September 23, 2019

constellation
RESEARCH ™

OFFERING OVERVIEW

Oracle HCM Leads with Platform Innovation

Voice Assistants and Adaptive Mobile UX Elevate the Employee Experience

Holger Mueller
Vice President and Principal Analyst

Copy Editor: Jim Donahue
Layout Editor: Aubrey Coggins

TABLE OF CONTENTS

EXECUTIVE SUMMARY

This report provides an overview of Oracle HCM and analyzes its capabilities to satisfy enterprises' demands to power their people operations with an integrated human capital management (HCM) suite. It highlights recently delivered and long-term differentiators that set Oracle HCM apart and enable people leaders to help their organizations achieve Enterprise Acceleration[1] and change the Future of Work for the people in their enterprise.

Oracle HCM has the broadest HCM suite capabilities across vendors that are part of Constellation Research's Market Overview on HCM suites. With the biggest commitment to R&D in the industry, with more than 2,500 full-time employees focused on the HCM product alone, and combined with synergies with the overall Oracle ERP suite and Oracle's leading, competitive technology platform, Oracle HCM delivers innovation in a regular cadence. Recent examples featured in this report are the Oracle platform-as-a-service capabilities leveraged for conversational user experience (UX), a new conversational UX delivery and synergies with Oracle Finance for compliance as a service and HR Help Desk.

The other HCM suite vendors that are part of the Market Overview are ADP, Ceridian, Infor, Kronos, SAP, Ultimate and Workday.

Business Themes	
Future of Work	Technology Optimization

ABOUT ORACLE HCM

Overview

Oracle HCM is part of the overall Oracle software-as-a-service (SaaS) suite, and it stands out as one of the most advanced, widely adopted and mature suite members. Oracle HCM achieved wide customer adoption and approval by 2013, when Constellation Research evaluated the uptake of Oracle's offering and the maturity of more than a dozen Oracle HCM customers.

With the release of Oracle Recruiting in 2016, Oracle HCM began to offer customers and prospects the opportunity to operate a complete human capital management (HCM) suite while effectively being able to replace capabilities acquired in its 2012 acquisition of Taleo talent management software. With the addition of more workforce management capabilities, Oracle offers the most capabilities in an integrated suite compared with its large enterprise competitors (Infor, SAP and Workday).[2]

While focusing on recently added key differentiators, Constellation highlights the following capabilities of Oracle HCM in this Offering Overview:

- **Conversational HCM revolutionizes the employee experience.** Oracle is the most advanced HCM vendor to cover a large part of human resources (HR) interactions for employees, managers and HR professionals via voice and chat. This capability is key to reducing friction with HR application usage because speech/chat is a more natural way for humans to interact than a keyboard and system menus.

- **A web-responsive user experience (UX) bridges all channels.** Oracle is the first vendor in this Market Overview to deliver a web-responsive UX. From a browser's URL, people experience the same, but responsive, UX across smartphones, tablets and PC-based browsers. This eliminates UX friction and accelerates enterprise processes and deployments of mobile capabilities.

- **The power of no-code comes to HCM with Experience Design Studio.** Oracle is the first HCM vendor to offer a low-code/no-code environment with Experience Design Studio, which enables HR professionals to define their organization's HCM experience.

- **Career mobility enables Enterprise Acceleration.** Oracle releases a new way to think about career mobility and internal talent pools and recruiting with new profile pages and an internal opportunity marketplace.

- **Compliance as a service (CaaS) becomes real.** In combination with Oracle Finance, Oracle HCM provides the most complete CaaS offering for the enterprise, enabling firms to stay compliant on a continuous basis, using the same tools that their auditors use.

- **A suite play: An HR help desk increases organizational agility.** Helping employees to solve their HR-related questions and issues faster through an integrated HR help-desk application is a key contributor to Enterprise Acceleration, and Oracle is one of the few vendors of this Market Overview to offer an integrated, native help-desk offering.

Market Segment

The market for HCM software is defined as the combination of software automation for payroll, HR core, talent management and workforce management. In North America, employee benefits are part of the overall automation puzzle.

Vendors provide their software almost exclusively through cloud-based delivery. Across enterprise automation, HCM software is the most-advanced category in the cloud. For the automation portfolio, vendors offer browser-based access and a more limited range of capabilities on mobile devices. Enterprises have lost some of their original enthusiasm for tablets, and vendors today mostly support tablets through browser-based versions of their software.

People leaders in enterprises are looking for integrated HCM suites to allow them to operate more pieces of the HCM automation puzzle from a single vendor. They expect a common user experience,

single sign-on and synergies that work across the different functions of an HCM suite. More importantly, they hope that using an HCM suite will help their enterprises to become more agile and faster and will accelerate their overall people processes.

Unfortunately for enterprises, even implementing the complete offering of an HCM suite vendor still leaves HCM automation pieces that must be addressed by a third party. People leaders are looking for ease of integration, the elimination of automation islands through functional road map expansion and the reduction of integration risks through partner-based integration.

Finally, people leaders are looking at operating HCM suites with supplemental HR services or complete business process outsourcing (BPO), and vendors are responding with business-process-as-a-service (BPaaS) capabilities.

Market Trends

The following market trends characterize the operation of HCM systems[3] (see Figure 1):

Compliance Matters

Compliance has always mattered for HCM suites, not least because payroll needs to be processed as accurately as possible. Because of the regulatory onslaught of national, federal, state, county, city and even ZIP code–level regulations, enterprises want HCM vendors to provide them with compliant software. Constellation has postulated for a few years now that this trend will lead to a new software category, CaaS, and the pressure on vendors to provide more offerings like this will rise to new heights throughout 2019.

"Always-on" Payroll Is the New Normal

The practice of running payroll in batches when ready is now archaic. Real-time payroll information has become standard for both employees and managers who want and need to make smart payroll-related decisions. The "always-on" payroll allows better transparency into pay-related information

Figure 1. Seven Market Trends Defining HCM Systems for 2019 and Beyond

Compliance Matters	**"Always-on" Payroll Is the New Normal**	**Voice Is the New UX**
Time & Attendance Are Table Stakes & Workforce Management Will Be	**Real Analytics Is (Almost) Everywhere**	**Employee Experience Matters Again**
	The Gig/Contractor Automation Pressure Rises	

Source: Constellation Research

and processes. Benefits for all constituents in the process are tangible, so it's good to see technology progress—largely powered by cheaper computing in the cloud—enabling these next-level best practices.[4]

Voice Is the New User Experience (UX)

The only workers in an enterprise who spend substantial time in an HR application are HR professionals, while many staff members do not have continuous, immediate access to a computer keyboard to run the functions they need from their HCM system. Increasingly, voice is seen as a much more powerful means of communication than keyboards. Consequently, voice is becoming the new UX for workers, starting with employee self-service, time and attendance automation and other high-frequency transactions.

Time and Attendance Are Table Stakes; Workforce Management Is Going in That Direction

The world runs on time, and the era of separating time and attendance systems from HCM is over. Time and attendance capabilities are expected in HCM for all workers. Geofencing and geo-check-ins are

widely used. Workforce management[5] is quickly becoming part of core HCM suite automation, replacing the traditional partner approach to automation. Vendors have rebuilt, are building and will announce more workforce management capabilities in 2019.[6]

Real Analytics Is (Almost) Everywhere

It has taken a long time, but analytics has become mainstream. Vendors have taken ages to get here, and a few false starts haven't helped. A slow move to cloud infrastructure has been a further detriment. But with elastic cloud infrastructures now in place, enterprises can take advantage of software that suggests and even makes decisions for people. The elimination of bias and more personal aspects to traditional decision-making will improve the quality of people decisions this year and beyond.

Employee Experience Matters Again

For the longest time, enterprises knew that the employee experience is important but found it convenient to neglect the topic. In the last couple of years, the conversation has thankfully been restarted, bolstered by the argument that a better employee experience leads to happier employees, and happier employees lead to higher customer satisfaction. Nobody can argue with the last goal, but the result is that HCM vendors need to meet workers where they work, and that's not in the HCM application. Bringing at least employee self-service capabilities into productivity applications such as email and chat will be a start for 2019.

The Gig/Contractor Automation Pressure Rises

The aging population and a growing economy don't help the already unfavorable aging dynamics that the First World is experiencing. Enterprises must become more flexible because of the shrinking labor and talent pool, and that means increasing their ability to work with contractors and, increasingly, gig workers. Existing HCM systems have not been built for a fluid workforce, so these requirements create a formidable challenge for the established HCM vendors.

FUNCTIONAL CAPABILITIES

Constellation sees the following recently created and delivered capabilities as functional differentiators for Oracle HCM.

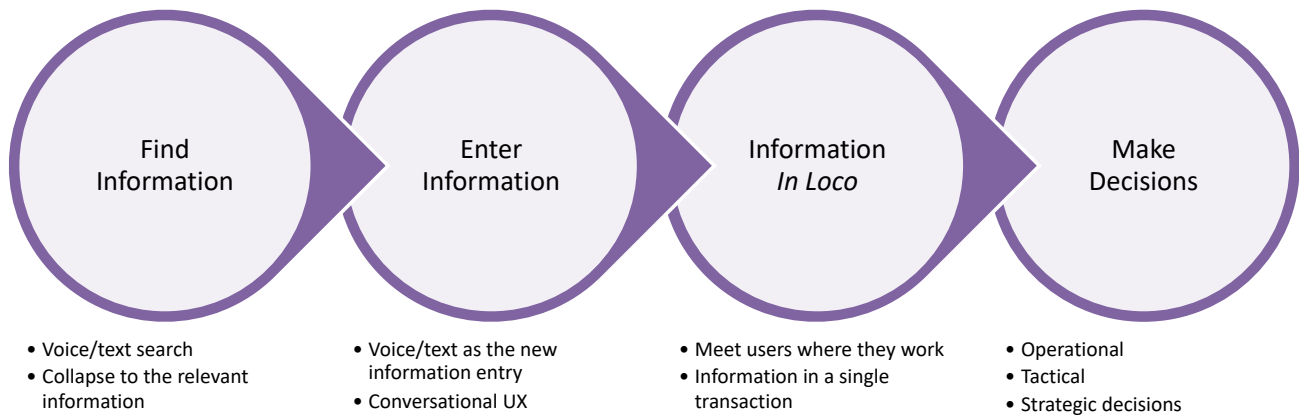## Conversational HCM Revolutionizes Employee Experience

The biggest burden for people in enterprises using HCM applications is to find and enter information. Finding the relevant information and knowing how to enter/edit it while successfully navigating through input validation and error messages can be cumbersome. It does not help that input still happens via the QWERTY keyboard—an input device from the mechanical computing era.

When humans want to communicate, using their voice is the most natural way of doing so, with intelligent speech being the defining characteristic of our species. Finally, enterprise software is now able to catch up with the most human way to communicate, via speech and conversational UX. The consumer side has been the familiar driver of the changes, with Google Assistant being the leading platform. Equally familiar is the frustration of people at work, who can successfully interact with their smart devices for private needs—but not for business.

The key benefits for people in enterprises using a conversational UX are the following (see Figure 2):

- **Finding information.** Finding information poses a considerable challenge to business users. Menu structures change, search mechanics change and often are inconsistent across HCM suites, etc. Alternatively, opening an assistant and simply asking for what one wants is intuitive and natural.

- **Entering information.** People can speak approximately three times faster than they can type.[7] This makes information entry faster and easier, reducing the time needed for business users to accomplish the task that drew them to the business application in the first place.
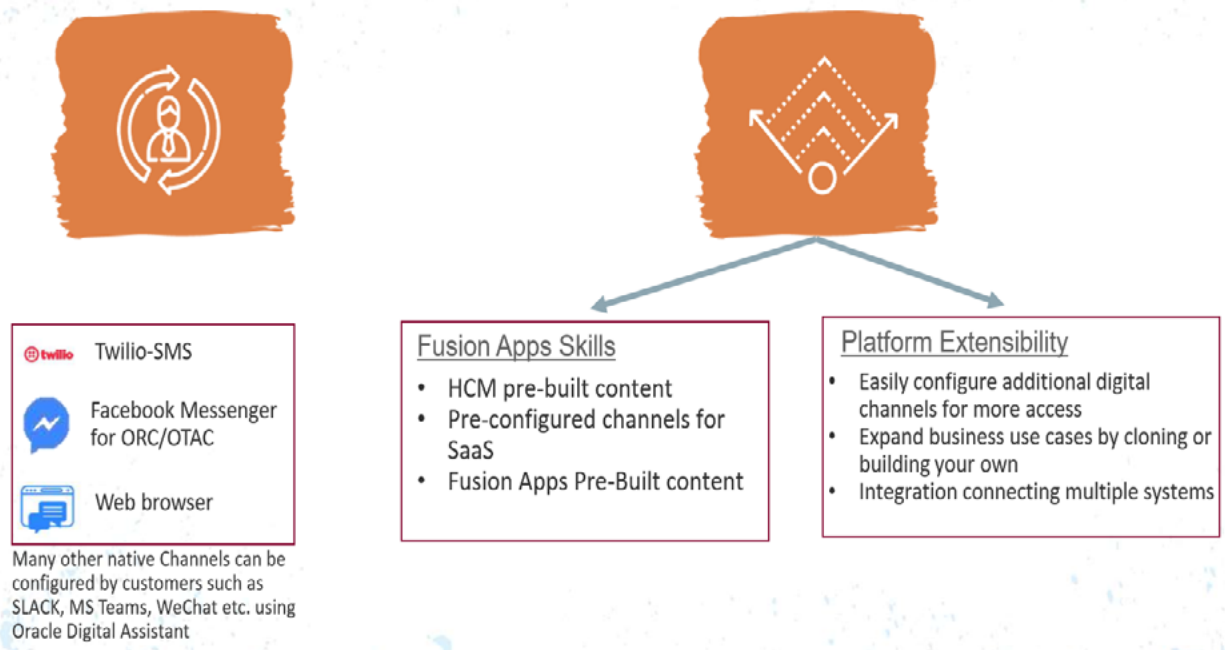
Figure 2. How AI Changes HR[8]

- Voice/text search
- Collapse to the relevant information

- Voice/text as the new information entry
- Conversational UX

- Meet users where they work
- Information in a single transaction

- Operational
- Tactical
- Strategic decisions

- **Information in loco.** Conversational UX brings the needed automation to wherever the business user might be—both in the real world and on the software side—which makes the finding and editing of information dramatically faster than with traditional navigation, authentication and editing procedures.

- **Making decisions.** Given the speed and form factor restriction, the software assistants that power conversational UX must make assumptions and decisions regarding what to present to the business user. If done right, this can additionally accelerate the process speed for using business applications.

In spring 2019, Oracle released digital assistant capabilities, with rich support of use cases and cross-platform capabilities. Powered by the Oracle Digital Assistant platform, access to a large number of common chat/interaction channels is available (e.g., Facebook, Microsoft Teams, Twilio, SMS, etc.) (see Figure 3). Next, Oracle Digital Assistant is enabled by Fusion Application Skills—in this case, Oracle HCM Cloud skills. This prebuilt content is crucial for the operation of any digital assistant, and that includes the Oracle Digital Assistant. But most importantly, the framework and platform are part of the Oracle Cloud platform-as-a-service (PaaS) offerings, which allow enterprises to additionally configure and expand the capabilities of their conversational UX implementation.

Figure 3. Oracle Digital Assistant: Architecture and Capabilities

Twilio-SMS	**Fusion Apps Skills**	**Platform Extensibility**
Facebook Messenger for ORC/OTAC	• HCM pre-built content • Pre-configured channels for SaaS • Fusion Apps Pre-Built content	• Easily configure additional digital channels for more access • Expand business use cases by cloning or building your own • Integration connecting multiple systems
Web browser		

Many other native Channels can be configured by customers such as SLACK, MS Teams, WeChat etc. using Oracle Digital Assistant

Source: Oracle

The scope of prebuilt HCM for Oracle Digital Assistant spans global HR, compensation and pay, absence and time, onboarding, talent management, manager actions, approvals and recruiting.

The combination of a leading platform, which needs to show its merits on a standalone basis, along with an abundance of prebuilt content make the Oracle HCM conversational UX capabilities the leading offering.

Mobile Web-Responsive UX Revolutionizes Usability

Smartphone support is integral to the way business is now done, and the quality of mobile applications determines the ability of enterprises to perform their business. If there is a common complaint by HCM users, it is inconsistent capabilities and UXes across different mobile platforms. On the IT side, installation costs as well as monitoring and mobile device management are a burden for the traditional app-centric model. Also, vendors often fall behind in supporting capabilities of apps across the two prevalent mobile platforms (Apple iOS and Google's Android), which creates friction in the user base.

To overcome these challenges, Oracle HCM adopted a complete web-based mobile offering in spring 2019. This makes the installation of apps obsolete; users only have to put a URL into their device browsers, whether on smartphones, tablets or PCs. Additionally, Oracle has built its new mobile offering on a responsive framework. This ensures a consistent look and feel across platforms (see Figure 4), while taking advantage of different form factors for a better user experience.

Oracle HCM is the first vendor featured in this Market Overview to deliver a web-responsive application. Other vendors are opting mostly for traditional app models, delivered through the respective platform's app store. The benefits for Oracle HCM users are obvious: a common UX across all the devices they may use, via a familiar browser. On the administration side, there are substantial operational savings, as web-based applications see a substantially lower total cost of ownership (TCO) compared with mobile apps. And being built on the Oracle PaaS mobile technology platform ensures wide adoption, R&D commitment and support beyond the HCM scope.

Figure 4. Oracle Web-Responsive UX "Redwood"
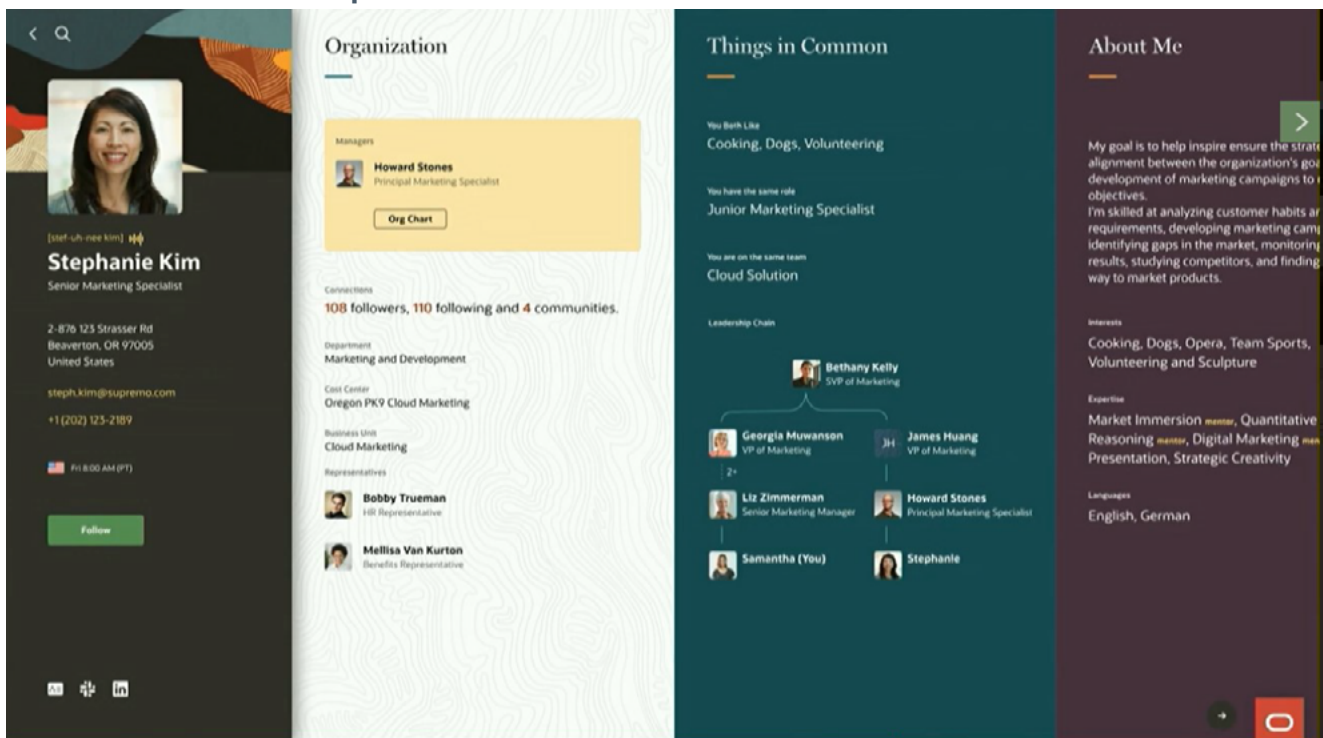
Source: Oracle

The business effect of this new form of Oracle mobile delivery is higher organizational agility, lower cost and a faster, better way to automate HCM processes, all in a consistent, easy-to-access application and UX delivery mechanism. These factors are key contributors to what matters for CxOs, and that is Enterprise Acceleration: The ability to quickly create winning best practices and to respond faster than competitors to potential challenges.

The Power of No-Code Comes to HCM with Experience Design Studio

Enterprises have struggled with the fit of the out-of-the-box capabilities for as long as enterprise software has existed. There is no one-size-fits-all for enterprise processes, leaving decision-makers with the tough choice between compromising enterprise processes with out-of-the-box capabilities or investing in customization, configuration and/or modification (we refer to this going forward as "CC/M").

Next to this strategic issue, there is the "lost in translation" situation: Business users who know what needs to be changed have to communicate efficiently with technical experts, who have to implement the CC/M using the standard software package. Too often, key information gets lost in the translation between the business and the technical experts. The result is more work and delays to go-live dates.

Enter the innovation of low-code-/no-code platforms[9] that enable reasonably tech-savvy business users to implement the CC/Ms that their enterprise requires. There is no lost-in-translation scenario because business users test and validate the CC/M directly. If they miss the mark, they can correct the CC/M themselves, right away. And while this isn't a guarantee for on-time project delivery, it is close to a guarantee that enterprises will go live with software that fits the needs of the business and has the approval of the business user community.

Additionally, Moore's Law in combination with cloud delivery has allowed vendors to abstract definitions of enterprise software to a level that empowers business users to modify applications and implement CC/Ms—without the risk of affecting performance and/or upgradeability of the whole enterprise solution. This is key for enterprises that must be able to change software capabilities at a speed faster than the rate of change in their markets. But that means their software vendors need to update the platforms even faster than what the enterprise demands.

For Oracle HCM, the solution is the Experience Design Studio (see Figure 5), released early in 2019. Experience Design Studio enables the following four key capabilities for its users:

1. **Visibility control.** Experience Design Studio allows HR professionals to control what users can see on a user group level, reducing complexity and avoiding likely confusion. Distilling the user experience to focus on what really matters is a key success factor for enterprises, whose users are slowed down and distracted from their real jobs if they are spending time in an HCM system.

2. **Defaulting and validation, enabling personalization.** Entering obvious information redundantly, entering information that could and should be defaulted, is a top complaint that business users have about their HCM systems. Experience Design Studio allows defaulting on information, as well as its validation via auto-complete capabilities, making users more productive. Moreover, the defaulting capabilities allow enterprises to personalize the user experience.

Figure 5. How Oracle Experience Design Studio Creates a Personalized UX
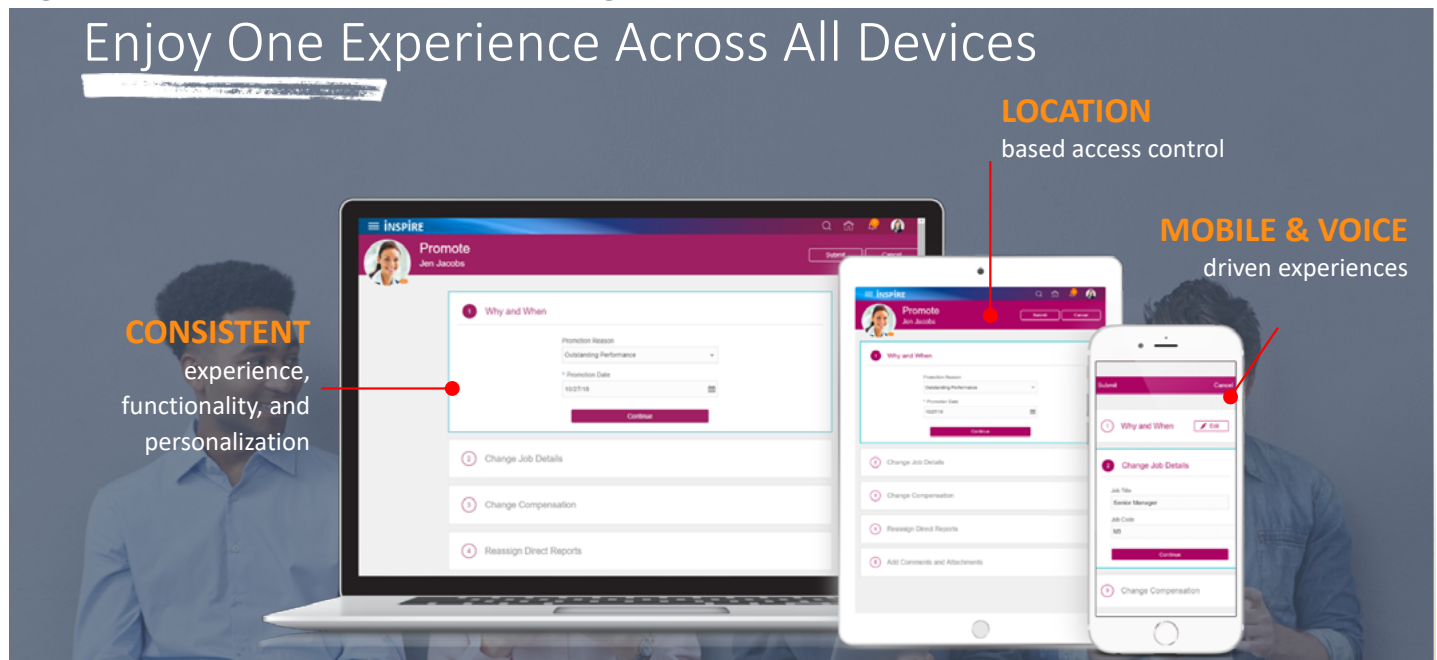
Source: Oracle

3. **Agile iterations.** Business requirements change as fast as the business needs to respond in the marketplace. By enabling HR professionals to successfully change both what is visible to users and what happens to their data, Experience Design Studio enables an enterprise to map its HCM applications to meet the needs for changes required by the business. This is a key enabler for enterprises looking to move faster and become more agile.

4. **Rapid innovation.** Enterprises need to add new capabilities in an efficient, fast and flexible way. Experience Design Studio does this by enabling HR professionals to change the capabilities of their HCM implementation. And Oracle is delivering new capabilities to Experience Design Studio at a fast rate.

Career Mobility Enables Enterprise Acceleration

In today's quickly transforming business environment, enterprises need to flex, morph and adopt at a faster pace than ever before. Their absolute human potential, which determines where they can go with existing employees, is limited by the abilities of the employee base. Naturally, businesses have good reasons to augment the human potential within their enterprise.

At the same time, people know that they must expand their skills and show work experience as well as work progression. People want to make a career at the enterprise that employs them. Career opportunities and career mobility are key factors that people consider when selecting or remaining with an employer.

Oracle addresses these combined enterprise and people needs with new capabilities that shipped at the beginning of 2019, principally with a new set of career mobility functionality (see Figure 6):

1. **Oracle Connections builds internal networks.** Relationships matter—in private and work life, inside and outside of the enterprise. Oracle enables people to model their internal networks for later use and documentation of relationships. By playing a role similar to LinkedIn's part in the hiring process, Connections has the potential to enable internal talent mobility.

Figure 6. Oracle HCM Career Mobility Functionality

Connections

Build Internal Network
- Find experts
- Find people with common interests
- Connect and build communitiies

Next Gen Search
- Most relevant matches
- Massively scalable
- Tailored security

Better Understand My Organizaton
- View hierarchies and relationships
- See geographic proximity
- Get department and cost center insight

Opportunity Marketplace

Employee Growth & Engagement
- Discover opportunities: jobs, gigs, volunteering
- Enhance skills & experience
- Build network, path to future opportunities

Agile Gig-Oriented Workforce
- Flexible short term opportunities
- Low friction for employees to participate
- Virtual teams and collaboration

Innovation Engine
- Spark new ideas and initiatives
- Self-organizing teams
- Leverage skills across org

Source: Oracle

2. **An always-current people profile means always-on eligibility.** The problem with profiles is that they need to be maintained. Oracle HCM, in contrast, automatically maintains internal people profiles—by keeping not only basic master file information up to date, but positions, performance and achievements as well.

3. **An opportunity marketplace to find the next career move.** To enable the identification of new internal opportunities and short-term projects (aka "gigs") Oracle HCM offers an opportunity marketplace.

4. **A career adviser coaches people with guided development.** People often need help and guidance to make realistic career development choices and plan their next learning and qualification steps. Oracle supports this with the career adviser capability.

CaaS Becomes Real

Enterprises are faced with ever-increasing regulatory and statutory complexity. Staying in compliance is an everlasting challenge for enterprises. Even when they get out-of-the-box software that keeps them in compliance, they still face regular audits from both their own auditors and external regulators.

Next to HR, the finance department gets the most audit attention, not to mention a deep set of regulatory requirements. Oracle has come up with an effective monitoring system that enables CaaS on the software side. In detail, Oracle enables enterprises to perform the following:

- **Security analysis.** The advanced HCM controls enable an enterprise to monitor the definition of access roles in the overall Oracle Cloud system, making sure that privacy regulations (for example, the EU's General Data Protection Regulation, or GDPR) and separation of duties (SOD) are being correctly implemented.

- **Monitor transactions.** Oracle continuously monitors and audits transactions as needed across payroll, payments, jobs, salary, time cards, etc. It allows the management of exceptions, so it avoids an excessive alert level.

- **Risk-based tracking.** Advanced HCM controls part of Oracle's CaaS offering, enabling the continuous monitoring of sensitive Oracle HCM setups, configurations and the underlying master data.

When enterprises implement the advanced HCM controls for CaaS, they can manage audits better—looking at both existing and potential future challenges (see Figure 7). The functionality allows enterprises to realize that they have an audit problem, even before the audit gets performed, because the monitoring functionality runs all the time, not just when audits happen. This allows people leaders to correct noncompliant circumstances earlier than with the traditional approach. Enterprises benefit from reduced fines and violations as well as the opportunity to accelerate their core business while having the peace of mind that comes with being as compliant as possible.

Moreover, Oracle provides out-of-the-box capabilities that allow enterprises to automate the tasks needed to stay compliant with auditing standards such as SOD, the Sarbanes-Oxley Act and GDPR. Finally, the availability of the monitoring tools during the crucial implementation phase, where the level of vulnerabilities can be very high, ensures a safe implementation process.

Figure 7. An Example of Events that Oracle Monitors with Oracle CaaS
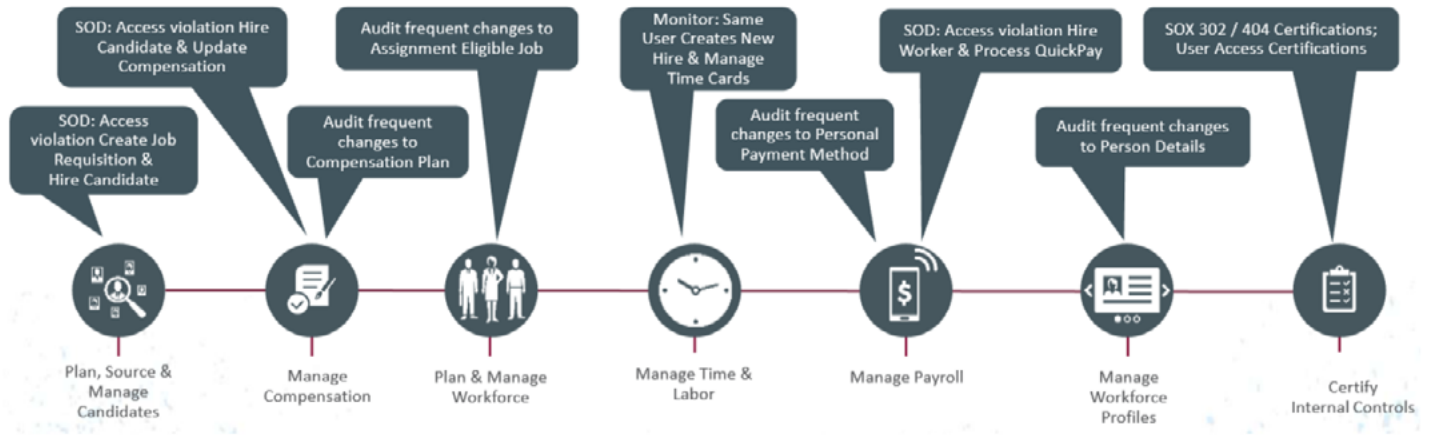
Source: Oracle

Of all the vendors featured in this Market Overview, Oracle HCM demonstrates the most advanced and mature tools to stay on top of enterprises' compliance challenges. CaaS is a strong differentiator for Oracle HCM, and enterprises that care about compliance or operate in highly regulated industries should look carefully at these capabilities.

A Suite Play: HR Help Desk Increases Organizational Agility

Because employees don't use HR software that often, they tend to encounter challenges in using HCM applications. Moreover, the plethora of functions required, coupled with the infrequency of performing them, makes it hard for employees to be confident they are correctly using the applications. Furthermore, the consequences of a mistake can be substantial, sometimes even irreversible, leading to additional stress and scrutiny.

The outlet for help is to either find an HR person to help them, which is not the preferred solution, or to use the provisioned help channels, usually in the form of HR help desks. Unfortunately, like many call centers that people use for work, the reputation of HR help desks is not the best, for both the right and wrong reasons. People have to do their work and don't get additional time to solve their usage questions

and issues they have regarding their HCM system. Consequently, people must be helped efficiently, so they can go back to their jobs. When done correctly, a successful HR help-desk operation is key for enterprises to move fast and accelerate.

Modern service delivery requires more than just a seamless application experience; it is about the entire personalized experience of your relationship with your organization to ensure personalized support with consistent knowledge-sharing.

Oracle provides a comprehensive solution with Oracle's HCM Cloud and HR Help Desk Cloud Service to support modern service delivery. This solution includes the ability to manage full help-desk capabilities, leveraging investment in Oracle's mature customer help desk; HR Help Desk is the comprehensive solution for HCM Cloud customers with differentiating HR support. HR Help Desk provides capabilities to support all modern support channels, configurable routing rules that are based on eligibility and availability, as well as rules configuration to automate action plans by case type and resource (see Figure 8). These are all capabilities that Oracle's competitors cannot leverage because they do not have the full platform or the technology and, as a result, must partner or try to build from scratch.

Oracle, on the other hand, can focus on HR-specific support and use cases, creating a more content-rich HR help-desk offering, which has configurable support of complex industry and global use cases. Additionally, as a suite-level benefit, user management, access rights and security are shared across the whole suite of Oracle applications, to ensure that data stays in the source and is not duplicated. Data remains in the master solution to ensure data privacy and integrity.

As of fall 2019, Oracle HCM Cloud has a comprehensive, modern, native, HR help-desk offering. This supports leading technology capabilities as well as leading call center/help-desk best practices with full knowledge management coupled with rich HCM content in order to support complete call center needs and complex employee relations management.

For enterprises that want their people to spend as little time as possible in their HCM solutions and to focus on their real work and objectives, Oracle HR Help Desk is an attractive offering and a strong differentiator in the marketplace.

Figure 8. Examples of Oracle Employee Relations Cases

Behavior	Policies	Workplace	Changes
▪ Attendance	▪ Accommodations	▪ Coworker Complaints	▪ Acquisitions
▪ Corrective Action Plans	▪ Background Checks	▪ Discrimination	▪ Business Reorganizations
▪ Disruptive Behavior	▪ Compensation	▪ Hostile Work Environment	▪ Downsizing
▪ Fraud / Theft	▪ Data Privacy	▪ Injuries	▪ Mergers
▪ Insubordination	▪ I-9 Approvals	▪ Investigations	▪ Outsourcing
▪ Involuntary Terminations	▪ Information Security	▪ Manager Complaints	▪ Workforce Reductions
▪ Life Events	▪ Leave of Absences	▪ Policy Disputes	
▪ Mishandled Information	▪ Misuse of Assets	▪ Promotions	
▪ Terminations	▪ Policy Consultations	▪ Retaliation	
▪ Voluntary Terminations		▪ Sexual Harassment	
		▪ Workplace Conditions	

Source: Oracle

Customer References

Oracle HCM has many customers and references. Here are some worth highlighting:

- **AXA goes all-in and global on Oracle HCM.** AXA wants to put the right talent at the right place at the right time. Oracle HCM enables this ambition for AXA on a global scale. This creates a substantial operational efficiency, starting with common data that enables better people-related decision-making.

- **Caesars moves the back office to the cloud.** As part of an overall move to the cloud, Las Vegas entertainment giant Caesars has replaced custom and legacy HR automation with Oracle HCM. The move to the cloud has given Caesars a first-mover advantage across its industry rivals.

- **Cummins drives innovation to employees.** Cummins wanted to deploy a cloud-based, talent-centric HCM solution that would power manager-employee relations. With

Oracle Analytics, Cummins saw that 98% user adoption cut analytics cycle times by 84% and reduced reporting inconsistencies.

- **Emerson powers global HCM with Oracle HCM.** Emerson, which has a presence of 80,000 full-time employees (FTEs) in more than 80 countries, replaced its cornucopia of local HR systems with Oracle HCM. One of the first benefits of global visibility has been for the internal talent pools, allowing Emerson to make better decisions regarding talent mobility, succession and career progression.

- **Esterline automates with HCM innovation in the cloud.** Half of Esterline's workforce is deployed outside of the USA, in 19 countries. A key decision involved reinventing talent management in the cloud, with a focus on recruiting and performance management. Oracle HCM has helped HR professionals to become more strategic as well, taking a lot of routine work off their plates.

- **Fuji Xerox.** Across 14 countries, Fuji Xerox has rolled out Oracle HCM, for 14,000 FTEs, replacing over 250 interfaces and more than 5+ legacy systems, to gain better workforce visibility across employee skills and competencies. This created better capabilities for internal talent pools and has helped Fuji Xerox put talent in the right place.

PRICING

Oracle has been one of the most transparent enterprise software vendors regarding list prices, putting its list prices on the web for almost two decades.

Overall Oracle pricing can be found here:
https://www.oracle.com/corporate/pricing/

Oracle HCM pricing can be found here:
https://www.oracle.com/assets/fusion-applications-price-list-418746.pdf

Oracle HCM pricing is always based on the number of employees, with the exception of one analytics product, Fusion Transactional Business Intelligence for Human Capital Management, which is based on the number of application users.

Constellation can provide price benchmarking for clients on request.

ANALYSIS AND OBSERVATIONS

When Oracle embarked into the Fusion project in 2004, the competition ridiculed the project. Now, Oracle HCM is a premier example of how Oracle Cloud capabilities can mature. Likely driven by the need to show PeopleSoft customers a way forward and limit the potential damage that Workday could create in the Oracle installed base, the company made sure that Oracle HCM reached maturity earlier than many of its siblings in the rest of the Oracle SaaS suite. Constellation sees 2013 as the maturity point for Oracle HCM.[10] For the rest of the suite, Oracle declared readiness at Oracle OpenWorld 2017, when the Oracle Cloud suite was about to migrate all Oracle eBusiness Suite, PeopleSoft and JD Edwards customers.[11]

Strengths

Oracle HCM has the following strengths (see Figure 9):

- **Complete HCM suite.** As of summer 2019, Oracle offers the most complete HCM suite built on a single platform for large-scale international enterprises. Compared with Workday, Oracle has stronger native workforce management and payroll support. Oracle offers all of its HCM capabilities on a single platform, while SAP is fragmented across different cloud products and SAP ECC code assets.

- **HCM is part of a complete ERP suite.** Suite-level integration creates synergies for enterprises. Instead of requiring the management and often the creation of key integration themselves, ERP suites that include HCM delver these benefits out of the box. Additionally, they enable key HCM efficiencies—as, for instance, Oracle using the CRM help-desk capabilities to create important HCM help-desk capabilities.

- **Platform innovation.** Oracle provides substantial and often market-leading platform integration. Oracle HCM can leverage these along with a new, fully reactive and declarative UX that, because of its consistency across platforms, is a great showcase. Along the same lines, the Oracle HCM Digital Assistant leverages potent capabilities.

- **Continued R&D investment.** With more than 2,500 FTEs building the Oracle HCM suite, Oracle has more people at work developing HCM than several of its closest competitors combined. And the difference manifests itself in broader and deeper capabilities. For instance, Oracle is the only HCM vendor in this Market Overview to have an integrated, natively built wellness suite as part of the product.

Weaknesses

Constellation sees the following weaknesses for Oracle HCM:

- **Oracle's reputation with HCM Leaders.** For reasons outside of the Oracle HCM offerings, Oracle does not have a good reputation with HCM leaders. Often, HCM leaders don't even want to do business with Oracle but are, on the other hand, favorably surprised when discovering the functional breadth and depth of Oracle HCM. Oracle tries to overcome this with image and marketing campaigns, but, as is typical for reputational change efforts, progress is slow.

- **Payroll partnerships vs. native payroll.** Oracle has the second-largest support of native payrolls (after SAP) but is shifting to a partnership approach (most prominently with ADP). While this ties things up compared with Workday at the high end, it exposes Oracle HCM to incursions from SAP based on enterprises' overall desire to have a single vendor-supported, integrated HCM and payroll offering.

- **Traditional UX weakness.** In the past, Oracle has trailed other HCM vendors in usability. With its latest release, Oracle has caught up and is even taking a lead with assistant capabilities. Now Oracle must prove that it can stay ahead of the pack in the UX race and will not fall back again.

Opportunities

Constellation sees the following opportunities for Oracle HCM:

- **People leader enablement.** HCM is all about supporting enterprises' first- and second-level leaders. With minimal need to spend time in HCM systems, meeting leaders where they do work allows them to focus on the business goals of their team and to help the overall enterprise to accelerate.

- **Voice assistant leadership.** Voice is a more natural way to interact for humans than are keyboards. Oracle is the first HCM suite approaching support for all of employee and manager self-service via a voice assistant. Powered by the leading and best-working voice technology—Google Assistant—Oracle HCM enables the largest voice functionality across the HCM suites in this Market Overview.

- **Compliance as a service.** Combined with the finance capabilities, Oracle offers the best support for the important compliance needs in HCM. Oracle HCM offers the CaaS software capabilities not only for enterprise functions but also for auditors.

- **Vertical offerings.** With its leading R&D investment and its maturity of HCM suite capabilities, Oracle has the opportunity to create vertical capabilities that will further strengthen its differentiation appeal.
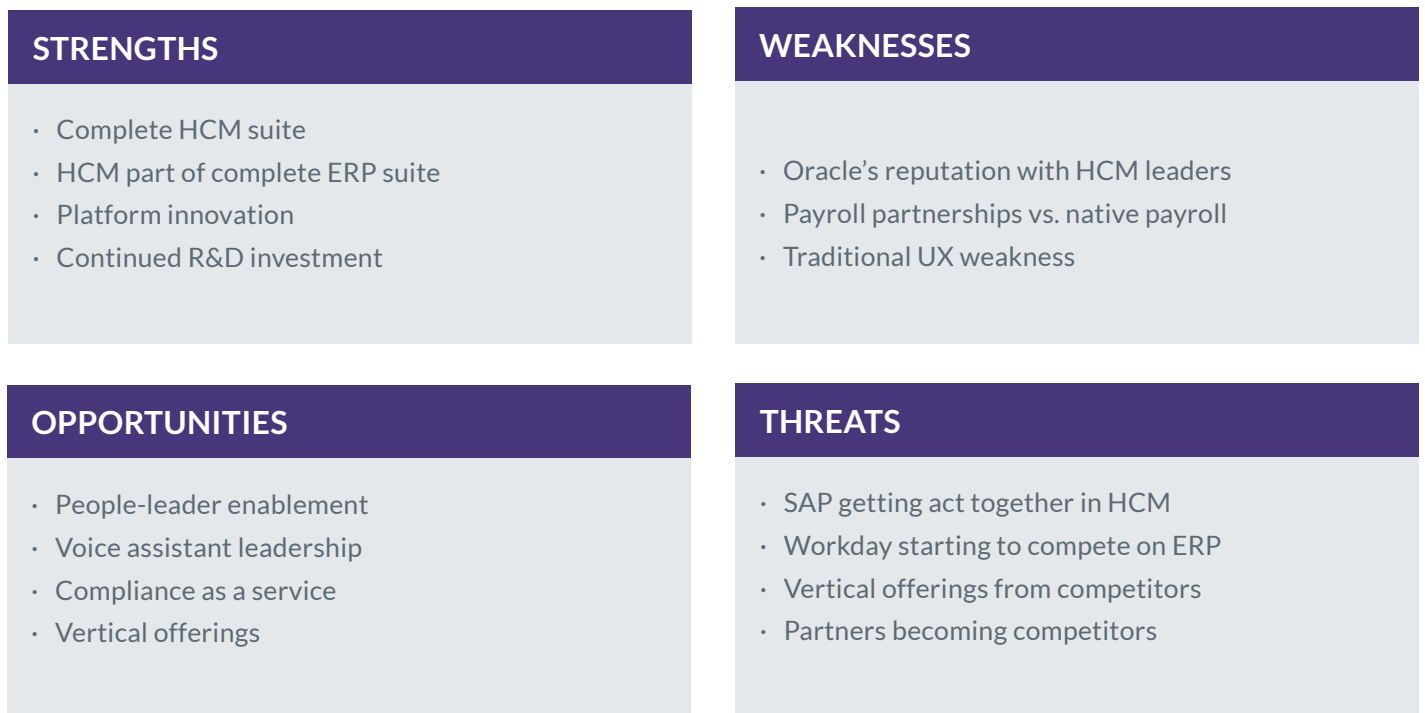
Threats

Constellation sees the following threats to Oracle HCM:

- **SAP getting act together in HCM.** The HCM industry has taken advantage of SAP's lack of execution in HCM. But when SAP gets its act together with an offering, given its market presence and reputation, it will make market success for all competitors—not only Oracle—more difficult. With Oracle and SAP being perennial short-list competitors for large-scale enterprises, a relative strengthening of SAP will affect Oracle the most.

- **Workday starting to compete on ERP.** Workday's lack of supply chain management (SCM) support has enabled Oracle to gain as the strongest HCM player in manufacturing-centric environments. If Workday enters the SCM market, Oracle HCM may slowly lose that advantage.

- **Vertical offerings (e.g., those from Infor).** While Oracle has the opportunity to build vertical capabilities, it could get disrupted if the competition shows material vertical offerings sooner. Infor, with its vertical DNA, is likely to be one of the first contenders in this area.

- **Partners becoming competitors.** Oracle relies on some strategic partners, with ADP the most prominent at the moment. When partners become competitors (Kronos is the most prominent example), Oracle may need changes in strategy.

Figure 9. Oracle HCM's Strengths, Weaknesses, Opportunities, and Threats

STRENGTHS	WEAKNESSES
· Complete HCM suite · HCM part of complete ERP suite · Platform innovation · Continued R&D investment	· Oracle's reputation with HCM leaders · Payroll partnerships vs. native payroll · Traditional UX weakness

OPPORTUNITIES	THREATS
· People-leader enablement · Voice assistant leadership · Compliance as a service · Vertical offerings	· SAP getting act together in HCM · Workday starting to compete on ERP · Vertical offerings from competitors · Partners becoming competitors

Source: Constellation Research

RECOMMENDATIONS

Constellation makes the following recommendations for the Oracle HCM offering:

- **Enable Enterprise Acceleration.** Speed and agility are survival factors for the enterprise in the 21st century. All five differentiators featured in this Offering Overview are key contributors to help an enterprise move faster, giving Oracle HCM a very good position among all the HCM suites that are part of this Market Overview.

- **If global presence is a must, short-list Oracle.** Only SAP can compete with Oracle's global presence as well as in the number of languages and localizations. Enterprises that require large global HCM operations with 10 or more countries should look at Oracle HCM.

- **If suite matters, Oracle HCM matters.** Oracle HCM is the most complete HCM suite delivered on a single platform, the same platform that powers the Oracle ERP suite that spans CRM, finance, purchasing and SCM. Enterprises that are looking for suite benefits and deployments on a single platform must look at Oracle ERP/HCM.

- **If ERP suite is a must, Oracle HCM is differentiator.** There are a number of vendors offering ERP suites in this Market Overview (other than Oracle: Infor, SAP and Workday). Inside the overall ERP offering, Oracle HCM—from breadth and depth as well as a maturity and customer adoption viewpoints—is a positive differentiator for Oracle ERP.

- **If integrated systems matter, short-list Oracle.** The unique nature of Oracle's offering is its integrated nature across all layers of the ISO stack. From the silicone on the chip to the click of a user in a SaaS application, Oracle controls the whole and integrated experience. If this matters to enterprises, especially when using already other parts of the Oracle technology stack, then it's important to short-list Oracle.

- **Take a stance on commercial prudence.** No matter the vendor, enterprises need to make sure they pay for value. For Oracle HCM, CxOs must pay attention that licenses and services for implementation provide their enterprise with an attractive TCO. As with all services-related offerings, prices will fluctuate, need to be contractually agreed upon as long as desired and must be constantly monitored to avoid negative commercial surprises.

Overall, Oracle HCM is a very strong offering in the HCM suite market, not only because of the breadth and depth of its HCM capabilities but also its enablement by a market-leading technology stack—the Oracle technology stack. In most cases, Oracle HCM competitors must build and create their own technology platform, which fragments R&D budgets. The biggest deterrent to Oracle HCM success is the less-than-positive overall opinion of Oracle held by many decision-makers. Oracle is trying to address this overall with more customer programs and, specifically for HCM, with an improved and promising marketing approach. Ultimately, all vendor relationships are unique for enterprises, so decision-makers for HCM suites must make sure they have good relationships with the key stakeholders on the Oracle side for their purchasing scope, and make that quality of relationship the key criterion for the selection process. The individual relationships between key people at vendors and enterprises matter much more for HCM product life cycle success than broad, stereotypical images of vendors and products.

RELATED RESEARCH

For an overview of leading HR system vendors, see: Holger Mueller, "Propelling the Future of Work with Key HCM Suites," Constellation Research, June 7, 2019. https://www.constellationr.com/research/propelling-future-work-key-hcm-suites

For the latest on Oracle HCM, see the event report blog post of Oracle Modern Business Experience (MBX) held in Las Vegas in spring 2019: Holger Mueller, "Event Report - Oracle Modern Business Experience - MBX - the Future of Work Takeaways," Constellation Research, April 16, 2019. https://www.constellationr.com/blog-news/event-report-oracle-modern-business-experience-mbx-future-work-takeaways

For more on Enterprise Acceleration, see: Holger Mueller, "Why People Leaders Must Embrace Enterprise Acceleration," Constellation Research, July 3, 2018. https://www.constellationr.com/research/why-people-leaders-must-embrace-enterprise-acceleration

For the impact of artificial intelligence on HCM, see: Holger Mueller, "AI Changes HR Like Nothing Else Before," Constellation Research, June 14, 2019. https://www.constellationr.com/research/ai-changes-hr-nothing-else

For the impact of blockchain technology on HCM, see: Holger Mueller, "The Looming Impact of Blockchain on HR & the Future of Work," Constellation Research September 7, 2018. https://www.constellationr.com/research/looming-impact-blockchain-hr-future-work

For more on recent HCM trends, see: Holger Mueller, "Eight Trends Affecting HCM in 2018," Constellation Research, September 11, 2018. https://www.constellationr.com/research/eight-trends-affecting-hcm-2018

For what to pay attention to when selecting workforce management software, see: Holger Mueller, "Workforce Management Selection Criteria for 2018 and Beyond," Constellation Research, September 14, 2018. https://www.constellationr.com/research/workforce-management-selection-criteria-2018-and-beyond

For more on infinite computing and how it triggers business best-practice uncertainty, see: Holger Mueller, "The Era of Infinite Computing Triggers Next-Generation Applications," Constellation Research, June 1, 2018. https://www.constellationr.com/research/era-infinite-computing-triggers-next-generation-applications

For an overview of global HCM suites, see: Holger Mueller, "Constellation ShortList™ Global HCM Suites," Constellation Research, August 21, 2019. https://www.constellationr.com/research/constellation-shortlist-global-hcm-suites-4

For an overview of North American payroll vendors, see: Holger Mueller, "Constellation ShortList™ Payroll for North American SMBs," Constellation Research, August 28, 2019. https://www.constellationr.com/research/constellation-shortlist-payroll-north-american-smbs-2

For an overview of workforce management suites, see: Holger Mueller, "Constellation ShortList™ Workforce Management Suites," Constellation Research, August 14, 2019. https://www.constellationr.com/research/constellation-shortlist-workforce-management-suites-2

For an overview of North American talent management solutions, see: Holger Mueller, "Constellation ShortList™ North American Talent Acquisition," Constellation Research August 28, 2019. https://www.constellationr.com/research/constellation-shortlist-north-american-talent-acquisition-0

For an overview of Europe-headquartered talent management vendors, see: Holger Mueller, "Constellation ShortList™ European Talent Management Suites," Constellation Research, August 14, 2019. https://www.constellationr.com/research/constellation-shortlist-european-talent-management-suites

For an overview of compensation management vendors, see Holger Mueller, "Constellation ShortList™ Compensation Management," Constellation Research, August 21, 2019. https://www.constellationr.com/research/constellation-shortlist-compensation-management

For an overview of benefits administration vendors, see Holger Mueller, "Constellation ShortList™ Benefits Administration," Constellation Research, August 14, 2019. https://www.constellationr.com/research/constellation-shortlist-benefits-administration

ENDNOTES

1 *For more on Enterprise Acceleration, see: Holger Mueller, "Why People Leaders Must Embrace Enterprise Acceleration", Constellation Research, July 3, 2018. https://www.constellationr.com/research/why-people-leaders-must-embrace-enterprise-acceleration*

2 *For more on how Oracle enables on-premises operations of its technology and application portfolio, see: Holger Mueller, "Oracle Cloud at Customer Enables Next-Gen Computing," Constellation Research, October 22, 2018. https://www.constellationr.com/research/oracle-cloud-customer-enables-next-gen-computing*

3 *For more on recent HCM trends, see: Holger Mueller, "Eight Trends Affecting HCM in 2018," Constellation Research, September 11, 2018. https://www.constellationr.com/research/eight-trends-affecting-hcm-2018*

4 *For an overview of North American payroll vendors, see the Constellation ShortListTM: Holger Mueller, "Constellation ShortList™ Payroll for North American SMBs," Constellation Research, August 29, 2018. https://www.constellationr.com/research/constellation-shortlist-payroll-north-american-smbs-0*

5 *For what to pay attention to when selecting workforce management software, see: Holger Mueller, "Workforce Management Selection Criteria for 2018 and Beyond," Constellation Research, September 14, 2018. https://www.constellationr.com/research/workforce-management-selection-criteria-2018-and-beyond*

6 *For a Constellation ShortList™ on workforce management vendors, see: Holger Mueller, "Constellation ShortList™ Workforce Management Suites," Constellation Research, August 29, 2018. https://www.constellationr.com/research/constellation-shortlist-workforce-management-suites-0*

7 *For some academic research on the topic, see this Cornell-Stanford study: Sherry Ruan, Jacob O. Wobbrock, Kenny Liou, Andrew Ng and James Landay, "Comparing Speech and Keyboard Text Entry for Short Messages in Two Languages on Touchscreen Phones," August 25, 2016. https://arxiv.org/abs/1608.07323*

8 *For more on how AI changes HCM, see: Holger Mueller, "AI Changes HR Like Nothing Else Before," Constellation Research, June 14, 2019. https://www.constellationr.com/research/ai-changes-hr-nothing-else*

9 *For an overview of general low-code platforms and tools, see: Dion Hinchcliffe and Holger Mueller, "Constellation ShortList™ Enterprise Low-Code Tools and Platforms," Constellation Research, August 28, 2019. https://www.constellationr.com/research/constellation-shortlist-enterprise-low-code-tools-and-platforms-3*

30

ENDNOTES CONTINUED

[10] *For an overview of live Oracle customer references as early as 2013, see: Holger Mueller, "The Untold Stories behind the Traction in Oracle Fusion HCM Adoption," Constellation Research, November 25, 2013.* https://www.constellationr.com/research/untold-stories-behind-traction-oracle-fusion-hcm-adoption

[11] *See Holger Mueller tweet regarding Steve Miranda's Oracle Applications keynote, October 2, 2017.* https://twitter.com/holgermu/status/914919468073082883

Holger Mueller

Vice President and Principal Analyst

Holger Mueller is vice president and principal analyst at Constellation Research, providing guidance for the fundamental enablers of the cloud, IaaS, PaaS, with forays up the tech stack into big data, analytics and SaaS. Holger provides strategy and counsel to key clients, including chief information officers (CIO), chief technology officers (CTO), chief product officers (CPO), investment analysts, venture capitalists, sell-side firms and technology buyers.

Prior to joining Constellation Research, Holger was VP of products for *NorthgateArinso*, a KKR company. He led the transformation of products to the cloud and laid the foundation for new business-process-as-a-service (BPaaS) capabilities. Previously, he was the chief application architect with *SAP* and was also VP of products for *FICO*. Before that, he worked for *Oracle* in various management functions—both on the application development (CRM, Fusion) and business development sides. Holger started his career with *Kiefer & Veittinger*, which he helped grow from a startup to Europe's largest CRM vendor from 1995 onwards. Holger has a Diplom Kaufmann from University of Mannheim, with a focus on Information Science, Marketing, International Management and Chemical Technology. As a native European, Mueller speaks six languages.

🐦 **@holgermu**   💻 **constellationr.com/users/holger-mueller**   in **linkedin.com/in/holgermueller**

ABOUT CONSTELLATION RESEARCH

Constellation Research is an award-winning, Silicon Valley-based research and advisory firm that helps organizations navigate the challenges of digital disruption through business models transformation and the judicious application of disruptive technologies. Unlike the legacy analyst firms, Constellation Research is disrupting how research is accessed, what topics are covered and how clients can partner with a research firm to achieve success. Over 350 clients have joined from an ecosystem of buyers, partners, solution providers, C-suite, boards of directors and vendor clients. Our mission is to identify, validate and share insights with our clients.

Organizational Highlights

· Named Institute of Industry Analyst Relations (IIAR) New Analyst Firm of the Year in 2011 and #1 Independent Analyst Firm for 2014 and 2015.

· Experienced research team with an average of 25 years of practitioner, management and industry experience.

· Organizers of the Constellation Connected Enterprise—an innovation summit and best practices knowledge-sharing retreat for business leaders.

· Founders of Constellation Executive Network, a membership organization for digital leaders seeking to learn from market leaders and fast followers.

💻 **www.ConstellationR.com**   🐦 **@ConstellationR**

ℹ️ **info@ConstellationR.com**   ❓ **sales@ConstellationR.com**

San Francisco Bay Area | Boston | Colorado Springs | Ft . Lauderdale | Los Angeles | New York Metro
Northern Virginia | Portland | Pune | Sacramento | San Diego | Sydney | Toronto | Washington, D.C.