

Hitachi Consulting Moves Human Resources to the Cloud

CASE STUDY

Hitachi Consulting Corporation is an international management and technology consulting firm headquartered in Dallas, Texas and a subsidiary of Hitachi Ltd. based in Tokyo, Japan. Hitachi Consulting currently employs approximately 6,500 people in 22 countries, including the United States, Japan, Brazil, China, India, Portugal, Singapore, Spain, the UK, Germany, and Vietnam. Because the company provides consulting services, its employees are its most important resource. To succeed competitively, Hitachi Consulting must ensure that it has the right number of employees with the right skills and expertise wherever and whenever the need for its consulting services arise. The human resources function is especially important in a company of this sort.

Four years ago, Hitachi Consulting decided to grow its business model to include turnkey and custom solutions combining business best practices and leading-edge technologies such as the Internet of Things (IoT) as well as traditional consulting services. Hitachi is doing this across many areas—rail and transportation, energy, water, cities, healthcare, and public safety. A key success factor is to collaborate with partners, clients and other stakeholders across entire industries. These new offerings require people with appropriate talents and skills to deliver Hitachi Consulting's new solution portfolio. The company had to recast its Human Resources department to operate more strategically so that it would have the right human resources in place to do the work.

Hitachi Consulting was saddled with multiple disparate local human resources systems (and in some cases just spreadsheets) that held its valuable employee data. These systems were not integrated with the company's legacy Human Resources system in the United States. There was no way to easily obtain an enterprise-wide view of the company's workforce. When a senior executive requested such company-wide data for decision making, HR staff had to manually assemble and aggregate the necessary data. The process would take days. Dealing with such complex manual processes and siloed data prevented the company from operating under a "single source of truth."

For the company to move forward, its Human Resources function had to be transformed and its

legacy HR system needed to be replaced. One top priority was to improve business processes for talent acquisition and development so that Hitachi Consulting could find the right people better, faster, and cheaper. In the past, Hitachi Consulting waited until a new position opened before actively recruiting new talent. Its new HR function sought to cultivate relationships with top candidates, fueled by employee referrals and social networks. Through ongoing dialogues, the HR staff could identify star talent and quickly hire these people when the time was right. Hitachi hoped that the new HR system would reduce recruiting costs, improve candidate experience, engagement, and retention, and expand recognition of Hitachi as an employer of choice.

Another high priority was having a single system of record as the authoritative source of information for all of HCC's regions with a central repository for HR data. With an enterprise-wide cloud application, HR and IT managers could centrally assign authorizations for data access based on roles and responsibilities, while also enforcing global security and regulatory policies. HCC's workforce regularly works at client sites and requires access to enterprise data and applications from tablets and smartphones, so the new solution needed to provide mobile access as well, which was not possible with HCC's legacy systems. Other goals included expanded analytics and reporting capabilities, and a global platform to streamline compensation, benefits, and absence management.

A steering committee composed of HR, business, and IT leadership evaluated various technology options, selecting Oracle HCM Cloud for the solution. Oracle HCM Cloud is a cloud-based system for Human Capital Management (HCM), providing a single global human resources solution to maintain employee records, align common HR processes, attract, develop and retain top talent, improve employee productivity, control labor costs, and address simple and complex employee compensation needs. There are capabilities for recruiting candidates, managing performance, developing careers, providing learning, performing talent reviews, and planning successions.

Hitachi Consulting was growing quickly, and the flexibility of cloud computing was helpful when

it had to quickly absorb large numbers of employees from a new acquisition. At one point, Hitachi Consulting had less than two weeks to bring hundreds of new employees into its legacy HR system. With the old system, it was a challenge to ensure the company had sufficient hardware and software resources to accommodate the new employees without overspending for additional infrastructure, or just as risky, keeping a lid on infrastructure expenditures so that the system couldn't handle future growth. With a cloud platform, Hitachi Consulting could simply bring the new employees into the HR application and adjust its contract with Oracle to accommodate the additional head count. Switching computing to a cloud software service provider also would relieve Hitachi Consulting's IT staff from routine data center maintenance tasks, leaving more time for strategic business initiatives, such as creating reports and analyses for decision-makers.

Oracle HCM Cloud met all these requirements, and it also featured a streamlined modern interface that would make the system much easier for employees to use than the antiquated interface of HCC's legacy system. The Oracle cloud platform's flexibility also appealed to the steering committee. With many cloud services, customers must adapt their processes to the services' requirements. Oracle HCM Cloud offers standard processes, but it also lets organizations customize processes when necessary.

The HCC team steering committee also found that Oracle HCM Cloud offered tight security and regulatory controls required to safeguard HR data, some of which is highly sensitive. For years, many companies were reluctant to adopt cloud computing, concerned that outside service providers would not be able to safeguard sensitive data as effectively as systems housed and managed on-site. Over time, cloud computing's reputation for reliability and security has increased. More firms have decided that cloud security is on par with what they could do on premises. The HCC steering committee was convinced that Oracle is addressing the latest security threats and is doing everything as well as or better than the company to protect employee data.

Senior management approved the HR modernization plan in early 2014, with the new system projected to go live in September 2015. The project leaders realized they would need to carefully manage the employee experience so staffers would become comfortable with the changes created by the new system. Both HR and IT staff directly involved with

the HR modernization project also had to perform their usual duties. Project leaders devised a time-sharing plan that pulled individuals into the modernization project when their expertise was most needed, but quickly returned them to their regular jobs to keep HCC's business on track.

Implementation of the Oracle Human Capital Management Cloud to serve Hitachi Consulting's entire global workforce has provided many benefits for Hitachi Consulting. It has reduced the time and cost to hire new employees and improved top talent identification, development, and retention. The employee referral process used to falter because staff members questioned whether their suggestions were actually implemented. With the new system, the referring party is more clearly identified and tagged for eventual rewards if the referral leads to a successful new hire. HCC's referral rate of new talent from current employees has increased from 17 to 35 percent. The company was able to save \$1 million in the first year the system was operational by reducing payments to search firms. It has become easier to absorb and integrate employees from acquisitions.

HCC senior executives and regional managers can now access workforce information when making decisions about HCC's new business direction. For example, HCC's senior executives recently asked HCC director of service delivery Matt Revell for the company's employee head count and turnover trends over the last 12 months to evaluate the investments managers were making for people in HCC's sales and solutions organizations. To gather that information in the past, Revell's staff had to request the data from managers in each HCC region and then standardize the information. (This was because some definitions, such as those for full-time employees versus contingent staff, weren't consistent.) Only then could HCC's U.S.-based analytics group aggregate the data and run the final report. Oracle HCM Cloud has centralized all of HCC's HR information and uses a common enterprise-wide set of definitions. Reporting and analytics work can be accomplished much faster and more accurately.

The new centralized system has also made the HR department more efficient by replacing dozens of separate processes that had been running in various regions with standardized practices, and enhancing the ability to strategically analyze employee data. For example, HCC routinely reassigns hundreds of individuals a year to posts outside their home countries for customer engagements that require specialized

skills. The new, streamlined global system greatly improved the global transfer process, and it also serves as the system of record that feeds employee data for many mission-critical downstream systems. This has improved data integrity but also greatly improved the global visibility of HCC's workforce, facilitating strategic analysis of global employee data.

HCC transformation experts teach clients that a fundamental change is an ongoing process, and that's a lesson the company's HR and IT departments are taking to heart. HCC leaders are now expanding their use of the compensation capabilities available within Oracle HCM Cloud to more closely manage sales force compensation. According to Sona Manzo, vice president of the Oracle HCM Cloud practice at HCC, the company needed time to determine how it would be transforming its sales organization, so it kept sales compensation as a separate initiative,

HCC is continuing to use new capabilities in Oracle HCM Cloud to help its business grow. The new system has been able to handle complex bonus packages tailored for salespeople in each country. For example, "hot skill" bonuses are critical for attracting talent in Asia Pacific locations, but are not used in other regions such as the Americas. HCC will soon be able to track multiple bonus plans in each

country and is investigating capabilities that enable managers to request and approve bonus or salary increases via mobile devices.

Sources: April Mazon, "Hitachi Consulting Realizes Significant Value with HCM Cloud Transformation," <https://blogs.oracle.com>, accessed January 10, 2018; Alan Joch, "Disrupt Yourself," *Profit Magazine*, Summer 2017; and www.hitachiconsulting.com, accessed January 19, 2018.

CASE STUDY QUESTIONS

- 13-14** Analyze Hitachi Consulting's problems with its legacy human resources system. What management, organization, and technology factors were responsible for these problems? What was the business impact of these problems?
- 13-15** List and describe the major information requirements for Hitachi's new HR system.
- 13-16** Was a cloud-based system appropriate for Hitachi Consulting? Why or why not?
- 13-17** What steps did Hitachi take to make sure its new HR system was successful?
- 13-18** What were the benefits of the new HR system? How did it change operational activities and decision making at Hitachi Consulting? How successful was this system solution?