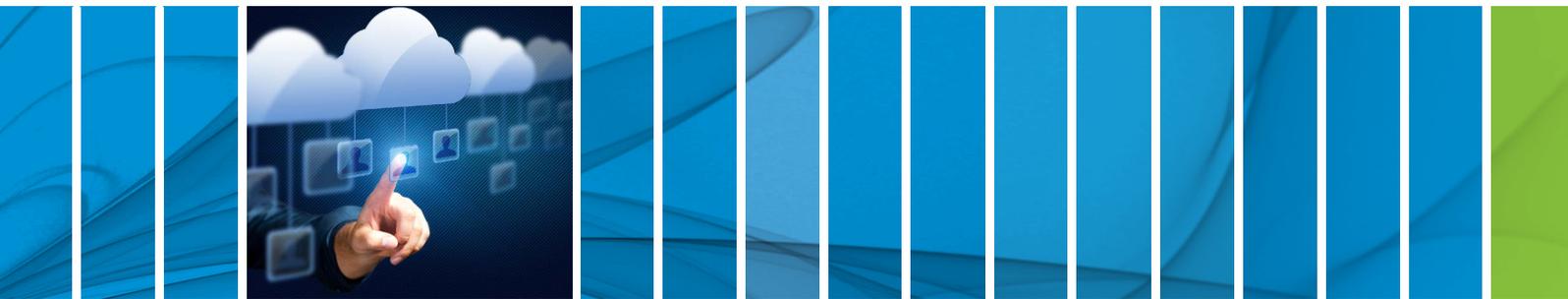


Transforming HR through the Cloud

Vallourec Case Study



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Journey to the Cloud

Vallourec, a leading supplier of tubular products to the oil and gas industry, is a multinational enterprise with a presence in 20 countries with 22,535 employees worldwide. But despite offering its customers global solutions for today's energy challenges, the company traditionally had no HR tools capable of supporting globally consistent HR policies, processes and initiatives.

"We were still living with what we call local systems, linked to local requirements," says Vallourec's Employee Relations Director Philippe Ferrie.

"So we had different types of SAP or other tools deployed at the country level, but we did not have any corporate HR tools." Around six years ago, P. Ferrie and his team started looking at exactly what HR information systems were being used in each of the company's country operations. They also conducted an external benchmarking exercise to identify best-in-class corporate HR solutions deployed by other large global companies.

From big ERP to the Cloud

"At the time, Cloud-based HR systems were not yet at the level of development that they have now reached," P. Ferrie recalls. "The trend was for large, integrated ERP systems provided by external suppliers or, in some cases, developed internally by the companies themselves. But selecting and implementing a new ERP system capable of meeting each country's specific requirements would have been a long, complicated and costly process. Developing a system in-house would have been even more difficult. Neither option appealed to Vallourec."

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Supporting business growth

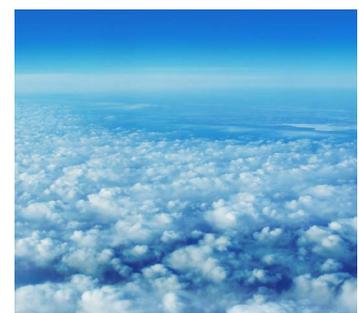
The company adopted an integrated Cloud-based HR information system that supports a range of HR activities, including talent management, performance reviews and succession planning. The scope currently covers more than 10,000 employees, while a separate Cloud-based learning management system serves the company's entire workforce.

Common language, culture and tools

According to P. Ferrie, Vallourec now has 'a common language, a common culture and common tools' that have enabled it to harmonise HR policies and processes across the world. The Cloud is also helping the company communicate its business growth strategy to employees. Their individual objectives – derived from this strategy – are cascaded through the Cloud.

Improving financial performance

HR Cloud technology has also had an impact on the company's bottom line. P. Ferrie estimates that deploying an ERP system probably costs at least five times as much as a Cloud solution. "If instead of a Cloud solution we had a big, worldwide ERP system to manage talent, to manage training and to manage reporting, the cost would be more than huge," he says, adding that lower software licence fees and, in particular, lower implementation and maintenance costs make Cloud-based solutions more cost effective than any of the alternatives.





Costs savings and business partnering

But P. Ferrie stresses that Vallourec did not choose a Cloud solution just to cut HR costs. It was more important for the company to find a solution that supported a global approach to HR and ensured that HR was able to act as a true business partner.

Aligning talent to business strategy

The Cloud-based HR information system has driven a transformation of its HR function, which now not only uses common talent management processes across the world, but also aligns these processes to business strategy. "The tools allow us to run what we call people reviews at the business unit level, at the regional level and at the country level," explains P. Ferrie.

"We have organised the HR function in such a way that HR managers attached to each business unit are now in charge of performance and talent management in those units and they can monitor and follow up what's going on through the Cloud."

Information to deliver strategy

Access to information for their own business units enables HR managers to discuss succession plans and talent requirements with each other. It also helps them plan the mobility of individual employees between different parts of the business.

Creating competitive advantage

HR and business managers could have rapid access via their smartphones to data on all company employees. That, in turn, means the company can respond quickly to changing business needs - and so keep ahead of competitors. "Today, if I want information about a Chinese colleague, for example, it will take me less than one minute to get his profile. In the past, that would have taken between a day and a week," says P. Ferrie.

Increasing employee satisfaction

Since it is a company's people who deliver competitive advantage, it is equally significant that tools increase employee satisfaction. A 2013 survey revealed that satisfaction with talent management and other HR processes was above 60 per cent in those parts of the business that had implemented the Cloud solution and below 50 per cent if not.

Unlocking the Cloud's potential

P. Ferrie believes that the key to successful deployment of any Cloud-based HR solution is to make sure it is geared to the needs of business managers. "It has to be something that is easy for a manager to use to - not a tool that only makes life easier for HR people," he says.

Vallourec

Activities: Manufacturing steel pipes and other tubular products, primarily for the oil and gas industry, but also for other industrial sectors.

Established: 1957

Headquarters: Boulogne-Billancourt, Paris, France

International presence: Manufacturing facilities operations in 20 countries, including France, Germany, Brazil, China and USA and R&D in each of the major regions.

Employee numbers 2014: 22,535

Website: www.vallourec.com

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