

# **The High Cost of Managing & Maintaining Disparate Workforce Data**



An Executive White Paper



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## I. INTRODUCTION

The business world has changed dramatically with the introduction of technology. The most significant change is the explosion of data that is housed in disparate systems throughout an enterprise. The original goal of data collection was right on target: to capture relevant data that would enable organizations to analyze critical information and make smarter business decisions. In isolated cases this “goal” has been achieved. However, within the larger scope of business – it has fallen far short.

This white paper explores the hidden expenses and lost opportunity costs organizations experience every day because they are not able to efficiently access workforce data housed in disparate data systems. We will highlight real-world examples of companies that have lost a significant amount of time, labor, and money attempting to aggregate and analyze workforce data through point solutions or cryptic tools. Finally, we will explain how IT and business professionals are leveraging a new breed of data unification and validation technology – Unified Workforce Intelligence solutions – to gain greater visibility and control over their organization.



## II. ROOT CAUSE OF THE PROBLEM

Growth is the root cause of disparate data management problems that exist within the enterprise. As companies grow in size, scale and complexity so does their IT infrastructure and their data. When you combine distributed operations in various geographic locations with matrix reporting relationships that span hundreds of departments and dozens of divisions; mergers and acquisitions; and business process outsourcing relationships – the cost and complexity of managing disparate workforce data continues to escalate.

To contend with the overgrowing data management problem, organizations continue to invest in business applications, databases, custom reporting tools, business intelligence solutions, etc. In fact, according to Colleen Graham, principal research analyst at Gartner, companies around the world have purchased more than US \$40 billion worth of enterprise applications, including ERP, CRM and HR, over the past few years. Gartner also estimates the worldwide Business Intelligence (BI) software will reach \$3 billion in 2009. While companies are spending billions on business applications and BI solutions to analyze certain aspects of the business, they do not enable organizations to aggregate and analyze disparate workforce information.

### Adopting a Unified Workforce Data Strategy

Aberdeen's 2005 Benchmark Report states 92% of executives that work for companies with more than 1,000 employees feel top down pressure to create a more productive workforce. According to Aberdeen, to improve workforce performance "Best in Class" companies are adopting a unified workforce data management strategy. They also state that companies typically fit into one of the three workforce unification phases below:

LAGGARDS	INDUSTRY AVERAGE	BEST IN CLASS
Technology use is fragmented; consistent data is not kept for different levels of the organization.	There may be different applications used at different locations across the company or different applications used with different levels of the organization.	Company is using one workforce system of record and other workforce-related data sources feed into a central hub.

These and other statistics validate the need and demand for a solution that can cost effectively aggregate accurate workforce information. Next, we analyze the cost associated with today's disparate data problem.



### III. HARD DOLLAR AND OPPORTUNITY COSTS

The hard dollar and opportunity costs of trying to manage disparate workforce data is alarmingly high – often much higher than many executives realize. These costs manifest in two primary ways:

- 1 The money and resources it takes IT to bring the data together (or to repeatedly attempt to bring the data together, and then fix the resulting problems).
- 2 The business value that is lost because organizations do not have a holistic view of their workforce information, reporting structures and business processes.

Without accurate and holistic visibility to detailed workforce information, it is difficult to identify problems that exist throughout an organization – and next to impossible to fix them. Visibility can only occur when the corporate silos that hold the keys to workforce information are unlocked and authorized individuals can instantly and easily access the workforce information they need to make smart business decisions.

Today, disparate workforce data makes it impossible to access data – let alone accurate data – across the entire enterprise. Disparate data makes it impossible to accurately answer very simple workforce related questions such as:

- > How many people are working in a specific department or division within a particular geographic region?
- > Where are the “A, B, and C” players in the organization and what was their latest performance rating?
- > Is the consolidated payroll data for individuals, departments, or divisions across the globe timely and accurate?
- > How will a reorganization impact a department, division or the entire organization?
- > Are there any reporting relationships in the organization that are creating compliance threats?
- > If we merge with this company where do the workforces overlap with one another and the associated cost of those employees?
- > How many job requisitions are open/active and what is the economic impact on the business?
- > How many outside individuals (i.e. 1099 employees, BPO resources, etc.) are under contract and how much they are costing the organization?

By unifying workforce data into a single hub or repository and then visualizing that information through intelligent workforce reports, these and hundreds of other questions can be answered in minutes – not days or months.



### IV. REAL WORLD EXAMPLES

*Below are just two examples that illustrate how costly it is to manage and maintain disparate workforce data:*

#### **Disparate Workforce Data Causes Global Firm to Lose \$1.8M and Experience SOX Compliance Issues.**

A large organization serving the aerospace/defense industry was running multiple ERP systems that housed a large volume of workforce data. Because the company did not have a complete view of data pertaining to its permanent and contingent workforce they were unknowingly paying terminated employees well beyond their termination date, awarding unauthorized employee's bonuses, and paying contractors long after their engagements were completed.

It was not until they deployed a unified workforce intelligence solution that they were able to identify these flaws and correct them. By unifying workforce data from Lawson, PeopleSoft and other systems this organization was able to view everything from employee contact information, to hire/termination status, reporting structures, payroll data, access privileges, assigned corporate assets, financial information and more through a single workforce intelligence dashboard. This visibility saved the company approximately \$1.8M the first year the unified workforce intelligence solution was in place and it also saved them from paying significant Sarbanes-Oxley compliance fines.

#### **Two Telecommunications Companies Experience Significant Delays and Expenses During M&A Process Because of Disparate Workforce Data.**

Companies that are acquired or merge are faced with serious disparate workforce data challenges. Imaging bringing tens of thousands of employees together and integrating highly complex, global reporting structures. Two global telecommunications companies quickly felt the pain of disparate data after completing a recent merger. Because these two firms did not have a unified workforce intelligence solution in place, they were unable to "see" the true workforce data problem and how difficult it would make the merger process. These two firms attempted to manually integrate data from each of their ERP systems. They literally tried to connect the dots (data) through a manual merge/purge process. The end result – thousands of man-hours spent trying to make it work, two broken business solutions and wealth of data integrity issues.

The lesson: When companies merge and they have different systems in place they must have a neutral solution in place that can serve as a data hub that unifies workforce information in a highly accurate and automated fashion. If they had a unified workforce intelligence solution in place the two companies could have integrated their workforces prior to the merger and conducted "what if" models to see where workforce related problems existed. They also could have automated the process of integrating and identifying data integrity issues that existed within the individual systems prior to combining multiple data sets.



### V. HOW TO UNIFY WORKFORCE DATA

#### **Unified Workforce Intelligence for the Enterprise**

Unified Workforce Intelligence (UWI) solutions capture information housed within virtually any data source and instantly transform that information into visual, interactive dashboards for executives; secure, information-rich organizational charts for managers; custom reports for individual departments; and web-based workforce information portals for employees throughout the world.

#### **Unified Workforce Information Improves Data Integrity and Decision Making**

With UWI solutions, everything from employee contact information, to reporting structures, payroll, access privileges, assigned corporate assets, financial information and more can be aggregated and centralized into a single workforce intelligence dashboard. While dashboards are important – they are only valuable if the data being aggregated is accurate. That is why UWI solutions are designed to improve data integrity by comparing/contrasting data from a wide-range of data sources before presenting the data to the end-user. Once accurate workforce data has been captured, UWI solutions integrate that information with an accurate representation of the organizational structure. This enables executives, front line managers, and employees to view secure, web-based workforce intelligence reports that contain the most current and reliable workforce information throughout the enterprise.

#### **Unification and Correlation Algorithms Are the Key**

By leveraging data unification and correlation algorithms, UWI solutions can aggregate workforce information from disparate sources. Information updates are received in real-time from the original source via Web services or via scheduled batch updates. By making the workforce information visible to individuals responsible for the data (HR representatives, IT professionals, LOB managers, executives, etc.) – data integrity is significantly improved. Authorized individuals are able to change information within the UWI solution and those changes are automatically pushed back to all relevant data sources. This also allows organizations to centralize, or if they so choose, distribute span of “workforce control” down to the field level in a secure and consistent fashion.

#### **The Importance of Hierarchy Security**

Hierarchical security within a UWI solution limits what an individual can see or potentially update based upon that individual’s span of control or ownership within the hierarchy of the organization. This is fundamentally crucial to UWI solutions since employee information is typically limited to a “need to know” basis. In addition, hierarchical security should encompass a delegation model that allows managers to designate someone as their proxy. This enables organizations to establish and maintain joint ownership capabilities so HR and other individuals throughout the organization can also take responsibility for certain aspects of employee information. Finally, a UWI solution should be able to limit access to information at the field level based on an individual’s role. This hierarchy security segmentation functionality ensures workforce information is secure, yet individuals with certain access privileges still have access to the information they need to make smart business decisions.

*“Fast-moving companies can’t afford to let workforce information lie fallow. If they do, it’s a business problem, a compliance problem and maybe even a survival problem. The idea then is to improve data integrity and data flow by improving the accessibility of disparate database records and the ability of their systems to talk to each other automatically. Organizations doing that are saving time and money and enabling the kind of decision-making processes that put a company ahead of the competition. That’s precisely what Unified Workforce Intelligence solutions do.”*

~ **Ross Melbourne,**  
CTO, Aquire, Inc.



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### **TECHNICAL CONSIDERATIONS**

When evaluating Unified Workforce Intelligence solutions you should make sure they support today's technology standards including Service Oriented Architectures and Web services. David Cearly, research vice president at Gartner believes these technologies will form key pillars of the new IT architecture.

**Service Oriented Architecture (SOA).** SOA uses interactive business components designed to be meaningful, usable and useful across application or enterprise boundaries.

**Web Services-Enabled Business Processes.** These productivity-boosting models represent a new approach to doing business among enterprises that would not have been possible without the benefits of Web services.

In addition to technology standards, organizations should make sure the UWI solution they deploy is:

- > **Data Source Agnostic** – The solution should be able to access and aggregate information from virtually any data source including an Excel spreadsheet, to any ODBC compliance database.
- > **Easy-to-Integrate** – Make sure it can integrate seamlessly with existing solutions and the vendor supports Web services.
- > **Extensible** – Ensure the solution is based on an extensible architecture from a vendor that is committed to open standards.
- > **Customizable** – You should be able to customize reports and functionality to meet your specific business objectives and technical infrastructure.
- > **Configurable** – Administrators should be able to configure application functionality without using a programmer or consultant. When functionality is made available as a Web service, you can rapidly reconfigure the solution and avoid expensive IT projects.
- > **Browser-based** – Information should be presented as Web-based content and should not require special software or downloads.
- > **Scalable** – Make sure the application can scale quickly and capture information on 100 to 1,000,000 individuals across the enterprise.



### VI. ECONOMIC AND BUSINESS BENEFITS

*Unified Workforce Intelligence solutions can have a positive economic impact across the enterprise. Below are just a few ways these solutions can benefit an organization:*

**Improve Workforce Data and Hierarchy Management** by managing workforce information from a wide-range of data sources and allowing managers to analyze how reporting relationships positively or negatively impact critical business processes. This also allows management to centralize or decentralize hierarchy management throughout the organization.

**Improve Data Integrity** by providing the entire organization with a visual representation of workforce data and allowing team members to correct information within their span of control. This enables executives to maintain accurate workforce information throughout the enterprise.

**Reduce Security Vulnerabilities** by knowing if employees have been hired or terminated, passwords need to change, credit cards should be cancelled, corporate assets need to be collected and more. UWI solutions enable organizations to provide individuals with the visibility they need to eliminate these and many other security vulnerabilities.

**Mitigate Risk & Improve Compliance** by conducting efficient workforce audits, maintaining accurate reporting structures, validating individual roles and assignments, assessing employee access privileges, and more.

**Decrease Operational Expenses** by surfacing hidden costs, overruns, broken processes, contingent workforce numbers, and operational inefficiencies within the organization.

**Improve Business Processes and Workflow** by providing managers with visibility to current reporting structures and allowing them to correct reporting structures that drive workflow and business rules.

**Enhance Asset Management** by capturing information from asset management systems and visually displaying specific corporate assets that are assigned to employees throughout the organization.

**Streamline Workforce Planning and Budgeting** by replacing the costly, time consuming process of compiling spreadsheets, org charts, and budget information with collaborative, centralized workforce planning and budgeting reports.

While almost every area of the organization benefits from UWI solutions – the IT department will benefit the most. After all, the burden of improving data access and integrity always falls on the IT department’s shoulders. By deploying an UWI solution, IT professionals can automate the data aggregation process, eliminate ad-hoc reports, improve data access, and align business processes with the workforce in a more efficient manner. In the end, UWI solutions make ITs job a lot easier and enables them to continue adding business value to critical aspects of the organization.



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### ABOUT AQUIRE

**Aquire, Inc.** is a privately-held company that was founded in 1994. Today, more than 2,200 organizations in 125 countries have selected Aquire solutions to manage data for 7 million working professionals worldwide. The company's Unified Workforce Intelligence (UWI) solutions enable organizations to improve hierarchy management, compliance, operational efficiency, workforce budgeting, data integrity, organizational charting, and more. To learn more about how your organization can benefit from UWI solutions visit [www.aquire.com](http://www.aquire.com).



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