Embracing Digital Acceleration for Business Agility

EXECUTIVE SUMMARY

Organizations that are resilient thrive even in the most challenging business environments and have a clear strategy for digital acceleration. Accelerating digital transformation (DX) is no longer a choice, and if organizations don't engage with their employees, partners, and customers digitally, they will become increasingly irrelevant. 87% of CXOs report that increasing enterprise intelligence is their top priority over the next five years. Virtually all organizations now realize that they must invest in modern technology, which is the foundation of enterprise intelligence and an enabler of future growth. Organizations are adopting technologies like cloud platforms to accelerate their digital journeys. IDC research shows that spending on cloud technologies has significantly outpaced the overall software market as organizations have adapted to a new way in which people work in this hybrid and distributed world.

Digital acceleration truly occurs when organizations can break down silos and when there is seamless integration across different lines of business, business units, and geographies. This integration effort is frequently driven by the office of finance, which often becomes the center of gravity for an organization. The office of finance helps create a strategic vision for the enterprise and coordinates the execution of that vision across different lines of business. Enterprises that break down their internal walls and silos can get full visibility into the state of the business and are able to adapt dynamically to changes dictated by external forces.

This white paper includes the example of one such company, Alight (a professional services firm), that modernized its business applications by deploying the cloud-based Workday platform, going live through the course of the pandemic. Alight implemented the Workday platform to replace many of its legacy applications and built a resilient, scalable business platform that gives its global workforce visibility into the state of the business and the ability to have a single source of truth. This integrated platform eliminated all the inefficiencies inherent in its previous siloed applications and allowed Alight to accelerate its digital transformation.

SITUATION OVERVIEW

Business leaders who have embraced digital transformation in recent years have fared far better during the past year as compared with their competition. In particular, the global pandemic brought to light just how critical it is for essential business processes to operate within connected cloud-based systems, giving enterprises the agility to make crucial decisions faster. On the other hand, businesses that failed to adapt are still battling siloed systems, resulting in irreplaceable time wasted in reconciling data or cobbling together manual processes rather than focusing on driving strategic initiatives.

Technology is only as good as the strategy it supports. Finance, human resources (HR), and IT must partner cross-functionally to improve operational decisions with a common architecture and unlock the power of their data to optimize time and resources. Having access to the right kinds of data at the right time allows leadership to make crucial decisions on where to shift and where to stay the course.

Eighty-seven percent of CXOs report that driving to a more intelligent enterprise is their top priority for the next five years. An intelligent enterprise can't just be connected to the cloud; it needs to be automated and enabled by machine learning (ML) and AI. Intelligent enterprises across all industries, now more than ever, need to have scalable, immediate visibility into the state of their business and use data- and analytics-driven insights to make actionable business decisions.

These data-driven insights must be the foundation for the success of an intelligent enterprise. Figure 1 depicts IDC's digital transformation platform where data and analytics are the infinite lifeblood of an enterprise. IDC defines the DX platform as the technology architecture that accelerates digital transformation initiatives, enabling the rapid creation of revenue-generating products, services, and experiences while modernizing the internal technology environment.

FIGURE 1

The DX Platform of an Intelligent Enterprise
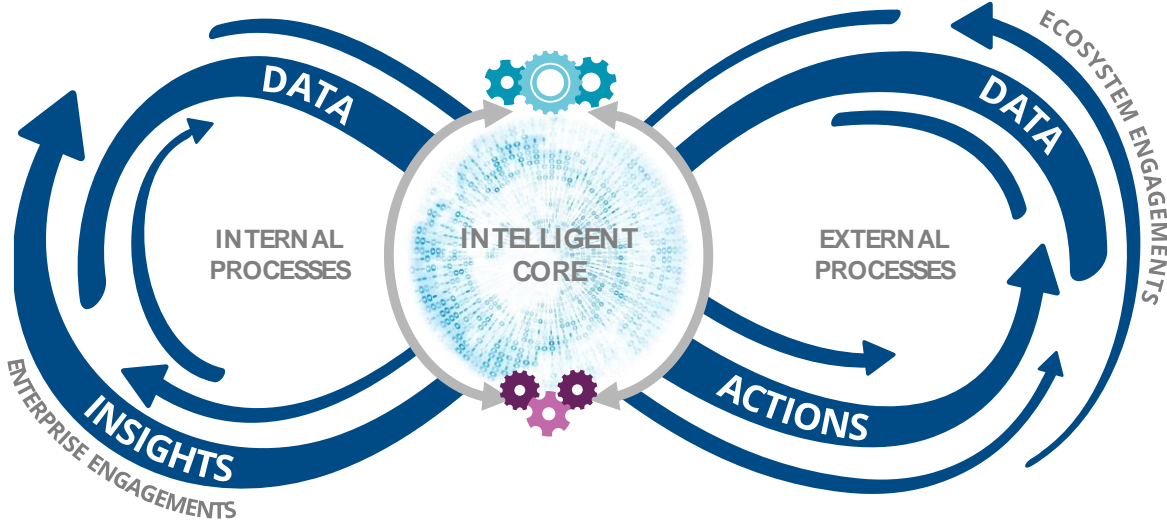
Source: IDC, 2021

Over the past several years, organizational constructs, technologies, and operating models have changed dramatically to take advantage of the flexibility and scale from cloud-based environments. Businesses have realized that advances in organizational agility that have arisen out of necessity in response to the global pandemic can and should be institutionalized. However, some organizations at the beginning of their digital acceleration journey can feel overwhelmed by a complete overhaul of their legacy enterprise resource planning (ERP) system, with challenges such as:

- **Complexity of applications and data sources:** Mature organizations have a plethora of IT assets with business-critical data that cannot be easily migrated to the cloud.

- **Global markets with different requirements and regulations:** Organizations that have operations in multiple geographies have the added complexities of different regulations and rules that require local adherence such as data residency and governance.

- **Volatility in business environment:** There is the need to be able to adjust to the constantly evolving business environment. Events like mergers and acquisitions and divestitures result in enterprises having to course correct and adapt.

- **Shrinking timelines and expanding requirements:** Organizations find themselves in a volatile business environment confronted by increasing competitive pressures. This environment causes organizations to focus on short-term strategy rather than long-term strategy.

- **Complexity of transformation:** Full digital transformation requires a complex shift at the company core, but business leaders are looking to finance to lead them into the future. This leadership requires a delicate balance between investing in longer-term innovation and daily business priorities.

- **Siloed sources of information:** Although great progress has been made in the speed, accuracy, and presentation methods of delivering information to small groups of end users, there has been little progress in extending true decision support functionality to the broader organization. Critical business data resides in systems of record accessible only to a few people.

IDC estimates that the number of organizations that have transformed to fully cloud-based enterprise management is small — but growing — as the events in 2020 have elevated this strategy as a clear imperative. Accelerating digital transformation is not a choice anymore, and if organizations don't engage with their employees, partners, and customers digitally, these enterprises will become increasingly irrelevant. IDC predicts that 65% of global GDP will be digitized by 2022, despite the pandemic — or perhaps even because of it. In a recent IDC survey of IT professional services firms, 40% indicated that cloud and digital acceleration will have the greatest influence on external spending on enterprise technology consulting in the year ahead.

Creating Opportunities for Business Agility

Organizations should take the following steps to create and/or optimize their business agility:

- **Digitally accelerate enterprisewide.** Events like the pandemic have proven to be inflection points for organizations that later thrive to become post-recovery disruptors. These digital acceleration priorities need more investments by organizations across all functions including finance, procurement, supply chain, engineering/R&D, customer service, human resources, operations, security/risk, marketing, and sales.

- **Make decisions at all levels.** Success in the digital economy is about the ability to access critical information about your business, collaborate with stakeholders, and act based on that information in a timely manner. The ability to make better, quicker decisions takes on new urgency and should be cultivated as a core competency. Strategically selecting, buying, and using technology to empower workers across the organization (considering lines of business, geographies, and functional roles) is critically important.

- **Increase visibility to drive action.** True business impact is achieved when organizations operationalize a single source of truth. The reality is that enterprise data will always reside in a multitude of data locations. A comprehensive enterprise transformation will give users access to all the business data they need to make actionable decisions wherever the data resides; it should also encourage different perspectives depending on the employee's role.

- **Invest in advanced analysis capabilities.** Workers in a digital organization can move away from automatable tasks and leverage technology to incorporate data and analytics into their workstreams. Activities like scenario planning, simulation, ad hoc analysis, reporting, collaboration, customizable business modeling, what-if analysis, forecasting, and predictive analytics become possible. Employees are able to shift their workloads to higher-value tasks, as opposed to "keeping the lights on" or "fighting fires," driving both innovation and higher employee engagement.

- **Plan globally, execute locally.** Global enterprises that build digital platforms are better able to plan strategically and globally as well as roll out the plans to business units to localize and modify as needed. This strategy lets them standardize and optimize on a global level without losing granularity on a local level.

- **Attain business resiliency.** Cloud-based applications play a significant role in digitally enabling enterprises. The COVID-19 pandemic has largely proven to be an accelerator of cloud adoption and extension and will continue to drive a faster conversion to cloud-centric IT. IDC research has shown that total worldwide spending on cloud services, the hardware and software components underpinning cloud services, and the professional and managed services opportunities around cloud services will surpass $1.0 trillion in 2024 while sustaining a double-digit compound annual growth rate (CAGR) of 15.7%.

It's All About the Data

Effective ingesting, processing, and sharing of data are core to an intelligent and resilient enterprise. Success is determined by how quickly business insights are generated based on data. This means delivering value-added learning, predictions, and actions that improve engagement, processes, enterprise decision making, and much more. Ensuring the veracity of data and transforming data into insights are strategic imperatives. But it's not only having more data or technology that matters. Enterprises must first put data into context, then analyze it in relationship to other data and events to gain knowledge, and finally add judgement and action to achieve insight and influence decision making.

When enterprises lack a digital strategy that's data driven, they often face the following challenges:

- Inability to synthesize diverse internal and external data sources into information, resulting in substandard strategic decisions and risk management practices

- Too long a time converting data to information to knowledge to action, resulting in high decision latency and hence inability to act within needed time windows

- Not enough granular visibility into end-to-end business processes, limiting the ability to identify opportunities for and apply automation technologies

- Lack of visibility into internal social networks and external stakeholder communities, leading to inability to optimally utilize human resources and contingent labor

- Lack of necessary data science, decision science, and data architecture skills to take advantage of latest technology and AI/ML advances

Figure 2 shows benefits cited by employees at businesses that integrate strategic and financial planning into their digital strategy.

FIGURE 2

Benefits of Enterprise Planning Integrated into a Cloud Platform Strategy
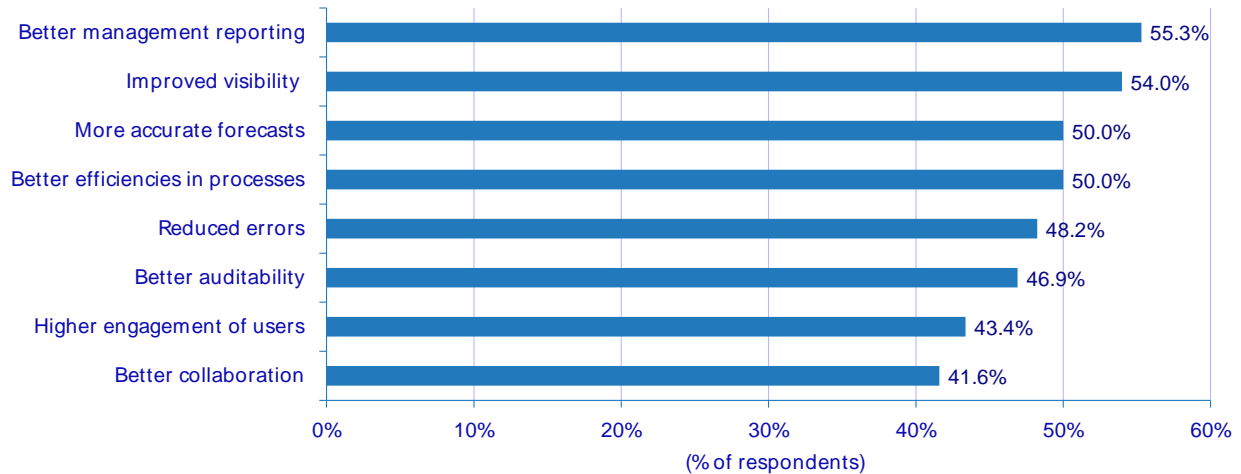
n = 226

Source: IDC's *U.S. Enterprise Performance Management Survey,* 2019

Integration Is Key

Successful organizations build seamless systems integrations across all their business units, making sure there is visibility throughout the enterprise.

Of particular importance is the maturity of financial, operational, and planning systems' integration with human capital management (HCM) systems. According to IDC research, employees at organizations that offer a mature employee experience are more productive and effective with less turnover; they're almost two times more likely to stay in role for 6–10 years. Since the workforce is at the center of the enterprise and responsible for the achievement of all organizational objectives, ensuring employees have a fulfilling experience is critical to enterprise success. The benefits of integrating a cloud financial system and human resource system include:

- **Greater payroll accuracy.** Payroll errors are costly both in the real outlay to do payroll reruns and the damage to employee morale of an inaccurate payroll transaction.

- **Less manual intervention.** The likelihood of errors rises wherever human intervention is required. Having an integrated set of systems with a single data model eliminates the need for many manual interventions.

- **Fewer systems needed.** Teams can make business process changes quickly and simultaneously in the cloud. Fewer systems mean less drain on IT resources.

- **Seamless timekeeping and scheduling.** Whether it's hourly workers clocking in and out or professional services managers keeping track of project accounting, having an integrated system minimizes human intervention and simplifies the overall process for all.

- **Management of employment absences.** Absence management has implications for both accounting and the employee experience. Having a single source of truth around absence improves both the reporting and the support for the worker.

- **Compliance with local and global regulations.** Multinational organizations are accountable for complex HR and financial regulatory compliance across all geographies.

- **Easier onboarding and offboarding.** The employee experience begins before the first day on the job and continues through the end of employment. It is critical to offer a positive experience to ensure initial employee engagement and to leave open the possibility of alumni returns.

- **Faster time to close.** Because workforce management and employee expenses have the ability to distribute sensitive people and financial insights using one security model, finance teams can close in days rather than months.

WORKDAY CUSTOMER CASE STUDY

Alight is a global professional services firm with over 22,000 employees and 14 global delivery centers. Alight is a leading cloud-based provider of integrated digital human capital and business solutions serving nearly half of the Fortune 500. Within those services, Alight offers implementation and management services for human capital management and financial systems such as those offered by Workday. Alight leverages a suite of tools to manage the entire life cycle of its client-facing billable projects.

Alight is not only a partner of Workday but also a client, utilizing Workday solutions to manage its own planning, financials, HCM, and project management. Alight continues to use proactive project management, close client engagement, and cloud project tools to keep projects moving forward. The company also maintains close client collaboration by providing access to the tools needed for project delivery. Alight's own internal deployment of the Workday platforms is the subject of this case study, many elements of which happened during the COVID-19 pandemic.

Alight's Challenges Post-Divestiture

Alight was formed in 2017 as a result of a divestiture by insurance firm Aon. When Alight officially launched as an independent business, the company had to modernize its back-office applications and determine its future IT applications architecture. Like many organizations, Alight faced multiple challenges with its immediate architecture, including:

- **A fragmented IT landscape:** Alight had 26 different applications for finance, billing, human resources, project management, planning, and reporting, making it very time-consuming to get any visibility into the state of the business.

- **Global delivery challenges:** Alight's teams work on global projects and needed to bill their time to projects that were offshore. Using siloed systems, teams in one location often had to bill time across multiple applications. For managers to have visibility into the state of a project, they had to run reports across multiple systems and manually reconcile them to determine consolidated project costs.

- **Time-consuming processes with risk of error:** Since Alight did not have a single source of truth, transactions from each of the individual applications had to be loaded in batches for reconciliation and reporting, wasting valuable time. This also introduced opportunities for errors since source data was not synchronized across applications.

- **Loss of productivity and employee experience:** Employees were spending a significant amount of time in non-billable activities such as entering time in different systems and running reports manually to estimate costs and revenue, which reduced job satisfaction and increased risk of attrition.

- **High cost of operating a fragmented technology landscape:** The costs of managing so many disparate applications, including support costs, integration costs, hosting costs, and development costs, were increasing, and the company was unable to realize economies of scale managing licenses with so many different vendors.

Why Workday?

Alight was at a crossroads in 2017 to determine whether it should standardize on a single cloud-based platform or choose best-of-breed applications for each function. As a professional services firm, the Alight team knew that its workforce was the most important asset to the company. Alight management needed a technology architecture that would scale, connecting the office of finance to all other business functions such as payroll, HR, project staffing and delivery, procurement, and billing. With a seamless flow of data and information, the C-suite would be able to make better strategic planning decisions for the company.

Alight chose to standardize operations on the Workday cloud-based business platform for several reasons:

- **A single source of truth:** All Alight's data would be synchronized around the globe. For example, an employee in Asia could seamlessly bill their time to a project in the Americas, and all transactions would be immediately visible and reportable.

- **Significant improvement in productivity:** With a high number of workers across the globe, even eliminating a small fraction of their time spent on navigating multiple systems resulted in large improvements in productivity and efficiencies for Alight. ("Saving 15 minutes a day for tens of thousands of workers generates big benefits for Alight.")

- **Performance improvements:** Having all the transactional data in one platform eliminated the need for data to be moved or batch loaded to multiple applications, which would result in significant performance improvements. In many instances, being on a single platform would allow workers to do things that they weren't able to do before, such as continuous planning.

- **Integration between applications:** Having integration between applications such as HR, payroll, finance, project billing, and planning allows Alight to immediately see the impact of a change in one application reflected in all the others, with no data reentry or transformation.

- **Project continuity:** Client and consultant engagement is something that needs to be evaluated at the workstream level. It is more difficult to engage someone in a virtual meeting for eight hours as opposed to an in-person workshop. Alight implemented creative solutions to keep everyone focused and actively participating in design workshops, tenant walk-through, and testing execution while still allowing time for other personal tasks.

- **Workday's commitment to Alight:** Workday was committed to ensuring that Alight's implementation experience, product performance, and future road map would align with Alight's goal of having a single platform to address multiple business functions.

For professional service firms like Alight, the global pandemic completely changed its model of working as teams. The company had to pivot not only to remote work but also to remote delivery of services. The company quickly adjusted to the new normal of doing business and helping its customers respond to the pandemic. With Workday's cloud-based platform supporting the company's business, Alight was able to plan and reconfigure its workforce despite global uncertainty, as well as dynamically adjust head count and financial plans to optimize operations and build resiliency.

Alight's Implementation Experience and Future Plans

Alight decided to begin with a global implementation of HR, recruiting, performance management, and advanced compensation, along with payroll in the United States and Canada in 2017. In parallel, financials, procurement, expense, and Workdays' professional services automation (PSA) solution was implemented in Europe. With a successful implementation in Europe completed, Alight subsequently began its next rollout phases adding procurement and expense globally, followed by professional services automation and adaptive planning. Alight continues to build on its Workday footprint with Prism and integrate new acquisitions.

Despite challenges from the pandemic, Alight's decision to standardize on a cloud-based business platform resulted in significant improvements in business metrics such as reducing cost, improving productivity, improving employee satisfaction, and getting better visibility and reporting. Some of the metrics that Alight was able to improve in its EMEA region are:

- Increased billable work of project managers by 10-20%
- Decreased time to close from nine days to three days
- Decreased time spent gathering billing data by 60%
- Reduced administrative time to create invoice by 67%

Alight's Tips for Achieving Business Agility

Alight's advice to other organizations trying to accelerate their digital journey includes the following:

- **Improve collaboration between business functions:** Alight ensured that all stakeholders were involved when designing and implementing the new applications as an integrated platform. This meant that changes in one part of the Workday platform would have cascading effects on a different part of the suite.

- **Invest in change management:** Because Alight embarked on a complete refresh of its applications, the company invested time in learning and using the change management methodology provided by its implementation partners. Alight identified change agents across the organization and created change groups that could guide users and teach them how best to use the new applications. The change agents were a first line of defense helping increase adoption and helping others understand the benefits of a single global platform.

- **Make mandatory training engaging:** Alight created job aids, training videos, office hours, short training sessions, and exercises using its learning management system to encourage application usage and acceptance among employees and the community.

- **Align resources and allow them to focus on the transformation:** Alight worked closely with its implementation resources to determine what time and resource requirements were for the project and ensured that resources were dedicated to the implementation. Experts in various business processes were chosen to be on the implementation team.

- **Transform data and align processes before onboarding a new system:** Alight made sure that the data coming in from legacy systems was cleaned to minimize inaccuracies in its new applications. The company also reengineered its business processes to avoid replicating inefficiencies in the new applications and processes.

- **Plan for the future state:** Alight designed its enterprise management landscape for the future, ensuring that the organization had a long-term strategy and the ability to build on modularly for events such as acquisitions and expansions. Alight used best practices to ensure resilience and scalability as the company added new business units or territories.
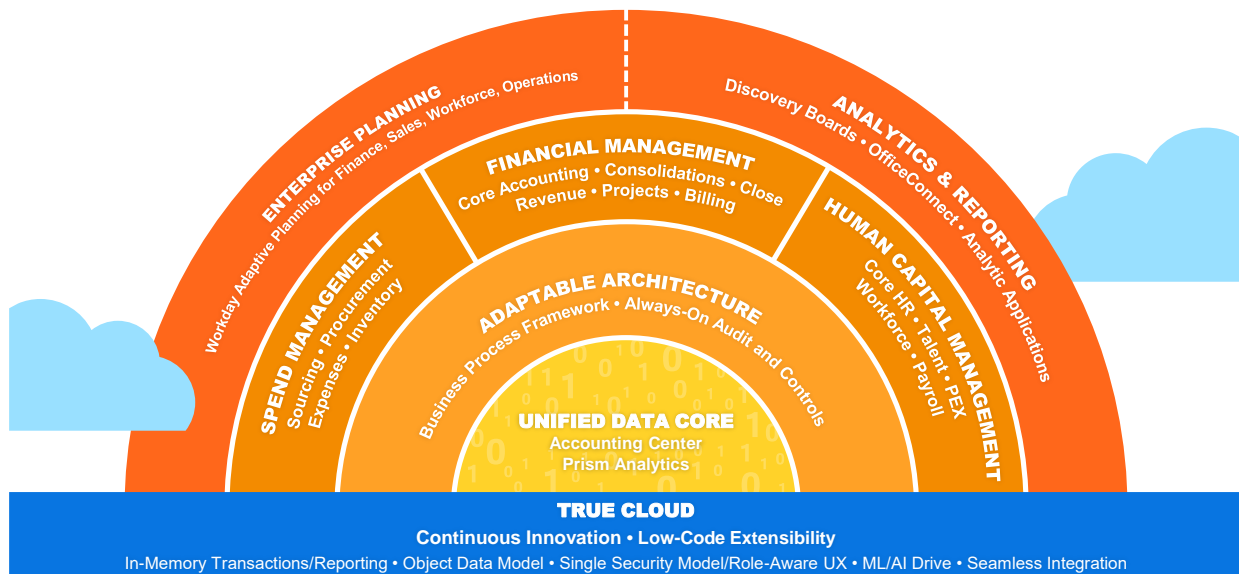
WORKDAY SOLUTIONS AND SERVICES

The Workday technical foundation and complete end-to-end solution portfolio are depicted in Figure 3.

FIGURE 3

Workday Cloud Platform

The Workday Enterprise Finance Solution

Source: Workday, 2021

OPPORTUNITIES AND CHALLENGES

Opportunities

The power of a single platform for financial management (accounting, FP&A, and procurement), human capital management (core HR, talent acquisition, employee performance management, and overall talent management), and professional services automation (project management, time tracking, and billing) cannot be overstated. The integrated suite is a strategic tool for an enterprise management team and is particularly important for the office of the CFO to plan with agility while managing business in a dynamic environment. With enterprise data and operational reports updated in real time, leaders can now make strategic decisions at scale, supporting a truly intelligent enterprise.

In IDC's interactions with end-user organizations, they typically cite the following practices to be essential to their success:

- An integrated suite rather than best of breed in each of the aforementioned areas because of the opportunities for standardization
    - While individual best-of-breed products may offer greater functionality, the sum of the parts is never greater than the whole. Standardization is key, so each region and business unit is united in strategy. Big benefits result when the whole enterprise relies on common definitions and processes within the systems of record.
- Sharing key performance insights with stakeholders, thus building trust and engagement

Challenges

- Large-scale modernization efforts require strong and continuous executive support.
- It is imperative to prioritize a list of essential functions a new technology must fulfill and manage expectations appropriately while involving all stakeholders.
- Foster cross-functional collaboration throughout the project to ensure consistency and adoption across the enterprise.

ENTERPRISE TECHNOLOGY FOR A CHANGING WORLD

The future of work is in the cloud. As enterprises prepare for the next decade, those that recognize the potential for exponential business impact generated by connected and cloud-based systems will be well positioned to outpace their competition. Digital acceleration can not only streamline operations, save time, and increase employee engagement but also expand business models, uncover new revenue-generating possibilities, and strengthen the entire enterprise.

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Global Headquarters

140 Kendrick Street
Building B
Needham, MA 02494
USA
508.872.8200
Twitter: @IDC
idc-community.com
www.idc.com