Mitigating risk during Cloud HR Transformation

Delivering business outcomes with HR Cloud software

Veran Performance 2018

Veran
Outcomes, Strategy, Execution

Executive Summary

Large-scale HR transformation projects should accomplish more than simply being a replacement for current technology and bring tangible opportunities to businesses. Successful delivery, however, is not straightforward, nor 'out of the box'. This presentation highlights the opportunities to gain from Cloud-based HR Technology and advises how to successfully avoid the common obstacles and risks that arise during implementation.

Our experience of working on projects from the pre-prep stage, all the way through to service support, within both the public and private sectors, enables us to pinpoint the challenges and risks that arise during HR cloud implementation time and time again. Our guidance and knowledge throughout is thus based on our practical experience.

This presentation:

1. Highlights what these risks are,
2. Identifies the common sources of those risks,
3. Provides recommendation on how to successfully manage and mitigate those risks.

We, therefore, aim to help businesses prepare for change, ensuring a successful and smooth journey towards the HR Cloud and delivering benefits that go beyond a simple technology upgrade.

CONTENTS

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1 INTRODUCTION

2 CONTEXT

3 INTEGRATIONS

4 DATA

5 CHANGE MANGAEMENT

6 SUMMARY

7 CASE STUDIES

Who should use this presentation?

This presentation is designed to educate and support the key stakeholders likely to be involved in HR Transformation Projects.

We'll use our expert knowledge to demonstrate how early planning helps ensure achievement of the maximum benefit and generate better, more integrated capabilities in the new system.

Whilst HR will remain a significant driving force during implementation, you'll also need to mobilise and engage colleagues from IT, Finance, Payroll, Procurement, Programme Management and the wider business to ensure success.

How to use this presentation

The scale and complexity of implementing HR Cloud systems mean that transformation projects can be derailed.

Issues are exacerbated by the pressure to deliver fast implementations and the standardised nature of the software.

This presentation will firstly highlight the risks that arise during all transformation projects and then emphasise the **core risks** we most commonly see in **HR System Transformations.**

We'll also look at the three project areas most vulnerable to these risks and outline some practical ways to mitigate these.

This presentation will, therefore, help you to prepare and manage your project correctly and thus ensure the following during your transformation*:

- ✓ **Increased confidence** in programme delivery and success
- ✓ **Reduced risk** of scope creep, time delays during implementation
- ✓ **Reduced cost** of implementation
- ✓ **Reduced timelines** for implementation

** Note : this document should be used as a starter pack which cannot provide the tailored approach that each **individual** project requires to enable success.*

How Cloud projects differ

Installing **any** technology change comes with enormous hype and pressure to immediately deliver business-wide benefits. But why are Cloud HR projects different?

- Cloud implementations use prototype methodology, requiring early **finalisation of key design decisions** and provision of critical setup and employee data.
- Cloud HR solutions deliver more functionality *and* encourage standardised processes. This often brings about pressure to **harmonise** ways of working and possibly terms & conditions.
- Paying for licences as soon as the software contract has been signed means that **time to value** is key. A solid implementation plan is critical to enable benefits to be realised in a timely manner.
- Cloud provides greater opportunity to deliver an end-to-end solution, linking all business systems that hold people data. Your HR system can truly become the single **source of truth** across your IT landscape.
- Cloud systems are designed to **be maintained and enhanced by end users** rather than highly technical teams. Planning internal resources to support cloud solutions is a pre-requisite for success and self-sufficiency.

Typical risks of **all** Transformation Projects

Below is a reminder of general risks that all Transformation Projects face:

RISK	EXPLANATION
Misalignment of Requirements	Alignment amongst all stakeholders is vital throughout the transformation journey. A lack of consistency and common understanding between stakeholders could impact the vision and scope of the desired solution.
Poor Design	A clear business design, agreed upfront and communicated clearly to technical teams, is imperative. The absence of this will result in costly changes in scope, as well as disengaged business stakeholders.
Ineffective Project Management	The execution, control, and delivery of the programme's implementation plan are pivotal in ensuring success. Unclear and disorganised management will result in slow decision-making and project delay.
Technical Curve-balls	Technical challenges will likely occur and it is crucial that you are able to identify practical solutions that enable the transformation to progress while BAU is ongoing. Otherwise, you will encounter significant delays.
Inadequate Governance	Poor communication and a lack of adequate governance can result in confusion and project delays. All parties must be aware of their roles and responsibilities along with the overall scope of the project.
Unavailable Internal Resources	Limited access to the resources required to make the project a success is likely to lead to project delays and inaccuracies. Not only do all project roles need to be filled, but SMEs must also be available for key design sessions.

HR Transformation Projects - Common Risks

Our previous end-to-end implementation projects have experienced risk at various stages.
Below are the four most common risks that trip up organisations:

RISK	EXPLANATION
Inflated Timelines	Project delays are not usually caused by technology suppliers but more by clients who have not delivered the required inputs (decisions, data, and technical expertise) in line with the technical project plan.
Scope Change	Scope change can cause issues throughout an HR Transformation Project for two reasons. Key functionality often gets de-scoped due to timeline pressures to go live meaning that projects don't deliver what they outlined within the business case. On the other hand, without a fully established baseline scope from the outset, the scope may increase as the original system requirements change resulting in project delays and increased costs.
Increased Costs	Inaccurate assumptions in the business case, prolonged timelines and scope creep contribute to increased costs.
Lack of Business Buy-In	Failure to secure and maintain the confidence of key stakeholders will negatively impact the adoption of the change. This, in turn, will impact successful achievement of benefits committed within the business case.

Vulnerable Project Areas

Integration

In order to drive business and financial value, HR systems will be integrated with various technologies and third-party providers across your IT landscape.

Most companies aspire to hold one source of the truth for people data in their core HCM and enable feeds to and from other systems across their IT landscape. These systems may include other HR systems (e.g. learning, recruitment,) IT systems (e.g. Active Directory) and Operational systems such as shift planning, time and attendance, and technical competencies.

Data

Data is the backbone of the HR system. The accuracy of data is imperative especially if your HR system is the one source of truth. With the rich functionality which is available with Cloud HR, there is a requirement for more data than ever before.

Many companies underestimate the challenge and effort required to provide good quality data in a timely manner.

Change management

HR Cloud systems will touch every employee in the organisation. Change management plans will, therefore, need to ensure that they account for business-wide impacts.

In order to derive all of the benefits from the HR Cloud-based system, consistent buy-in is needed. Advocates, therefore, need to exist at the leadership level as well as the programme team and the day-to-day users of the system.

Integrations

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System integration builds are often the most complex and unpredictable aspects of a Cloud HR Transformation Project. Unforeseen issues related to integrations often lead to project delays. For this reason, early preparation and relevant stakeholder and supplier engagement is key. The following considerations will help reduce the risk of integration failure and project re-planning:

What: Create a clear landscape plan which describes relevant integrations
When: Prior to business case sign-off
Why: To inform accurate costs within the business case and for baselining scope

All users involved in the end-to-end solution must have a clear vision of what the system will deliver and provide information on what it will require to do so. Rather than focusing on short-term operational gains, users should be aware of the desired business vision and long-term outcomes. Engaging with the entire organisation at an early stage will enable all necessary integrations to be mapped and incorporated into the system design. Early identification of all of your system requirements and integration builds so that they remain stable after the design phase will reduce the likelihood of scope creep and the incurrence of additional costs further down the line.

What: Consult with any suppliers impacted by the future state at the beginning of the project
When: During project preparation
Why: To reduce the risk of inflated timelines and prevent increased costs

Suppliers will need time and resources at their end to ensure that new integrations are compatible with their system and data format. Contacting them at the beginning of the project will help keep the project on track, allow for costs to be accounted for early on and prevent integration builds needing altering further down the line.

Integrations Continued

What: Fully document integration designs and specifications
When: By the end of the design phase
Why: To reduce the risk of inflated timelines and prevent increased costs
Cloud HR software implementation partners will not be responsible for writing the specifications for your required integrations. These specifications are integral in ensuring that your integrations are built correctly and communicate between platforms in the way in which they are required thus must be accurately documented. Getting this right will significantly reduce the risk of project delays and cost increases.

What: Ensure a clear strategy for integration testing is firmly established
When: By the end of the design phase
Why: To reduce the risk of inflated timelines
You will need to define how you are going to control integration testing for example who will be responsible for this and how downstream suppliers will be contributing to the integration testing process. Assessing the validity of each integration is a crucial part of the integration build and one which will not be covered by your integration partner. Clearly defining your strategy for integration testing will help ensure that the project timeline remains on track.

Data

Most organisations underestimate the sheer volume of time and effort required to provide accurate and complete data to the technical team. This responsibility falls squarely on the client organisation and is often the cause of unplanned delays. Collecting and validating this data is a lengthy and difficult task which requires pre-planned and dedicated time and resources. The following steps should be taken to prevent data delays or inaccuracies:

What: Prepare your setup data early
When: During project preparation
Why: To reduce the risk of inflated timelines
Every HR system requires a similar set of configuration (setup) data. Therefore starting to agree and collect that data as early as possible (prior to signing with your software vendor) will avoid delays during implementation.

What: Audit your existing employee data
When: During project preparation
Why: To reduce the risk of inflated timelines
Assessing the quality of your existing employee data and making proactive improvements to source systems will improve your ability to provide the technical teams with good quality employee data when required thus preventing any delays. This will also allow you to get more out of the testing of your first prototype.

Data Continued

What: Document a data strategy
When: During project preparation
Why: To reduce the risk of inflated timelines
Agreeing where key data is mastered, how it gets updated in a BAU situation and which historical data will be needed in the system will provide a strong foundation for your data migration and sourcing plan. This will also inform your integration strategy and requirements.

What: Select and educate your data team
When: During project preparation
Why: To prevent lack of business buy-in and reduce the risk of inflated timelines
You will need to consider who will be responsible for collecting your data and ensure that they understand the fundamentals of the new system to succeed in collecting the correct data, in the right format. Data will need to be collected, cleansed and validated correctly before it can be inputted into the prototype build. The data team is comprised of people within the wider business, not just the programme team, thus clear definitions and appropriate guidance will be vital to ensure everyone understands their role and is confident in their ability.

Change Management

As HR Cloud systems affect every employee in the organisation, the success of any transformation project will depend on the level of change management and its overall effectiveness. A lack of sufficient change management planning will result in low adoption rates and user buy-in. This jeopardises the rate of return on the investment as the benefits associated with the transformation are less likely to be realised. To ensure change management risks are kept to a minimum, we suggest the following recommendations:

What: Secure engagement of executive leaders
When: During project preparation
Why: To reduce the risk of inflated timelines and prevent lack of business buy-in
You will need your executive leaders to be confident with regards to the need/success of the project as they are the most successful agents of change. They will be responsible for creating a compelling vision of the future, committing resources, anticipating and avoiding roadblocks and providing honest feedback as the project develops. Instilling a robust vision for change for all stakeholders early on will help secure engagement and prevent delays. Communication should be frequent and utilise multiple platforms to ensure project momentum is sustained.

What: Secure employee engagement
When: During build and test phases
Why: To prevent increased costs and lack of business buy-in
The success of the project delivering a strong return on investment is determined by employees uptake of the new service. You'll need to focus on helping your employees realise the value to themselves. Uptake is reduced when people feel like adopting the new system is extra work, so clearly outlining the benefits and sharing the successes of the system will mitigate these concerns. Engaging early in the planning stages will help you to fully understand the breadth of stakeholders needs and enhance employee buy-in.

Change Management Continued

What: Invest in Training
When: During build and test phases
Why: To prevent lack of business buy-in

One of the many benefits of Cloud Transformation is that interfaces are user-friendly, however, there will still be a huge degree of change on procedures, processes and organisational design. Most Cloud HR projects are expending managers and employees to perform tasks differently thus must be trained for both business outcomes and new technology. Thorough training will be needed so that users feel empowered to adopt new ways of working and utilise the system to their full advantage.

What: Make sure your change team understand the what not only the how
When: During build and test phases
Why: To prevent lack of business buy-in

This means that the change team can answer any questions the business has related to the overall transformation and changing ways of working, and offset concerns raised by other members of the business. Engaging a change management team from the offset will enable them to be fully informed of the future state.

Summary

In this presentation, we have identified the four main risks to the success of HR Cloud Transformation Projects and the three most commonly seen causes of those risks. Using our expert knowledge and past experience we have then suggested ways of mitigation.

Following this guidance will allow you to launch your project with:

- ✓ Increased confidence in programme delivery and success
- ✓ Reduced risk of scope creep, time delays during implementation
- ✓ Reduced cost of implementation
- ✓ Reduced timelines for implementation

Other risks, however, do exist and undertaking a comprehensive readiness assessment before embarking on a Cloud project is highly recommended.

Summary

At Veran, we believe that preparation and planning is key to ensuring a successful and smooth journey towards Cloud HR Technology. We help our clients prepare for change and reduce the risks identified throughout this presentation through our Phase Zero approach.

We host regular breakfast briefing sessions for those interested in finding out about how Phase Zero can help to deliver maximum value from your Cloud Technology *before* the implementation begins.

Contact us for more information or to find out about our next session.

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Case Studies

In the following slides we will go into the detail of some specific examples we have seen in the clients that we have worked with. We have outlined these in a three stage approach:

Situation
= the 'problem' that occurred for the client

Impact
= the negative effect that the problem had

Response
= the final outcome / solution that was required

These scenarios are much less likely to have occurred if the risks we have highlighted throughout this document had been mitigated using the methods we have shown.

Client Example A

Situation	Impact	Response
Data		
The data team was not trained on the software, and did not understand the key data concepts and how data setup drove system functionality.	(-) Introduction of a 3rd prototype for the 1st wave of deployment which led to extended delay.	Accelerated education of data team and integration of data and solutions team for subsequent waves.
Integrations		
Suppliers responsible for payroll and rostering systems were not consulted early enough to agree and produce a functional spec for integrations. No formal commercial relationship existed between client and suppliers.	(-) The build required on the supplier side to accept integrations from the Cloud HR solution was not ready in time for integration testing. Integrations were descoped from go-live.	Business had to be prepared for a staggered go live with integrations being delivered 2 months after HR.

Client Example B

Situation	Impact	Response
Data During implementation of performance and goals, the system was designed but no consideration was given to the actual goals that were going to be cascaded either at the organisational or team level.	(-) The de-coupling of performance from the main go-live which significantly impacted the performance cycle.	Performance had to be put into a phase two of the project and part of the performance year started with manual processes.
Integrations An assumption was made in the business case that less than ten integrations were required and each one would cost less than £20,000. This was not validated with fact.	(-) A further five integrations were discovered once the design was complete and when actual integration costs were provided by suppliers, additional budget was required as some were >£20,000.	Individual businesses were required to allocate funds for their part of integrations that were not covered in the initial business case.

Client Example C

Situation	Impact	Response
Data		
No job catalogue was designed in time for design deliverables.	(-) Job profiles and associated data were not available.	Talent functionality requiring job profile data had to be moved to a subsequent phase.
Change Management		
Stakeholder engagement in the business case only involved Exec Team and not local MDs.	(-) In one business, other business-critical projects took priority over the HR solution.	One part of the business had to delay go-live until other business-critical projects had been completed.