



ORACLE®

Smart Human Capital Strategies for Uncertain Times

Bill Arend

Regional Manager, Oracle Corp.

What's on Your Mind??

Macro Economic Drivers

New Leaders



The Financial Crisis

AIG

LEHMAN BROTHERS

Bank of America

**BEAR
STEARNS**

FannieMae



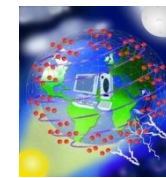
Recession



Mainframe
Computers



PCs –
Client /
Server



Web 1.0
The
Internet



Web 2.0
The Internet

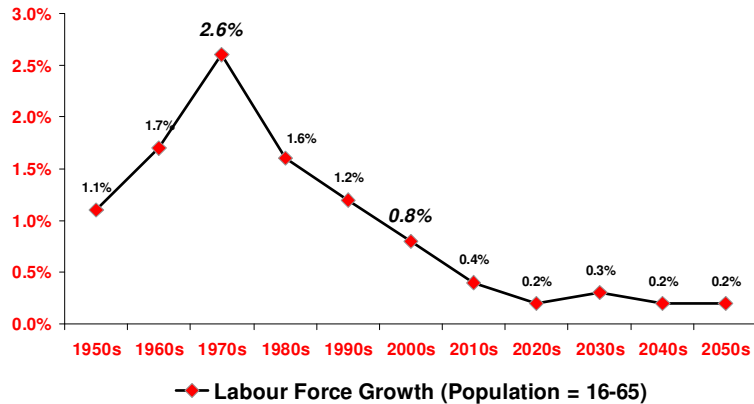
Technology Evolution

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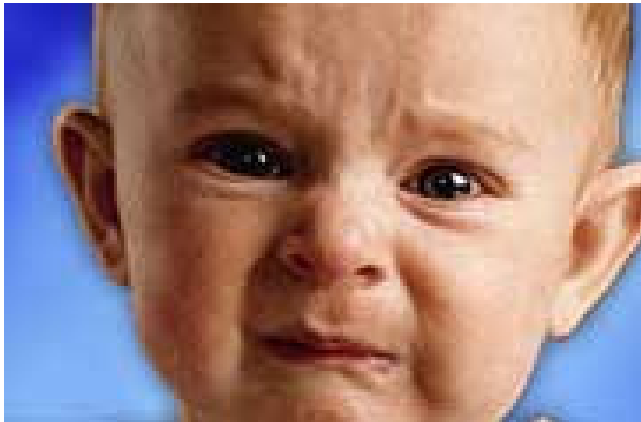
What's on Your Mind??

Talent Management Drivers

Shrinking Workforce



Multiple Generations



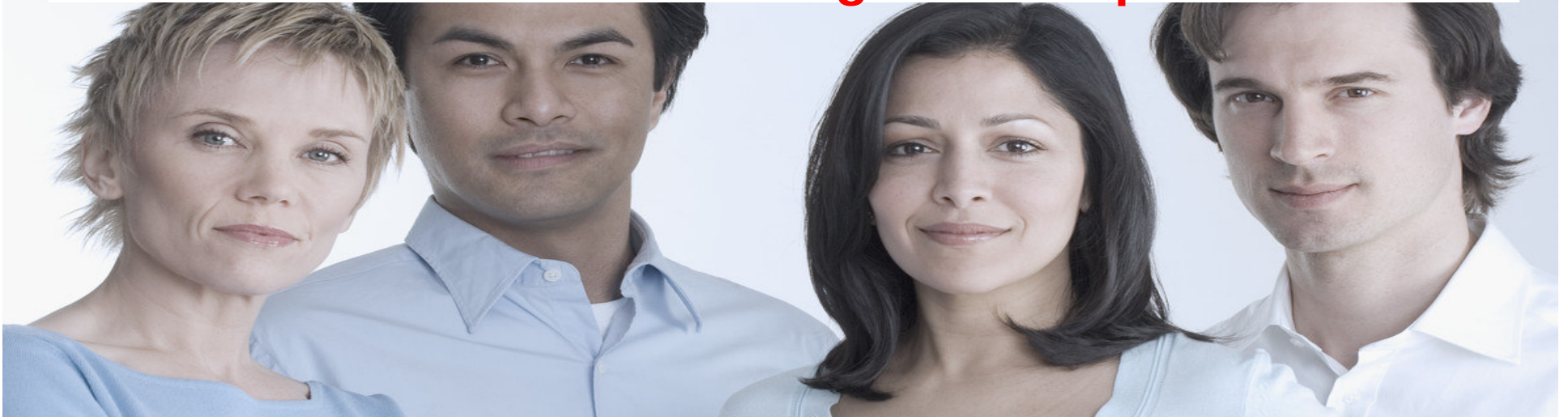
Disengaged Employees



Leadership Development

Managing in Uncertain Times

Effective HR cost-cutting will be imperative



“Many companies expect to increase employee communication & make a range of cost cutting changes in the next 12 months. Most notably, one quarter plan layoffs, hiring freezes, & increased employee contributions to healthcare premiums.”

Watson Wyatt Survey, “Effect of the Economic Crisis on HR Programs. 10/08

Today's Crisis Impacts Tomorrow's Survival

Will you have to right workforce to drive tomorrow's transformation?

“...visionary HR first **must clarify what an organization's work force needs to become, and then must build a blueprint of the necessary capabilities and actions.** These steps depend on an employer's ability to find new information showing how HR initiatives do or do not fuel the organization's objectives. ”



Haig Nalbantian and Colleen O'Neill of Mercer Human Resource Consulting — “Looking for Answers in All the Wrong Places” for WorldatWork



Morale Matters

Employee performance and engagement can make or break the bottom line

Fact: Employee engagement has declined 18% since the financial crisis began, translating into a staggering 3-4% drop in productivity.

Fact: One in four high potential employees plan on quitting their job in 2009.

Source: Corporate Executive Board, December 2008



IT Drives Higher Performance, Profitability

60%

Another critical goal during a downturn is getting more "bang for the buck" from employees ... by increasing a company's operating scale, making processes more efficient to reduce rework, and stepping up efforts to automate manual procedures. IT is essential to all of these efforts..

McKinsey, "Managing IT in a Downturn," 2008

40%

20%

Percentage gap between top and bottom quartiles

Margin Gap

1965

1995

2005



Smart Strategy:

Increase Productivity and Contain Costs

Actions You Can Take Immediately:

Automate Service Delivery

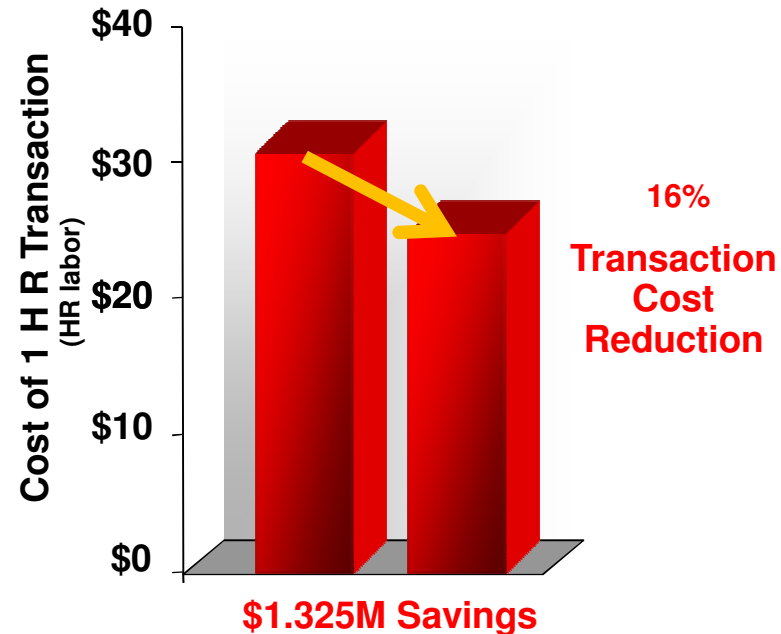
Take an Active Approach to Talent Mgmt.

Engage and Develop Workforce

Automate Service Delivery



Quantitative Results Achieved from Service Delivery Technologies



A typical organization with 10,000 employees
Has on average 276,000 HR transactions per year
At a cost of approximately \$30 for each transaction, in HR labor cost
Which can be reduced to \$25.20 for each transaction, plus headcount reductions
Resulting in savings of \$1.325M + with Workforce Service Delivery

Source: CedarCrestone 2008-2009 HR Systems Survey (available at www.cedarcrestone.com/research)

Automate Service Delivery

Improve Service Level Management and Shared Best Practices

Challenge



Must empower workforce to maintain accuracy of personal data



Elaborate, out of date HR practices slow resolution time and impact productivity



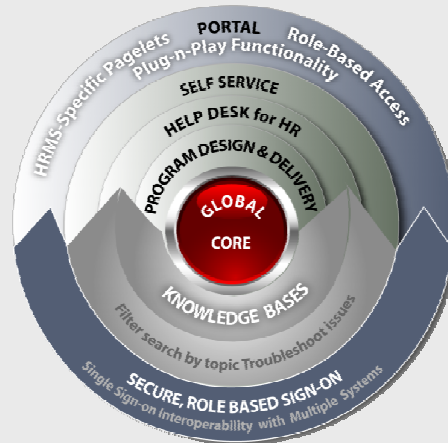
HR knowledge dispersed, unquantified and inaccessible



Staff reductions leave fewer support staff to manage service delivery

Solution

HR Self Service and HelpDesk for Human Resources



- Employee and Manager Self – Service Capabilities
- Best of breed integrated HelpDesk application
- HR Service Delivery best practices are built-in

Benefit

- Role based 24 X 7 access to HR info empowers employees to self-manage own HR data
- Service level management sets issue resolution expectations & commitments to employees,
- Knowledge library easy to setup, access and update and operational dashboards increase insight
- Competency based call routing increase productivity, resolution time and resource deployment

Take a Active Approach to Talent

Why does Talent Management Matter?

- Absenteeism
- Health & safety
- Retention
- Customer Service
- Innovation
- Profitability
- **Competitive advantage**



“By excelling in Talent Management, the average Fortune 500 company can generate a nearly 15% improvement on earnings.”

--Hackett Book of Numbers

Source: 2006, Gallop, “12: The Elements of Great Managing”

Identify and Segment Talent

Improve Morale and Lower Cost with Integrated Talent Management

Challenge



If layoffs are coming, do I know who to cut and to keep? What about morale?



Disparate systems and manual processes are driving up costs



Are the right rewards going to the top performers? Am I sure?



Lack of succession for top positions could expose my organization

Solution

Oracle Integrated Talent Management



- **Align Workforce and Enterprise Goals**
- **Engage Employees to Deliver Results**
- **Analyze Talent and Optimize Performance**

Benefit

- Engage workforce with collaborative tools and fully understand key positions and top performers
- Integrated processes reduce hardware and software overhead and ensure single source of truth
- Integration of pay, performance, and sales systems ensures top performers are rewarded
- Succession planning at all levels conveys careers matter, which leads to a more productive workforce and higher sales growth



Why Talent Matters: Value and Money

- **Value of Top Performers** — Two, three times even 12 times the performance of average employees (Ulrich and Smallwood)
- **Cost of Losing Talent** — 1 ½ times burdened salary. Cisco estimates losses of \$250K for each talented engineer it loses. Bristol Meyers Squibb loses \$500K for each senior leader lost (HCI). Bill Gates says the loss of one top engineer to a top competitor will cost Microsoft \$1 billion over the course of that engineer's career
- **Cost of Poor Hire** — \$300K average impact in knowledge-economy firm (Sullivan)
- **Impact of “bad fit” executive hires** — 40% fail within the first 18 months (Charan)
- **Cost per Day** — \$7000 avg per day for operating without a key player (Sullivan)

Why Talent Matters: Productivity

- **Engagement Levels** — Only approximately 25% to 55% of employees are engaged (Watson Wyatt and CLC)
- **Breakeven Point** — 6.2 months for a manager to become productive in a new job (Watkins).
- **Manager Ripple Impact** — On average, a manager's actions impact 12.4 people in a company (Watkins)
- **Deployment** — Only about 20% of employees do what they do best at work (Buckingham)
- **Performance Expectations** — Less than 50% of employees know what is expected of them at work (Stolovich)
- **Performance Management** — Employees that understand what is expected of them are 38% more productive than employees that don't and employees who understand what is expected of them and how that contributes to the goals of the business are 68% more productive than employees that don't. (Towers Perrin)
- **Organizational Learning** — Few organizations do a good job of sharing “what works”

Engage and Develop the Workforce

- Engage workers and reduce turnover by **10%**
- Reduce training facility, travel & instructor costs by **15-30%**
- Reduce related Print, Copy and Mailing fees by **33%**

“

*Companies using Learning & Performance systems can reduce admin support by **30%**, improve overall productivity, and cut a wide variety of costs*

-- CedarCrestone

A typical organization with	10,000	employees
And revenue of	\$2.0B	per year, results in potential benefits of
Avoid staff replacement costs	\$4.5M	over a 5 year period
Improved HR staff productivity	\$3.0M	over a 5 year period
Reduced training travel, facility, and instructor costs	\$7.0M	over a 5 year period
Reduced print/copy/mail fees	<u>\$0.3M</u>	over a 5 year period
Resulting in savings of	\$14.8M	with Learning & Performance

Source: CedarCrestone (available at www.cedarcrestone.com/research)

Engage the Workforce

Improve Productivity & Lower/Contain Costs with Workforce Communications

Challenge



Does the workforce really understand our policies and goals?



How do I gauge workforce product or service preparedness?



Do I really know if morale is good or bad?



I need to cut costs – which programs are successful and which ones aren't?

Solution

Workforce Communications

NEW HIRE SURVEY

Pre-Employment Questions

How were you recruited to GBI?

Employee Referral
 External Recruitment Agency
 GBI Staffing Department
 Hire
 Other

How satisfied were you with the number of interviews with GBI?

Extremely Satisfied
 Somewhat Satisfied
 Very Dissatisfied
 Very Satisfied
 Dissatisfied

- **Deliver messages to targeted workforce groups**
- **Capture workforce feedback and take action**
- **Gain program insight and quantify success**

Benefit

- Reduce risk of non-compliance
- Improve productivity through increased employee engagement
- Identify over/under performing areas
- Identify workforce segments requiring additional training / development
- Reduce program costs by understanding needs
- Ensure right decisions are made in tough times

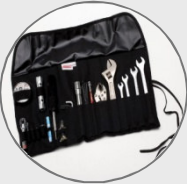
Develop Future Leaders

Grow Workforce Capabilities with Learning and Development

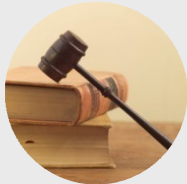
Challenge



Increasing number & complexity of global HR requirements



Poor visibility into current and future training needs



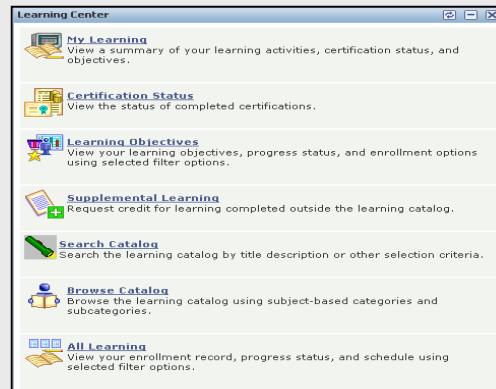
High cost of compliance and certification



Inconsistency in business processes create unnecessary risk

Solution

Oracle Learning Management Solutions



The **best way** to . . .

- **Improve workforce skills**
- **Increase workforce knowledge**
- **Ensure workforce compliance**

Benefit

- Quickly roll out training to a global employee base that ensures requirements are met
- Analytics provide corporate and local understanding of skill gaps and remedies
- Reduce costs and risk with improved regulatory compliance by automating certification notifications
- Ensure workforce is trained on the latest process changes and in alignment with corporate objectives and legal requirements

Oracle Helps Increase Productivity and Contain Costs

 <p>GENPACT Global Business Impact™</p>	Lowered training administration costs by 15%	 <p>Datacard Group</p>	Saved \$10M in one year via end user training
 <p>Michaels THE ARTS AND CRAFTS STORE®</p>	Ensuring optimal pay-for-performance within budget	 <p>Defensie Netherlands Ministry of Defense</p>	HR shared services saved \$94M annually
 <p>بنك الامارات Emirates Bank</p>	Cut performance appraisal process by 75%	 <p>COX</p>	Reduced TCO, more informed decisions across HR lifecycle
 <p>Lloyds TSB</p>	Achieved 30% ROI within 18 months	 <p>AstraZeneca</p>	Reduced HR support calls by 30%

Alegent Health Reduces Time to Prepare Open Enrollment Packets by 250%

COMPANY OVERVIEW

- Largest non-profit, faith-based healthcare system in Nebraska and southwestern Iowa
- Industry: Healthcare
- 8,400 employees

CHALLENGES/OPPORTUNITIES

- Consolidate disparate human resources (HR) systems
- Improve efficiency and reduce costs by automating processes
- Increase customer service levels

SOLUTIONS

- PeopleSoft Enterprise Human Capital Management, Self-Service, Benefits Administration, Payroll for North America, eRecruit, Position Management, Training Administration, eDevelopment
- Financial Management

CUSTOMER PERSPECTIVE

“PeopleSoft Enterprise Human Capital Management has allowed us to improve the quality of service to our customers — doctors, nurses, and other staff — while reducing cost and improving efficiency.”

Kristi Cash, Human Resources Management Systems Manager

RESULTS

- Streamlined HR system, automated processes, and eased regulatory compliance
- Saved \$30,000 to \$50,000 a year - despite an increase of over 1,500 employees - through online benefits enrollment and onboarding
- Saved US\$40,000 per year by providing online checks instead of printed checks
- Reduced time required to prepare open enrollment packets from 2,000 to eight hours
- Improved customer service by automating communications processes and redirected HR resources to value-added activities

HP Lowers HR IT Costs by \$50M With Oracle's PeopleSoft HelpDesk



COMPANY OVERVIEW

- One of the world's leading technology companies
- Fortune 14 in US, Fortune 41 globally
- Industry: High Technology
- Employees: 320,000 in 170 countries
- Revenue: US \$118.4 billion

CHALLENGES / OPPORTUNITIES

- Transform from a transaction-centric to a service-centric support organization
- Utilize one global system and standardize business processes
- Gain visibility and more accountability
- Reduce service costs and training

SOLUTIONS

- Oracle's PeopleSoft Enterprise HCM Suite
- Oracle's PeopleSoft HelpDesk for Human Resources
- Oracle's PeopleSoft Employee Self-Service

CUSTOMER PERSPECTIVE

“Oracle gives us a tight pulse on service needs – so we can use knowledge to drive innovation. HelpDesk for HR was the only solution that could give us an unmatched 360-degree view.”

–Vyomesh Joshi, Imaging
and Printing Group

RESULTS

- One global deployment of HR Help Desk and HCM
- Standardized HR service delivery policies and procedures worldwide
- Handle more than 12K HR cases per month
- Drive 95% of HR transactions via employee self-service
- Reduced HR service staff by 195 agents
- Lowered HR IT costs by \$50M per year



Cox Communications Reduces TCO with Oracle's PeopleSoft HCM



COMPANY OVERVIEW

- Third largest cable provider in the US
- High capacity, reliable broadband delivery
- Industry: Communications
- Employees: 22,000
- Revenue: US \$7 billion

CHALLENGES / OPPORTUNITIES

- Maintain trusted provider status in highly competitive telecommunications industry
- Rapidly acquire & empower the best talent to deliver the best customer service
- Integrate the complete employee lifecycle
- Streamline processes to gain efficiency, but maintain localized customer service

SOLUTIONS

Oracle's PeopleSoft Enterprise

- Benefits, Self-Service, Payroll
 - Learning Management
 - Candidate Gateway, Talent Acquisition
- Oracle Incentive Compensation

CUSTOMER PERSPECTIVE

“Using Oracle's PeopleSoft Human Capital Management solution, we have significantly reduced our total cost of ownership while proactively managing every aspect of the employee lifecycle.”

– Erin Govednik, Director HRIS

RESULTS

- Dramatically improved recruiting processes
- Provide easy access to top talent for hiring
- Streamlined employee processes for HR and enabled self service
- Ability to measure HR's performance against business goals, recruiting effectiveness, and payroll efficiency
- Better HR decisions from easy access to centralized data
- Simplified migration path to Fusion



Genpact Lowers Training Administration Costs by 15%



COMPANY OVERVIEW

- Leader in Business and Knowledge Process Outsourcing
- Largest BPO provider in India
- 26 operation centers across China, India, Philippines, Poland, Hungary, Romania, UK, US, and Mexico

CHALLENGES / OPPORTUNITIES

- Provide complete and consistent training for 10,000 new employees each year amidst rapid growth in a geographically dispersed organization
- Serve global clients in a single, unified fashion regardless of the location of delivery

SOLUTIONS

- Oracle Human Resources
- Oracle Learning Management

CUSTOMER PERSPECTIVE

“The Oracle Learning Management (OLM) system’s high level of configurability permits Genpact to optimize usage, resulting in approximately 20% less cost compared to the previous LMS in place. Genpact is now better positioned to manage and develop talent which is critical to the performance of our company.”

-- Steve Jolly, Vice President

RESULTS

- Achieved 20% cost savings
- Reduced overall training administration costs by 15%
- Reduced on-boarding time for new hires by 10%
- Improved capacity to manage and develop talent





Summary

- Current economic climate: a challenge & an opportunity
 - Leaders will capitalize
 - Clear winners and losers will emerge
- Target High-Impact Opportunities within Human Capital Management
 - Determine selective investments in technology
 - Quick ROI focused on Cutting Costs and Increasing Productivity
- Leverage existing investment
 - Which of these solutions do you already own
 - Look at the Oracle commitment to extending your HCM investment



ORACLE IS THE INFORMATION COMPANY