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SAP SuccessFactors operating model — To build or to buy? That is the question…

Let experience guide you in determining the optimal mix of in-house and external support when defining a sustainable SAP SuccessFactors operating model.

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You have selected SAP SuccessFactors—what comes next?

Like yours, many organizations are moving to the cloud for their HRMS solutions. Also like you, many of these companies are selecting SAP SuccessFactors as their SaaS option. But when so much focus is placed on which technology to select, the broader HR and technology operating model can become an afterthought.

You know you need to start planning as early as possible for the ongoing support of SAP SuccessFactors, but you still have some questions—for example:

Future-state delivery model

- How do I provide service to my employees after deployment?
- How do I bring together the rest of my systems and data that are not being converted to SAP SuccessFactors?
- Is my delivery model going to work globally?

Business case realization and change management

- I realize software alone cannot solve all my HR issues. What else do I need to address in order to ensure I realize my business case?
- How will I manage change after go-live and when I receive our SaaS updates?

Ongoing employee, manager and HR support

- Should I support SAP SuccessFactors with my existing team or seek help from a service provider?
- HR SaaS skills are difficult to recruit and retain, how will I compete?
- If I outsource ongoing support, how will it differ from my legacy ERP service support?

The remainder of this paper will provide insights into your options and help you find answers to these questions as you move forward on your SAP SuccessFactors and HR journey.

Keep the focus once SAP SuccessFactors is selected

Once SAP SuccessFactors is selected, you will find you still have many critical factors to consider as you move your business forward and realize the value of SaaS.

We have seen the most success with clients that maintain their focus and keep the following key items in mind:

Service is still king. Employee and manager self-service rates will likely increase, but recipients still need robust personal service. While there typically are fewer calls than with the legacy system, the calls tend to raise more complex issues. You can expect that between 5% and 10% of workers will require a service request each month. With the rise of social media your employees have never had a stronger voice when they are not happy, are you ready?

Delivery risks remain. SaaS requires less technical expertise and more functional expertise, so the mix of required resources you need will change. Additionally, there are always specific needs to be met within large, complex organizations. Every project has blind spots that can be managed—but you need to be aware of them. You need strong project management that has seen the issues before and can help you look around the corners proactively.

Upgrade speed can be difficult to digest. Regular updates are one of the ways moving to the cloud benefits your HR system. These updates require planning, strong governance and a ready change management approach. SaaS buyers often do not take full advantage of the new functionality due to lack of planning, governance and challenges maintaining skilled resources to assume these updates within the system. Your business expects you to leverage every piece of new functionality—you need a plan.

Configuration "just because you can" does not mean "you should." Configuration flexibility is powerful, but can create unexpected outcomes and ongoing operational challenges. You will continually have choices to make that have significant long-term impacts on the sustainability of your processes and configuration management.

Get help where you need it—and not where you don't

You want to spend your time where it matters most, so you may decide you will go it alone for ongoing support. But finding the optimal, sustainable operating model requires access to a new type of specialized skill. If you decide to seek outside help, a service provider can help with your critical issues in the following ways:

Assist you with your business case. You know a solid business case is foundational to the project—and will be a key yardstick for you to measure success. Has your organization properly accounted for factors such as the impact of poor change management, training expenses and call center tools? Have you assumed the right skill sets for your remaining internal staff? A good service provider has the tools and processes to help you evaluate all the relevant financial components, without the oversights that sometimes lead to poor decision making and squeezed budgets.

Provide strong change management capability. Change management support, which will enable you to make organizational change and enable flexibility, is critical. Broad perspectives from people who have been on the ground time after time can help address the issues that arise and the communication that's needed during a potentially unsettling time. According to a recent survey, "Organizations that invest in any form of change management experience the benefits of reduced total HR technology cost per employee. Those organizations with a culture of change management spend 57% less for their HR technology than those that never perform change management."[1]

Manage the day-to-day issues to enable excellent service. Top service providers have trained professionals around the world, focused on delivering high quality with consistent skills improvement and access to leading tools that are updated as the market evolves. They bring the ability to handle day-to-day service issues with proven processes, while your management focuses on better decision making and getting the most from your talent. They have the flexibility to address tactical SAP SuccessFactors support needs with minimal requirements of you—including minimizing the complicated contracting processes necessary to engage contractors. This allows you to increase and decrease operational resources as needed to meet business demands. You have people that know how it works today, but are they ready to jump into the future? Service providers help guide you into the future while ensuring you deliver today.

Utilize processes and tools that accelerate your ROI. You know your processes and how they have always worked, but how do you learn what others have done that has made them successful? Service providers leverage repeatable processes that are the result of real client experiences over time. They offer recommended governance and change approaches that allow you to take advantage of SAP SuccessFactors capabilities with minimal business interruption.

Provide the right people, processes and tools to manage risk. As you transition to SaaS you have the opportunity to make improvements across all facets of the way you deliver. The right service provider has the experienced, hard-to-find resources who can share best practices from their other client experiences to transform what you are doing today. Those experienced resources have the skills to provide back-office administration support, such as rectifying errors and data entry to support your team as they make a difficult transition or to provide the new skills you will need to excel.

Positive and inconvenient considerations

	In-house solution	**Service provider**
Future state delivery model Operating HR processes (e.g., payroll, compensation cycle admin, recruiting, etc.)	+ Potential integration with other in-house process − Unclear performance measurements and scope of work can result in uneven performance	+ Contracted service level agreements and statements of work ensure accountability + Cross client experience results in operational efficiencies and HR best practices + Cross client investments are made to bridge technology gaps − Clients must manage vendor relationship
Future state delivery model Ongoing tenant management	+ Option to redeploy current legacy resources − Skills are typically difficult to recruit and retain − New updates require new learning curves, planning and governance	+ Pool of resources to deploy across clients where needed + Career path solves retention and continuity issues + Cross client experience results in efficiencies for all + High level of technical expertise
Business case realization	+ Total cost transparency + Initial investment may be lower if internal resources are leveraged − Potential errors / misses in business case due to inexperience	+ Shared investment for infrastructure and tools + Flexible pricing for changes in business + Assistance with business case to avoid misses + Typically lower cost than in-house solution
Change management	− Lack of experience to avoid common pitfalls	+ Experience of several cross client initiatives to avoid common pitfalls + Use of templates and tools developed over time
Ongoing employee, manager and HR support	+ Cultural fit + Understanding of internal practices − Expensive to staff for back-up coverage − Tool and infrastructure investment can be costly	+ Shared resources for cost effective staffing + Sophisticated metrics link to operational improvements − The cost for robust service levels will not compete with an internal solution that does not include tools or metrics

Build vs. buy? There are a number of paths to consider.

Rip and replace
Move everything to the cloud at once

Hybrid environments
Move talent management and / or workforce management solutions to the cloud while keeping payroll and / or core HRMS on premise

Parallel
Run parallel cloud / SaaS and on-premise solutions across multiple HR systems in tandem

Patchwork
Create a patchwork of SaaS, on-premise, hosted and outsourced solutions that are only replaced when needed or contracts are up

Hosting / outsourcing
Leverage a licensed solution, but in a hosted or outsourced environment[2]

The top service providers also bring the latest technology, including voice, chat and mobile channels and a front-end portal to enable seamless integration with multiple functions. Recent market information shows that the approaches to people, process and tools will vary depending on the direction chosen by an organization. Organizations choose from a number of paths, though no one approach predominates.

Make commitments backed up by a contract. When it comes time to contract, a good service provider commits to service levels that assure your service will not slip—and backs those commitments with financial obligations. They offer clear statements of work that create a roadmap for consistent accountability and execution at a fixed fee. You can make commitments to your organization and know you will get it.

Provide market and industry advice on configuration deployments, including those you should pass up. The service provider should bring a broad perspective from multiple clients. Your solution design and testing thus becomes more uniform and market-driven. The provider should also offer configuration experience and insights that leverage the lessons learned from many clients and provide visibility into various deployments—including the cost-benefit analysis of enabling different configurations.

Conclusion

Your move to SAP SuccessFactors holds the promise of better business results for years to come. Companies of many shapes and sizes are singing the praises of moving to the SAP SuccessFactors cloud—but the move to the cloud brings new and different people and process risks to your organization. If you understand those risks and seek help where you need it, you are well on your way to long-term success with your SAP SuccessFactors solution.

Endnotes

1   Sierra Cedar *2014–15 HR Systems Survey*

2   Sierra Cedar *2016–17 HR Systems White Paper, 19th Edition*