

Human Capital in the digital age

How Fujitsu and Oracle are co-creating simpler and more powerful ways to make HR a focus for value in a rapidly changing economy



Introduction

'People are our most valuable asset' is *not* a cliché.

You can tell if an organization takes the phrase seriously by looking at more than its staff turnover statistics. If a business is driving innovation, getting closer to its customers, and adopting digital ways of working, then something is going right internally. And it's not just the board, or a few individual leaders – it's the team.

It's the job of Human Resources to go beyond people management and record keeping, it should contribute toward building successful teams, then work constantly to protect, nurture and refresh them. Modern HR must ensure that everyone has the tools, space and freedom to do their best work. Most importantly, HR must ensure that the people in those teams can develop their skills and carve out successful careers in ways that suit both their aspirations and personal needs.

And that's where the idea of 'human capital' comes in. One of the founders of modern economics, Alfred Marshall (1842-1924) put it very simply: 'The most valuable of all capital is that invested in human beings.' A simple but powerful idea. Capital can only be created by people. Even if it's

machines that do most of the work, we invented, built and manage them day-to-day.

People engage with customers. People make decisions. People are entrepreneurial. So, capital invested in things is only effective if people shape and direct those investments. Investing in wellbeing and development delivers business value. Gary Becker (1930-2014), the Chicago economist who popularized the concept of 'human capital' wrote, 'Economists regard expenditures on education, training, medical care, and so on as investments in human capital. They are called human capital because people cannot be separated from their knowledge, skills, health, or values in the way they can be separated from their financial and physical assets.'¹

In this insight guide we went to speak to three leaders who understand that truth and are putting it into practice. They're working with Oracle to transform Fujitsu's HR function across Europe, Middle East, India and Africa (EMEIA). And their goal is to leverage the benefits of cloud to allow employees to spend more time working in ways

that suit HR professionals to support people in agile, efficient and simple ways.

Simplicity delivers value because it enables HR professionals to get close to the people they serve and get things done. That, in turn, frees employees to do their best work in ways that suits their lifestyles and stay loyal, as well as attract new talent.

Our interviewees are:



Claire Findell
Head of HR



David Curran
HR Program Director



Adrian Hart
Vice President Human Resources

¹ Human Capital by Gary S. Becker 1975



Not employees, but customers: HR is a service not a function

“Transforming HR is not a technology project: It is change management. It is totally human-centric. That’s why engaging our people is at the heart of our project.”

Adrian Hart



Not employees, but customers: HR is a service not a function

Start with a clear vision of what your HR is for and what it should do, before you embark on a digital transformation journey.

Adrian Hart is in a taxi on the way to a meeting. The London traffic is – as always – slow as it pulses through the winding, narrow streets near St. Paul's cathedral. But Adrian has been working steadily on his tablet. "Many of our critical HR functions are available to me through this," he says as he puts his tablet away and checks his watch. The taxi driver assures him he'll get to his destination on time – he knows a shortcut. True to his word, the taxi suddenly changes direction and heads down a one-way, narrow street in the shadow of a newly built skyscraper.

"Transforming HR is not a technology project," Adrian states boldly. "Emphasis on 'not'", he adds. "You need to start by defining it as a change management project. Make it totally people-centered. At Fujitsu, we believe that technology must be human-centric. So, it's vital that we, as Fujitsu people, live by that concept. When we decided to transform our HR function in EMEIA, we were determined to engage with our people, and take them with us on the journey."

The taxi comes to a halt behind a delivery van. The cab driver sighs, but Adrian is calm. He's factored in the delays that are inevitable in a busy city. He checks his phone, then says, "We knew we had to do something about our HR in EMEIA. We had 37 countries all working in silos, doing things like onboarding new employees or sourcing laptops and phones in 37 different ways. It was inefficient, costly, and just didn't make sense in the digital age. We were working with our customers to enable digital transformation to overcome this very situation... but we weren't sipping our own champagne. That had to change."

'Sipping our own champagne'? Adrian smiles, "That's a phrase my colleague Claire Findell likes to use. If we don't deploy the right technologies, how can we ask our customers to deploy them? We need to practice what we preach. I'll let Claire define the phrase further. My role in this is to set the vision and to share it."

So, what is the vision?

"HR is a service. The employees are our customers. We must deliver the same kind of quality and accessibility that a commercial business in, for instance, the banking sector needs to offer not only to retain customers, but to delight them and attract new ones. Adrian's banking analogy is a simple but illuminating one. He explains, "Go back a decade and a bank's customers had to conform to the demands of a bank's organizational structure. Want to pay in money, you must find a branch, turn up between specific opening times, queue, fill in a form, and abide by bureaucratic rules. Digital has transformed that. Banks that were slow to adopt digital technologies, lost customers. Now all banks offer their services on our terms. Online, via smartphone, mobile, as well as in retail branches which have suddenly become much friendlier, human places."





So, HR needs a similar transformation? “Definitely. If HR is structured as a service that puts its customers first – HR professionals as well as the people they serve – then a company’s team will be better equipped, motivated, and productive. That’s what the concept of human capital means. Some might think it’s a slightly impersonal, perhaps too functional concept. But, I don’t. I see it as a way of helping us focus on what we’re for. What we are about. What we need to do each day to support our people.”

It’s both an entrepreneurial and a personal approach then? “It’s both. We set out to bring together 37 teams of people, large and small, and provide them with a cloud-based set of simple, effective tools which can be accessed on any device. We wanted to offer managers in every country the ability to self-serve key functions, so we could achieve a service that empowers everyone to focus on what matters, which is enabling people to flourish as well as function.”

Adrian links his team’s vision to the needs of an evolving business in a changing world. “If banks didn’t keep up with ever evolving technologies, they’d go out of business. If we don’t keep up with the changing generations of employees, we won’t have the talent we need to serve our customers. By simplifying our HR department and working with the capabilities that the Oracle HCM Cloud provides we can get that new talent onboarded

before they’re approached by a competitor. We can manage people across borders and time-zones. We can ensure there’s the right laptop waiting for a new starter or enable people to book leave or take time off without endless box ticking. That’s what will make our HR simply powerful.”

The taxi draws up at Adrian’s destination. He pays the fare, then checks his phone. He’s all set for his meeting. One last word? “It’s a sellers’ market out there. People are much more differentiated now. We need to work harder to get the best talent. HR must be transformed so it is agile and smart enough to keep our people happy and attract new talent to refresh our teams. That’s the service we provide at Fujitsu. We have to do it smarter and better, and that’s what Oracle is helping us deliver.”

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Adrian Hart



Champagne and crocodiles: Transforming HR with Oracle Cloud

“For us, it was move to the cloud or nothing. It was adopt, not adapt. We wanted to focus on our people and delivering results quickly. Simple.”

Claire Findell



Champagne and crocodiles: Transforming HR with Oracle Cloud

Claire Findell reflects on the experience of taking a transformation journey in partnership with Oracle.

"Adrian told you about 'Sipping our own champagne?'" says Claire Findell as she works at her desk in Fujitsu's London office. "It's a simple principle: you can only advise people to do something if you've done it yourself. There's an Ashanti proverb which I use in presentations that illustrates the point more dramatically: 'Only when you have crossed the river can you say that the crocodile has a lump on its snout.' I like that because it focuses on real world experience of problems and challenges as well as successes."

The proverb conjures up the image of a perilous journey full of dangers and suggests that when seeking advice about how to get to the other side in one piece, you need to talk to someone who managed to do it without getting eaten. That's how they know what the crocodile's snout looks like: they avoided danger. They are experienced, and you can trust their advice.

"When you embark on a digital transformation journey, especially one as complex as taking 37

different HR functions and forging them into one, cohesive, agile service, there are many crocodiles in the river – especially when you understand that we're talking about 28,000 people!" Claire's experience has been valuable. She believes that its initial success proves that Fujitsu's co-creation approach to enabling digital is both valid and completely effective.

"A modern HR system needs to be cloud based and highly responsive. The market out there is changing fast, and people's expectations are rising, and there's big competition for talent. Good people have choices, and if they're confronted with obstacles to getting a job – bureaucratic hurdles that don't seem to make sense – then they go elsewhere. It's that simple. And when they start work they don't want to spend their early days and weeks wrestling with HR protocols. They want to work! Put their talent into action. Gain experience. Get training. Get better at what they do. HR has to deliver that," says Claire.



Fujitsu's HR department across the EMEA region has previously suffered from fragmented practices and procedures. The company doesn't mind admitting it. "You have to be honest about the situation you're in," stresses Claire, "You can't hide from it. Confront it." The project's objective was to overcome the obvious inefficiencies that arose from 37 different ways of doing things. "We had to unify the function and achieve real-time control as well as visibility. That would yield the data we needed to understand not only who worked for us and where, but what they needed to be effective, and how we could streamline and simplify a whole range of basic processes. The objective was to make life easier for everyone, so they could focus on developing their own human capital and contribute effectively to the success of Fujitsu and its customers, now and into the future."

Was it just a matter of the right technologies and processes? "They are important but represent only 30% of the HR department's effort. 70% is around business change. It's about understanding the needs of both our HR professionals and end users, and then changing our business processes so we could adopt leading practices." Fujitsu often talks about ensuring customers have a broad ecosystem of partners to deliver a co-created solution that matches specific business needs and working with



Oracle has been key to doing just that. "It's exactly the point. We chose Oracle HCM Cloud and moved our HR functions to the cloud because it not only fitted our business model, but we trusted both Oracle's technology and its people."

So, it's a story of smooth success and great outcomes? "Well, it's a bit more complicated than that. No one would believe that any project as fundamental as this would be simple. The river was still hard to cross!" Claire was surprised by how long some seemingly basic things took to achieve: "For instance, when we wanted to standardize the naming of procedures, we were keen to get everyone involved. Because this project is really about business change, you must get the buy-in of the people who do the work each day, as well as their contributions. That took longer than I expected."

Oracle recommended that there should be around ten reasons for something like applying for leave of absence. But, the 37 teams offered over 200 terms. Claire worked with the teams to whittle that down to 20. "We're being careful to engage everyone. It might take time, but it brings people with you. That, in the long term, will provide a more solid and sustainable basis for future practice. It's worth the effort."

Claire also points out that by putting a lot of effort into building the right naming conventions each value that ends up on the system is much more significant. "The whole point of moving to the cloud and aligning every one of the countries within a borderless HR function is to yield insights from the data – good data. That helps us see what's happening, plan a response when we need to act, and find out what talent we need much quicker. That makes us more competitive, agile and builds a great team of people. It's what HR is for, right?"

That, in turn, helps Fujitsu understand how its business case for investing in transformation – including its engagement with Oracle – will deliver its potential in both human and financial terms. "We started out with a basic idea: adopt not adapt. That was at the heart of the business case and the vision. We wanted to be bold. It was move to the cloud, or nothing. When you do that your release management is simpler, your support costs are far lower, and Oracle looks after all the basics. Done deal."

Adapting a cloud service comes with dangers: "Over personalizing services takes time, it adds cost and it complicates all kinds of things, from support to updates and so on. Adopting means

you can focus on your functions and not worry about tinkering with things all the time. It also helps you focus on what's really important: the user experience. Get that right and adoption rates are high."

She adds, "You also need to offer guided learning to encourage user adoption, especially when it comes to self-service functions. Invest time in doing that, and you will reap the benefits in terms of efficiency very quickly so can really focus on managing your staff."

Is it all working? "So, far it's working very well. We still have a way to go, but we're getting positive feedback from the people who matter, and the data is excellent. HR is now unified, transparent, efficient and evolving in the right direction."

Claire Findell



HCM is an investment in people, so people must come first

“Getting your people involved in the whole project is key. Bottom-line – talk to them. Communicate, communicate, communicate.”

David Curran



HCM is an investment in people, so people must come first

David Curran believes that human capital management depends on getting everyone to understand the big picture – and that takes constant communication.



David's day is turning out well. He did some work at home. Then went into the office, did some more work, had a meeting, and is now taking a break in a local café. Behind him is an HR manager onboarding a new recruit. She's doing so using her smartphone. David keeps turning to look. He's eager to make a point: "You see, that's Oracle HCM cloud in action. Everything she needs – the processes, the data, the communication channels are all aligned in the cloud. So, when that new employee arrives on Monday, they will have everything in place, from a payroll number and holiday allowance, to a laptop and work phone."

What does he attribute that success to? "It's a combination of the technology and the change management approach we've taken at Fujitsu. The technology works – Oracle has made sure it's intuitive, so the end-user has a smooth, productive experience. We also ensured that our people contributed to the project. We talked to them. That's the bottom line: communication not top-down imposition."

"We always knew our people would be the most important factor," adds David, "We spent time thinking about the end-user and gathering their views. We wanted the system to be as easy to use – and as responsive – as buying things on Amazon. That's what people are used to, after all. Why shouldn't business systems be as user friendly? There's no reason at all. For me, it comes down to how you see people within an organization: are they just staff who can be ordered about? Or are they truly colleagues, real people who want to be treated like customers? They must be the latter. Young professionals won't stay long in a place where their needs aren't met in ways they're used to in the wider digital society."

So, people must be at the heart of any digital transformation – especially one focused on HR. That means engaging and supporting them and offering the right training. Those elements are vital to success. "At Fujitsu, we wanted our people to understand the new world of HR. We wanted colleagues from each country to understand what the future would look like, and why it would be





“Take people on a journey, don’t just drop them in it. As soon as we went live we started hosting workshops across the countries.”

David Curran

better. We ran three-day workshops that addressed key tasks, like registering absences or booking leave, and we succeeded in supporting them locally while they adopted the new ways of working.”

Communication spanned the entire region and focused on all elements of the HR function. There were also deep contacts across all business lines through live webinars which covered all business functions. The point was to ensure that every employee could understand what was changing. They were given an organization-wide overview to

see the big picture. That was then reinforced at team level. “There was something for everyone. And our objective was to show the positive change for everyone too,” says David. “By the time we went live in April 2017, we were prepared and aligned across all our business units.”

The rollout of the new system is being done in phases across Fujitsu. “We didn’t want to go live with everything all at once. That was too risky,” says David. “It’s important to do something as fundamental as this step-by-step. Take people on a journey, don’t just drop them in it. As soon as we

went live we started hosting workshops across the countries. We did the workshops in clusters of nine countries at a time with a focus on core HR functions, like recruitment and absence management.”

The HR team was able to understand how each country was adapting to the new methods, and then tailor further communications to overcome challenges. Surveys completed by Fujitsu staff gave valuable data and insights to help inform the sessions that employees attended. “Of course, there was a degree of skepticism about some of



the changes, but generally people were enthusiastic. We were clear with them that it was natural to feel nervous about change, but we were committed to enabling and supporting them to go at their own pace," says David.

The point was to keep a constant focus on the higher-level vision behind the new Oracle HCM cloud approach. "Our partnership with Oracle was important. They could focus on implementation, while we focused on communication and change management," says David.

"The key thing I learned is the need for constant communication and a graduated approach. Don't move too fast, do things in stages. When I went to an Oracle customer event recently, I decided to do an informal poll of HR colleagues who were using Oracle HCM Cloud. There were 20 customers, aside from me, and all of them – without exception – told me that they wished they'd invested in people and the change process more. They made the mistake of seeing this journey as a technical one. It isn't. It's not a case of switching something on and it just works. It's all about people and taking them on a transforming journey at the right pace."



Talk to us about how we can help you

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