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HR Technology Trends and Market Overview

NAW Billion Dollar CHRO Roundtable, Fall 2018

Discussion Topics

- Market Trends and Disruptions

- Resulting HR Technology Trends

- Setting Your Technology Roadmap

- Vendor/Solution Selection

- HR Technology Market Point of View & Peer Discussion
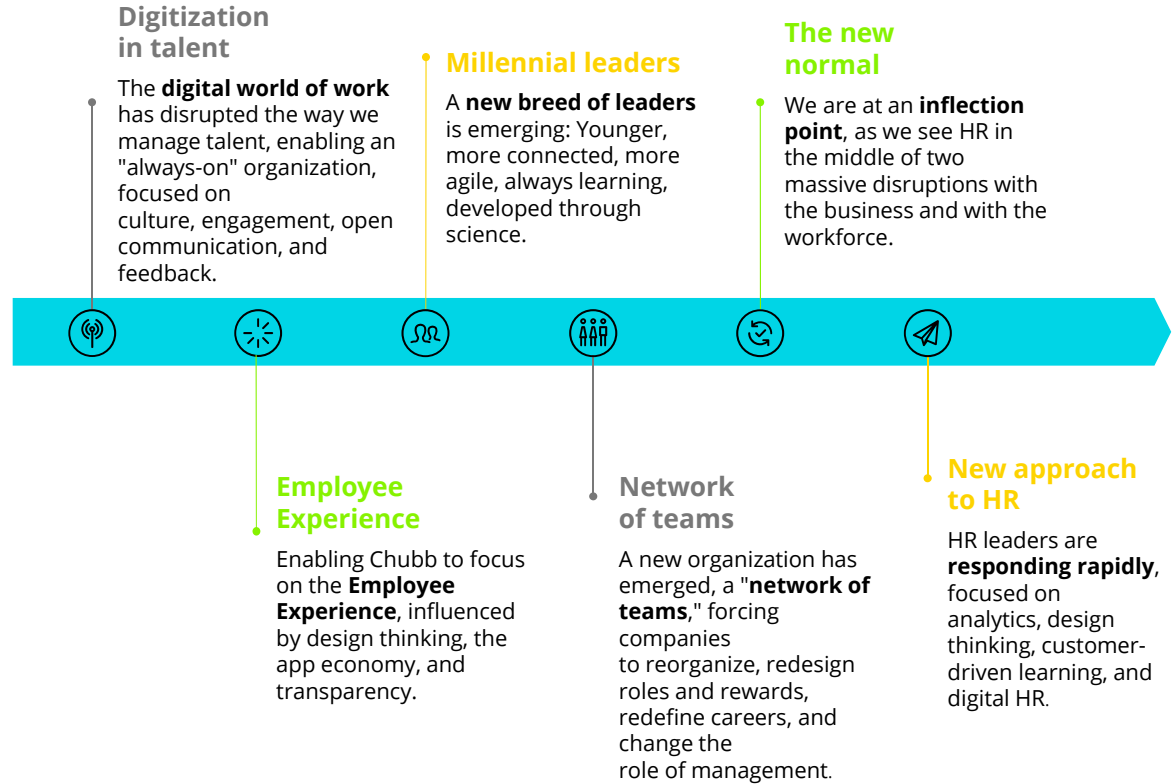
Market Trends and Disruptions

Disruptions Everywhere…

Many orgs will be in the middle of several disruptions that will challenge the current culture, organizational structure and capabilities

Changing Workforce

Competitors And Market

"Organization X"

Major Technology Shifts

OTHER BUSINESS EVENTS

- The **changing workforce** has different expectations of their work environment, culture and technology enablement. The nature of work itself is changing, requiring different skills and greater collaboration to develop and execute strategies. New knowledge workers replace experienced managers

- Many employees will need to develop **new capabilities** to support the new organization

- The organization must be able to quickly respond to **market changes** including product development and merger & acquisition activity. Future acquisitions will bring and engage creative talent and exploit new market opportunities

- An imminent **move to the cloud** will likely change the way work gets done
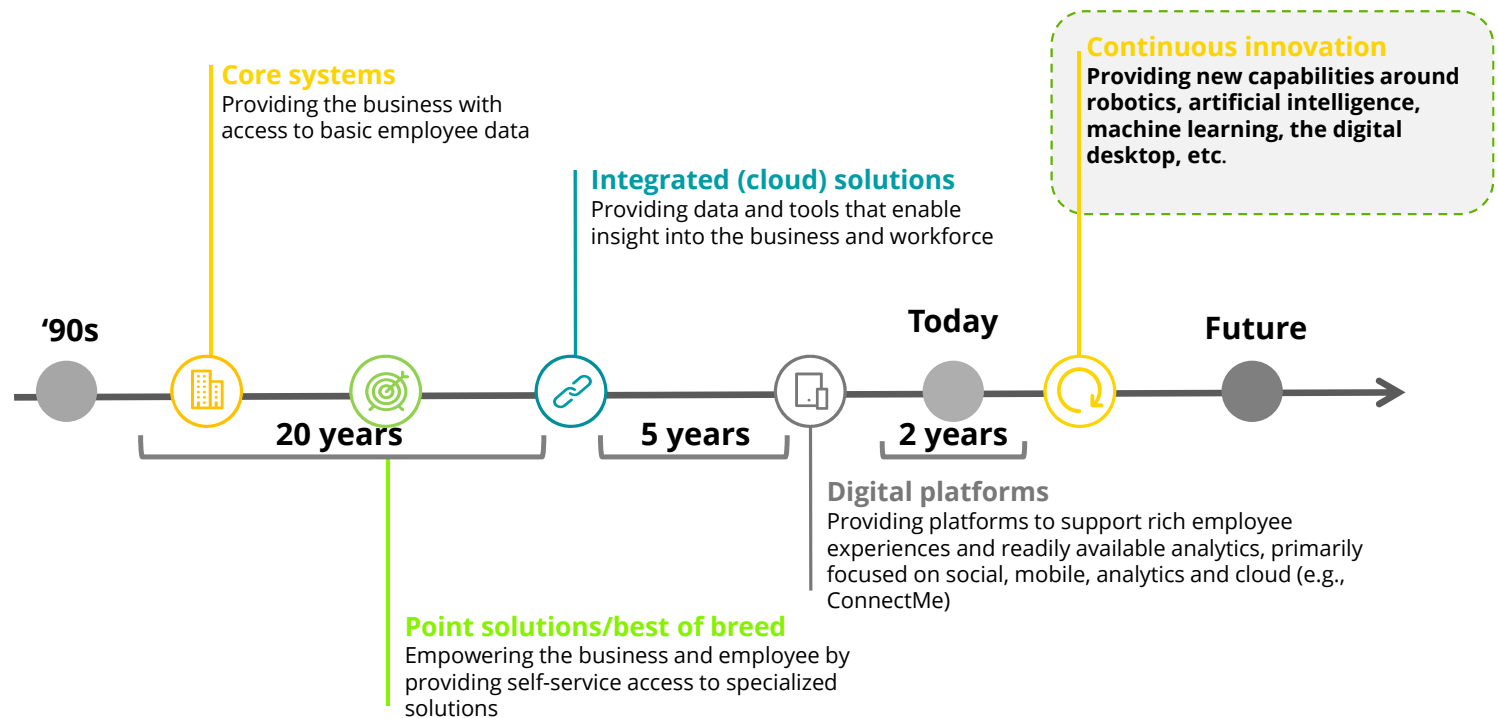
Workforce Disruptions

These 6 marketplace disruptions are forcing a paradigm shift in how we define, measure, and support the workforce

Digitization in talent

The **digital world of work** has disrupted the way we manage talent, enabling an "always-on" organization, focused on culture, engagement, open communication, and feedback.

Millennial leaders

A **new breed of leaders** is emerging: Younger, more connected, more agile, always learning, developed through science.

The new normal

We are at an **inflection point**, as we see HR in the middle of two massive disruptions with the business and with the workforce.

Employee Experience

Enabling Chubb to focus on the **Employee Experience**, influenced by design thinking, the app economy, and transparency.

Network of teams

A new organization has emerged, a "**network of teams**," forcing companies to reorganize, redesign roles and rewards, redefine careers, and change the role of management.

New approach to HR

HR leaders are **responding rapidly**, focused on analytics, design thinking, customer-driven learning, and digital HR.

Technology evolution is accelerating

For the first time, technology capabilities have outpaced HR's ability to adopt new tools, solutions and approaches

Core systems
Providing the business with access to basic employee data

Integrated (cloud) solutions
Providing data and tools that enable insight into the business and workforce

Continuous innovation
Providing new capabilities around robotics, artificial intelligence, machine learning, the digital desktop, etc.

'90s

Today

Future

20 years

5 years

2 years

Digital platforms
Providing platforms to support rich employee experiences and readily available analytics, primarily focused on social, mobile, analytics and cloud (e.g., ConnectMe)

Point solutions/best of breed
Empowering the business and employee by providing self-service access to specialized solutions

HR Technology Trends

Disruptions are driving HR technology trends

The market and workforce disruptions together with the accelerating technology are fueling a rapidly evolving set of trends.

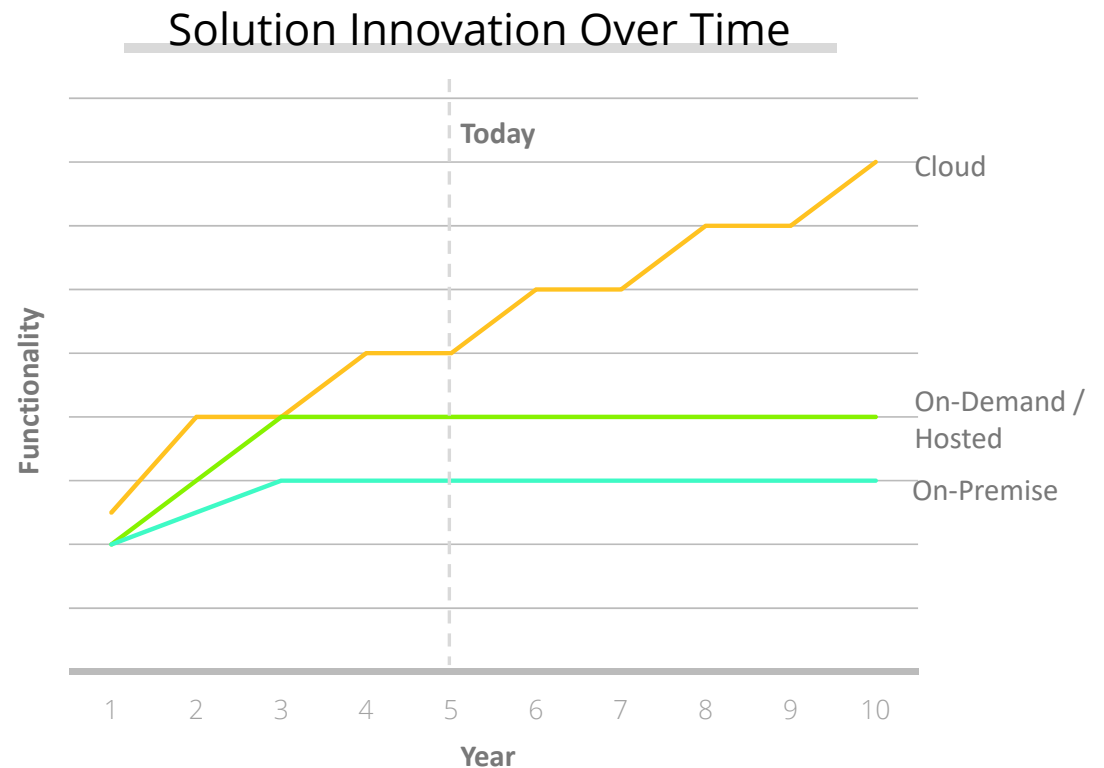|	Trend	Description
	Software as a Service (Cloud)	SaaS holds the potential to enable the redesign HR delivery and IT architecture to accelerate the delivery of talent strategies. With R&D cycles vastly reduced, the speed of change can become exponential
	Supporting the Digital Workforce	Today's Digital Workforce expects real time, any where access to HR information and transactions, as well as tools that support collaboration and social connection.
	Focus on User Experience	The consumer grade user experience is now an employee expectation.
	Fewer Best of Breed Solutions	With consolidation in the market, clients are moving towards integrated solutions, and while best-of-breed solutions continue to be essential, the integrated solutions are winning in the market.
	More Flexible Integration	High levels of configurability and simplified integration are essential. Common integrations need to become delivered integrations.
	DIY as an Option	Development technologies and options have improved dramatically, enabling some high-performing organizations to rapidly design, build, and deploy point solutions. PaaS is also coming of age.
	Robotics Process Automation	RPA and other more cognitive capabilities are going mainstream and are enabling HR to improve efficiency in new areas.

Innovation as a catalyst to moving to the cloud

While the approaching end of life for many key on-premise systems is driving some movement to the cloud, the primary driver is the lack of investment/ innovation and required continues investment in on-premise solutions

Solution Innovation Over Time

Today

Functionality

Cloud

On-Demand / Hosted

On-Premise

Year
1 2 3 4 5 6 7 8 9 10

The pendulum is swinging

The balance of enterprise platform and best of breed is constantly shifting. The current trends vary greatly by functional area and by sector/industry.
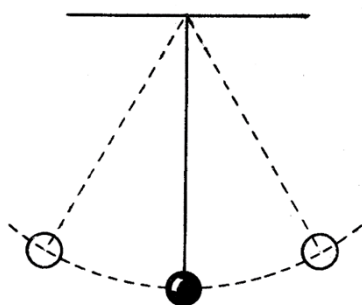
Platform	Varies	Best Of Breed
● Core HR	← Base Compensation	← Learning
● Performance Management	← Time Management	← Talent Acquisition
● Succession Planning	→ Payroll outside N.A.	● Incentive Compensation
● N.A. Payroll		
→ Workforce Planning		

Key

● Stable / No Major Movements
→ Moving towards Best of Breed
← Moving towards Platform

Setting Your HR Technology Strategy

Maximizing your Technology Investment

Setting, executing, and reevaluating a 3 to 5 year strategy is critical in navigating the rapid evolution of the HR technology market

04 Differentiate

03 Maximize Investment & Experience

02 Build the Foundation ↻

01 Set the Strategy ↻

	Suggestions	Considerations
04 Differentiate	Use best of breed or custom solutions in areas where it differentiates you in the external market. **Constantly innovate**	Identify areas of differentiation as soon as possible and build those into guiding principles/ guideposts
03 Maximize Investment & Experience	Balance solution decisions based on impact to user experience and business case	Push back on using best of breed solutions that offer minimal advantage or differentiation. IT governance is a big challenge at most
02 Build the Foundation	Get to the cloud, build out processes, redefine data architecture, establish **governance**, and get ready for digital	**Move slow to move fast.** Don't miss the opportunity to redefine the data architecture and prepare for the future of analytics. Don't underestimate service delivery changes
01 Set the Strategy	Create an HR technology roadmap reevaluate regularly or as business conditions change. Stick to guiding principles	Focus on **3 to 5 year strategy** and execution. Important to understand of required agility and flexibility

Your Strategic Options

Your organization has various opportunities to start becoming digital

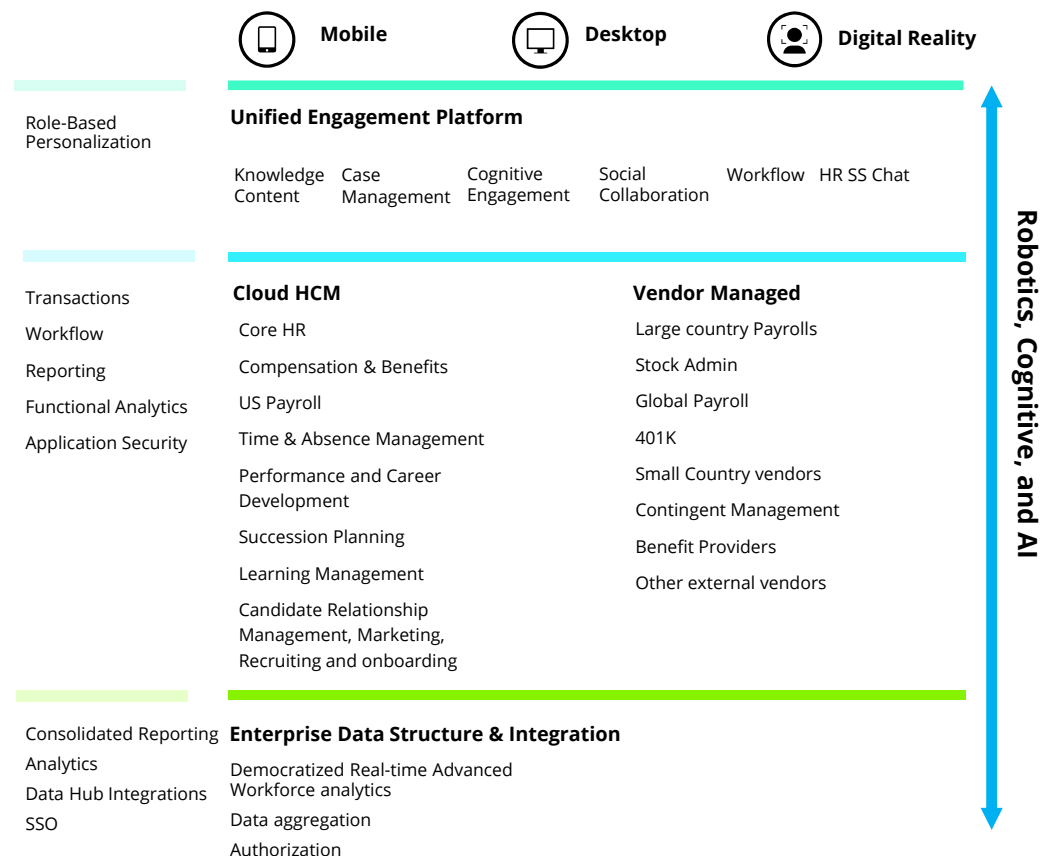| Option	Pros	Cons
• Stay on existing on-premise solution until it gets closer to end of life	• Typically lowest cost and least effort	• Continued investment in upgrades with no significant improvements or additional capabilities • Can continue to fall behind the market
• Introduce a "Digital Layer" to existing solution to improve workflow, user experience, and digital capabilities	• Can provide improvement at a lower price point than moving everything to the cloud	• May be a shorter term solution • Integration can still be challenging
• Move to a unified cloud solution	• Potentially biggest impact on user experience, process efficiency, and technical simplification	• Resource intensive and costly • Lack of Payroll support in the cloud

Best of Breed vs. Platform

Balancing functionality, user experience, and business case and reevaluating as requirements and products evolve

	What to Look for	**Considerations**
Platform	• Offered functionality meets all or most key business requirements or changes to desired process are acceptable • Not an area of market differentiation (Core, Performance, Payroll) • Area in question has a high impact on user experience, usability (Core, Performance, Time, Profile, Onboarding)	• Can processes or policies be modified to be more industry "standard"? • Is the function or area market facing or purely internal? • If internal, is it something the employees do frequently or is it a "moment that matters?
Best of Breed	• Functionality not deep or mature • Area of market differentiation (Compensation, Talent Acquisition) • Area in question has a low impact on user experience, usability (Learning, Compensation, Payroll)	• Check the platform vendor's roadmap to see when/if the required features will be available • Is this an area that is evolving/changing quickly in the marketplace? If so, can the platform vendor ever catch up?

Strategic HR technology architecture

While the trend is clearly to utilize integrated core HCM technology, an ecosystem of HR solutions still drive leading global HR service delivery models

Mobile   **Desktop**   **Digital Reality**

Role-Based Personalization

Unified Engagement Platform

| Knowledge Content | Case Management | Cognitive Engagement | Social Collaboration | Workflow | HR SS Chat |

Transactions
Workflow
Reporting
Functional Analytics
Application Security

Cloud HCM

Core HR

Compensation & Benefits

US Payroll

Time & Absence Management

Performance and Career Development

Succession Planning

Learning Management

Candidate Relationship Management, Marketing, Recruiting and onboarding

Vendor Managed

Large country Payrolls

Stock Admin

Global Payroll

401K

Small Country vendors

Contingent Management

Benefit Providers

Other external vendors

Consolidated Reporting
Analytics
Data Hub Integrations
SSO

Enterprise Data Structure & Integration

Democratized Real-time Advanced Workforce analytics

Data aggregation

Authorization

Robotics, Cognitive, and AI

Key Traits

Intelligent personalized proactive engagement based on an individual's anticipated needs

- Anytime, anywhere access
- **Mobile**, device independent
- **Personalized** access. See only what your role needs
- **Unified user experience** for all primary functions drives **simplicity of use**
- Common roles and security increase integrity
- Standard reporting tools increase engagement
- Single data model enables analytics with complex consolidation of data
- Operational, trend, and **predictive analytics** available to all

Vendor/Solution Selection

Agile approach to vendor selection

The primary decision criteria and priorities for selecting software vendors have changed as the solutions have matured in the market

	THEN 2008 - 2014	NOW 2015 - Current
Decision Criteria	**From Features and Functions**	**To Long Term Vision**
	• Existing Relationship and Footprint • Security and Infrastructure • Install Base • Price	• Solution Architecture • Integration Architecture • Approach to Extensibility • Customer Community and Support • User Experience • Contract Flexibility
Approach	**From Traditional**	**To Agile**
	• Large vendor list • Exhaustive requirements gathering • Functionality-first focus • Massive Request for Proposal • Weeks of demos • Limited functional differentiation • Long, complex vendor follow-up	• Vendor short list • Differentiating use cases • Focus on key decision levers • Limited Request for Information • Concise demos • Focused follow-up

HR Technology Market Peer Discussion

Questions?

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