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Driving End User Adoption of Cloud HCM Applications

Cloud HCM applications bring a unique set of end user adoption challenges that many other applications don't. Solving these challenges at scale is critical to HCM success.

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WHY READ THIS WHITEPAPER?

It is suggested that a modern cloud based HCM application is one of the three pillars of digital transformation for any large enterprise, alongside a cloud CRM and ITSM applications. While this is true in essence, it would probably make more sense to say that the HCM application is the foundation of digital transformation while other applications form the pillars.

For enterprises, cloud HCM application can deliver many key benefits helping them drive their transformation agenda. But the value of HCM can only be realized when it is adopted organization wide. This, however, is a huge challenge for many companies. Unlike other enterprise applications, though, end user adoption of cloud HCM applications brings multiple layers of challenges which must be solved with the right approach.

In this whitepaper, we'll talk about the value of cloud HCM applications, the unique challenges in end user adoption of cloud HCM products and the right approach to overcome these challenges.

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CLOUD HCM PRODUCTS ARE WELL INTO THE MAINSTREAM

Enterprises around the world are heavily leaning towards cloud/SaaS versions of Human Capital Management (HCM) software applications. This is, in part, due to the now widely accepted view that SaaS based HCM products can add more value to the HR function and, that too, quicker their legacy counterparts. In the words of Workday CEO, Aneel Bhusri: "they help make a huge leap forward on the technology side." That a cloud-only product like Workday has 2,200 customers worldwide, many of them Fortune 500 companies, lends credence to this statement.

Cloud and SaaS based HCM products also fit into the broader digital transformation narrative that companies are increasingly embracing. Not just Workday, but the likes of Oracle and SAP are also actively encouraging their existing on-premise customers to switch to their cloud versions sensing the opportunity. Products like Workday and Oracle Cloud HCM also work well for companies trying to deliver a robust workplace and employee experience.

But then, its not just digital transformation and digital workplace that's the driving force behind switching to a single point cloud HCM application. There are other factors such as compliance and transparency. Companies like Compass Minerals, which generates more than a billion dollars in revenue, never had a single system of employee records. Same was the case with United Technologies Corporation, a major US based defence contractor, resulting in serious compliance issues. For a company like United Technologies, it was critical to know the precise number of employees and their backgrounds.

> In 2017, cloud adoption increased across all geographies by 35%, to account for 53% of all HCM revenue. Cloud adoption remains strong and is well into the mainstream.
>
> - Gartner Magic Quadrant for Cloud HCM Suites for Midmarket and Large Enterprises 2018

For any company, investing in a HCM application is a once-in-a-lifetime opportunity. And, so, obviously they want to get in absolutely right. But, cloud based HCM applications also do bring a unique set of advantages that companies can leverage to advance their HR transformation agenda. For instance, retailer Macy's implemented Oracle HCM Cloud to consolidate more than 2,000 disparate HR processes into less than 200. From an systems integration perspective as well, cloud HCM applications offer considerable advantages. For a lot of companies, employing hourly and field workers, mobile accessibility brings added benefits.

CLOUD HCM APPLICATIONS CAN DELIVER KEY BENEFITS

HR IT projects are typically classified as cost centers. But, the way business and talent markets are shaping up, HR is no longer a cost center but is transforming into a value center. Naturally, this brings HCM applications into renewed focus.

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HCM applications provide a wide range of functionalities beginning with attendance management, benefits management, compliance, compensation, talent acquisition, payroll etc. But, above all, there are certain key value propositions that they deliver. Some of them are highlighted here.

1. Streamlined HR Operations

HCM applications can empower companies to consolidate, automate and drive key HR processes globally. Macy's, again, is an excellent example. While reducing data error rates, cloud HCM solutions also help improve productivity and reduce costs associated with HR process cycles. Streamlined HR operations also give leaders higher visibility into the system allowing them to make better decisions over a period of time.

2. Better Talent Management and Retention

Talent management is a key component of any fully functional HCM solution. HCM products can help companies quicken hiring cycles, enrich talent by charting growth opportunities and devise succession plans. As such, good HCM products can help on both the talent acquisition and talent retention planks.

3. Improved Employee Experience and Workplace Engagement

Employee engagement and experience is vital to any productive workforce. It has been found that about 61% employees would prefer an engaged workplace over higher compensation. However, less than 30% employees in the United States are actually engaged at work. Broader engagement at the workplace is another key benefit that HCM solutions can help deliver.

https://www.hrtechnologist.com/articles/employee-engagement/how-employee-engagement-leads-to-a-more-productive-workforce/

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4. Agile Workforce Management

Effective HCM solutions also help with aspects of workforce management like benefits, compensation, time and attendance management. HCM products are effective even in case of agile work environments where the workforce is in a constant state of flux. In such scenarios, it is particularly important to ensure that the HR strategy is closely aligned with the business strategy and the overall company culture.

END USER ADOPTION IS CENTRAL TO DRIVING CLOUD HCM VALUE

Cloud HCM products are well poised to deliver value in both the short and long terms. That much is clear. But, potential for value delivery doesn't always translate to value realization. There have been many instances where HCM implementation projects have failed leading to catastrophic results. Of course, enterprises can enlist an experienced implementation partner to steer the project. Delta Air Lines had contracted as many as three partners (SAP, Xerox, Deloitte) to drive their SAP deployment. Such a move can definitely insulate companies from failure, but only to a certain extent. However, to assume that implementation partners or consultants are a guaranteed path to success would be a fallacy. That is because implementation success doesn't automatically result in payback or ROI.

The biggest hurdle to the success of an HCM project is end user adoption. Even if an enterprise is able to implement a tool like Oracle HCM Cloud or Workday globally but employees don't use it actively, the project can very quickly lead to abandonment. This is true of any enterprise software application. But HCM projects, specifically, are much more vulnerable to the end user adoption problem.

Manifestation of Poor HCM End User Adoption Can Vary From Rejection to Substandard Usage

End user adoption is not always a matter of using the new HCM system or not using it at all. There have been cases where the new system was completely abandoned due to abysmally low levels of user adoption. For instance, Avon Products Inc. had to write down somewhere between $100 million to $125 million due to the failure of a large enterprise IT project. The software rollout at Avon disrupted workflows and was so difficult to use that many employees even left the company. The failure was in the fact that the usability of the platform was not up to the expectations of modern end users. Such cases, of complete failure however, are few and far between.

> The average cost for HR staff to manually enrol an employee into benefits through a HCM app is $109.48. The cost for an employee to enrol via self-service is $21.79.
> - CFO.com Survey

Poor end user adoption, though, can manifest in multiple different ways. In a lot of cases, employees would be willing to use the new HCM system but may not have a crystal clear understanding of how to utilize the new platform to setup and drive HR processes. In fact, almost 75% new users have a substandard understanding of new enterprise software application implemented within their organization. Such a scenario could result in cost and time overruns, data errors, compliance issues, misrepresented reports, and so forth.

https://www.hrtechnologist.com/articles/employee-engagement/how-employee-engagement-leads-to-a-more-productive-workforce/
https://www.forbes.com/sites/benkepes/2013/12/17/avons-failed-sap-implementation-a-perfect-example-of-enterprise-it-revolution/

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Rather than deliver enhanced returns, a poorly adopted HCM system can truly turn the HR function into a cost center without actually delivering any value. For instance, one of the direct value drivers for cloud HCM applications is the self-service ability. But employees need to reach a certain level of adoption to be able to use self-service and access the data that they need. Likewise, a CFO.com survey found that the cost of manually enrolling an employee into a HCM application is more than five times the cost of self-service. For an enterprise with ten thousand employees, this minor cost alone could amount to $1 million.

Not just employee self-service, but any manifestation of poor end user adoption can hinder realization of the cloud HCM application benefits listed in the previous section. Clearly, it is imperative that companies take steps to ensure a good level of user adoption in order to drive value on their HCM investment.

CLOUD HCM APPLICATIONS CARRY A UNIQUE SET OF USER ADOPTION CHALLENGES

As pointed earlier as well, the end user adoption challenge is shared by all enterprise software applications. With cloud HCM application, however, the end user adoption challenge is unique in many ways. One can go as far as to say that driving end user adoption of applications such as a CRM like Salesforce is easier than that of cloud HCM applications. That is primarily because of the scale of HCM projects and the complexity that is involved. Delta choosing three implementation partners bears testament to this. Naturally, the complexity also reflects in user adoption process. There are multiple reasons why end user adoption of cloud HCM applications is uniquely challenging.

1. Organization Wide Implementation

A cloud HCM application must always be rolled out organization-wide. This is unlike a CRM application, for instance, which can usually be implemented locally. It is needless to say that driving adoption among a user base of hundred thousand employees is much harder than that with a user base of a few hundred or thousands of employees. Not to forget that all these employees would be distributed across different geographies and speaking different languages. This means efforts to drive adoption must be coordinated in different location and languages. Adding to the sheer number of users, which includes full-time and hourly workers, the fact that they belong to different functions which HR doesn't directly control adds another layer of complexity.

2. Lack of Uniformity in Access and Usage

Secondly, HCM applications have multiple segments of users viz. power users and occasional users. Employees working in the HR function, would be the power users using the platform on a daily basis while employees, in general, would only occasionally use the system. Like in the scenario that they need to apply for a leave of absence or file self-appraisal. Obviously, occasional users wouldn't have the same propensity to learn using the new HCM platform as power users. This poses a challenge for project managers trying to drive end user adoption because even if they conduct training workshops organization wide, there is a high likelihood of occasional users forgetting how to use the platform.

3. Expensive and Time Consuming to Train End Users

Training end users is a critical part of any new enterprise software implementation. However, it is highly expensive and time consuming to develop training content.

Especially in case of cloud HCM application training content must be updated on a frequent basis. Also, occasional users need learning content that is much different from power users. Further, even among power users, there are multiple sub-segments with different learning requirement based on their HR job roles. And all of them need learning content that is specific to them.

4. High Rate of Adding New Hires

Companies like Macy's, 70% of whose employees are hourly workers brings the challenge of training a workforce with high attrition and onboarding rates. High volume of new hires means there is a constant need for onboarding and training them on the HCM application that adds to the overhead in a big way.

SOLVING CLOUD HCM END USER ADOPTION CHALLENGES WITH THE RIGHT APPROACH

Driving end user adoption should be the first priority for cloud HCM products. In fact, end user adoption should be at the heart of the project implementation from the outset. It wouldn't be an exaggeration to say that the success and returns on a cloud HCM project squarely depend on how well a company is able to accelerate adoption and get users to integrate the product in their daily workflows. Because the value of an HCM product is in using it to understand the workforce. And, unless workers use the application, the company wouldn't have good visibility into this data.

The question now is: what more can companies do to improve user adoption? No doubt, training is the answer to this question. But it is neither the best nor the complete answer. More so, in case of cloud HCM products, companies need to understand the learning habits of their end users and provide guidance that meets their expectations.

It no longer makes sense for companies to expect employees to attend a day long training session on how to use an HCM application and then be able to remember them when they need to use the application a few months later. Employees today are acutely conscious of their key business processes and performance indicators. So, quite obviously, any activity that doesn't help them in achieving their goals will be vehemently resisted. Any activity that obstructs their workflows will be outright rejected. The key to driving end user adoption is to train and support end users in a non-intrusive manner.

To drive HCM adoption, companies need a multi-pronged approach that can empower all the different segments of HCM application users. For instance, occasional users don't really need to be trained in advance, they just need to be guided and supported at the moment of their need. On the other hand, power users of the HCM application need not just training but also guidance and support all the time they are using the application.

To sum it up, a cloud HCM end user adoption plan should fulfil the following:

- Provide non-intrusive guidance at the moment of need.
- Enable end users to drive business processes without having to spend ample amount of time in training.
- Empower users with guidance and training that is directly connected to the cloud HCM product.
- Support end users with information and knowledge without having to spend a lot of time in knowledge discovery.
- Provide a mechanism for end users to learn while doing, so as to reduce reliance on traditional training methods.

> Setting aside an entire day, or even half a day, for regular learning often isn't practical. People learn best when they get snackable and bitesize learning frequently.
>
> - Leena Nair, Chief HR Officer, Unilever

Digital Guidance as an Effective Means to Drive Cloud HCM Adoption

Traditional training methods cannot help companies drive adoption and neither can they match the expectations of the digital employee. As such, companies are turning to digital guidance as an alternative to traditional training techniques.

Digital guidance propagates an experiential learning mechanism that's embedded within the cloud HCM application and is always available. Digital guidance enables end users to adopt the cloud HCM application by guiding them through their workflows at the precise moment of need. In addition to training, digital guidance also enables end users to access the information they need from within the application without having to embark on a prolonged knowledge discovery expedition. The experiential learning approach that digital guidance takes effectively solves the knowledge retention problem empowering end users to be more productive while using the HCM application.

Specifically, digital guidance solves a number of problems for HCM project managers leading them to long term success.

Reduced Training and Support Costs

Particularly with cloud HCM solutions which have a global span, training end users at scale can be an expensive as well as time consuming affair. Using digital guidance, which can be easily integrated with the cloud HCM application at scale, companies can deliver training and support across the organization without costs multiplying at the same rate. Alongside training, a huge quantum of the support burden can also be potentially reduced since context sensitive knowledge is available at all times to the end user.

Improved End User Productivity

Implementation of digital guidance frees up a lot of employees' time from formal training allowing them to spend it in more productive work. On the other hand, employees are not forced to seek informal learning support saving them further time and helping them ensure their workflows progress without any breaks. The result is a much more productive workforce.

Segmented Training and Support

Specifically with respect to cloud HCM training, considering the multiple varieties of user segments and their individually separate requirements, digital guidance provides personalized training and support at scale. Digital guidance can easily be used to provide on-demand guided performance support to occasional users and rigorous training to power users. On-demand training can also be restricted to the processes relevant to each segment.

Ease of Training Creation and Delivery

Unlike traditional training methodologies, digital guidance is simple to create and deliver. Since it is embedded into the cloud HCM application, instructional designers can easily develop content using a digital guidance platform and deploy it on the HCM application. Designers can also instantly convert digital guidance content into other forms, for instance, videos and slides which are generally very heavily used in training but are time consuming to create. As a result, instructional designers and Learning & Development (L&D) teams can save quite a lot of time.

DEPLOYMENT PHASES OF CLOUD HCM AND WHEN COMPANIES SHOULD FOCUS ON USER ADOPTION

Typically, implementation of cloud HCM products comprises of five major stages. Companies should focus on end user adoption post rollout as the last phase but should plan for it throughout the deployment cycle.

Companies should also focus on their metrics for successful user adoption. Measurement should always be against the stated objectives of the cloud HCM project and the business processes that were intended to be driven using the application. End user adoption of Oracle HCM Cloud should be measured basis the number of processes being executed using Oracle HCM Cloud and the proportion of users using Oracle HCM Cloud to execute them. Another company might be executing fewer business processes but if they are doing that effectively, then adoption is complete.

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It is also be possible that all the users are executing processes using Oracle but efficiency is also a key metric to be taken into consideration while measuring adoption.

Following are the typical phases of a cloud HCM application deployment in that order.

Onboarding

This is the first phase in the implementation cycle where the cloud HCM product vendor onboards the customer company introducing it to the basic tenets of the product. Details beyond those discussed during the pre-purchase phases are relayed to the company.

Planning

The second stage has multiple dimensions to it. At the central level, companies must figure out the alignment between the product and their business processes. Stakeholders must also plan for the system change and devise a communication strategy.

Implementation

The implementation phase of the project is when companies configure, integrate and test the HCM solution into their application stack. Configuration is a long process involving data migration and mapping to other systems and is often carried out with support from outside consultants.

Rollout

Rollout is when the HCM application is made available to end users either partially or completely. Enterprise companies with presence in multiple geographies often choose to pilot the product in certain locations before going full scale. Implementation teams also gather initial feedback from end users about various aspects of the product.

End User Adoption

Probably the most testing phase of a HCM deployment which can determine its success is the end user adoption stage. In this phase, companies must seek to drive end user adoption of the HCM application both among its power users and the sporadic users utilizing multiple strategies.

IN CONCLUSION

For many companies, implementing a cloud HCM product is one part of their digital transformation push. A lot of companies state that with cloud HCM products, many HR decisions need not be made up front but can even be made just prior to or during deployment.

However, a lot of companies make the costly mistake of not factoring in end user adoption during deployment or depending on the vendor/partner to help them drive adoption internally. This approach has cost many a company dearly. Enterprises who have considering adoption sometimes make the mistake of using traditional training methodologies which no longer work.

Employees are also going through a process of consumerization. Naturally, they expect that accessing their personal details should be as simple on a modern HCM solution as it is with any consumer mobile application. But that may not be possible since HCM solutions are some of the most complex systems. What they need is the right guidance to make using the system as easy as any consumer application. And that will drive adoption.

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Whatfix is a leading Digital Guidance and Engagement Platform which empowers organizations to efficiently manage the end-to-end enterprise software adoption lifecycle of their end users. Whatfix helps companies onboard, train and support end users on software applications without any external intervention delivering a seamless product experience. For this, the platform allows companies to create and embed interactive walkthroughs, within any web application, guiding users through every step of a workflow in realtime. By addressing the critical product adoption challenge, Whatfix helps reduce end users' time-to-competence thereby improving their productivity and performance. The Whatfix platform seamlessly fits into the application stack of an organization allowing for rapid deployment on any one or multiple software applications at enterprise scale.

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