



# 12 WAYS THAT CONNECTED FINANCE AND HR SUPPORT GROWTH

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**O**n the path to growth, many small-to-medium businesses (SMBs) invest in a variety of cloud software solutions. As a problem arises, they purchase a point solution to solve that problem. Short-term problem solved; long-term problems made more difficult.

When the decision is made to buy an HCM Cloud solution that cannot reliably share data with the ERP/Financials Cloud solution, problems start to bubble to the surface. Think about it—every time a new HR policy is added, or a current one is adjusted, the finance department is impacted. When systems are not fully integrated (and cannot maintain those integrations during upgrades), HR and Finance spend a lot of time doing low-value, transactional-based work.



## ▶ Manual Processes Do Not Win Market Share

Companies need to find ways for their employees to:

- **Get up to speed quickly**
- **Stop doing low-value, administrative work**
- **Stay focused on the job at hand, no matter what organizational changes are being made to accommodate growth**
- **Focus on strategic, value-add activities, such as forecasting, financial reporting, risk management, recruiting, negotiating better benefits packages, designing employee learning activities, etc.**

Thirty-five percent of companies understand this. According to a [global survey by MIT Technology Review](#), these companies plan to create a shared finance and HR function. They see the value of bringing Finance and HR together.

Some of the specific plans cited in the report include:

**43%** will bring IT staff into Finance and HR to help those employees take advantage of new technologies

**42%** will provide management skills training to help Finance/HR employees break out of their traditionally administrative responsibilities

**42%** intend to automate administrative and low-skilled roles

**40%** plan to build their teams' data science and statistical analysis expertise

To accomplish all this, Finance and HR must not only work more closely together across all lines of business—they must share technology, a common cloud framework, and a shared data model. Otherwise, finance and HR professionals will be stuck inputting/uploading data, conducting any/all analysis activities on spreadsheets, or even re-entering data from HR systems into finance systems (and back again).

## ▶ Point Solutions Are Not the Answer

Human Resources and Finance are both crucial areas in most companies, yet they often operate in silos, functioning independently. But more and more businesses realize this practice needs to change, thanks to a growing recognition of the critical role that employees (and the skills they bring to the table) play in the financial success or failure of a company. In fact, employees' skills and knowledge has driven more than 70 percent of the economic growth in the U.S. over the past 30 years.<sup>1</sup>

Companies need to migrate HR and Finance to the cloud, and they need blow up the siloes. But what to do with all those point solutions?

The difficulty of integrating cloud applications from different vendors is now the top hurdle to cloud migration. According to the [MIT Technology Review](#) study, 41 percent of **Finance and HR line-of-business leaders cited cloud integration challenges as the top barrier to growth.**

Among IT respondents, the number was even higher. Over 50 percent (51 to be exact) said that **the difficulty of integrating separate cloud application solutions, from different vendors, is the primary barrier to cloud adoption.**



<sup>1</sup> "A Skilled Workforce for Strong, Sustainable and Balanced Growth," International Labour Organization, 2011, [oecd.org](http://oecd.org).

## ► Finance and HR: Better Together

Tight, reliable integration is mandatory for HR and Finance.

So, if you're looking at either an ERP Cloud (or a Financials Cloud) solution or an HR Cloud solution, a complete suite that joins both functions together in a smooth, productive relationship is the way to build an infrastructure that will scale as your company grows.

When HR Cloud and ERP Cloud run on a single data model, integration barriers are blown out of the water and processes do not break down and lay dead on

the side of the road. In fact, 80 percent of the finance respondents to the [MIT global survey](#) said that a shared structure would "significantly" or "somewhat" improve the relationships between the two groups, while 71 percent of HR respondents also foresee such improvement.

But what kind of improvements can you expect? Here are 12 examples of how tight, sustainable integration between Oracle ERP Cloud and Oracle HCM Cloud supports growth.



# ▶ Key Scenarios That Benefit from Finance/HR Integration

## 1 AN ORGANIZATIONAL CHANGE THAT IMPACTS BUDGETS.

EXAMPLE: Your growing company needs to increase the number of salespeople to boost sales of a newly introduced product. With full financials/HR integration, new departments and budgets are quickly created and approved.

## 2 AN ORGANIZATIONAL CHANGE THAT IMPACTS ASSET MANAGEMENT

EXAMPLE: Your high-growth business is expanding and hiring new employees. Assets (furniture, real estate, computer equipment, etc.) can be quickly acquired (to help boost productivity), along with plans on how to best take advantage of the depreciation schedule.

## 3 AN ORGANIZATIONAL CHANGE THAT IMPACTS CASH

EXAMPLE: Your company is setting up branch offices and production facilities in new countries to serve the expanding local customer base better. Personnel data can be quickly updated since accurate HR personnel data is key to effective cash allocation. Cash reserves can be set up in local currencies to meet new payroll requirements.

## 4 A NEW POLICY THAT REDUCES EXPENDITURES

EXAMPLE: Your CFO has analyzed expenses and found travel costs to be way over budget. Your company

adopts a new travel policy—one that first requires video conferencing and then a travel justification with management approval—to reduce unnecessary travel. This new approval policy is put in place based on the HR managerial structure and can take effect immediately.



## 5 A POLICY CHANGE THAT IMPACTS SUPPLIER PAYMENTS

EXAMPLE: Your CFO decided to consolidate supplier payment activities at the regional level instead of cutting checks from local offices. With HR/Finance integration, payments to suppliers are maintained during the consolidation process, and the company does not lose any early payment discounts during this transition period.

## 6 AND ORGANIZATIONAL CHANGE IMPACTS APPROVALS

EXAMPLE: A regionally-based finance executive is promoted to CFO—with global responsibility. With fully HR/Finance integration, the new CFO has immediate access to dashboards that cover the entire operation. Simultaneously, her regional replacement gains instant access to appropriate dashboards and gains approval privileges that reflect his new role.

## 7 AN ORGANIZATIONAL CHANGE (ACQUISITION) IMPACTS CLOSING

EXAMPLE: During the first quarter-end close, there is a need to incorporate financial reporting from a recent acquisition. The accounting staff from the acquired company has access to data and reports to resolve open transactions for a speedy resolution and better consolidation.

## 8 A PERSONNEL CHANGE IMPACTS TAX REPORTING PROCESSES

EXAMPLE: A new hire in the tax group needs to be included immediately in the report preparations. With HR/Finance integration, she has the right access (instantly, based on her position) to process transaction records, prepare/review reports, and receive notifications and assignments.

## ► Key Scenarios That Benefit from Finance/HR Integration

### 9 AN ORGANIZATIONAL CHANGE IMPACTS TAX REPORTING

Example: Your company has opened a subsidiary in a country that has adopted BEPS regulations. For the upcoming income tax filing, your tax group can collect business activity data, including the number of the employees, to comply with Country-by-Country Reporting (CbCR) requirements

analyses and prediction techniques; they recommend increasing headcount in the sales department by 5% over the next 18 months. Collaborating with their finance counterparts, they create insightful and timely financial reports, rolling forecasts, and sandbox “what-if” scenarios to discover potential business unit growth issues and determine the

best course of budgetary and financial planning actions.

HR and Finance need to share data and have confidence in that data. When the metrics that both departments use can be brought together and align, they can help identify issues and measure your growing SMB’s success.

### 10 A PERSONNEL CHANGE IMPACTS PERFORMANCE

Example: You have automated and streamlined your billing process, but you still need the accounts receivable (AR) staff to address exceptions swiftly to minimize days sales outstanding (DSO). AR staff members have the right data access to research disputes and review/approve adjustments, based on their position hierarchy from the first day they join the group.

### 11 A PERSONNEL CHANGE IMPACTS PRODUCTIVITY

Example: Your collections department is in the middle of following up past dues from a group of high-priority accounts while experiencing unexpected personnel turnover. Managers have up-to-date HR data to ensure assigned tasks are followed up on during such transitions.

### 12 A PERSONNEL CHANGE IMPACTS FORECASTS

Example: HR leaders have conducted workforce trend



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