



Workforce Optimisation Is Primed To Be the Next Enterprise Applications Battleground

Thursday, September 15, 2005

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Many companies won't understand what it is and few companies achieve it, yet Workforce Optimisation (WFO) will soon become of major importance to companies in the UK, the rest of Europe, and across the globe. Employee migration, Business Process Outsourcing (BPO), regulations such as the Working Time Directive (WTD), and a continuous squeeze on prices are forcing companies to carefully plan, control, maintain, and retain their workforce. It's one of the last big areas of the business to be optimised, even though most companies are still grappling with previous Enterprise Resource Planning (ERP), Supply Chain Management (SCM), Warehouse Management System (WMS), and Customer Relationship Management (CRM) optimisations. So why now?

According to Patricia Hewitt, the former UK Secretary of State for Trade and Industry, Great Britain is a world leader in services, accounting for more than 21 million jobs and growing. According to the DTI, which Ms. Hewitt headed until May 2005, the service sector grew by 211,000 jobs in the quarter to June 2005. In addition, there are around 5,500 UK call centres, employing almost 400,000 workers. So, with the unemployment rate static at around 4.7%, according to the Office for National Statistics (ONS), the UK has a strong employment base. The only blip is that whilst service-related jobs increased, production industries reported 131,000 fewer jobs over the year.

But international migration is changing the employment landscape across the globe, raising the importance of the credentials and skills of the employee as part of a company's overall assets. According to the last report published by the ONS, around 1 in 12 of the UK's population was born overseas, and as many as half of all international migrants entering Britain are between 25 and 44 years old. This means that the overseas-born population is more concentrated in the working-age group than is the UK-born population. Contrast this with companies in India, where many Western companies seek outsourcing resources, which are struggling to retain employees that seek increased compensation for their accumulated skills.

Effective management of human resources is a major contributor to a company's success, or failure

By acquiring **Siebel**, **Oracle** adds to its existing spread of products to support Workforce Management (WFM) and Human Capital Management (HCM). Siebel adds to Oracle's functionality in terms of incentive management, capacity planning, and other areas. Oracle already owns strong field force support from its **J.D. Edwards** products, plus best-of-breed functionality as part of **PeopleSoft**. Its own *E-Business Suite* also already includes many of these functions. As Oracle moves these products to its *Fusion* architecture, it has the potential to offer a single über-system, covering most facets of WFM. It would certainly encompass more than any other vendor could muster at this time. But will companies buy one big product? Oracle is more likely to componentise the system as part of its *Fusion* Service-Oriented Architecture (SOA) strategy. Why?

The trouble with WFM

One of the problems of selling WFM is that labour management responsibility is spread throughout an organisation, and there are multiple user types and different planning horizons: no one person exists to whom you can sell. Labour in the warehouse is under a supply chain budget, whilst the production, bank tellers, or retail store-based operatives, depending on the industry, generally come under an operations budget. At this operational level, planning horizons are a month or so in advance. But WFM also supports board-level users. Companies need to strategically plan workforce requirements to support mergers and acquisitions and long-range product and structural planning.

Few companies have taken the step to combine these requirements into one centralised budget holder or systems view. As a result, a best-of-breed approach currently suits the markets most effectively. WFM vendors such as UK-based **Workplace Systems** already let users view the workforce at multiple levels. Supply Chain Execution (SCE) vendors, such as **Manhattan Associates**, incorporate strong functionality for SCE-level management of a workforce. Other vendors such as **Vetro** provide mobile products to enhance systems, such as **salesforce.com**'s salesforce automation functionality, again optimising the time spent on such activities. But no single vendor covers all facets of a company's WFM and WFO needs.

Taking control of your workforce

Regardless of where your employees are situated and what level of outsourcing you undertake, companies must take control of this most important asset. Implemented effectively, WFM is the glue that ensures that all the employees in the business are aligned with the rest of the flow of the business. This is technology that rivals SCM, ERP, and CRM in complexity and business impact. Oracle is now well positioned, as are a number of other providers in the space, including those mentioned above. With Siebel, Oracle can claim in the region of 260,000 customers, 30,000 of which use its applications. All require WFM and WFO competency.

Oracle also already has major strengths in the growing service-related industries. **SAP** has been slow to

capitalise on this market, but now has products for a number of industries, notably Retail, Utilities, and Public Sector. This week, **Quintiq**, which calls itself a Dutch Advanced Planning and Scheduling (APS)/logistics/WFM vendor, signed an agreement to provide a planning and scheduling product with SAP for the TV and Media industry. **Microsoft** has some partner-based products within its business solutions products, but these are best suited to small and midsize companies or regional offices of larger companies. It's unlikely that Microsoft will rival Oracle's or SAP's scalability in the short term, nor will it aim to do so, but it's already competing with pure-play vendors in targeted industries, such as Distribution.

For sure, WFM is an area to watch. Right now, Oracle could claim a leadership position among the large enterprise vendors, but SAP and Oracle are some way behind pure-play WFM vendors in their specific capabilities. You also need to consider the criticality of the particular employee area to your business. A point product may target the problem more effectively. A lot depends on how many people in your business interact with or affect the customer directly.

If you're considering WFM or have any questions related to this or any other area, please contact me at nmontgomery@amrresearch.com.

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