



## A new global HR software solution supports HR transformation and drives innovation at Philips

### Executive Summary

Deloitte has rolled out a global HR Software as a Service (SaaS) solution to support HR transformation and help to drive innovation at Philips. As a result of the implementation, Philips has been able to standardise and simplify core staffing processes and introduce real-time people analytics to drive better talent decisions.

The talent and performance functionality that the system has introduced, which is based on a talent strategy co-designed by Deloitte, encourages the workforce to own and drive their performance, learning and career development, and gives management a more effective means of recognising and nourishing talent.

Philips is now able to harness the solution's reporting capabilities to make more informed workforce decisions across the organisation and implement tools to recognise, encourage and retain the highest-performing talent.

With new compensation and absence-management functionality, the solution has empowered Philips' managers to manage a mobile workforce. They can utilise data to compensate staff in accordance with stricter performance metrics and with globally defined benchmarks, while employees have greater ownership of absence and some compensation processes.

The implementation has also reduced the number of systems commissioned to serve the organisation globally, yielding significant cost savings, while further savings are being made by streamlining HR transactions, extending employee self-service and freeing up staff for more value-added roles elsewhere.

Philips is splitting into two legal entities in early 2016. This Workday® implementation has delivered a robust HR platform for each of the new businesses, equipping them to make the key talent and organisational decisions to realise their individual growth targets.

*Deloitte's implementation of HR Digital has helped to further activate the Philips' HR Operating Model, which in turn is supporting its business strategy and focus on innovation.*



**Employee empowerment.**



**Supporting growth.**



**Enhanced talent.**



**Cost efficiencies.**



**Supporting change.**

"Philips at large and the Philips HR organization specifically is undergoing a huge transformation process aimed at delivering better/more (business) value in a more efficient way. From the very start of the process/project, we have partnered with Deloitte to guide and support us throughout this journey. The consistent delivery of all of our Workday go-lives is a great achievement in itself and the result of close and very intensive cooperation. But more importantly, we are delivering the benefits for the business and HR in line with the business case that was created at project start. This was only possible because of the excellent support of Deloitte. This was on the one hand around project execution and the focus on results delivery and on the other in providing outside-in views and help with formulating our strategic direction."

Nico Steyaert, Head of HR Digital

# Project overview



Philips began its HR Transformation journey in 2003 and the economic climate and its business priority of organising around customers and markets, along with the overall restructuring of the organisation, have created a strong foundation for HR to drive further efficiencies. Deloitte's journey with Philips began in 2009. Prior to this, Philips' HR was extremely fragmented and mainly managed at a local level, with little or no governance or centralised decision making. Limited process standardisation and policy harmonisation were also exacerbated by multiple service delivery models.

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## **HR simplified**

The Deloitte team won the project by identifying key areas where HR delivery could be improved and developed a four-year HR transformation roadmap that would help Philips meet its headcount reduction targets in HR. The key objectives of the project, named HR Simplified, were to:

- Simplify the delivery of HR services to the different customer groups
- Standardise and simplify global HR processes
- Implement five regional HR shared service centres that perform according to a global model
- Implement employee, manager and HR self-service and knowledge management.

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Beginning in 2013, HR Digital was the largest technology project of its kind within Philips and also the largest Workday deployment in Europe to date by headcount.

## **HR digital**

Within HR Simplified was the implementation of a programme platform for the next step in Philips' continuing HR transformation journey. HR Digital, as it was named, was a global deployment of Workday® Human Capital Management. Beginning in 2013, HR Digital was the largest technology project of its kind within Philips and also the largest Workday deployment in Europe to date by headcount.

The primary objectives of the project were to:

- Implement Workday HCM system globally and optimize legacy HR processes
- Improve data efficiency and enable precise global people reporting
- Reduce overall HR IT landscape costs by moving to cloud-based technology
- Improve system-user experience to better enable employee, manager and HR self-service.

# Approach

The project was divided into three main phases. The first phase saw the introduction of Workday to Philips HR. Representing another significant milestone in the Philips-Deloitte journey, the work focused on standardising and simplifying core staffing processes and enabling Philips to harness real-time people analytics to drive much more informed talent decisions.

Phase two focused on how to develop and maximise performance of Philips' talent. The introduction of the Talent and Performance module in Workday marked an exciting breakthrough for Philips in deploying further resources to enable its employees to own and drive their own performance, learning and career development. This involved setting goals consistent with wider business objectives, encouraging continuous development through anytime feedback and, most importantly, connecting performance review outcomes with development actions.

It was quickly evident that existing talent and performance processes did not support Philips' HR strategy focus on empowerment or increased employee and manager self-service. With the HR function managing and entering data in the legacy talent management system managers and employees could not access or benefit from the insights and information first-hand.

The need was clear: across the 77 countries, employees had to be able to:

- Share career experience and ambitions through their own Talent Card
- Easily access their objectives, mid-year development plans, talent cards and performance reviews in one system across multiple platforms
- Track learning achievements through the Philips university development plan.

In addition, the system needed to be searchable for career advancement opportunities by the in-house talent acquisition team and support management in being more proactive with their direct reports' career aspirations.

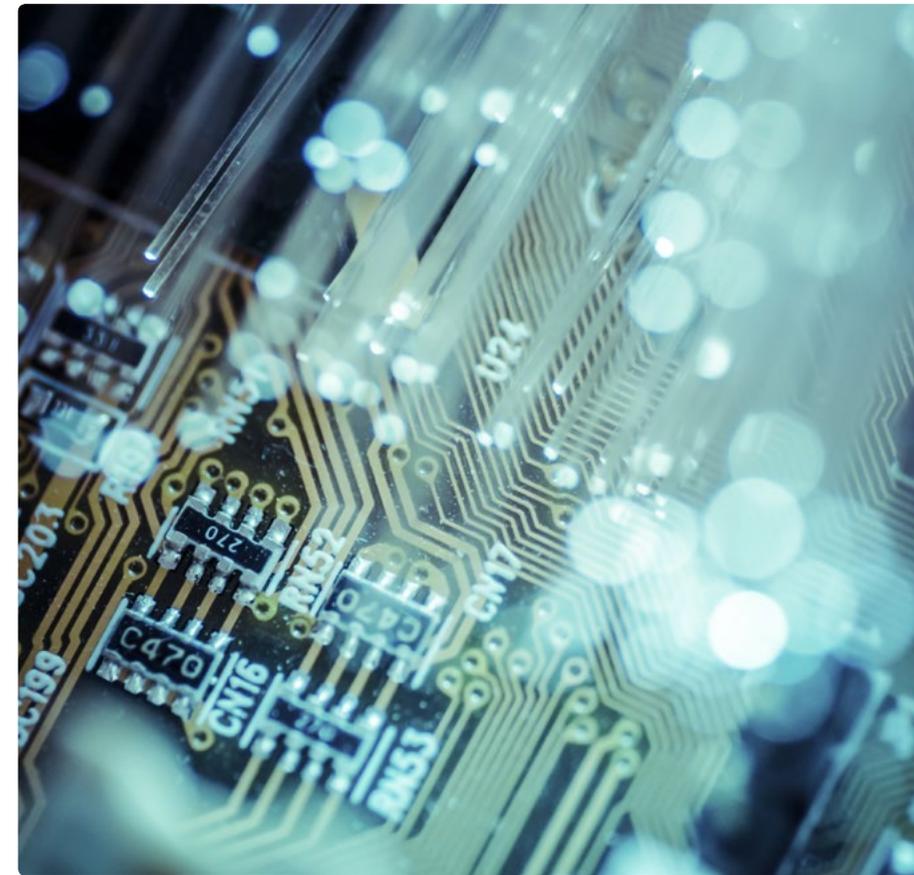
The Workday solution provides direct access to individuals' performance, putting ownership of succession planning in the hands of managers throughout the year and enabling them to respond to changing business requirements and individual ambitions.

In 2014, Philips introduced regional compensation and absence. In this third phase, Deloitte undertook a thorough review of the highly localised landscape and began to design a more centralised framework using Workday functionality. It was clear from the outset that this level of localisation would pose a significant challenge. With each country running a legacy system with varying levels of localisation, Deloitte's task was to build a compensation and absence solution that could incorporate all of these seamlessly, integrating the specific plans used locally and the various payroll systems used in each country.

The Deloitte team's experience and depth were put to the test as, owing to the level of complexity and differentiation from country to country, consultants had to gain a thorough understanding of compensation and absence legislation and norms and tailor the solution to meet the needs of each country, while still aligning as closely as possible to the global design.

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# Outcomes

Deloitte's implementation of HR Digital has helped to further activate the Philips' HR Operating Model, which in turn is supporting its business strategy and focus on innovation.

## Employee empowerment

With 24-hour, year-round availability, Philips' HR team can manage careers, performance and development plans throughout the year through a single integrated system that employees and managers can access and update directly through their PC or smart phone. This level of empowerment is becoming the norm in modern organisations and 85% of the Philips population is now directly involved in Workday compensation and absence processes.

## Supporting growth

With tangible results such as headcount reduction and workforce reorganization resulting directly from Deloitte's work, HR Digital is already playing an important role in supporting Philips to progress its growth aims.

## Enhanced talent and compensation management

The combination of a fully integrated talent platform and core compensation module allows managers to properly recognise the highest performers within the business and answer the question that so many employers ask – 'are we really paying for performance?' Philips HR can now more easily take measures to better reduce the turnover of high-value members of the workforce.

## Cost efficiencies

The streamlined architectural landscape that results from using Workday as the central system for so much of Philips' global HR has also yielded significant cost reductions. Put simply, there are fewer systems to run and maintain, while any necessary modifications can be applied to multiple populations at once. SaaS will also deliver lower running costs in the longer-term – the system cost will remain relatively constant, but savings will continue to grow as the workforce increases its competence with the Deloitte solution and begins to harness its full potential.

## Supporting major organisational change

The end of 2015 brings with it perhaps the biggest organisational change in Philips proud history as Lighting and Healthcare will split to form two separate entities. In a time of great upheaval, the processes and level of standardisation achieved with the Deloitte implantation will allow for a far more manageable decoupling than would previously have been possible. Moving into 2016, Philips Lighting and Healthcare are both now equipped with a strong set of tools to ensure robust management of all things HR.

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"Our HR Digital project is one of the largest projects undertaken by Philips in recent years. And the output – a new digital HCM platform – is strategically vital as it impacts every employee in our organisation. Embarking on a program such as this is not always easy, and it poses many challenges and some risks. Deloitte helped to minimise these by bringing deep insight and experience with access to SMEs around the world to the program, and helping us to navigate known risks and challenges proactively. The key to our success was the way they partnered with us to deliver the business case and empower our workforce. They rapidly assimilated into the Philips culture to more efficiently influence our decision making, whilst bringing an objective viewpoint to help shape a new and improved HR."

Denise Haylor, CHRO, Philips

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