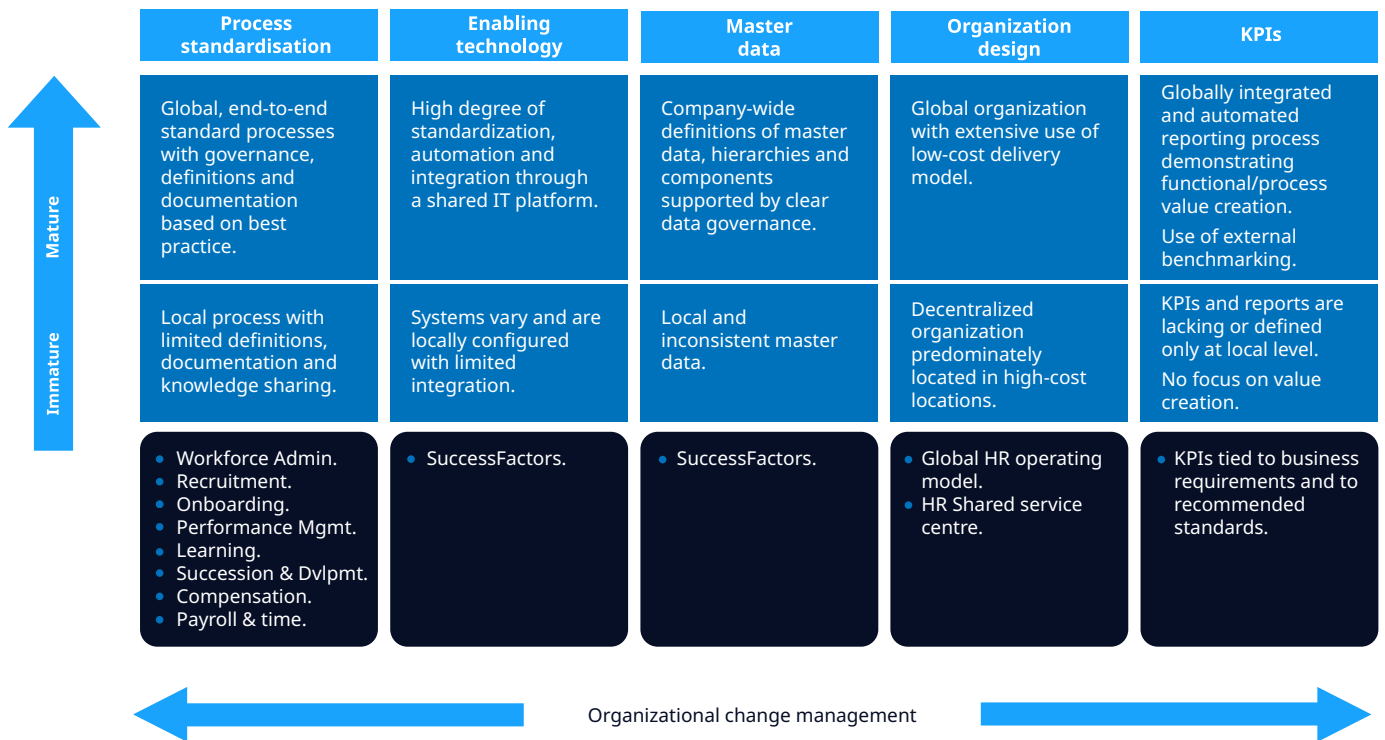


Figure 1. The 5 pillars of HR transformation.

Process standardization. There is one major problem common to almost all large enterprises: a great many non-standard business processes. Big companies are built over time and may go through a whole series of acquisitions, leading to the forced merger of disparate investments, made over many years by different teams.

As a result, they end up with environments of extraordinary complexity, which includes their HR processes just as much as any other part of the business. Here we are talking about processes that are fundamental to the operational efficiency, profitability, and agility of the organization - and also to security and compliance. Processes such as talent acquisition, onboarding, compensation, succession, development - and the core of them all, Workforce Administration, covering employee data and management of the employee lifecycle.

Processes may be local in scope, have workarounds and elements that are not in synch with the enterprise norms and require additional analysis and reworking to fit the legal realities of the business and its reporting requirements. These differences must be identified, logged, and analyzed to understand where we can harmonize across the whole organization and where we need to address, for example, a statutory need or an imperative business reality. The goal is to apply a single, best-practice HR strategy approach across the entire business, and harmonized processes support that goal.



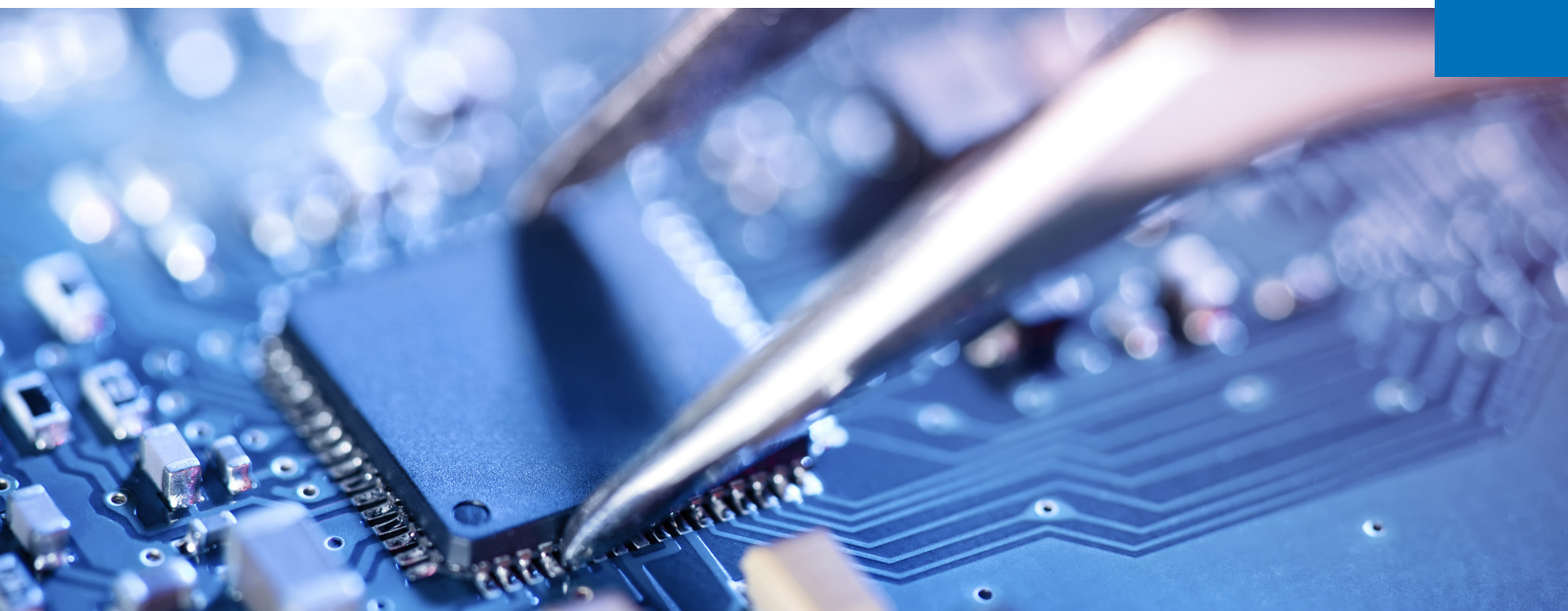
Enabling technology. The same issue can be seen in the underlying technologies used in the HR departments of large enterprises. Once again, the technology landscape is likely to have grown up over extended periods, with solutions implemented by specific groups to handle their own priorities, leading to technology landscapes that may include now-obsolete hardware running out-of-date software, with license fees that are not appropriate. They may even have some areas of incompatibility.

Clearing up this unwanted complexity and delivering a best-practice HR solution on a single platform, with all functionalities fully integrated, is a top priority. SAP SuccessFactors is a strong candidate for this platform, but simply implementing a proprietary solution and assuming it will resolve all technology issues is a mistake.

Master data. HR departments are a key source (one could argue they are THE key source) of enterprise reporting data, and they cannot operate successfully without assured access to consistent, current and accurate master data. In most cases, enterprises begin their process of HR transformation without this assurance.

Data is produced at every interaction, from every transaction and within every application across the whole landscape of the organization. It is stored on multiple databases and may even be split across national frontiers. It can be hard, not just to access data, but even to know what data exists, in which format and where. A lot of time is spent today in unnecessary detective work to identify and push data to those who need it most, while constantly seeking to apply security measures to meet new regulatory compliance rules and, of course, to safeguard the interests of the business itself.

NTT DATA is a thought leader in developing practical methods for data democratization, and has new value propositions for data governance, [data marketplace](#) and [data modernization](#). HR departments need to be fully involved in enterprise-wide actions to build data cultures, data meshes and fabrics, to set up marketplaces where appropriate, and to ensure that secure, compliant methods for presenting consistent master data are always implemented.



Organization design. Enterprise transformation is often seen as essentially a technology-driven activity, but it depends on — and can only work through — successful organizational design. Today, many (if not most) large-enterprise HR departments have organizations that are not optimized, either for operational efficiency or for cost reduction. Once again, the main reason for this is ad hoc growth over long periods of time.

Some companies find use of a shared-services model beneficial to achieving their goals of right-sizing their HR operations. But whether certain functions are centralized or held locally, the goal should be to focus on roles rather than the people who fill those roles. For example, a typical HR operation will have HR Business Partners, HR administrators, compensation specialists, learning coordinators and succession planners, among others. In a large organization, each role might be filled by a different person. But the smaller the organization, the more likely it is for one person to fill multiple roles.

When it comes to working in technology, the way the company is organized — the roles that exist — is key to maintaining compliance with data privacy and other laws, while minimizing the effort to provide targeted access. Having defined and comparable roles across the organization allows us to use role-based permissions to provide access efficiently, while remaining compliant.

KPIs. Finally, when it comes to measuring the people side of the business, NTT DATA recommends tying KPIs tightly to business goals. HR is an intimate and vital part of the business and cannot be separated from how the business operates or succeeds. Nobody will argue against this basic statement, but it is not always easy to achieve. Making sure that KPIs are fully aligned and measured against business criteria is a key factor in achieving the outcomes we need.

KPIs and metrics also need to be tightly linked with the HR master data foundation. There's no point in deciding to measure something if you haven't planned for it by capturing the data needed to do so. When it comes to publishing the KPIs, automated tools can ensure they are timely and accurate, while dashboards that pull in information on external best practices can provide good information on where we are compared to the market.



Key principles and tools

Rational, integrated strategy for transformation

Building on the priorities covered in the previous chapters, NTT DATA bases every aspect of a transformation project on five guiding principles, which we believe are applicable to every major change program. These are shown in figure 2 below:

The 5 guiding principles of an HR transformation

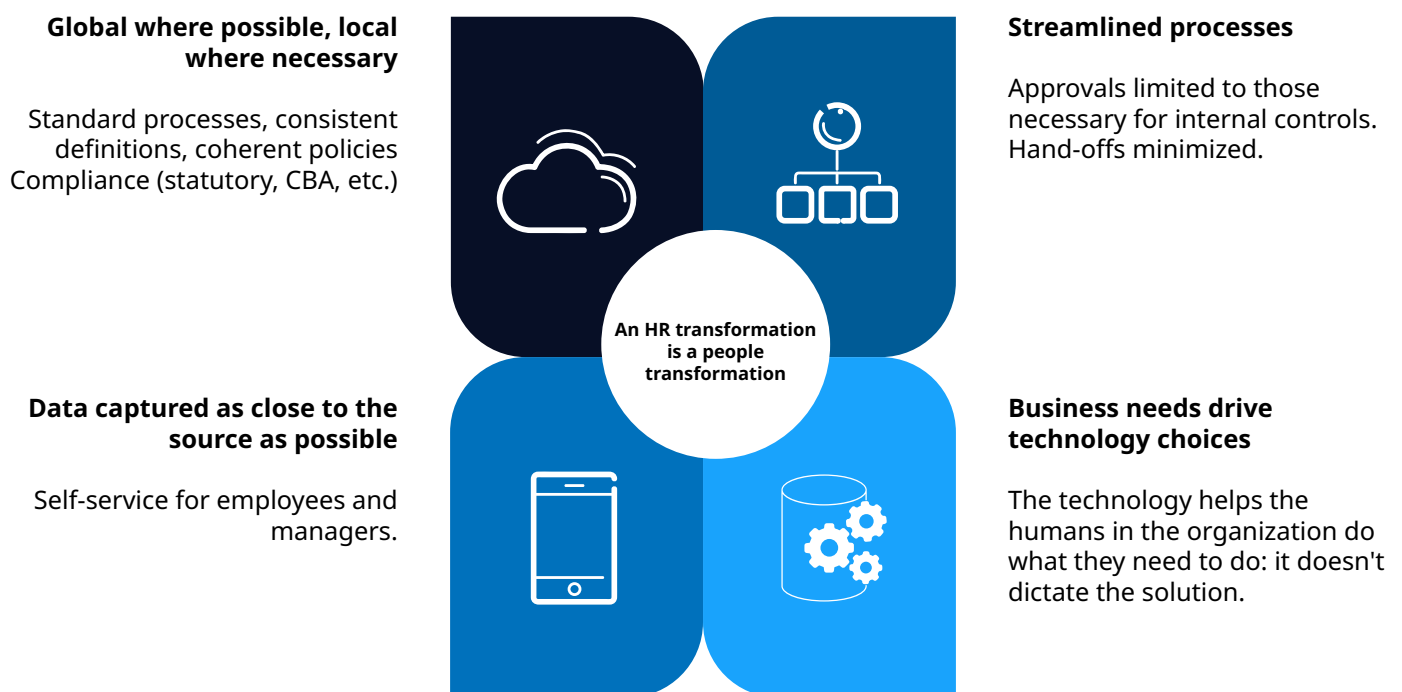


Figure 2. 5 principles of HR transformation.

People first. HR transformation is about people: it is driven by them, affects them, is about them in every possible way. HR is people-focused at all times, so every change project must be realistic about how to communicate with employees, responsive to their concerns and designed with sensitivity and care at the heart.

Global and local. No successful solution can be either entirely local (this leads to fragmentation and duplication) or entirely global (which can be rigid and prescriptive). Instead, we ensure that specific requirements or unique operating conditions (including local regulations) are managed within the overall scope of an enterprise-wide strategy.

Streamlining. Processes should not require multiple hand-over points: this slows them down and leads to unnecessary costs. Similarly, wherever possible approvals should be limited to those that are necessary to minimize financial or security risk.

Self-service. In every HR transaction, someone has information and someone needs to receive that information. In using data, we believe the organization is best served by moving to a more democratized, self-service model, in which employees define their requirements for themselves and are able to search all or most data sources for themselves, much more easily than they can today.

This principle goes beyond basic self-service. Our goal is to eliminate the need for multiple applications and templates when you want to initiate an HR transaction. Using simple, integrated screens for all transactions saves time and money for the whole organization. We also emphasize self-service when it comes to using the data captured, so that rather than investing in large-scale repositories managed by specialists, we enable employees to make rapid searches of all data within any application or database. Users can then ask rational, business-focused questions and receive the data they need, within the scope of security definitions.

Business drives everything. When making any kind of technology choice, the business need comes first. Each investment decision or proposal for any change needs to be measured against business priorities and requires a clear business case.

Building on this last point, NTT DATA's HR transformation methodology is always based on the concept of *Business First*. We know HR professionals are dealing with challenges that evolve quickly and are often very different from those in place when the HR departments were set up. We know the technology landscape will continue to change rapidly, and so will strategies for talent acquisition, retention and management. That's why HR must be strongly aligned with the business, serve business strategy and reflect business/market reality.



The importance of SAP SuccessFactors

NTT DATA uses best-practice tools from across the market. Where SAP-based projects are concerned, it makes sense to place SAP's own custom-made toolset at the heart of our approach. We believe there are ten strong reasons for adopting SAP SuccessFactors:

- 1. Comprehensive suite.** SuccessFactors offers an integrated suite covering core HR, talent management and workforce analytics, delivering a seamless end-to-end solution.
- 2. Cloud-Based accessibility.** SuccessFactors's cloud-based architecture ensures accessibility from anywhere, providing a more flexible and scalable solution compared to on-premise alternatives.
- 3. User experience.** SuccessFactors delivers high levels of user satisfaction, with an intuitive interface that leads to good user adoption rates. We understand that some organizations will prefer to use alternatives, and we are able to accommodate these preferences.
- 4. Continuous innovation.** SAP invests heavily in R&D, ensuring that SuccessFactors stays ahead in terms of features and functionalities, providing clients with cutting-edge HR solutions.
- 5. Global capabilities.** SuccessFactors offers robust localization and global compliance features, making it a preferred choice for environments.
- 6. Configurability and flexibility.** SuccessFactors' configurability allows organizations to tailor processes to their specific needs without extensive customization, providing a solution that is both very capable and highly flexible.
- 7. Advanced analytics and reporting.** SuccessFactors offers real-time insights into workforce trends and performance metrics, offering a real advance on the more limited analytics options possessed by many alternatives.
- 8. Mobile accessibility.** With a mobile-responsive design, SuccessFactors provides employees and managers with convenient access on the go, surpassing options where mobile optimization is not available.
- 9. Employee development and learning.** SuccessFactors' Learning module is robust, offering personalized development plans and e-learning options.
- 10. Integration capabilities.** SuccessFactors' open architecture allows seamless integration with other enterprise systems, providing a highly connected ecosystem that is well suited to distributed and disaggregated working relationships.



How to succeed with SuccessFactors

While SAP SuccessFactors offers robust features, there are some considerations and potential difficulties that potential customers should take into account when making their decisions. These demonstrate how important it is for them to have a strong consulting partner on their side throughout their HR transformation journey.

Complex implementation: Any HR solution can be complex and time consuming to implement. With the NTT DATA approach, we mitigate the challenges and ensure a smoother rollout.

Cost implications: A good HR solution is a big investment. NTT DATA's consultants help clients make the right choices for their budget and the long-term value of their investment.

Customization limitations: While SuccessFactors can be configured to meet all sorts of HR business needs, NTT DATA's consultants make sure our customers understand the business consequences of their process and technology decisions—including where their needs might be better addressed by a complementary technology solution.

Data migration: Migrating data from existing systems to SuccessFactors can be a complex process. NTT DATA has robust data migration strategies and tools to avoid disruption during transition.

User training: Despite the user-friendly design of SuccessFactors, ensuring comprehensive training for employees and HR staff is crucial to maximize adoption.

Integration complexity: While SuccessFactors integrates well with systems that use current industry protocol standards, clients can benefit from having an NTT DATA consultant to help assess their existing tech stack and potential integration points to ensure seamless connection with other business-critical applications.

Alternative solutions: Even with SuccessFactors as the core of an HR solution, it makes sense to begin projects with a comprehensive technology analysis to determine if a hybrid approach or a combination of HRIS tools might better suit certain needs.

SuccessFactors is a powerful HRIS. But NTT DATA still advises clients to approach implementation with a clear understanding of potential challenges and supplement this where necessary with strategic planning, training, and complementary solutions to maximize the value of their investment.



Methodologies and accelerators

Building on global presence

NTT DATA operates across the world, in every major market. This has enabled us to build up experience and know-how from different cultures and regions, and from businesses at every stage of maturity, in virtually all sectors and of every shape and size. Our conclusion is that most HR processes and methods remain largely consistent across industries and markets, but major variations exist, and there is a strong need to focus and fine tune standard methods to meet local needs. To achieve *consistency in outcome*, therefore, we need to have variety in method, as we will now see.

Although NTT DATA is a leading partner to SAP worldwide, and understands the qualities and nature of SAP toolsets in real depth, we recognize that our core purpose is to deliver solutions that are as accurately targeted as possible to our clients' needs and to ensure they get the outcomes they're looking for.

That's why we always start our work by focusing on the client in their market and business context, with completely open minds and a vendor agnostic approach to our proposals.



Consulting led solutions

The client will often be best served by committing to extensive use of SAP tools, but this is not always the case, and an exclusively SAP solution is almost never the best answer. To deliver our objective of a well-informed, collaborative approach targeted at the realities of a client's business (including maturity, context and priorities), we have developed a proprietary methodology for Human Experience Management (HXM) transformation known as *ready2run®*. The goal is to deliver:

- An excellent user experience, ensuring that people are at the center of every plan, do not experience unnecessary disruption, and remain both informed and motivated at all times.
- Full digitized HR, introducing automation and specialized tools as required to drive efficiency and consistency across the organization.
- Full compliance, recognizing the central role of HR in understanding regulatory regimes wherever the business operates.
- HR that is aligned with the business strategy and goals at all times and in every way.

The NTT DATA approach does not “impose” a rigid way of working in client organizations: instead, it works with existing methodologies, respects prevailing cultures, and develops an intelligent approach exactly suited to each individual company.

In this context, ready2run® adds value to a “normal” implementation approach with an integrated set of accelerators and proven methods to deliver business benefits faster, at lower risk and with better outcomes than could be achievable otherwise.



NTT DATA's flexibility and business focus mean our approach can easily integrate with different project methodologies, including SAP Activate or SAFe Agile, to ensure that, from the initiation of the project through post go-live hypercare, your HXM transformation project is well-planned, well-executed, and successfully completed, while meeting the requirements and expectations of the business.

This approach is important for any HR leadership, no matter what the enterprise may be, who are all likely to face the same kinds of challenges:

Limited budgets, as the business typically has a built-in reluctance to spend money on HR as a function. This is also likely to mean there will be limited resources, with a relatively small core team taking care of business as usual while at the same time implementing change. In addition, HR (as we have seen earlier) will almost certainly be dealing with *fragmented and diverse procedures*, as different parts of the business do HR "their own way."

The business may also have unrealistic expectations about timing, assuming the HR change can be delivered quickly simply by disseminating new methods and top-down instructions. Given the fact that almost all change activities *fixate on technology and underestimate human concerns*, this amounts to a serious set of challenges for even the best and most well managed HR function.



Systematically deploying accelerators

Our client-centric, consulting led methodology is supplemented by a range of other methods and accelerators designed to be as relevant and easy to adopt as possible in all the different markets where we operate.

When dealing with SAP-centered projects, which are likely to be heavily dependent on SAP SuccessFactors, we deploy the HR 360 approach, which can be seen in figure 3 below, and which demonstrates the comprehensive and integrated nature of our SAP vision. It not only covers the entire scope of activities (as in the five pillars, described earlier), it correctly identifies the process as a circle, with each element connected to, and influenced by all the others. Key points to note include:

Human Experience Management powered by SAP

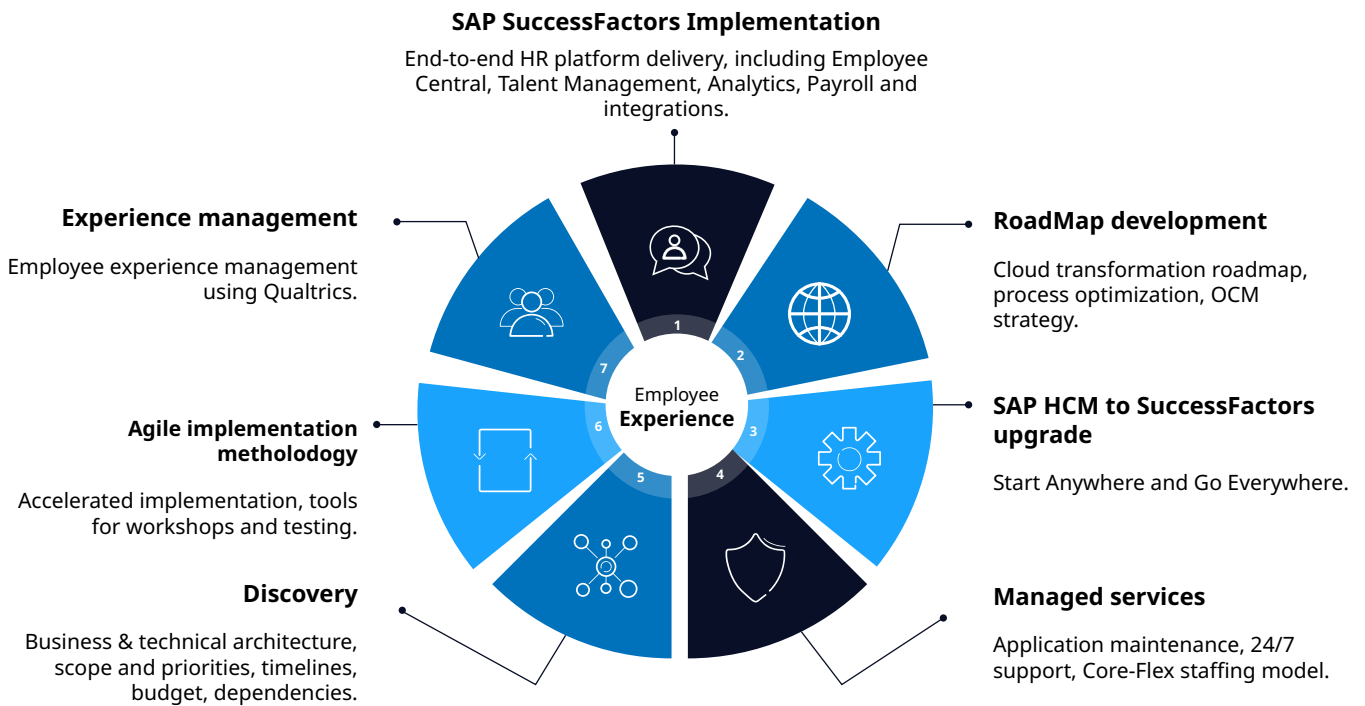


Figure 3. HR 360 vision.

Employee experience. This is at the heart of our approach, ensuring that the successful development of the people within the business remains the focal point at all stages.

Best use of SAP tools. Our default method is based on SAP SuccessFactors, as noted earlier, but we also use Qualtrics for measuring quality of experience, and connect at multiple points to our wider SAP know-how, which we describe in the final chapter of this paper.

From advisory to hands-on. At NTT DATA, we do not simply consult with our clients: we also offer a full portfolio of additional capabilities that can be deployed to speed up and add value to the projects we undertake. Clients can tap into our knowledge of Agile, for example, for review of progress and rapid troubleshooting. We can also use targeted Managed Services in a range of areas to take the strain during transition, enabling an HR project to stay on track while difficult changes are taking place in other parts of the business.

It is not our purpose to treat every project as a “turnkey,” as we strongly believe HR projects are only truly successful when the in-house team owns and leads transformation. Yet we can and will act as expert team members, team extensions and supports in ways that go far beyond HR specialisms. In some cases, this can prove to be the difference between success and costly failure.

Standardized, accelerated approach to HR 360. Figure 4 below shows the normal step by step project approach used to implement a SuccessFactors-based solution, using the HR 360 methodology:

NTT DATA HR 360: Accelerator for SF implementation

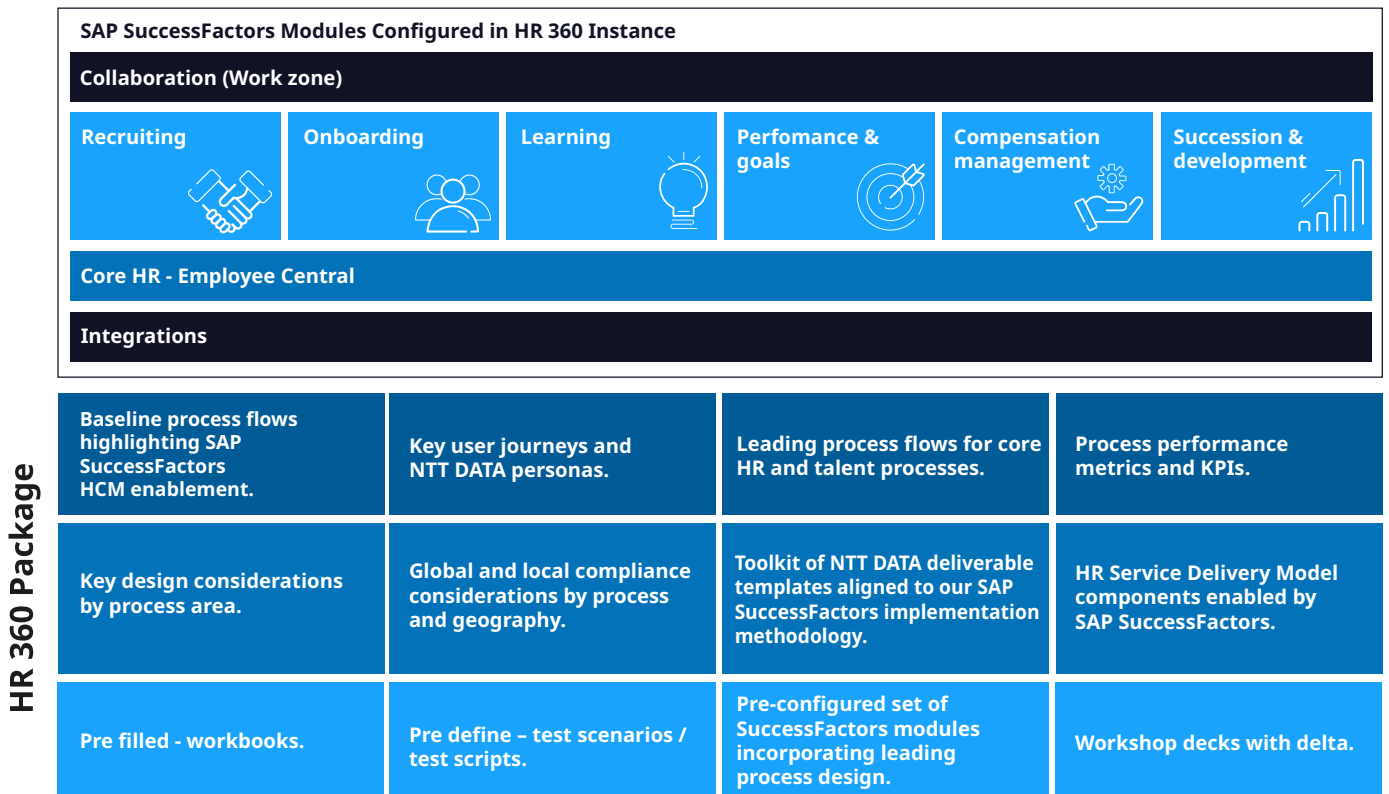


Figure 4. Smooth and logical execution of a SuccessFactors project.

This methodology and its supporting accelerators have been proven in numerous large-scale projects around the world, with a special emphasis on North America.

Rapid development in cloud

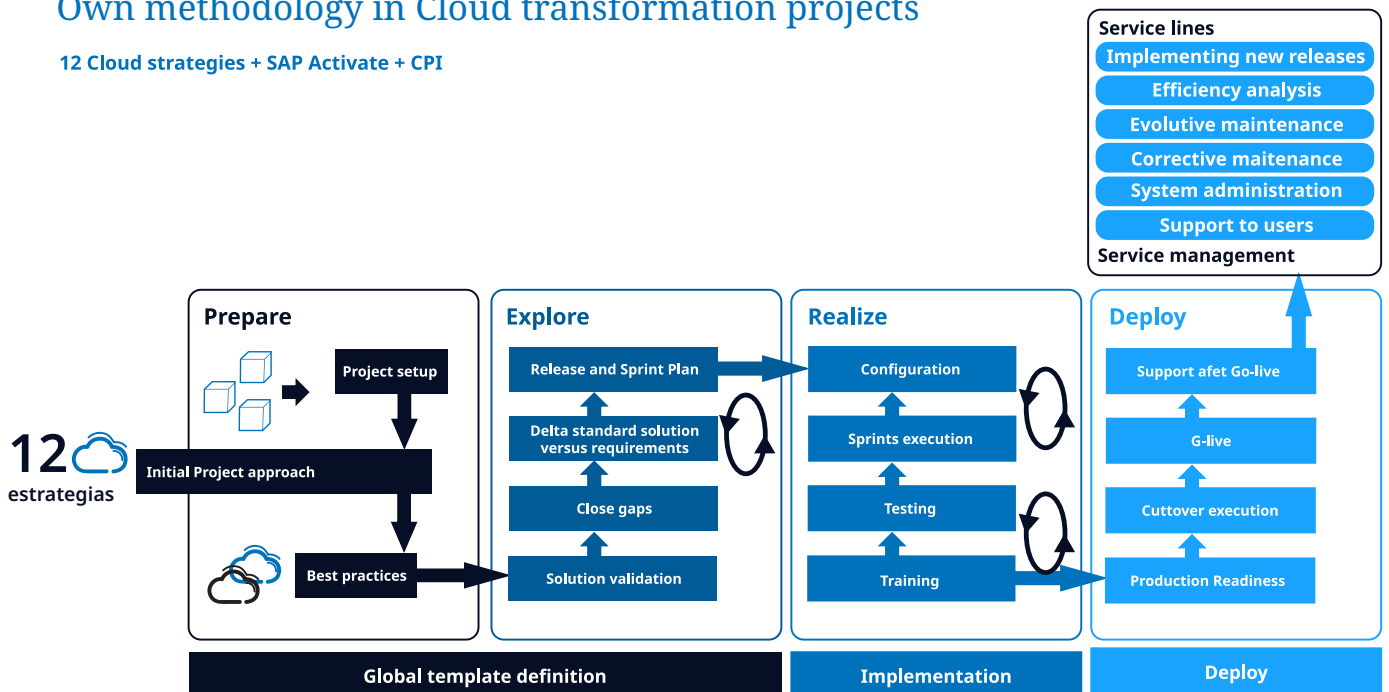
As a final element in our methodology portfolio, we have developed tools and activities that are focused on connecting HR (and HXM) transformation with ongoing transition to cloud across the wider enterprise.

Figure 5 below gives a top-level view of our consolidated approach to the way we combine major upgrades to HR processes with a wider move to SAP S/4HANA. It entails rethinking and re-engineering enterprise applications, from ERP to finance to supply chain management, and moving them to cloud, while making good use of the extensibility options provided by SAP's Business Technology Platform (BTP).

Value proposition

Own methodology in Cloud transformation projects

12 Cloud strategies + SAP Activate + CPI



The 12 cloud strategies explain the guidelines for action in the most relevant areas of the project, providing clear guidance on how the activities they describe are to be addressed.

- | | | | |
|-------------------------------|---------------------------|----------------------|------------------------------|
| • Deploy strategy | • Training strategy | • Web portals | • Testing strategy |
| • Integration and development | • Kt strategy | • Reporting strategy | • Data migration strategy |
| • Security strategy | • Data migration strategy | • Support strategy | • Change management strategy |

Figure 5. 12 cloud strategies for HR transformation.

This is a key factor in developing business composability, and this topic, together with the role of BTP in enabling fast creation of targeted applications around the SAP core, is covered in detail within our [SAP Extensibility](#) whitepaper.

As we have repeatedly stated, most HR processes are common across most enterprises and industries, but operating entirely in the cloud, even for core ERP, does alter the context in some interesting ways — and our cloud HR methodology is designed to manage this added complexity: that is what our “12 Cloud Strategies” methodology is designed to deliver.

Within this approach, we add to our standard implementation methods by also covering action steps that are strongly cloud focused. These include, for example, web portal and web/cloud security strategies, which add an extra layer of management control over an HR transformation that happens in line with wider cloud transition.



HR and SAP cloud

The new vision for HR transformation

Large enterprises are finally moving their core applications to cloud, with SAP often their top priority. Yet this preoccupation with major re-engineering of the business at a very deep level does not alter the critical importance of HR. This key discipline remains at the heart of every enterprise, because every business needs to have the right personnel, and this community of talented, skilled and capable people must be found, recruited, developed, motivated and, in time, replaced.

HR leaders and practitioners require access to the best and most current data and the most suitable best practice tools, and also need to be fully equipped to manage in business environments that are agile and constantly evolving. In this changing landscape, some tools are more important than others. SAP is likely to be central to the way most HR departments operate across large enterprises, but the move to cloud, the growing use of composability for solution development, and the importance of extensibility for solution hosting and management mean that hybrid strategies will be critically important in the future.



NTT DATA understands the world of SAP in depth, but our philosophy is to avoid vendor lock-in and enable our customers to be assured of the right solutions for their precise business needs. This combination of SAP expertise, profound knowledge of HR as a function, and leadership in cloud working all play their part in our HR transformation strategy. They are all equally essential, and are all integrated within our vision and practice.

NTT DATA has been successfully delivering transformational change projects in the HR/HXM field for over 25 years. Our approach is based on the knowledge, experience and practical insights gained in several hundred major projects. We bring a strong theoretical framework to the task, but this is informed by a deeply pragmatic implementation method that is designed to work with the systems and toolsets already in place within each client company. Our approach is:

- Repeatable, yet agile and extremely flexible. It is accelerated by tools, templates and content tuned to operate in cloud-based solutions.
- Built on our privileged, long-term relationship with SAP. We understand the world of SAP in depth and ensure that our strategies and methods bring the best out of existing and potential future SAP investments.
- We have outstanding *product capabilities*, with a deep understanding of SAP SuccessFactors, which is likely to be a key component of any HR transformation.
- We are both *business and technology partners*, delivering effective solutions that combine cultural awareness, organizational insights, business sector know-how and technology leadership into a single, fully integrated change activity.

The world of work is in a state of constant transformation, and HR leadership is at the heart of this process. Our unique combination of proprietary IP, SAP expertise and business experience makes the difference.



NTT DATA and SAP

NTT DATA is an SAP Platinum partner and SAP Global Service Partner, defined by leading analysts as a global leader in the field of SAP S/4HANA Application Services, Worldwide. Thanks to our industrial heritage as part of the wider NTT Group, we are also a major researcher and innovator in our own right.

We have developed methodologies, solutions and tools — all approved by SAP — that form the basis of our SAP practice. Our business consulting teams are located all over the world, which means we have strong capabilities in virtually every market. Technical consultancy for SAP is closely integrated with SAP consulting teams, providing a single point of contact, no learning curve, and fast transit to high-intensity, evolving high-performance operations.



NTT DATA employs 19,000 SAP-certified consultants worldwide.

But what makes us really different?

Business consulting services

The starting point for any successful transition and transformation activity is high-quality consulting, and that is the rationale for our consulting services strategy. We know that many customers will need business advisory to clarify their needs, as well as technology advisory to understand the alternatives SAP offers so as to plan a long- and mid-term roadmap. This initial evaluation service is built into our HR transformation methodology.

Our methodology provides the time and space needed to understand options, review and evaluate them in depth, and prepare a detailed roadmap to the future. It includes experienced professional guidance to unlock the maximum value from the transformation process. NTT DATA is rated by leading technology analysts as a top performer and leader in all aspects of SAP S/4HANA adoption. Our consulting capabilities play a major part in achieving this recognition.

We have more than 3000 business consultants ready to support major transformation projects.



Global Presence

We are committed to an uncompromising “*People First*” strategy. We know that a main reason for the high rating NTT DATA achieves from analysts year after year is a result of our high project delivery quality, which would be nothing without our people and tools. Following the merger of all business units outside Japan in a single company, NTT DATA is an integrated focused global player, and an SAP leader.

To deliver the best possible HR transformation solutions in major enterprises, it is essential to understand SAP and every aspect of cloud transformation in depth. That provides the context in which every HR project must fit. Our exceptional capability and track record in SAP projects helps us to be a key partner for HR transformation, as well.

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