What does the future hold for HR and finance systems in higher education?

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The Covid-19 pandemic and associated lockdowns have affected the higher education industry in several ways.

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Firstly, it has been a catalyst for speeding up change in all parts of universities' business. Joanne Marshall – chair of Universities' HR and director of people and campus services at the University of Bradford – points out that the response to Covid-19 has had financial consequences, created uncertainty with regards to the students and moved universities away from face-to-face teaching.

"We have also had to change the way staff work, and so a lot of staff services have moved online – working from home, and this has had implications from both a financial, wellbeing and a technological perspective", she explains.

Covid-19 has created a hybrid and blended working environment for staff, which is shifting higher education institutions (HEIs) from purely cost-saving IT programmes to focus on the employee experience. James Surgeon, UK and Ireland higher education lead at Accenture, notes "that the response to Covid-19 has shown some real shoots of innovation and agility at many UK universities, as well as an underlying lack of resilience and set of operational challenges in other places."

Many universities have found the shift to fully remote and digital working both a challenge and an opportunity. Surgeon suggests this is characterised in two key ways. The first is how to encourage employee flexibility, productivity and collaboration from remote locations in a way that meets the needs of the university. The second is a reflection on and acceleration of the transformative power of digital for core operations. This is also to empower employees in a way that transforms the student and researcher experience.

CLOUD: CHANGING CONVERSATIONS

Surgeon explains that conversations between Accenture and HEIs revolved around how to make finance and HR systems cheaper to run, as this was very much a pre-Covid agenda. However, the conversation has now moved on, he says. It's now about how HEIs use the new opportunities of cloud-based finance and HR systems to "improve our employee experience, which is now blended on and off campus".

For example, they are benefiting from new ways for employees to manage their career development. They can also avoid having to take physical receipts to a finance office in order to process expenses. The benefits are wider than this, but the point is that it is about working in a more digital way through cloud-based digital transformation.

It is also an opportunity to look at how universities run their core services in a more standardised way. Many institutions replicate the same process multiple times across faculties, colleges, or research projects, often with multiple customised systems adding unnecessary cost and complexity. Universities are more interested than ever in using the huge amount of data that is currently trapped in multiple finance and HR systems and databases. "The potential for this data is incredible," says Surgeon, pointing to a range of uses from financial reporting in real-time to workforce skills planning using accurate forecasting data, "but is only really possible with a well-planned data strategy." All of this has an impact on universities' ability to make long-term strategic plans, which are impacted by government policy and by the fact that the pandemic has impacted their income.

He adds: "Universities have had a year where they have had to re-direct a lot of that strategic funding into enabling online learning activities, and we are now starting to see some of the strategic finance and HR transformation programmes re-emerging, but with a slightly different flavour than they would have had two years ago when those programmes were being planned."

Richard Doherty, senior director solutions marketing EMEA at Workday, has discovered that there is a growing realisation that finance and HR needs to be at the core of any transformation. He explains: "As you are facing disruption, whether that be a pandemic or societal change that mean that people want to have a different learning experience, or one of many other potential disruptions, to be agile and to be able to adapt requires finance and HR to be at the core." Undertaking a payroll run remotely, hiring and recruiting people at a distance, or running virtual open days via digital cloud-based platforms requires flexibility.

Joanne Marshall says there has been a move towards using more technology-based systems in universities' HR and finance functions over the last five years. She believes the need for them to be integrated has been heightened and that they need to be agile and flexible, whether cloud or more traditionally based, to permit access on campus or from home. "Slowly, we are moving to more cloud-based services. Covid-19 resulted in a rapid move for some higher educational establishments", she comments. "The majority if not all higher education institutes have had HR and finance working from home throughout the pandemic, and that has created the need to find new ways of working and using technology."

"As a result, it has been really important to be able to access core HR and finance rapidly from home so that we can continue to provide a high level of services to our customers (students, staff, or stakeholders). The need for real-time data and for data that is integrated is critical to provide that high-quality support to our higher education establishments."

She believes this will enable better decision-making. "Finance and HR are having to make difficult decisions and support their organisations to make difficult decisions at a rapid pace, as well as to make improvements – to do things differently, and to provide a high quality

Some HEIs have fallen behind with the pace of change

Some are reliant on legacy IT solutions

of service for our students. As a result, the data to support this is critical – it needs to be robust and integrated," she explains.

PROGRESS WITH CLOUD

While there has been an acceleration in digital transformation in HR and finance, some organisations have fallen behind and struggled during the pandemic as a result. This tends to be because they haven't moved to cloud-based systems, and they are heavily reliant on legacy solutions. There is clear segregation between the systems they are using for finance and HR, plus many will have additional systems for recruiting, talent management, learning, financial and workforce planning – many of which still managed in spreadsheets.

There are nevertheless an increasing number of universities that are firmly walking down the digital transformation path and are doing well – particularly if they are embracing the cloud for finance and HR in line with the private sector. There is a move towards a modern cloud-based system to manage finance and HR, and typically looking to encompass a broader spectrum of functionality from a single solution. There is also a focus on the value of systems in areas such as business process automation and employee engagement.

Furthermore, there is building interest in how advances in artificial intelligence (AI) and machine learning (ML) can help universities add value. HEIs are exploring how technology can help the offices of the CFO and the CHRO become more strategic and less transactional, with the recognition that modern systems are an enabler for this.

Doherty explains: "The world is very uncertain now, and that uncertainty extends to the higher education sector. It looks like there will be significant changes to the way people go through tertiary education. So, organisations need to adapt quickly, and finance and HR systems require flexibility, otherwise finance and HR will end up getting in the way of change. These are core systems, the backbone of each university."

In Marshall's opinion, agility is high on the agenda for staff following the pandemic. She finds that the majority of university staff like the flexibility of remote working, and she claims that "the option of going back to the pre-pandemic arrangements would potentially create moral issues with staff and not be conducive to effective working." The platform for all of this is the cloud because universities have found that it offers "improved flexibility and agility for all staff and systems, but it is important that the security of the cloud is in place", she says. →

Managers want greater access to data to drive decision-making

Secure cloud-based systems can also enable higher education institutions to use real-time data to make decisions faster, foresee potential opportunities and risks faster. At times of uncertainty, such as now, during the Covid-19 pandemic, it's invaluable. Historic data is useful to analyse past, present and potential trends, with the aim of improving decision-making. Live data enhances this process by helping to ensure that decisions are made using all the very latest information.

The pace of change at present is significant, and so the picture may have changed since the last data snapshot was taken. Additionally, potential risks can surface quickly, and servicing this can be key to proactive mitigation rather than the reactive fire-fighting of problems. Also, in an increasingly competitive operating and operating environment, the ability to stay ahead can be critical to success or failure.

Surgeon adds the pandemic has created a perfect storm of forces, creating pressures that have highlighted the need for agility. He believes it joins a set of other pressures. "A key consideration that HR needs to keep in mind at a university is how the service supports the attraction and retention of world-leading academics as well as the flexible contribution of researchers on short term and flexible contracts," he explains.

Pressure partly driven by the UK Research Institute (UKRI), the body that controls the vast majority of UK-based research funding, seeks to drive transformation. From a researcher perspective, there is a shift from working in accordance with the traditional publish or perish paradigm, whereby career progression as a researcher is measured on how much an individual researcher has published to one that's more aligned with working in collaboration with industry – creating a need to measure the performance of their research differently, based on the value they are creating in industry. Subsequently, HR is administering new types of contracts.

Universities are focusing significantly on the employee experience. They want to ensure that they are a place their staff can develop their careers. Continuing professional development (CPD) is vital to their employees and their careers, as it is to the advancement of the institutions themselves.

Pressure is on universities to work more collaboratively with industry, increasing both the opportunities and pressures for HR. This is driving a change in the types of contracts HR departments are offering to some of the leading people in the academic jobs market. After all, their staff's success is their success too.
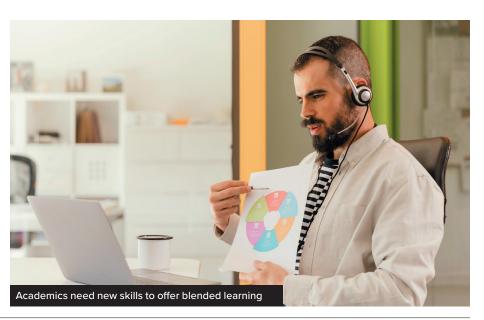
PANDEMIC: NEGATIVE IMPACTS

Not all these pressures have had a positive impact on higher education. Marshall would like to see the availability of more real-time information to support improvement and better decision-making.

She explains: "It's important to take the positives from the pandemic, such as the move to hybrid working and changes in the process. However, it's also important that we evaluate that as part of moving forward to consider institutional agility. This needs to be cost-effective and right for the organisation going forward."

To support remote-working, universities have put in place business continuity plans – and had to consider what the blended offer looks like, knowing that the skill sets of their staff will be, at the very least, slightly different in a hybrid-working world.

"Some of our academic workforce – prior to the pandemic – weren't used to presenting via, for example, Microsoft Teams", she says. "These are new skills that we will require, and so there is an opportunity to support staff to provide what HE needs. We can utilise apprenticeships and kick-start schemes to support new entrants into the higher education workforce – but we also need to ensure that our existing workforce has the right skills for the new world."

"The wellbeing challenge during this period has been significant and although all HEIs have offered a large variety of support mechanisms to staff and students, the full impact of the pandemic is not yet known, and these support mechanisms will need to evolve into the future. Data to support this will be critical. As the pandemic has brought new ways of working, it brings new challenges, and we should not lose sight of that as we move to a new era of higher education." move to a new era of higher education." →

Academics need new skills to offer blended learning

The pandemic might act as a catalyst for long-term, sustainable innovation

CORE REASONS FOR CLOUD

There are several core reasons for implementing cloud-based finance and HR systems to support both staff and students. They include allowing their entire workforce to access the data and functionality they need wherever and whenever they need it. As we emerge from the pandemic, some elements will remain even if staff return to onsite working.

The shift to the cloud supports this. Looking forward, the operating models of both finance and HR are evolving rapidly, as are the ways people are asked to work, the skills required and the need of an organisation. Based on real-time data analysis, senior leaders can also consider how their core functions and programmes are operating – gaining a measure of their effectiveness and the opportunity to consider how, as a university, they acan adapt and evolve moving forward. So, here are some points to consider:

• A modern cloud-based solution should drive continuous innovation into the product, taking into account future industry requirements, and as such enable the organisation to evolve without being hamstrung by old technology.

• The cloud-based solution enables the organisation to easily secure data access to the right people based upon their role and position within the organisation.

• To ensure the cloud enables institutional agility, it's critical to work closely with the vendor and the systems integrator. It's important to talk and listen to them in terms of the advice they can give as far as best practice is concerned, rather than to try to fit old ways of working and historical business processes into the new solution.

Additionally, a cloud-based solution should enable an organisation to adapt processes and manage them through the use of configuration rather than customisation of the system. It's about utilising configuration tools that are included within the solution, in contrast to customisation that requires customer-specific coding to deliver functionality, which makes it much more difficult to move to the latest version of the solution.

EMBRACING INNOVATION

Universities need to embrace innovation – not just in terms of student-facing systems but also in their finance and HR systems – to give them a platform for success and transformation moving forward in a fast-moving, ever-changing and uncertain environment. The inability to effectively transform would put a university at a significant disadvantage in an increasingly competitive and global marketplace. The table stakes are high.

Marshall says the key steps that CIOs, CHROs and CFOs will take to transform higher education will "involve all organisations reviewing their strategies going forward, including whether they have the technology and skill sets required because higher education will be a different place in 2022 than it was before the pandemic, which has accelerated the use of technology in the higher education sector". She says this move towards innovation is a positive.

Marshall explains: "I think digital transformation needs to continue, so that systems are integrated and accessible at a touch of a button, and we know that future generations will rely heavily on digital technology. We need to have real-time information that is integrated and easily accessible as this will be critical to allow universities to adapt and evolve, taking the learning from the pandemic and their future aspirations going forward."

"I came into HE from the NHS seven years ago, and I was shocked at the lack of integration. However, the pandemic has acted as a positive catalyst, acting as an acceleration of the use of technology and the integration of systems. Furthermore, the higher education workforce has had to become more agile and flexible because of the pandemic at a rapid pace."

What the pandemic has taught many universities and businesses is that it's not as painful or difficult as they think to accelerate their digital transformation and to embrace cloud-based systems. So, now they have been forced to transform, this is the time to seize the opportunity to move their HR and finance systems to the cloud, and to move beyond features and functionality to embrace organisational agility and flexibility.