



HR in the cloud offers more than you think

Evaluating benefits beyond total cost of ownership

It's nearly impossible to avoid references to cloud technology. We continually hear about large numbers of companies moving to the cloud. Technological advances have unquestionably been an influence, as these organizations seek to move away from dated legacy systems, and toward solutions with more modern capabilities. Despite the speed of technology and mass migration to the cloud, some organizational and HR leaders remain uncertain about the implications and payoffs of making such a critical business decision in the midst of a chaotic business landscape.

Much of the cloud computing discussion has honed in on cost of ownership, flexibility, and innovation for the business. Those benefit alone make a strong case for many. For HR, the true value of cloud computing goes even further—it can help facilitate organizational transformation by simplifying day-to-day processes, increasing workforce insight and performance, and creating greater strategic advantage. The result is a more informed and enabled workforce, with significantly improved productivity and efficiency that aligns with the needs of the business. At a time when HR expectations continue to expand alongside constant change, rapid technological innovation is opening the door for new opportunities in human capital management.

Table of Contents

3 **Traditional benefits of moving
to the cloud**

5 **Additional benefits of HR
in the cloud**

9 **Moving to the cloud: opportunities
for HR**

Traditional benefits of moving to the cloud

Despite a cautious lag from some, there is no denying that the cloud is now accepted as a mainstream delivery platform. **PwC says** that the shift from on-premise to cloud-based HCM solutions is “a significant trend that cannot be ignored.” The majority of the business world has moved past a perception of cloud as a novelty to be used delicately for small scale workloads. Now, **cloud computing is being used by 65% of enterprises** for complex workloads. Additionally, it is expected that end-user **spending on cloud services could quickly reach \$180 billion**.

While it’s clear that many enterprises are moving to the cloud, there are still some concerned leaders wondering if the cloud is right for them and what the transition would be like. Ultimately, it’s important to understand the benefits derived from a shift to the cloud. And that begins first with a look at the more commonly discussed reasons and justifications for business and HR in the cloud.

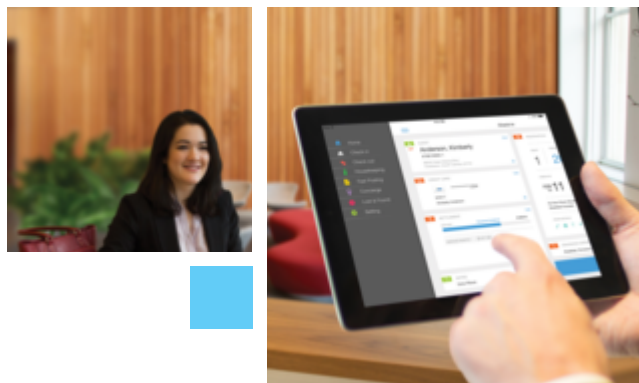
Lower costs

HR systems in the cloud deliver true costs savings to businesses by eliminating on-premise software maintenance, sensitive hardware, disaster recovery nightmares, disruptive upgrades, and expensive licenses. Gone are the days of costly installments; they’re now being replaced with more affordable subscription models where you only pay for what you need. Essentially, cloud software gets you up and running more quickly to increase your time-to-value, simplifies requirements for IT to improve efficiency, and overall, helps you avoid the costs and risks of traditional deployments.

84% of CIOs report a reduction in application costs following their move to the cloud, and 50% of cloud users say they have reduced their IT spending by 25%. But most enterprises realize that cloud offers more than cost reduction, and **only 14% say that saving money was their primary reason** for moving to the cloud, while more than twice that number singled out agility.

More agility

Choosing a cloud-based HCM platform creates the opportunity for a business to build greater agility and flexibility. Today’s workforce is mobile, often dispersed, and requires instant access to critical information and tools to remain productive. At the same time, HR itself may be working out of different locations and require an easy way to access, manage, and respond to workforce requests. The cloud not only provides the access and self-service teams need, but also alleviates stress on HR.



[Entrepreneur.com points out that](#) to deliver access to the workforce is to enable the workforce:

“Possibly the biggest benefit of moving portions of HR to the cloud is the ability to access work-related software or information from any device, anywhere, at any time. Adopting cloud-based HR solutions empowers employees, plain and simple, by giving them more flexibility to access information.”

It is unrealistic to think that all HR teams have the capacity and luxury of dedicated IT resources. Cloud technology gives HR the functionality it needs without requiring on-site expertise. And cloud HCM solutions can align with corporate strategy and needs to avoid reliance on traditional physical networks. At the same time, IT can transform into a more strategic business partner with a lighter burden. [32% of enterprises say business agility is a motivator for moving to the cloud](#). That’s no surprise since [more agility can mean more productivity](#), which is of great interest to business leaders.

Increased innovation

Agility is a true competitive advantage, but the cloud also supports a greater ability to innovate. Over 40% of respondents in a [PwC survey](#) said innovation was a primary motivator in their decision to move to the cloud. Their reasoning was based on the fact that the cloud allows them to adopt software innovations more quickly. When software improvements are made or features added, cloud technologies are automatically updated without disruption, so the organization is always current with the latest technology. The ability to reconfigure in real time to match changing organizational goals is valuable, and the time-consuming and expensive practice of manual upgrades is eliminated. This means the cloud can help you use innovative functionality more quickly and cost effectively than ever before—and encourage new ideas across the business. Organizations can now take on more risk and explore new business opportunities without being limited by the need to add expensive infrastructure.

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Additional benefits of HR in the cloud

HR's breadth of responsibility across the organization now requires expertise and oversight that includes more domain coverage than ever before. This new role tends to make HR less efficient and takes them away from a strategic focus of helping grow the business. HR is trying to not only increase its value and organizational contribution, but also keep pace with changing demands and requirements. Cost savings, agility, and innovation build a strong business case for cloud technology. But there are broader benefits available, especially for HR as it continues the journey to enhance its value and take on a larger role to help drive business objectives. It's becoming clearer that while HR was originally hesitant, it now is moving more confidently toward embracing cloud computing. Here's a glance at additional reasons why HR in the cloud makes sense.

Greater security

HR's early hesitations about the cloud included concern around sensitive data and security, and the idea of personal information offsite. Some business leaders are still uneasy with the idea of cloud security and infrastructure. Who can blame them, when corporate security breaches are announced publicly on a regular basis? While many accept that the cloud provides cost savings and greater agility, security has been more obscure, creating questions about off-premise data and applications. However, the maturity of cloud computing has increased substantially and so has the knowledge and understanding about modern cloud security. Now, nearly 90% of organizational leaders believe that their [existing cloud systems offer above-average security](#).

The reality is that while keeping data secure may appear to be one of the toughest challenges HR faces, the cloud addresses that seamlessly. Security of personal and proprietary data is expensive to manage correctly, but it's also a primary function of the infrastructure within cloud-based companies. That's because software providers in the cloud are tasked with strict data protection and privacy standards, as well as ongoing education and certification for its staff on the latest cloud security threats and ways to identify and protect against them. Cloud vendors have become the de facto experts at securing data and would quickly be abandoned if data was not under constant analysis to make it immune to the latest viruses, and made as hack-proof as possible.

Cloud vendors typically offer a much higher level of data center and virtual system security than most organizations can or will build out on their own. CIO.com reports in the article [The Top Five Myths of Cloud Security](#) that when they asked industry leaders about security, a strong majority agreed that "... compared to your organization, cloud providers have greater expertise and more technical staff." Leading cloud providers have made massive investments in the most advanced security tools and procedures available, which companies can benefit from.

It's telling that the world's most security-focused organization, the U.S. Central Intelligence Agency (CIA), has a [\\$600 million contract for cloud services](#) with Amazon® Web Services (AWS). The agency rarely reveals what drives its security priorities, but one can conclude that cloud technology satisfies security demands at the highest possible level.

The bottom line on security? Cloud-based computing that purposefully considers application, network, operation, monitoring, and physical security measures is often more secure than on-premise computing for businesses.

Deeper insight

Technological advancements are creating enormous amounts of digitally collected information (Big Data), but many organizations are struggling to organize and apply this data in a meaningful way. Data analytics, business intelligence tools, cloud environments, and other new-generation technology have moved from heavily discussed trends to real solutions that use algorithms to help businesses review these large data sets from across the business, and then translate that data into actionable and predictive insights and recommendations. The growing practice of evidence-based decision making, compared to past reliance on intuition and gut feeling, is presenting the organization, and especially HR, with numerous opportunities.

And, even as these benefits have begun to come into focus, HR departments have been slow to accept and implement these new tools and technologies. **One survey showed** that just 14% of HR departments are currently using data analytics. That compares to 77% of operations organizations, 58% of sales organizations, and 56% of marketing organizations. There are myriad reasons. Legacy systems can be a messy tangle of outdated technology with data fragmented throughout multiple applications that are poorly integrated and dispersed across an organization. And this lack of technology, system integration, and enterprise-wide visibility may have tarnished HR's credibility enough to stymie or slow internal acceptance of a more data-driven approach.

By addressing these gaps, HR can become a powerful force for change by showcasing the impact valid data-based decisions can have on people, operations, and the bottom line.

New talent management tools that embrace not only predictive analytics, but also talent science can help HR continue to build a position of value in the organization by providing a disciplined approach and methodology for connecting the dots between employee data and business results, to show what happens when people strategy meets business strategy.

With a new generation of science-driven tools, the ability to predict a match between an employee and her capacity to deliver against business strategies is no longer solely reliant on judgment and intuition—it's now validated through a framework of insightful behavioral data, leading to a new era of workforce intelligence, effectiveness, and engagement. Cloud computing enables the collection of data, but most importantly the analysis and easy access of data which produces greater actionable insight and performance. HR is in a great position at this moment to use data to help drive better decisions making in HR, and also empower decision making at all levels of the business.

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Better engagement

One of the biggest advantages an organization can have is a dialed-in workforce that is fully immersed in both its short-term and long-term goals. With a challenging and competitive global marketplace, profitability and growth require engaged talent. Yet, **only 30% of the American working population is fully engaged**. Every business leader knows that disengaged employees are drags on productivity and morale, but leaders may not connect these negative aspects to a monetary loss. In the United States alone, the lack of employee engagement is calculated to cost the nation between **\$450 billion and \$550 billion per year**.

Enter Millennials. In a little over a decade, **Millennials are expected to make up 75% of the global workforce**. For enterprises to compete effectively now and in the future, it is imperative that they hire the most skilled and tech-savvy Millennial workers. But Millennial candidates must be engaged differently than other employees, and it must certainly include considerations for technology. Millennials place great emphasis on a flexible, mobile-friendly work culture. The cloud enables this by allowing workers to access and share files, data, and applications from anywhere and from multiple devices. The cloud also facilitates collaboration and the use of social media, two other areas of technology valued by Millennials that can be leveraged effectively in the enterprise. When it comes to mobile and social, Millennials expect anytime, anywhere accessibility and easy-to-use, attractive applications. To fully engage Millennials, business should choose workplace systems that reflect familiar technology and collaboration tools like the ones they see and use in their everyday life.

And all that means that creating a culture of engagement in the new global workforce requires better tools to drive collaboration, connectivity, and self-empowerment. In many organizations, legacy HR tools tend to have a narrow application, only benefiting HR or managerial levels with access to systems and data. Now, as consumer technology influences HR technology, businesses can broadly apply innovative tools to the entire workforce so the enterprise is connected in an integrated and relevant way. Employee-facing social and mobile tools that mirror what people use in their personal lives can make information and data accessible 24x7 and promote an environment where collaborative interpersonal experiences are strengthened and supported on a daily basis. The end result is a more employee-centric culture that can lead to greater job satisfaction and higher levels of engagement.



Simplified HR

We now live in a world where change is a constant competitive pressure for business. Managing shifting market and customer needs is a modern dance that requires an accelerated level of performance and preparedness in every area of an organization. The complex marketplace is littered with companies that either couldn't anticipate change or couldn't move fast enough to remain competitive when their more nimble peers chose innovation over stagnation.

HR should feel competitively pressured to operate at the same speed as the rest of the organization, not just in meeting the needs of employees, but also by assuming a leadership role in managing change and working to help simplify business processes. Although constant change and expanding responsibilities can create significant stress in the HR function, much of HR continues to rely on inefficient processes and systems—decreasing strategic focus. When change presents itself, it should resonate with HR as an opportunity to improve existing processes and systems, and at the same time, a way to address the need to simplify.

The cloud helps remove the stress placed on HR and positions it to be more strategic with the ability to increase efficiency and value, while focusing on business goals. Cloud computing systems do this in large part by automating previously manual processes—executing them more accurately, in fewer steps, and with greater insight.

Efficient simplification

In today's environment, simplification is a great benefit:

- **Simplify user experience:** User-centered design leads to better business outcomes by decreasing complexity and enabling users to learn faster, and in turn boost productivity, confidence, and happiness. Often, HR teams must be trained or certified on multiple software tools to be effective in all aspects of the job. Now, through cloud solutions that streamline day-to-day tasks and reduce vendors, the learning curve is shorter and the experience less confusing.
- **Simplify global support:** For many organizations, emerging markets and remote locations comprise the next great business frontier. However, capitalizing on those opportunities can be complex and expensive—getting the technical skills and equipment in place to establish operations is not a trivial undertaking. Cloud-based solutions allow businesses to rapidly establish a new presence or expand existing operations in virtually any region without having to physically be there, which substantially minimizes both capital investments and risk.
- **Simplify compliance:** Maintaining alignment with continuous changes in software, security, and regulations is typically complex, manual, and expensive. This is an area where cloud-based solutions offer extraordinary benefits to businesses eager to increase productivity and reduce risk. In a cloud-based SaaS world, security and compliance updates can be pushed out automatically to the entire organization as soon as they're available. Not only does this simplify the process of keeping systems up-to-date, it also ensures that everyone in the company has access to the most current information and tools to do their jobs effectively.

Moving to the cloud: opportunities for HR

Change is undoubtedly a double-edged sword for businesses—while it can offer unprecedented opportunity to drive topline revenue and improve efficiency, it can also pose big challenges for core operations and infrastructure. Change in today’s business and HR landscape comes in many forms—technology, workforce expectations, regulation, mergers and acquisitions, and geographic expansion. All provide opportunities for growth, but only if you’re in a position to capitalize on them.

The key to achieving the next level of success is to make change your friend, using it as an opportunity to improve policies, processes, and systems rather than being imprisoned by your current infrastructure. There’s nothing more frustrating than seeing a market opportunity and not being able to seize it. Or seizing the opportunity, then being unable to execute well enough to realize its full potential. Increasingly, cloud technology is being seen as an essential tool for turning change from a threat into an opportunity.

When considering cloud computing through the lens of change, HR should look beyond cost savings and agility and consider the broader day-to-day benefits. These tangibles for HR include securing data, sharing insight across the organization, driving greater workforce engagement, and avoiding noncompliance. And, the cloud can help elevate HR’s performance by reducing complexity.

Susan Galer of *Forbes* said, “Cloud-based HR is by definition focused on technology, but its impact on businesses and the people who run them is profound. Some organizations are held back by inertia, fear of the unknown or a desire to protect current investments—all valid concerns. But the biggest risk is missing out on the innovation cloud offers to HR and the entire organization.”

Why does HR in the cloud makes sense? Cloud is a business reality that HR must accept to help drive competitive advantage, and with it comes great opportunity to push the organization forward through chaotic change. HR’s acceptance of new technology can help the organization avoid a delay in moving to the cloud, and that reduces substantial risk.



Learn more about the benefits
of cloud computing for HR



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