

Case Study: Insurance

The rewards of modern HR at scale

Eying cost savings and enabling flexible employee experience, global insurance leader Gallagher undertakes a sweeping migration of its human capital management functions to the cloud.

Arthur J. Gallagher's corporate motto might seem unusual for an insurance company: "What's possible?" rather than "What could go wrong?" But that's the Gallagher way. And when it comes to the \$7.4 billion company's human capital management (HCM) systems, migrating to the cloud — saving millions and enabling flexibility — was not only possible, but achievable. The result is an adaptable, efficient, modern platform that will position the company to grow and succeed well into the future.

From its beginnings as a strategic exercise in 2016 to the final phase of implementation currently underway, Gallagher's HCM cloud transformation has been an ambitious if carefully executed journey. There's no other way to move the entire HR and recruiting functions for 32,000 employees living and working in 35 countries.

Gallagher at a Glance

- Based in Rolling Meadows, Ill.
- Founded in 1928 by Arthur J. Gallagher
- Employees: 32,000 in 35 countries
- 2019 revenues: \$7.4 billion

Outcomes

- Successful rollout of Oracle HCM Cloud: Core HR, Benefits, Talent Management, Time & Attendance and Payroll for the U.S., the UK and Canada.
- Successful retrofit and reengineering for Oracle Workforce Compensation Cloud and Oracle Taleo Recruit & Onboarding.
- On track to achieve 30% IT cost reduction over five years.
- Delivered more than 110 custom interfaces to and from HCM Cloud.

The limits of legacy HR systems

As far back as November 2016, it was clear to Sufel Barkat, Vice President of HRIS, that Gallagher needed to modernize its HCM systems and processes. Gallagher was using the Oracle E-Business Suite for most of its HR functions, but the interface was antiquated and employee self-service was limited.

“I would call it the green screen effect,” recalls Barkat. The legacy systems were not intuitive to use and had been heavily customized for Gallagher’s processes, which made them all the more difficult and expensive to maintain. Many processes were still paper-based, which was inadequate for today’s pace of business, not to mention cumbersome and often unmanageable.

Gallagher’s aging IT infrastructure was sorely in need of attention. Oracle EBS was heading out of support just as aging hardware needed to be replaced. Hosting and licensing fees were up for renewal.

The employee experience of the company’s HR systems was not fully state of the art, with no mobile access and only rudimentary self-service capabilities. “It was obvious we needed to make a change,” says Barkat.

Preparing the organization for change

Barkat and his team began to sketch out their vision for what an up-to-date HR platform would look like, as well as goals for the broad initiative.

Not surprisingly, cost reduction was a top objective, with a projected 30% reduction of total cost of ownership (TCO) over five years. Enhanced productivity, better user experience, faster time to market and superior performance were also on the list. The last item, compliance, was especially important given Gallagher’s diverse international presence. Migrating to the cloud was

Outcomes (continued)

- Consolidated three UK payroll systems onto a single payroll system.
- Personalized user interface for employees.
- Built more than 100 custom reports and dashboards for HR administrators, with notifications for key business events.
- Automated the onboarding process by integrating Taleo Onboarding Document of Records with HCM Cloud using web services.
- Fully reimagined processes for performance and goals, moving from paper-based processes.
- Improved accuracy of time calculation.
- Decreased recruitment time.
- Met regulatory compliance objectives.

a straightforward next step, and Oracle’s Human Capital Management Cloud was the natural selection.

Facing a sizable initiative, even the largest companies tend to skimp on gaining consensus and executive buy-in. These steps, though essential, can bog down a major project. This was not the Gallagher way. Barkat painstakingly gathered executive sponsorship and support throughout the organization to prepare for the major change ahead.

Technical considerations were equally important. Set on moving to HCM Cloud, the team first worked with Oracle’s product developers to ensure their plans aligned with Gallagher’s needs from a payroll, time and absence perspective. “These systems

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absolutely have to operate, so I got some good ideas on their strategy and direction," says Barkat. After that, his team interviewed a lengthy list of HCM Cloud customers, both provided by Oracle and not.

Barkat was interested in the nuts and bolts of his peers' implementations, as well as information about their industry and business. But he was most keen to hear their lessons learned. "The best experience is someone else's," he says. The biggest takeaway? Most of the customers advised Gallagher to use a phased implementation to soften the effects of change.

The next step was to share the project roadmap with the HR executive team and others, stressing why the project was necessary. They hosted internal webinars describing the Oracle Cloud capabilities and how people's jobs would change under the new system. Barkat installed three steering committees charged with governance and keeping the project on track.

His team worked in tandem with potential implementation partners, including Cognizant, to validate the footprint and timeline. With a high-level cost estimate for a three-phase, five-year project in hand, Barkat and team created a detailed business case.

Barkat aimed to spread far and wide the message of why the migration was necessary — with that communication being what he calls a "Day-One priority."

"Globally, our employees needed to understand what was coming and be able to manage it across many countries," he says.

At a high level, the implementation plan covered:

- Standardizing and centralizing recruiting processes.
- Standardizing and consolidating workforce compensation and talent management.
- Standardizing absence rules.

Future-proofing HR: The work

The project roadmap covered four cycles of conversions over three eight-month phases with more than 110 system integrations. Barkat's team outlined a number of benefits it expected from the move to Oracle HCM:

- IT cost reductions — 30% over five years.
- Enablement of a "single version of the truth."
- Modernized user experience.
- Seamless incorporation of new features/ functions on a quarterly basis.
- Elimination of hardware (purchase and support).
- Adoption of best practices globally.
- Compliance facilitation.

A phased approach

Gallagher's HCM transformation encompassed three phases:

1. **June 2017 to April 2018:** Oracle HCM Cloud — Core HR & Benefits implementation for 35 countries featuring 63 custom integrations. A reimagined Talent Acquisition module integrating TALEO Recruit & Onboarding with Oracle HCM Cloud.
2. **June 2018 – April 2019:** Oracle Cloud Payroll in the U.S., the UK and Canada along with Absence Management, Time & Labor and Talent Management featuring 52 integrations. During the second phase, Gallagher also transitioned to a Managed Services Model for HR, Benefits, Compensation and Talent Acquisition Day 2 Support.
3. **May 2019 onwards:** Full transition to Managed Services for all phase 1 & 2 Oracle HCM Cloud and TALEO modules.

After spending several weeks assessing potential implementation partners in depth, Barkat selected Cognizant as its systems integration partner.

“We chose Cognizant because based on my years of experience implementing these types of systems for organizations, especially global organizations, they had the skillsets required for the functions we were looking to implement,” says Barkat.

Raj Elangovan, director of the Oracle practice and delivery leader for Cognizant, was at Barkat's side. He worried more about the technical aspects of the massive conversion. “The 63 interfaces we converted in phase 1 was really challenging,” says Elangovan. “The number of technical components was exhausting.” The Cognizant team quickly moved to an agile, factory-type approach to testing and delivering the interfaces. The first phase went live in April 2018.

Changes afoot

Employees immediately embraced the streamlining of countless processes. Take, for example, performance reviews. “Instead of doing the annual review that we were used to, we changed our process to be more functionally driven. That could be quarterly or as frequently as the employee and managers deem fit, versus doing a big thing annual review,” says Barkat.

Employees now receive performance feedback more often so they can make adjustments a lot sooner than they used to — contributing to overall business performance.

“This is a much better approach and a best practice,” he adds. “I did not drive this, these were the functional owners saying, ‘This is how we would like to do it, based on our experience.’”

The treatment of acquired employees was another area of change, and an important one to a company that relies on mergers and acquisitions for growth.

“As we do acquisitions, we want to ensure our acquired employees and organizations have a smooth and good employee experience in

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onboarding, and make sure they become part of the Gallagher culture going forward,” says Barkat. The new process is faster and easier on new employees. Just making sure that new employees were paid properly required a high degree of planning and execution of onboarding strategies.

The proof of the success of any HR system migration lies in the degree to which the employees use it. By October 2019, just a few months after the first go-live, Gallagher’s system had 19,000-plus unique logins. There were 834 new hires and 4,867 approvals that month. Just to have these metrics — and a ton of others (see box on the right) — was huge.

“We could not have produced these numbers before. Now, we know exactly how the system is being utilized,” says Barkat. He’s happy with the levels of adoption.

Currently, the third phase of implementation is under way. The project is on track to deliver the target cost savings after five years, according to Barkat. That’s good news, certainly, but perhaps not as significant as upgrading the user experience for an engaged and active workforce.

“The majority of the people I work with at Gallagher are type A players,” says Barkat. The insurer’s sleek, cloud-based HCM meets their expectations for

a modern HR capability, including self-service and mobile access. The painstaking change management and scores of technical conversions were worth it, according to Barkat and Elangovan, providing a foundation for growth, the Gallagher way.

Adoption by the numbers

A sampling of usage metrics for Gallagher’s new systems, during October 2019:

- Approvals: 4,867
- New hires: 834
- Change locations: 134
- Change manager: 1,504
- Change salary: 1,596
- Manage directs: 1,831
- Manage employment: 4,901
- Manage person: 3,800
- Manage work relationships: 2,265
- Promotion: 301
- Resignation: 1,217

About Cognizant

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