Rostelecom: Becoming an Innovative Provider of Digital Services with SAP® SuccessFactors® Solutions

After quadrupling in size through a merger of several companies, another daunting integration challenge awaited Rostelecom: standardizing and automating the HR processes for more than 120,000 employees. Using SAP® SuccessFactors® solutions, Rostelecom introduced digital HR services in many areas. Now it has what it takes to pursue its main goal: build a new digital Russia.
“We chose SAP SuccessFactors solutions for their flexibility and innovativeness. When you buy SAP SuccessFactors solutions, you also buy into SAP’s cloud vision and market leadership.”

Nikita Cherkasenko; Head of Assessment, Training, and Development; Rostelecom PJSC
Walking the talk on delivering digital services

When the work day ends in Vladivostok, it has just begun in Kaliningrad. In these places and everywhere in between, businesses and individuals need to count on reliable telephony and broadband. Rostelecom is Russia’s largest telecom company, but its mission is to deliver more than basic services: it is in the midst of transforming itself from a traditional telco into a leading provider of digital services and platforms.

In pursuit of this mission, Rostelecom merged several companies within the space of a few years, causing the number of employees to grow to more than 120,000. The combined company can cover every territory in the Russian Federation. Yet senior management knew that geographic coverage alone wouldn’t be enough to make the new company a success – simplified, standardized processes would.

Each merged company had brought its own HR processes and traditions into Rostelecom, adding new complexity. Managers were also spending too much time on HR tasks – time that could be better spent on pursuing strategy. Furthermore, some HR processes were simply cumbersome. For example, cascading goals had to penetrate nine levels of hierarchy using Excel spreadsheets and e-mail.

Rostelecom realized that, in order to become an innovative provider of digital services and platforms, it would first have to create that kind of environment internally. “Our HR strategy is based on the assumption that a huge company like ours can’t be flexible and agile without agile HR processes and talent management,” says Nikita Cherkasenko, head of assessment, training, and development at Rostelecom. “Our customers need digital services, so we made that our internal working principle as well.”
Agile and straight-forward processes on one system

Rostelecom was eager to roll out a new solution quickly. The cloud was therefore a given. “Without the cloud, the implementation would have taken years. We wanted to do it in a few months,” says Cherkasenko.

Rostelecom researched different companies and learned that, according to Gartner, SAP was a leading provider of talent-management software. But what tipped the scales was the software’s flexibility and innovativeness. “When you buy SAP SuccessFactors solutions, you also buy into SAP’s cloud vision and market leadership,” according to Cherkasenko. It purchased the SAP® SuccessFactors® Employee Central, SAP SuccessFactors Performance & Goals, SAP SuccessFactors Succession & Development, SAP SuccessFactors Compensation, SAP SuccessFactors Recruiting, SAP SuccessFactors Onboarding, and SAP SuccessFactors Learning solutions. Most are used for white-collar employees only – a group of around 45,000.

As the number of manual steps in recruiting had been high, Rostelecom introduced SAP SuccessFactors Recruiting first. Signing multiple forms, scanning and entering them into different systems, e-mailing them to each manager involved, waiting for the signed forms to be returned, highlighting the urgency of a hiring request when there were delays – all that was over. Now every step happened on a common platform.

Also, for the first time, hiring and recruiting managers have a common set of competencies and criteria with which to assess candidates – “instead of thinking something up off the tops of their heads,” quips Cherkasenko. The competencies used to recruit talent are used when reviewing performance later. “The whole process just became much more transparent and effective. And it’s like that with all of our SAP SuccessFactors solutions,” says Cherkasenko.
Fast-forwarding the company’s digital transformation

SAP SuccessFactors solutions have transformed Rostelecom’s business. In recruiting, for example, the company can now attract better candidates. “We used to have a huge problem in recruiting candidates and then having to send them back to the market,” explains Cherkasenko. “We have dramatically increased the number of competencies we gain with new candidates.” In the first nine months of introducing the new recruiting approach, Rostelecom made 6,000 new hires. Most of them bring exactly the skills the company needs to build the new digital Russia.

At the start of each year, each board member articulates goals for his or her area of responsibility. But now those goals can be cascaded in an instant to everyone, instead of traveling through multiple management layers. Rostelecom expects to achieve 30% time savings in performance management, covering the entire implementation cost.

In a country as large as Russia, having a clear overview of your management can make all the difference: skills that a manager in Siberia has might be needed in St. Petersburg or vice versa. The new solutions create this transparency. Rostelecom is using SAP SuccessFactors Employee Central to build one database that captures all managers. “Our 15,000 managers drive 80% of the business, so we needed more precise job profiles for them. We can now manage their careers and performance in a more sophisticated way,” says Cherkasenko.

Employees often view such changes with suspicion. Not so at Rostelecom: in 2015, when the launch of the SAP SuccessFactors solutions was announced and preparations began, there was already a 13% increase in employee engagement compared to 2014. “Once we fully implement all the solutions, we expect to see the next increase in involvement and satisfaction,” notes Cherkasenko.
Catching up in learning

Having created agile processes in performance management, recruiting, and compensation, Rostelecom’s priority for the future is to improve its learning offering.

Rostelecom has 73 training centers across the country. Previously, changing a course was always a logistical challenge: the training provider, owner of the training center, and all participants had to be informed separately and the content adapted manually. Rostelecom plans to use SAP SuccessFactors Learning to organize, store, and deliver training in a more effective way.

“We have a lot of catching up to do in training,” says Cherkasenko. “The most important goal for the next two years is to train more people in digital services, agile software development, and project management.”

Given Rostelecom’s shift away from its “old” traditional image, managers will also need more people- and change-management training. All learning workflows, planning, and learning content will therefore move to SAP SuccessFactors Learning.