

Integrated Talent Management: Extending the Value of a Strategic Framework

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Integrated Talent Management: Extending the Value of a Strategic Framework

EXECUTIVE OVERVIEW

Although the need for talent management is critical, many organizations flounder when it comes to effectively leveraging a state-of-the-art technology solution. The primary difficulty lies in sharply diminished business benefits when organizations fail to take advantage of talent solutions that integrate fully with the core human resources (HR) system of record and with each other. As a result, organizations often miss a decided competitive advantage when it comes to areas such as user adoption, the optimal use of technology and employee development, which is so critical in the talent shortage. Often this failure stems from poor strategic planning and—as statistics show—selecting niche or siloed solutions a-la-carte.

An integrated approach is ideal for the forward-thinking organization expanding its talent management scope or for an organization exploring talent management for the first time. Real-time integration that optimizes all aspects of talent management can best be achieved with a solution from the same vendor that provides the core HR system.

Today's changing business landscape demands that HR aligns its processes, practices and strategies with business objectives. This demand can only be met by a comprehensive solution that effectively manages an organization's talent and the entire Human Capital Management (HCM) lifecycle together. An integrated talent management framework from Oracle delivers this success via a holistic view of talent. Oracle's single, modular, enterprise-wide system supported by a single data source provides consistent data and business processes and a uniform look and feel that together establish the foundation for insightful decision-making and profitability.

INTRODUCTION

The HR professional or department that excels not only solves specific business problems today, but also delivers the ability to address broader, more universal strategic challenges as well—thus building a solid foundation for tomorrow's success. A solution must have the scope to handle widespread business problems and encompass new business partners, corporate mergers, new markets, new technologies and more.

"It's helping us ensure that our performance management is more organized and more effective. It's giving us better quality and better control of our HR processes. That's particularly important in a large and fast-growing global organization—to be able to keep track of your people wherever they might be."

**—JoAnn Moeller,
VP of HR, Compensation, Benefits and HR
Information Management, Office Depot**

An integrated talent management framework can be defined as a secure, single-platform, workflow-driven system that leverages a single data model and is inclusive of the core HR system of record and all talent processes

An integrated talent management framework can be defined as a secure, single-platform, workflow-driven system that leverages a single data model and is inclusive of the core HR system of record and all talent processes. Integrated talent management—because it is by nature integrated—equips organizations with a broad range of functional and decision-making capabilities for strategically handling today’s and tomorrow’s business issues within a consistent, end-to-end framework. The system empowers the organization with insight, agility, efficiency and consistency in talent management.

This white paper describes difficulties and dangers organizations face when attempting to choose from among vendors’ solutions that are not native to the core system. The paper then describes integrated talent management as a holistic HR strategy and explains in detail the numerous advantages of Oracle’s integrated approach in terms of short- and long-term business value, functional advantages and technical value.

PROBLEMS LEVERAGING CORE HR AND OTHER HR APPLICATIONS

Niche vendors’ products might offer shorter implementations and dazzling user interfaces (UIs). However, their offerings introduce functional and technical issues that can keep HR from managing talent efficiently and making informed decisions as a strategic business partner. Problematic symptoms emerge such as the failure to find answers to strategic questions, diluted business benefits due to short-term fixes, unforeseen costs often connected to technology difficulties and other red flags.

According to Aberdeen Group, “Best-in-Class companies report a variety of planned enhancements to the functionality of their HR systems: it is important that these enhancements actually provide value, and aren’t just ‘whiz-bang’ additions. While robust capabilities and enablers can add a great deal of value, make sure that they are part of the mission of the organization, not just a new offering.”²¹

Too Many Strategic Questions Unanswered

Every executive should be able to use his or her organization’s HR technology solution to quickly answer the following questions:

- What are the organization’s goals, strengths and weaknesses?
- What critical skills does the organization need to meet its goals and be successful, and how are talent gaps to be filled?
- Is the organization prepared against the loss of key personnel?
- Does HR pursue the right candidates, and what kind of candidates does the organization’s culture automatically attract?
- What is the talent mix, and will today’s talent and the supporting talent management technology support tomorrow’s business growth?

- What methods of improving customer service are currently indicated by the organization’s talent management system?
- Is the organization ready for the next new product launch?
- Is the recruiting system fully integrated with performance, and can the organization measure the effectiveness of recruiting against actual performance down the road?
- Are point-to-point integrations required by the organization’s existing talent management system, and if so, how much time do upgrades take and how much are they costing the organization?
- Is the organization maximizing cost savings and minimizing the number of vendor licenses when it comes to talent management?
- Can key talent be identified, and is that talent being rewarded properly?

Without an integrated framework, no one can find all these answers—yet the answers are essential for profitability. Data silos and disconnects prohibit real-time communication across disparate but related functions such as planning, recruiting, performance, learning and compensation. Aggregate numbers are not available, forecasting lacks enough information to be viable and decision-making is foggy.

Short-Term Fix Tragedy: Diluting the Benefits of Core HR

When a specific problem, such as a skill gap or employee engagement issue, requires a rapid solution, decision makers must not be myopic. Too frequently HR fails to step back and ensure that the solution contributes to the comprehensive, end-to-end management of human capital from a talent perspective.

In reference to recruitment and succession concerns with top management, *The Wall Street Journal* states, “Companies are racing to find solutions, but most of them are making a crucial error: They’re treating these problems as separate issues.”²

Racing to a conclusion usually does not yield the right one. If a talent-related problem is quickly solved in an isolated way via a niche product, another problem will later emerge in other talent processes. This occurs because, when a niche product is present, true integration with other talent processes and with the core HR system is lacking. For example, a performance evaluation might show a below-average rating in a required competency, but the low rating does not trigger associated development due to the absence of integration and workflow continuity between the performance and learning solutions. The organization is therefore left with substandard performance capabilities and an unsupported and unmotivated employee. Similar difficulties will occur in subsequent processes, resulting in downstream operational inefficiencies and expenses.

Meanwhile, multiple solutions from multiple vendors result in multiple competency models, and each differs from the one in core HR—hence a heterogeneous collection of applications with vast duplication of effort. This error is more likely to

occur when HR is rewarded for rapid short-term solutions such as implementing a recruiting solution instead of longer-term results such as high-performance recruits.

When an enterprise resolves its performance issues, it should see the benefits flow directly into learning, career development and succession planning as a by-product of integration between applications and with core HR. However, even if an organization's information technology (IT) department works diligently to integrate a third-party niche talent management solution, the apples-to-oranges match is not 100 percent effective, so some functionality is inevitably lost.

Integration points are essential for realizing the business benefits of talent management. The following are some examples of how niche vendor products can dilute business benefits by failing to connect at critical integration points:

- A niche learning solution solves little if it cannot integrate performance gaps identified in a measurement process and if it does not supply the right learning for new hires in the recruiting system. This can result in a higher rate of turnover and lower performance scores for those recently hired.
- Performance analytics that identify high performers yet cannot indicate their recruiting sources diminish a major business benefit of analytics and cause an organization to lose valuable insight. Time and effort are wasted because recruiters are unable to narrow their searches to known high-yield sources.
- The enterprise that can do performance reviews but cannot connect performance to learning, succession planning and compensation cannot truly leverage the power of performance management. The result is a disjointed, incomplete picture of employees and their value to the organization.
- Without integration, recruiters are shooting in the dark. They do not know what salary offer is competitive in the marketplace without creating internal equity issues. Paying more for new employees in a given role means existing employees in that role will either leave and come back or hold out for what the market is paying.

Even if a niche vendor extends its recruiting offering into performance and compensation and calls it integrated, the absence of native integration with the core HR system depletes the business benefit. Often smaller software vendors that have grown via acquisitions do not have time or resources to rewrite code to create a seamless solution. They offer a “suite” in name alone, because their code and functionality are from disparate origins.

Ongoing and Hidden Expenses of Using Vendors A-La-Carte

Using products outside the original HR core vendor footprint raises total cost of ownership (TCO). Niche vendors in the talent management space introduce a number of expenses that can be both ongoing and hidden:

“Automating and consolidating our business processes with Oracle's PeopleSoft Enterprise Human Capital Management has cut through the operational 'red tape' previously engulfing the HR function.”

**—Marianne Jackson,
Senior Vice President for Human Resources, Blue Shield of California**

- Users must learn and remember a new interface for each product. If one niche vendor has purchased another, one solution could have two interfaces to learn. Time spent learning turns in to costs by hindering productivity.
- Language translations among disparate software vendors are not consistent, and even user preferences would need to be maintained multiple times. If the niche provider does not support the same languages as core HR, the user adoption rate is greatly reduced for multi-language organizations.
- Security logins require users to both remember and input a new user name and password for each product. This increases call volumes to HR and technical support as well as a loss in productive work hours.
- Implementation processes can be more complex for niche vendor products. In addition, the IT department must integrate disparate systems and train or obtain resources with the required skill sets for maintenance. Training or hiring additional IT staff to support separate products beyond the core HCM product line means needlessly duplicated effort and additional costs.
- Complexities involved in interfaces between systems from different vendors can increase the risk of losing data integrity, creating a potential expense in that area.
- An off-the-shelf product purchased quickly by an individual to solve an urgent problem might later be discovered as redundant or outside the main talent management strategy. An added expense, it therefore exists alone as a silo, requiring extra resources to transport data to the core system for reporting. The product might eventually atrophy from non-use, wasting all the time, money and effort invested.
- Siloed products can entail daunting software-imposed challenges, translating into costs. Each application has different infrastructure requirements and different upgrade cycles that require IT to repair point-to-point integrations.
- License and maintenance fees for a number of separate solutions are more costly and involve more time-consuming tracking efforts than dealing with a single vendor.

HOLISTIC VIEW OF TALENT MANAGEMENT

A holistic view of talent management enables HR to address urgent problems in the context of a roadmap where all aspects of talent management fit together long term. HR decision makers must be cognizant of what the organization's ideal, full-fledged solution should look like down the road—even if there is only budget for a small entry point into talent management today.

Denmark's largest bank, Danske Bank, has assets in excess of \$500 billion. Lars Mørch, executive committee member and head of HR at Danske Bank, believes in the importance of strategy. "You need to have an idea of what you want to accomplish for your business and the ways better management of people can help

you achieve that,” he states. After establishing the HR roadmap, “that’s when you can determine what technology you need—and then the technology becomes a tool to help you achieve your strategy.”³ Realizing this overarching strategic vision requires an integrated approach and highly capable, flexible technology tools.

Ideal Solution: An Integrated Framework

According to *The Wall Street Journal*, “To meet the challenge, companies must rethink how they hire, train and reward their employees, placing those tasks at the heart of their business plans. In doing so, they have an opportunity to address all these separate problems with a unified plan, rather than waste time and resources attacking each of the issues individually.”⁴

An organization that chooses integrated talent management—whether it is Oracle E-Business Suite or PeopleSoft Enterprise Talent Management—receives the entire talent management framework in a modular form with out-of-the-box integration of HCM processes. Multiple integration points create visibility across lines of business. This enterprise-wide framework delivers consistent processes, line-of-sight visibility and greater usability. Only such a fully integrated approach can supply a holistic view of talent management from a process perspective.

An organization might have all the modules in the framework, or begin with one or more modules and build from there. As HR leverages the framework, effectiveness increases. With respect to HR’s success using technology to meet objectives, CedarCrestone states, “We have seen levels of success rise the longer solutions are in place.”⁵

The modules, which integrate seamlessly and natively into the framework, are as follows: planning, recruiting, performance, learning, career development, succession planning, compensation, and measuring and reporting.



Figure 1. Employee development is crucial with today’s talent shortage, and a holistic view gives HR the advantage by encompassing current and future talent across all HCM processes.

A holistic view powered by an integrated system is essential for optimizing results from the talent management lifecycle. Increases in employee engagement levels, performance improvements and productivity are the result.

Integration as the Foundation for a Holistic View

The hub-and-spoke model (Figure 1) shows how the modules communicate with each other and with the HR core. From a business perspective, it is integration that enables HR to track and manage an employee's changing data, event triggers and overall progress across all HCM processes. Achieving optimal results from spanning multiple business processes is only possible through native integration.

The goal of an integrated system is to seamlessly connect skills and competencies, learning objectives, performance and succession planning data, employee development plans, training metrics, and financial tracking information—all without the loss of data. Integration is not seamless if IT must build point-to-point integrations or if there is a separate place to define a job, person or goal. This is inevitable with third-party vendor products.

Where earlier they claimed to be specialists, many niche vendors are now touting solution suites. Clearly they too see the need for a holistic view. Yet a unified, modular, integrated system is nearly impossible with products from a collection of vendors—particularly with the potential of piecing together eight different integration designs for the eight HCM business processes.

Driving from the core HR engine and managing the different functional areas is clearly more efficient than attempting to work from the outside in via niche vendors. Working from the inside out also helps establish best practices. Integration points in the performance module enable recruiters to link back to the recruitment source of top performers. Similarly, HR can incentivize recruiters based on the quality of a recruit instead of the speed of filling a position, which improves the level of talent coming into the company.

More Than Just Processes

The rich functionality of HR applications is of great value—and the framework itself offers more than meets the eye. The following essentials are included in Oracle's talent management framework: self-service, portals, user content, knowledge-based content from the HR helpdesk, single sign-on, always-current organizational structures driving workflows, event triggering, data and business process integration with core HR, and much more. A niche vendor does not have such a holistic offering.

In addition, the integrated talent management framework is not just for talent management. It can also be leveraged for business intelligence, because it enables companies to cut across lines of business and establish a process flow that tracks

Talent Management Vendor Criteria

Many claim to be talent management vendors today, citing increased employee engagement as a benefit. Organizations examining new talent management vendors should ask themselves these questions:

- **How long has the vendor been in business?**
- **How large is the vendor, and what is its financial health and position in the marketplace?**
- **What major clients does the vendor serve successfully?**
- **If the vendor has acquisitions, do products have multiple interfaces or are they consolidated under a single interface?**
- **How far into the future will this vendor be around to design new features that serve changes in the organization and marketplace?**
- **Is the vendor's solution configurable for global markets?**
- **Has the vendor invested more in stylized interfaces than in useful best-practice functionality?**

talent across acquisition, performance and development activities, thus improving decision-making capabilities across the enterprise.

BUSINESS VALUE OF AN INTEGRATED TALENT MANAGEMENT FRAMEWORK

Oracle's integrated talent management framework is an enterprise-level, sustainable solution with immediate and long-term benefits across the organization. The framework provides many advantages that equip HR to meet current and future challenges:

- A stable foundation for a holistic view of talent that drives business results
- Support for the objectives of C-level management, thus reinforcing HR's role as a strategic partner and advisor
- Improved decision-making capabilities due to better, more accurate information sourced in real time from the HR core
- Configurable framework that supports both globalization and differentiation as an employer of choice
- Improved business opportunities and relationships with customers, suppliers and other business partners

Integration and Business Results

As shown earlier, a holistic view of talent is impossible without an integrated framework. According to a senior financial executive at a large U.S. technology firm, the better the integration among disparate activities like recruitment, payroll, benefits, training and performance, the better an organization will be at workforce planning and management, as well as worker motivation. The degree of integration is directly related to organizational effectiveness.⁶ Integration also frees time for HR to work on its strategic focus.⁷

The most significant benefit of an integrated approach, however, is bottom-line results. A study by CedarCrestone, Inc., revealed a strong correlation between companies showing operating income growth and those with at least one talent management application from the HR core vendor.

According to Lexy Martin, director of Research and Analytics at CedarCrestone and lead author of the CedarCrestone HR Systems Survey, "We analyzed each respondent's talent management approach as to whether or not it was integrated. We defined integrated as having two or more talent management applications from the same vendor that provided a respondent's underlying core HR management system—an ERP vendor. Approaches that were not integrated included best-of-breed solutions, with two or more talent management applications from recognized best-of-breed vendors (not from the ERP vendor), and mixed approaches, which had two or more talent management applications with at least one from the ERP vendor and at least one from a best-of-breed vendor. We had used Gartner and

Forrester reports to identify best-of-breed vendors. We then looked at operating income growth from the last two years. We determined that for organizations with an integrated or mixed talent management approach, operating income growth was significantly higher than for those that had chosen a strictly best-of-breed approach.”⁸

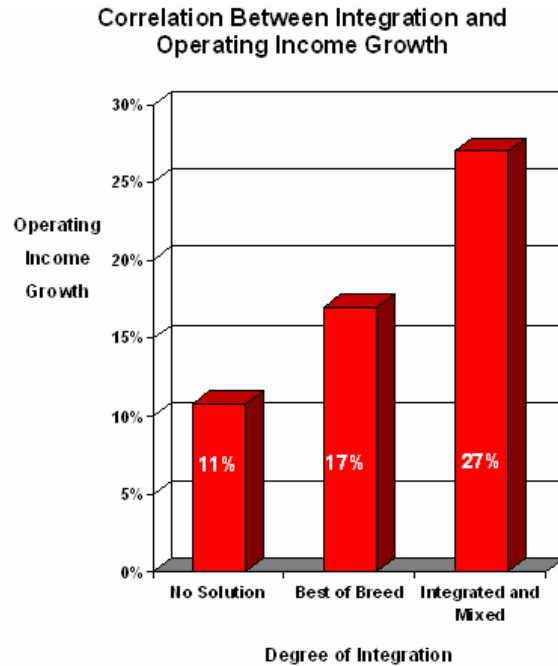


Figure 2. A CedarCrestone study revealed a strong correlation between organizations with integrated or mixed talent management solutions and operating income growth as measured over a two-year period. The “integrated and mixed” category covers organizations with all talent management applications from the core HR vendor or with at least one from the core HR vendor.⁹

Strategic Partner Position: CEO, CIO and CFO Perspectives

To function as a strategic partner, HR must incorporate the perspectives of decision makers in top management. The buy-in of the following individuals is critical, and Oracle’s integrated talent management framework meets each of their needs.

- **CEO:** The talent shortage makes recruiting, retention and career development of key professionals a primary concern. Talent management should also minimize risk while supporting long-term growth, ensure the smooth rollout and execution of new strategies, help achieve business objectives by cascading them down through the organization, maximize performance and return on investment (ROI), improve efficiencies and productivity, provide meaningful analytics, promote single-vendor accountability and deliver world-class service to employees.

- **CIO:** To conserve time and resources, CIOs prefer that the solution and all underlying technologies are supported by only one skill set. Single-vendor accountability is also important to avoid support gaps. Out-of-the-box integration is ideal, and all components should be on a single stack and upgrade easily and simultaneously. There should be one data structure underlying all analytics and reporting. The focus should be on the solution, not multiple interfaces and time-consuming point-to-point integrations, and the enterprise should not be locked into outdated technologies. Talent management should accommodate future system requirements, incorporate best practices, minimize risk and remain flexible and adaptable.
- **CFO:** The CFO prefers not to have multiple licenses because they can be expensive. In addition, managing vendor relationships is complex and time consuming. A single source and cost containment from a best-practice solution are important. Leveraging existing technologies, platforms, integrations and skill sets should minimize TCO.

Talent Assets and Leveraging the Core HR System

According to Aberdeen Group’s competitive maturity assessment, 77 percent of organizations with best-in-class performance have a central, readily accessible location for HR record storage.¹⁰ Such a location, the central data repository, resides within the core HR system of record. This data store holds a complete, current inventory of a company’s talent assets (often called a profile). The repository serves a critical purpose by maintaining employee attributes, competency models and other data in a single location that supplies up-to-date information in real time across the enterprise.

Having a talent management system from the same vendor as the core HR system is of great value. Every module in the framework, from planning to reporting, can source from the central data repository in the core. HR therefore is able to confidently build its day-to-day operational success and decision-making capabilities upon a consistent, reliable, predictable foundation. The central data repository is indispensable for a number of reasons:

- Job candidate information and other recruitment records are located here.
- HR can view talent assets at an individual level to see what skills, experience and training each employee brings to the table or needs to acquire.
- Talent can be viewed enterprise-wide at an aggregate level so HR can evaluate existing skill sets and decide how to fill current and future skill gaps.
- Other applications can leverage the data, as in cases where a customer relationship management (CRM) system routes calls to the right internal person to answer a question.
- HR can generate a wide range of useful analytics and reports.

“What they [the lines of business] tell us is that they feel we have excellent processes and tools and that they like our service technology—like the self-service aspects of HR processes....We see they view us as a partner, which is what we strive for.”

—Mary Massung,
VP of Unisys University,
Unisys Corporation

Talent products from outside vendors might modify data in their own competency models, but data feeds are not in real time, nor are they accurate. A third-party talent management solution lacks real-time data from the HR core because it is not managed in the same instance, so reporting and analytics are error-prone. The absence of real-time processes means niche providers will fail when it comes to workflow approvals, thus complicating the problem even more. Without the core HR system of record, niche vendors can only create subsets of data within the talent management realm that are wasteful—so these subsets become obstacles to success for HR.

Global Capabilities: Configurable Service Across Cultures

In today's global economy, only a configurable, integrated talent management solution is practical. Oracle's integrated talent management framework offers extended best-practice global capabilities, allowing an enterprise to configure the system for different countries and cultures.

Even a company that is not global today might be so in the future. For global operations, HR must address international concerns such as these:

- Countries and their laws and regulations
- Languages and currencies
- Cultural norms and local practices

For example, in some countries a job offer letter is sent after successful completion of references, and in others a letter is sent beforehand. Processes such as recruiting, performance and learning have a strong cultural aspect, so configuring them is important. Most niche vendors cannot approach the level of configurability required to meet culture-specific requirements.

Integration starting with core HR is absolutely essential for consistent, streamlined administration across global locations. In addition, the ability to translate information into local languages and present it to audiences around the world—and receive back the desired HR data and information re-translated into the core HR language—is critical for talent management.

Configurability delivers other benefits as well. For unregulated aspects of talent management, the fact that organizations can configure the framework enables them to differentiate themselves, emphasize a unique culture and become more attractive employers for targeted prospects. “Integrated, scalable HR applications and processes can promote a consistent culture, plan and strategy without compromising local nuance and effectiveness.”¹¹

Business Opportunities and Relationships

One of the imperatives of the knowledge economy is that the entire value chain—including employees, suppliers, customers, partners and distribution networks—is incorporated into talent management. An integrated talent management framework

“Oracle's Human Capital Management Solution enables Emerson to leverage best practice HR processes to take advantage of Oracle's software capability. Greater data integrity and improved functionality are key drivers to support Emerson's global business strategies. Oracle's global network capability definitely makes it the leader in the marketplace.”

**—Mike Rohret,
Vice President of Employee Relations,
Emerson**

strengthens business opportunities and relationships across the extended enterprise by quickly integrating new customers, partners and suppliers to ensure rapid, real-time knowledge transfer. Learning offerings can extend beyond traditional corporate boundaries to better educate distributors, installers and service providers, thus improving supplier and partner skills and increasing customer satisfaction.

FUNCTIONAL CONSIDERATIONS: BEYOND THE USER INTERFACE

A system's UI should resonate with the entire user base without being a speed bump in the road of task completion. An integrated talent management framework facilitates productivity by being user-friendly and highly functional.

Adoption Rates and Usability

When users must learn a new interface or make adjustments to move from one task to another, adoption rates and usability decline. If a new interface is introduced, it is also questionable whether an employee will use that interface at all.

Integrated talent management provides a uniform, intuitive interface across every HCM process. Therefore user adoption is rapid, and there is no new learning curve for taking on new modules. A familiar look and feel also reduces training costs. Productivity increases because no time is wasted from multiple logins or efforts to adjust between differing interfaces.

Retention is an organization's number one weapon against the talent shortage. Niche vendors might claim to offer "a better user experience," but they require employees to re-create their entire profiles due to the absence of real-time touch-points with core HR. This is time consuming, and it can be an irritating task for many employees. Continual adjustments to new passwords, different UI layouts and the inconsistent presentation of tasks could also damage an employer's professional image and hinder retention.

Built on a Legacy: Continuous Investment in HCM Best Practices

"What-matters" functionality outweighs the allure of a pretty interface. Organizations interested in maximizing performance, productivity and profitability use the same functional, efficient UI across all talent management applications.

Niche vendor products might offer a look and feel some end users like, but this comes at the cost of development resources. Trendy features, glitz, and bells and whistles could become tiresome or outdated, communicating the message that HR does not understand its users. Some capabilities might seem important today but become useless in the face of best-practice business processes.

Occasionally a niche vendor offers a valuable, specialized feature not available within an integrated talent management framework. It is crucial to remember that development is continuously progressing on the capabilities of the framework. Therefore, it is likely that same feature will come available with the framework in the near future—if the feature is part of a best practice.

"When someone moves from one business to another, they don't have to learn new systems and processes."

**—Dr. Santrupt Misra,
Global Head of HR and CTO,
Aditya Birla Group (ABG)**

TECHNICAL CONSIDERATIONS AND IT EFFICIENCIES

The technical value of Oracle's integrated talent management framework lies primarily in native, out-of-the-box integration with core HR and among talent management modules and other HR functions. Integration is supported by a common platform, all from a single vendor. From that base, complex connections between legacy systems, multiple enterprise applications, newer technologies and partners are easily created and maintained.

A single application structure supported by one set of staff, the framework meets the needs of CIOs and IT department heads, helping increase efficiencies and conserve resources. Many other benefits—including simultaneous upgrades and an efficient, effective security structure—are enabled by integration.

Packaged Integration

The degree to which talent management is integrated is directly related to an organization's ability to meet business objectives and limit internal maintenance and support requirements. For the purposes of this paper, technical integration can be defined as a common UI, security model, and reporting and analysis platform delivered out-of-the-box with all touch-points completed. Oracle's integrated talent management framework delivers every element in this definition and more. The hub-and-spoke model (seen earlier in Figure 1) means a new application integrates into the hub once, leveraging all existing connections instead of requiring new ones.

The framework can offer more than 1,600 data elements maintained as integration points. In the following hypothetical business case, integration efforts can be quantified based on estimates to design, build and test an integration similar to that received with the framework. Each integration involves fixed and variable time based on the number of messages involved:

- 15 days (fixed time) x 12 integrations (1,606 elements) = 180 days
- 108 messages x 1.5 days = 162 days
- TOTAL = 342 days

Assuming a conservative \$100/hour in labor costs, the initial design, build and test would cost \$273,600. Every time the core HR system or a module changes, IT must test the integrations, make necessary modifications and re-test. Assuming changes occur every two years due to an upgrade and 40 percent of the initial effort is required for maintenance, the resulting expense is \$109,440 every two years.

Summing up, integration costs during an investment period of 10 years would total \$711,360 in today's dollars, or \$1.5 million adjusted for time valuation. This is money that does not need to be spent when leveraging E-Business Suite or PeopleSoft Enterprise Talent Management and taking advantage of the ongoing support provided by maintenance contracts. Otherwise, every integration would be an in-house expense or would be impossible because of differing data models.

Tremendous Cost Savings

Integration costs during an investment period of 10 years could total \$711,360 in today's dollars, or \$1.5 million adjusted for time valuation. This is money that does not need to be spent with an integrated talent management framework.

Simultaneous Upgrades

With an integrated system, all framework components—including modules and core HR—upgrade simultaneously. If niche products are involved, on the other hand, random upgrades of individual components multiply, requiring painstaking point-to-point integrations for each data feed. Niche products mean an increase in labor costs, and potentially hardware and software costs could rise as well. These are a few of the many reasons adding a niche product is risk-laden.

Common Security Model

Aberdeen has found that one of the requirements for achieving best-in-class performance is to “recognize the importance of the data contained within an HR System, and work to secure it.”¹² Security is an IT issue with a powerful impact on business value and productivity.

Oracle’s integrated framework provides the following security benefits and more. Easy to set up and maintain, they apply across all HR modules and functions.

- **Login security and single sign-on:** Users sign on once within a secure environment and are automatically authenticated for all applications they are allowed to access.
- **Security roles and permissions:** All modules and functions in the framework tie into a single interface from which to set up security roles and permissions, which can be viewed at a glance. Users see and access only what their individual roles and permission levels grant them.
- **Workflows and approval processes:** Defined and set up at the same time as security roles, workflows and approval processes ensure proper task routing among departments. For example, a job requisition might need approval from a regional recruiting administrator and then by the department VP.

The above do not apply to any niche products in a system. These make duplication of effort inevitable because each feature must be created, used and maintained separately. The risks of security gaps and breaches also increase when adding niche solutions. Single-vendor accountability within the integrated talent management framework means every application has the same security architecture, reducing administration efforts, speeding roll-outs and improving overall system security.

CONCLUSION

Due to hasty decision-making or lack of information, an HR organization might add a niche offering to the core HR system to solve a talent problem. The product then fails to integrate or integrates poorly with core HR and other HR applications. As a result, HR loses decision-making accuracy, workforce awareness and the ability to leverage consistent data across business processes. Multiple competency models, loss of functionality, poor user adoption and system disconnects diminish the impact of HR’s efforts to manage talent.

Oracle's integrated talent management framework solves immediate people-problems while establishing a foundation for resolving critical issues on an ongoing basis. Some of the key issues addressed include driving productivity and profitability, maintaining alignment with business objectives and optimizing overall organizational performance. Native integration and a single data source equip HR with consistent employee data and information, enterprise-wide line-of-sight visibility and insight for decision-making. The framework also solves the plethora of technology problems that plague organizations with a heterogeneous mix of vendors.

Oracle's framework empowers HR practitioners as strategists so they merit an influential seat at the executive table. Integrated talent management is an effective solution for today and an extensible solution for tomorrow. Instead of scrambling for short-term fixes, HR can now establish lasting solutions and build credible, long-term strategies that support desired business outcomes now and in the future.

ENDNOTES

¹ Allison Stamm. *The Strategic Development of Core HR Systems: Helping Leaders Go Beyond Administrivia and Compliance*. Aberdeen Group, September 2007, page 15.

² Douglas A. Ready and Jay A. Conger. "How to Fill the Talent Gap." *The Wall Street Journal*, September 15, 2007. [online.wsj.com/public/article_print/SB118841695428712511.html], para 2.

³ Bill Millar. *Building an integrated talent management strategy*. Briefing Paper from the Economist Intelligence Unit, November 2007, page 8.

⁴ Douglas A. Ready and Jay A. Conger. "How to Fill the Talent Gap." [online.wsj.com/public/article_print/SB118841695428712511.html], para 3.

⁵ *CedarCrestone 2007–2008 HR Systems Survey, 10th Annual Edition*, page 19.

⁶ Bill Millar. *Building an integrated talent management strategy*, page 6.

⁷ Ibid.

⁸ Lexy Martin, director of Research and Analytics, CedarCrestone, Inc., interviewed by Oracle Corporation, December 2007.

⁹ Ibid. Illustration courtesy of Oracle Corporation.

¹⁰ Allison Stamm. *The Strategic Development of Core HR Systems: Helping Leaders Go Beyond Administrivia and Compliance*, page 2.

¹¹ Bill Millar. *Building an integrated talent management strategy*, page 19.

¹² Allison Stamm. *The Strategic Development of Core HR Systems: Helping Leaders Go Beyond Administrivia and Compliance*, page 2.



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