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# Industry Trends in HR Technology and Service Delivery

## IAOP Q1 Webinar

Presented by Stacey Cadigan, ISG

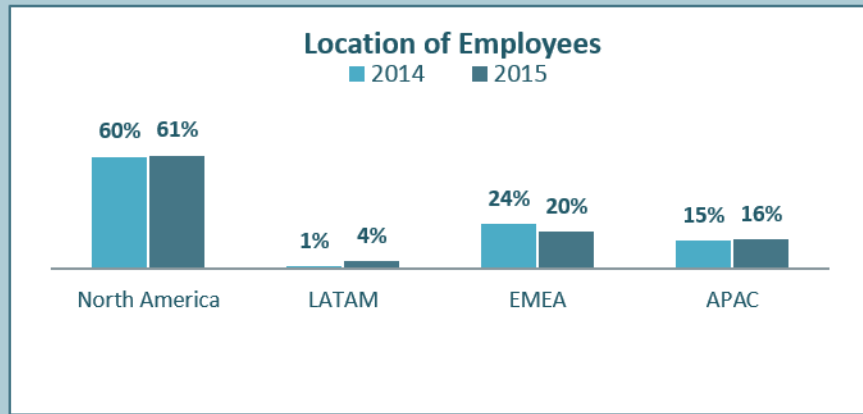
04 February 2016

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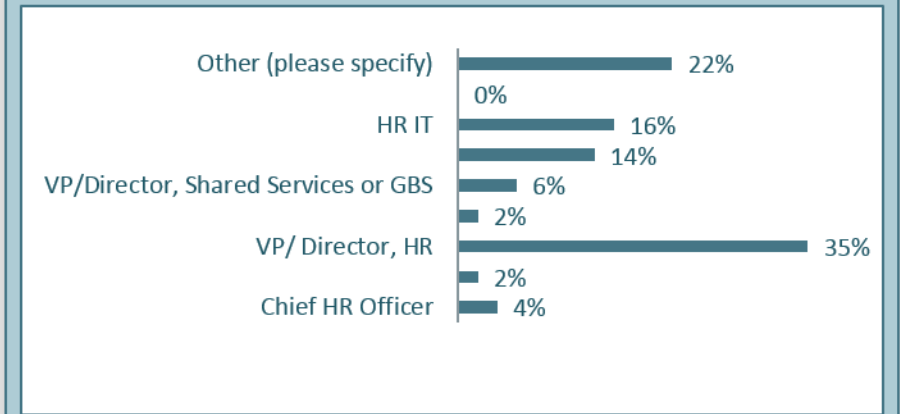
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# 2015 HR Technology and Service Delivery Survey Demographics

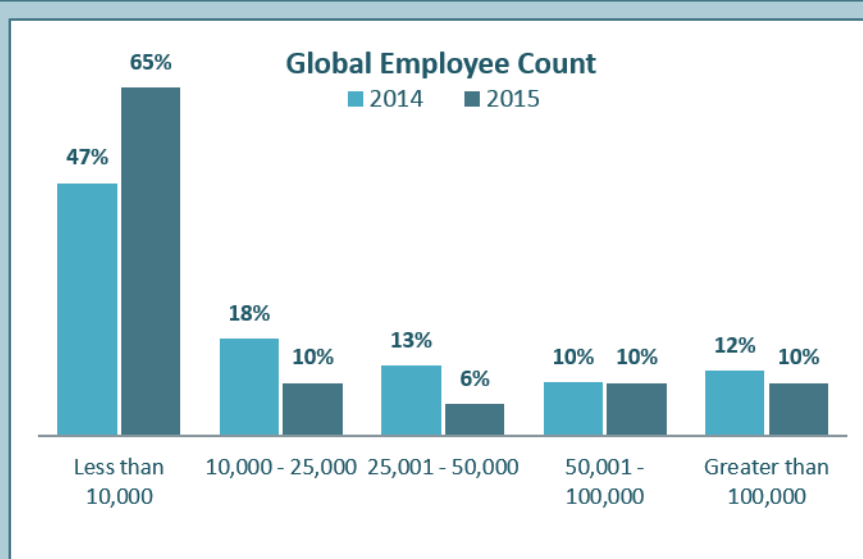
## Region



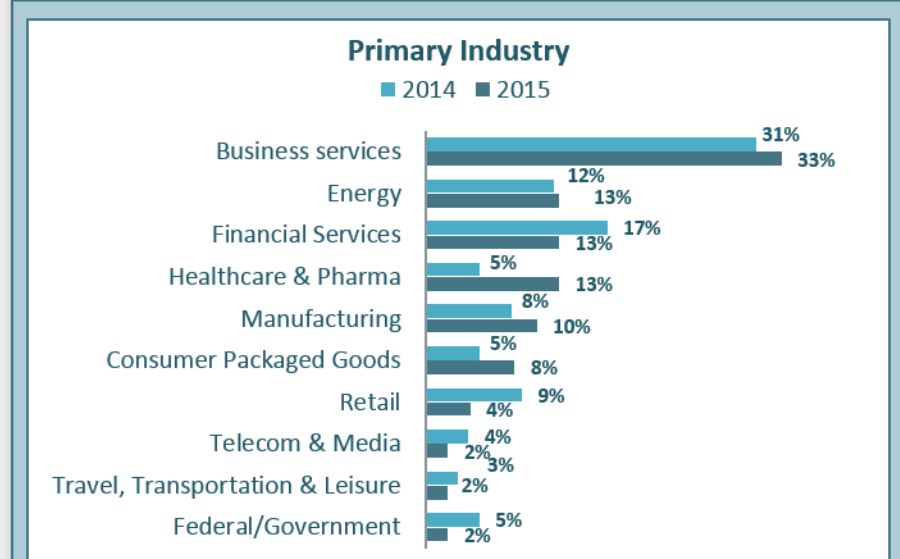
## Organizational Role



## Company Size



## Industry



# Industry Trends in HR Technology and Service Delivery

*ISG conducted its second annual Industry Trends in Human Resources Technology and Service Delivery Survey\* during the second half of 2015. The survey explores the changing landscape of HR technology and service delivery.*



## The key findings from this year's survey suggest:

- ▶ Enterprises continue to migrate from on-premises Human Resource Management Systems (HRMS) to Software-as-a-Service (SaaS)-based HR technologies; more than 70 percent of respondents have implemented or plan to implement HR SaaS within the next two years.
- ▶ HR organizations are shifting their focus from cost savings to strategic business alignment, process improvement and employee engagement.
- ▶ User experience and usability factors are driving selection criteria and expected benefits for both HR technology and service delivery model decisions.
- ▶ The market is seeing initial signs that enterprise-level HR decision making is becoming increasingly data-driven.
- ▶ Service delivery model changes are key to HR transformation and should include evaluating new or increased use of shared services or outsourced delivery models.

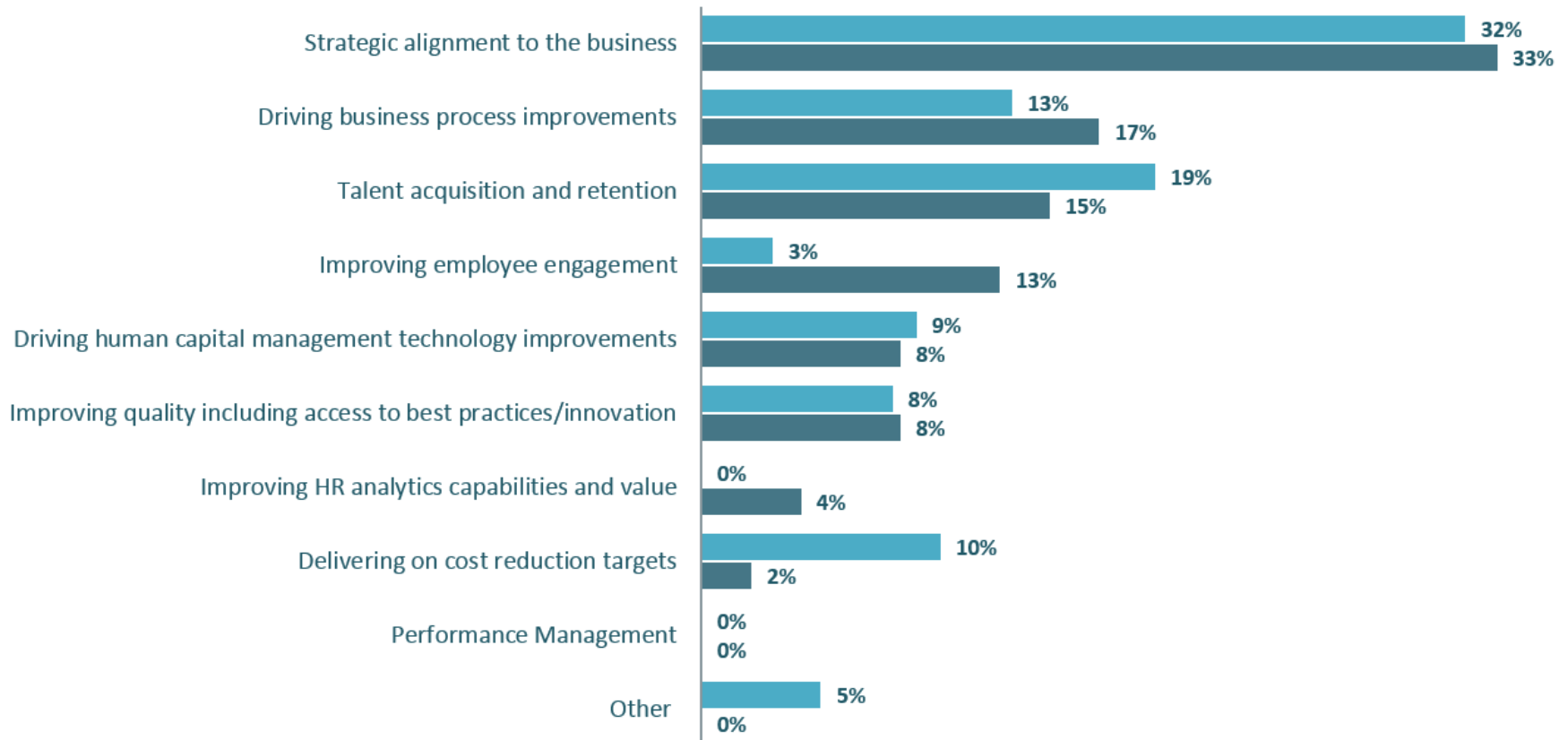
\*Research conducted by Information Services Group (ISG). Co-sponsored by HRO Today Services and Technology Association.

# Strategic Alignment is #1

*HR organizations are focused on strategic alignment to the business.*

## Key Focus Areas for Improvement in HR Organizations between 2015 and 2018

■ 2014 ■ 2015



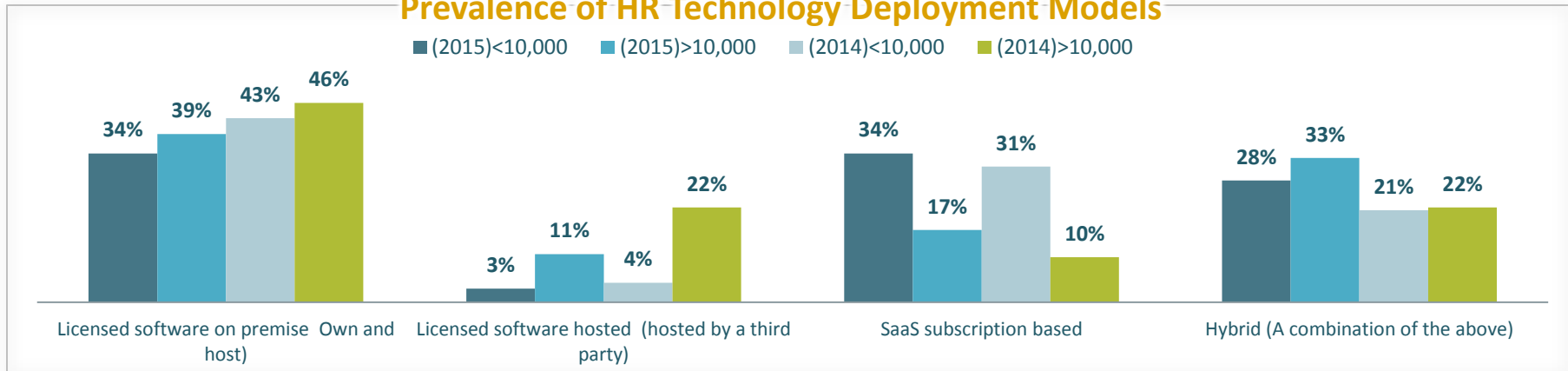
Source: ISG HR Technology and Service Delivery Survey - 2015

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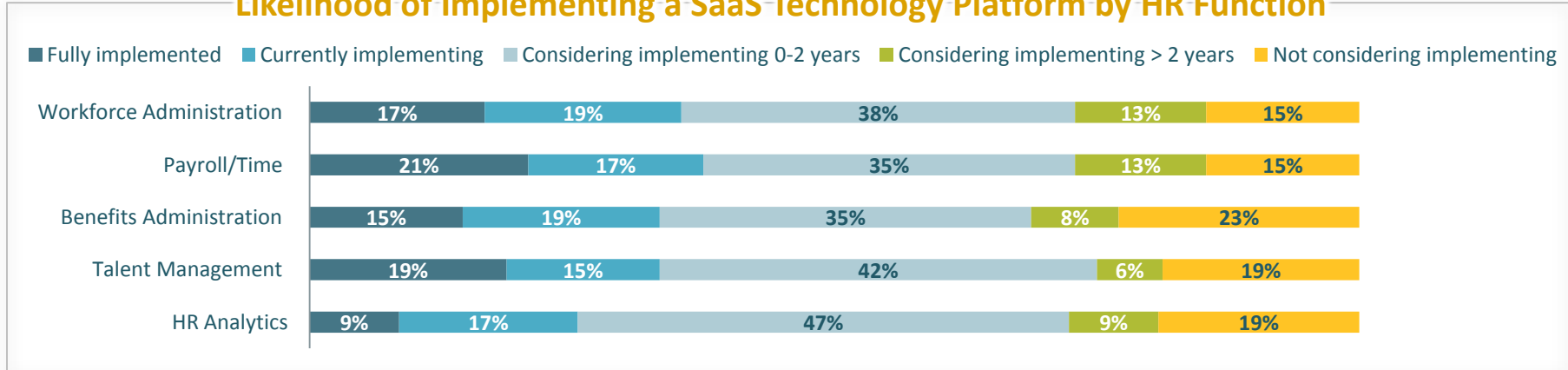
# The Way Enterprises Consume HR Technology is Shifting

*Enterprises are rapidly shifting away from an all on-premise model towards SaaS and hybrid solutions, particularly companies with <10,000 employees.*

## Prevalence of HR Technology Deployment Models



## Likelihood of Implementing a SaaS Technology Platform by HR Function



Source: ISG HR Technology and Service Delivery Survey - 2015

## Polling Question:

How likely is your organization to pursue a hybrid strategy (versus an enterprise SaaS solution) during the 2016-2018 timeframe?



Very likely



Somewhat likely



Not likely – we will move to a fully SaaS solution



We are not moving to SaaS

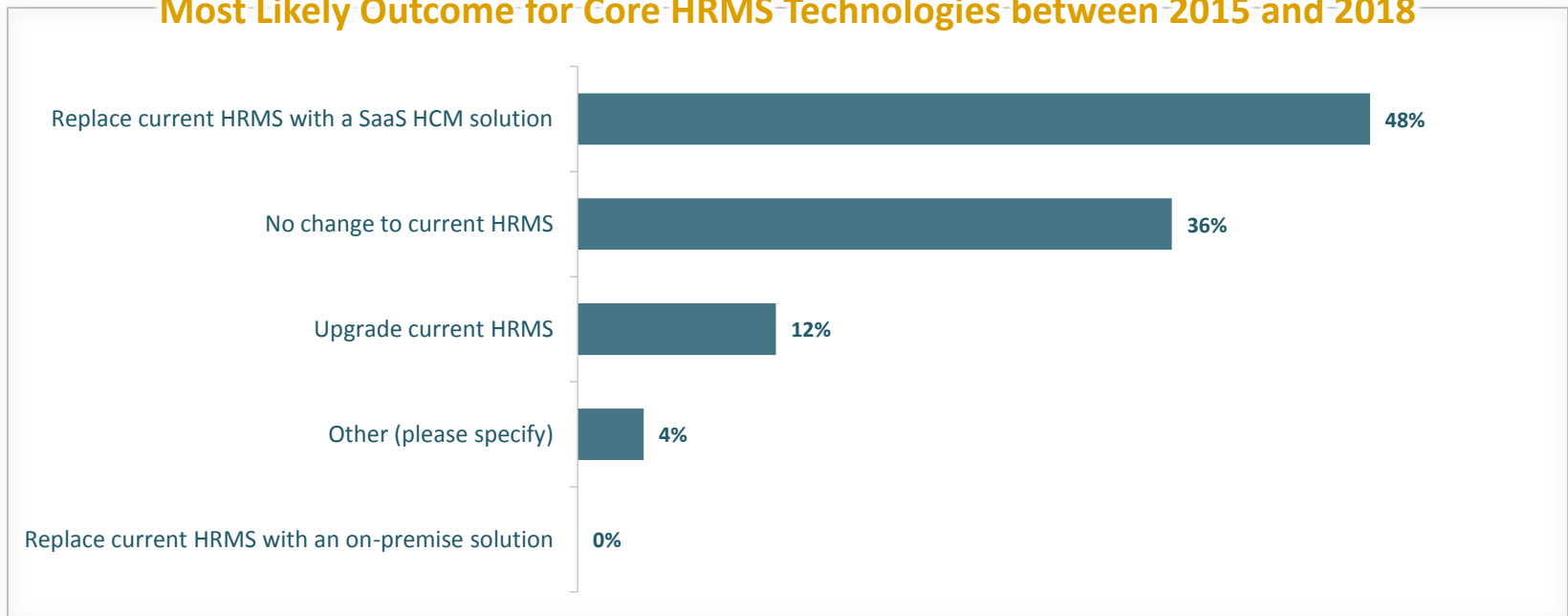


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# SaaS HCM gaining significant penetration as core HR system

*For those companies planning a change in HR technology, they are 4 times more likely to move to SaaS than upgrade for Core HR.*

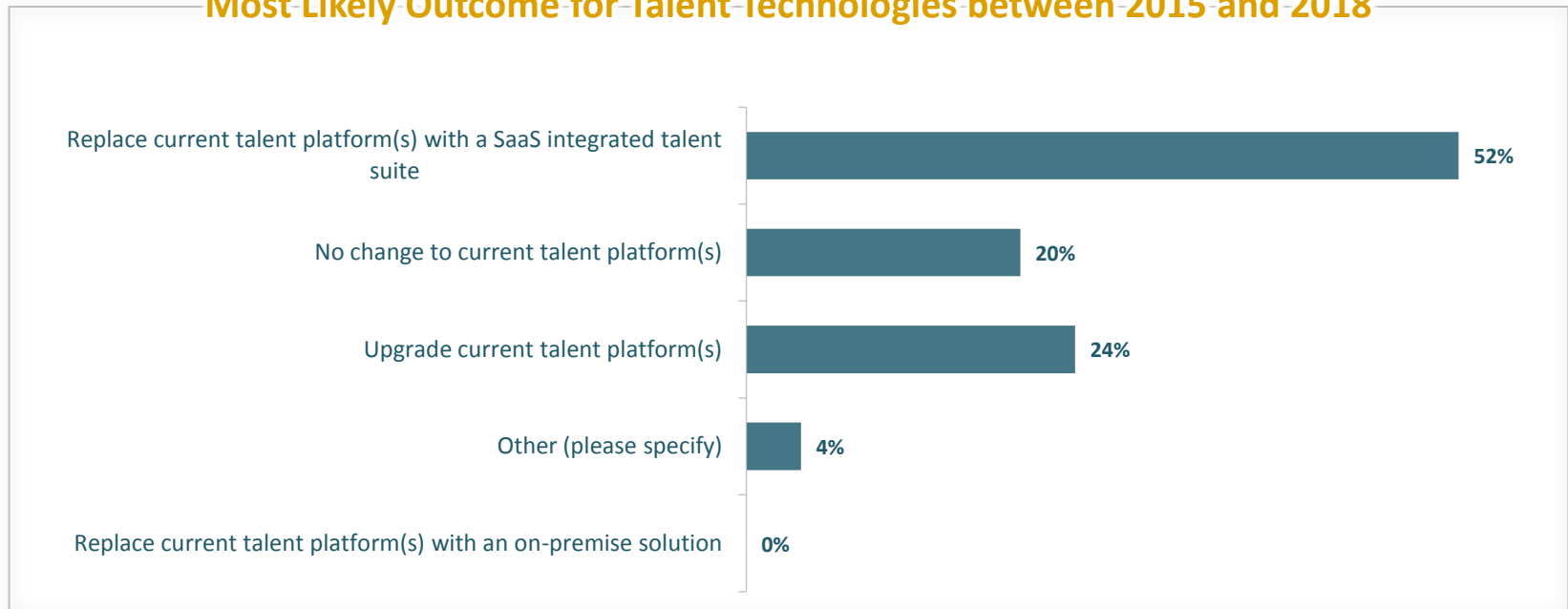
## Most Likely Outcome for Core HRMS Technologies between 2015 and 2018



# Talent moves to the SaaS Integrated Suite

*As companies move their core HR to the cloud, they are increasingly evaluating their talent technology as well.*

## Most Likely Outcome for Talent Technologies between 2015 and 2018

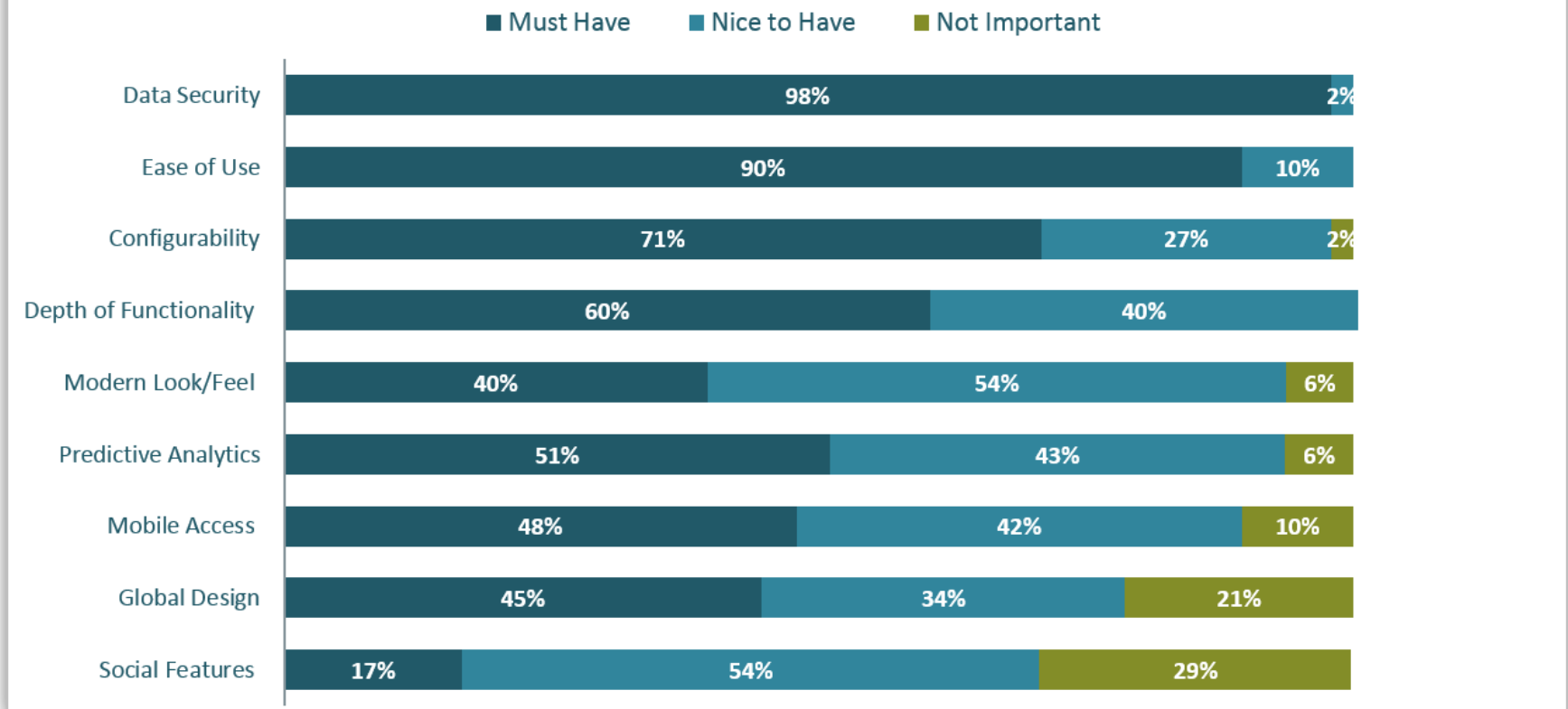




# Usability Drives Selection

*After mandatory data security, usability features top the list of buyer selection criteria among HR technology buyers; drives user adoption and engagement.*

## How important are the following features to you in selecting new HR technology?

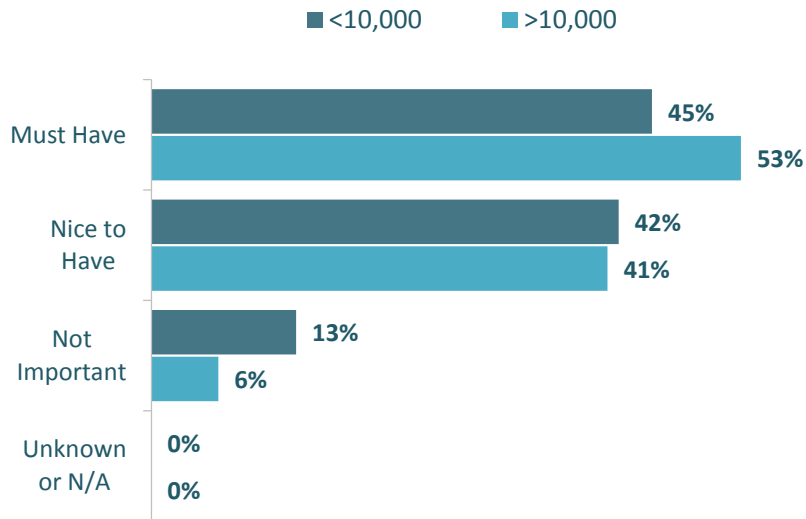


Source: ISG HR Technology and Service Delivery Survey - 2015

# Expectations For Mobile And Social Are Growing

*Mobile access is expected by Managers, Employees and HR. Social capability is becoming increasingly desired, particularly among large organizations.*

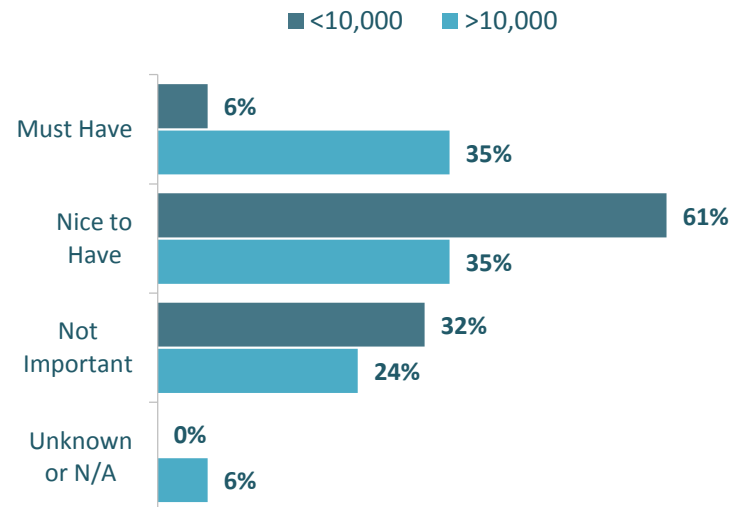
## Need for Mobile Access



### Key Drivers

- ▶ Dispersed workforces without access to company computers
- ▶ Address the expectations of the growing millennial population

## Need for Social Features



### Key Drivers

- ▶ Attracting and retaining tech-savvy millennials
- ▶ Enable new ways of showing recognition, recommending colleagues, and sharing learning content

Source: ISG HR Technology and Service Delivery Survey - 2015

## Polling Question:

**What are your biggest challenges to achieving better use of HR Big Data/Metrics/Predictive Analytics by HR professionals in your organization?**

- Inaccurate or hard to access data
- Lack of analytics/quantitative skills among HR professionals
- Lack of investment in necessary HR systems to support metrics and predictive analytics
- Lack of a data-driven culture as it relates to people related activities
- Lack of management/executive support

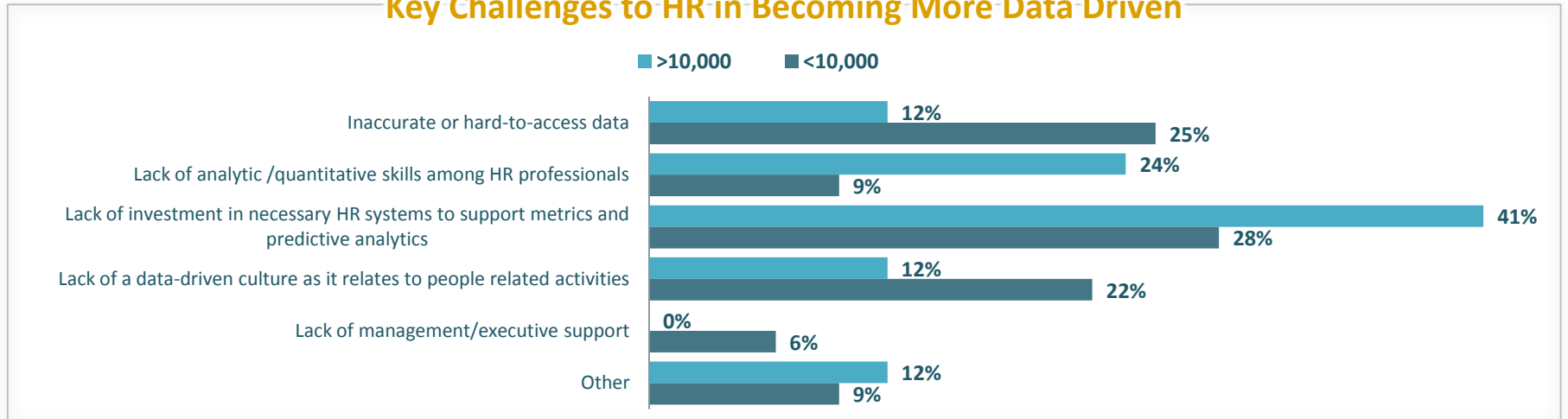
# Is HR Becoming a Data Driven Function?

*Predictive analytics are beginning to allow HR and the business to make better decisions, but we are still in the early days of this journey.*

## How HR is Using Data to Make Workforce Decisions



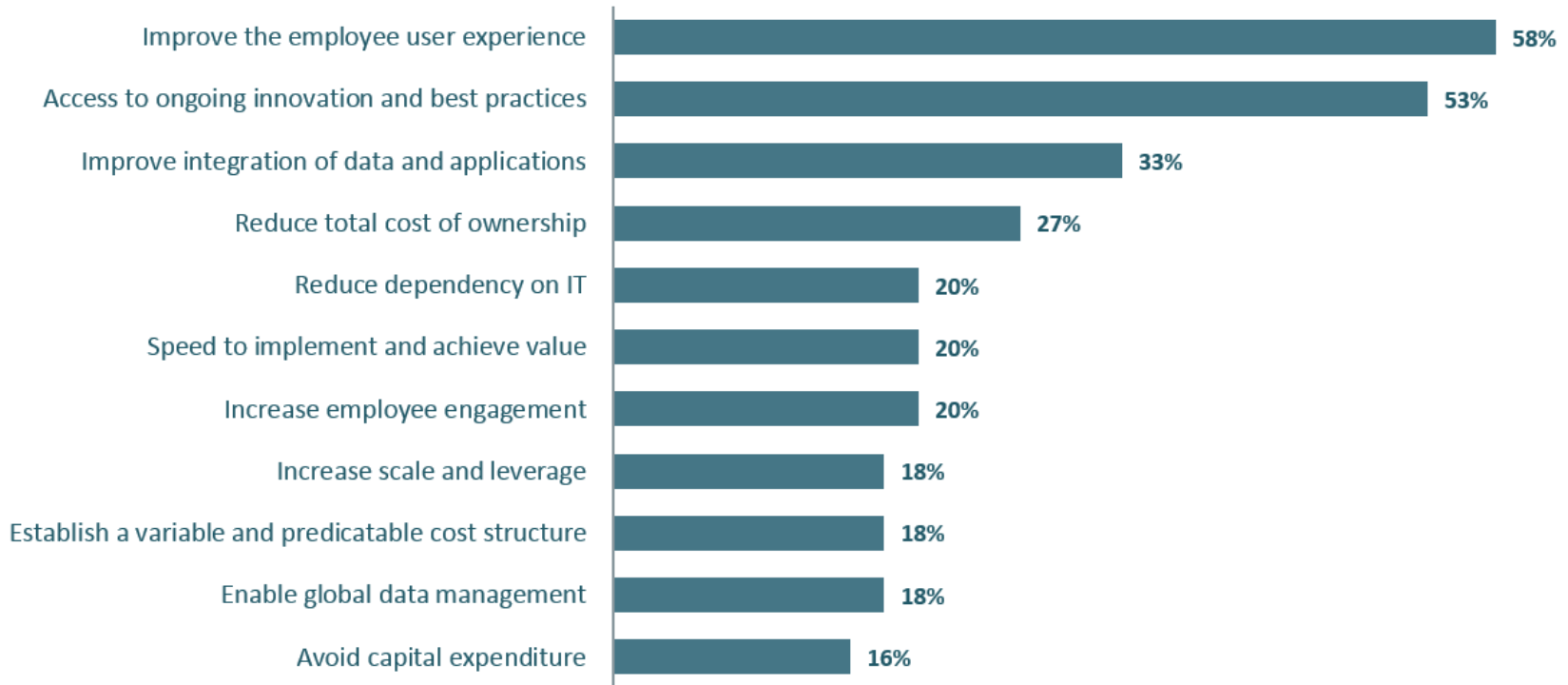
## Key Challenges to HR in Becoming More Data Driven



# The User is King

*Improving the employee user experience and providing access to ongoing innovation tops the list of expected benefits.*

## Expected Benefits of HR SaaS Technology Solutions



## Polling Question:

How would you rate the impact of adopting HR SaaS technology?



Exceeded expectations



Met expectations



Below expectations

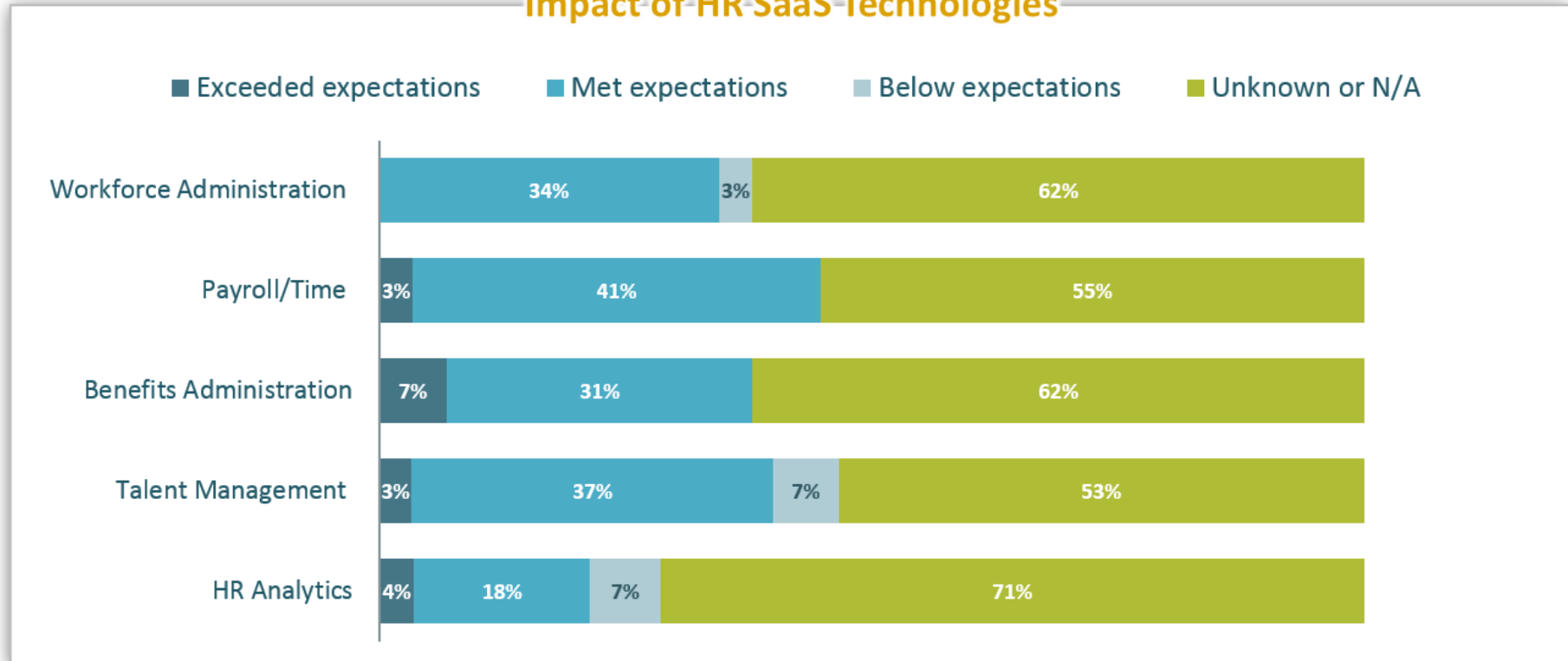


Unknown or N/A

# How Does Technology Meet Expectations?

*Early results show that HR SaaS technologies are generally meeting expectations but have room to improve.*

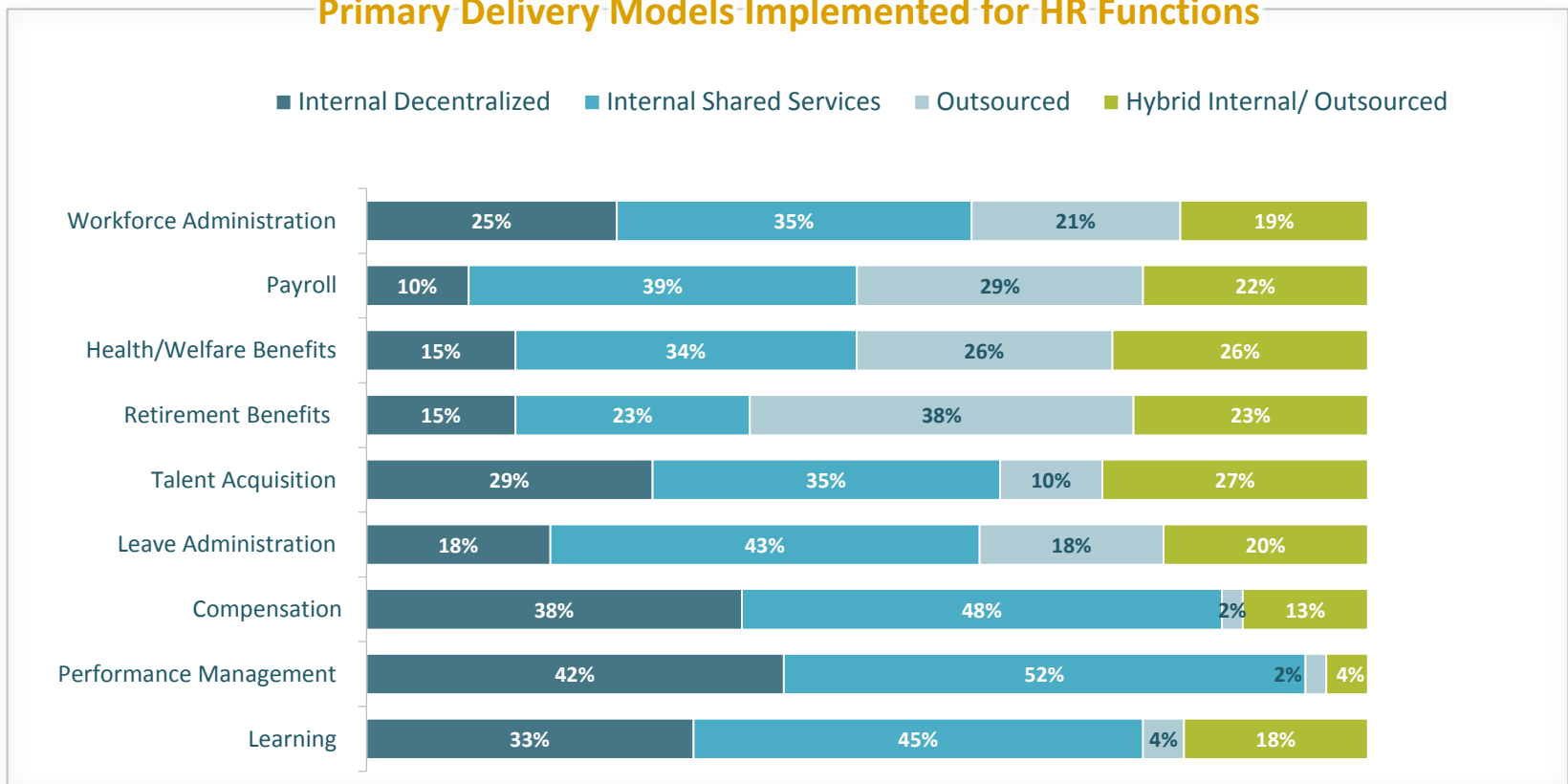
## Impact of HR SaaS Technologies



# Service Delivery Models

*Companies, particularly large ones, are shifting service delivery models as part of their HR transformation.*

## Primary Delivery Models Implemented for HR Functions



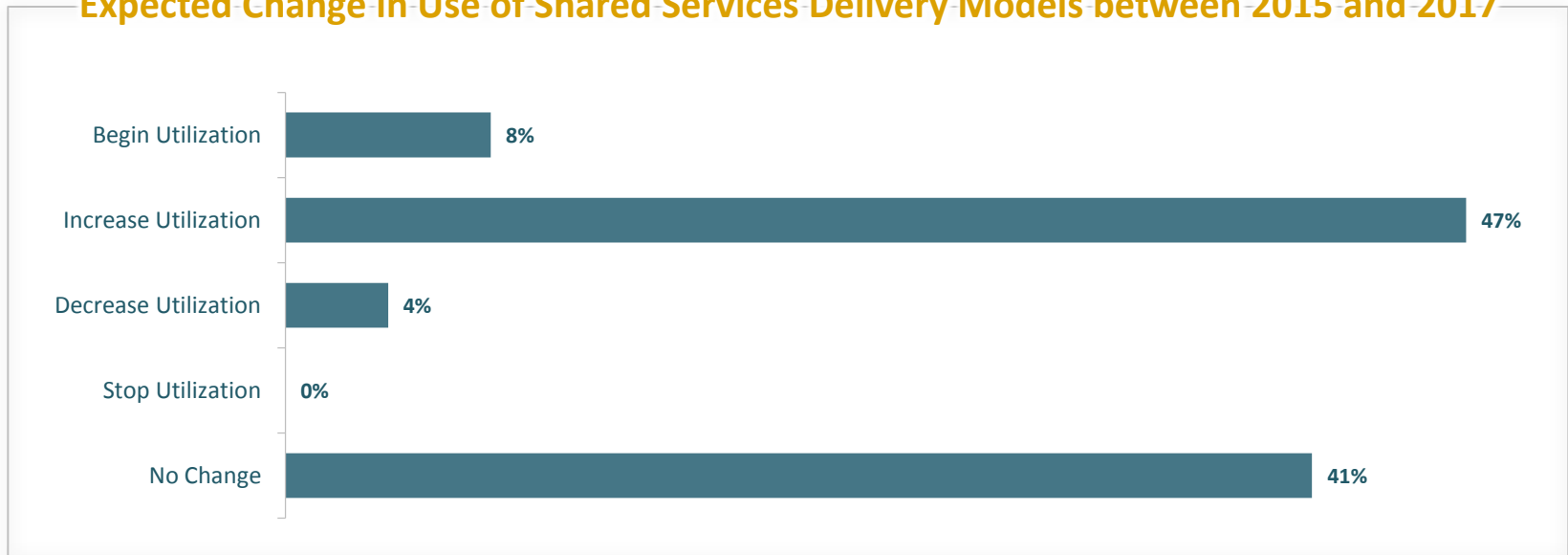
Source: ISG HR Technology and Service Delivery Survey - 2015



# Shared Models Dominate HR Delivery

*An increasing number of organizations deliver HR services with an internal shared services model, an area in which many organizations are making significant investments.*

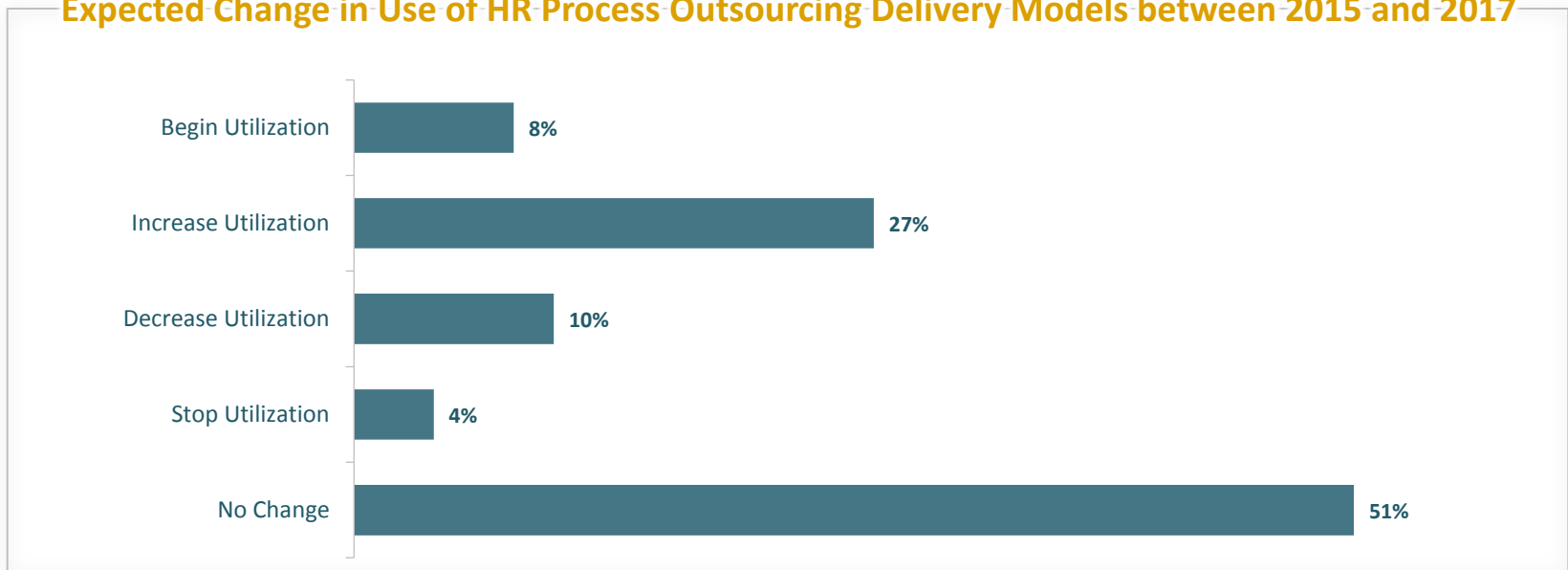
**Expected Change in Use of Shared-Services Delivery Models between 2015 and 2017**



# HR Process Outsourcing Activity Remains Strong

*Renewal rates are high and even with the move to HCM SaaS models, outsourcing remains strong. However, we are seeing lower contract values generally associated with new HR outsourcing engagements.*

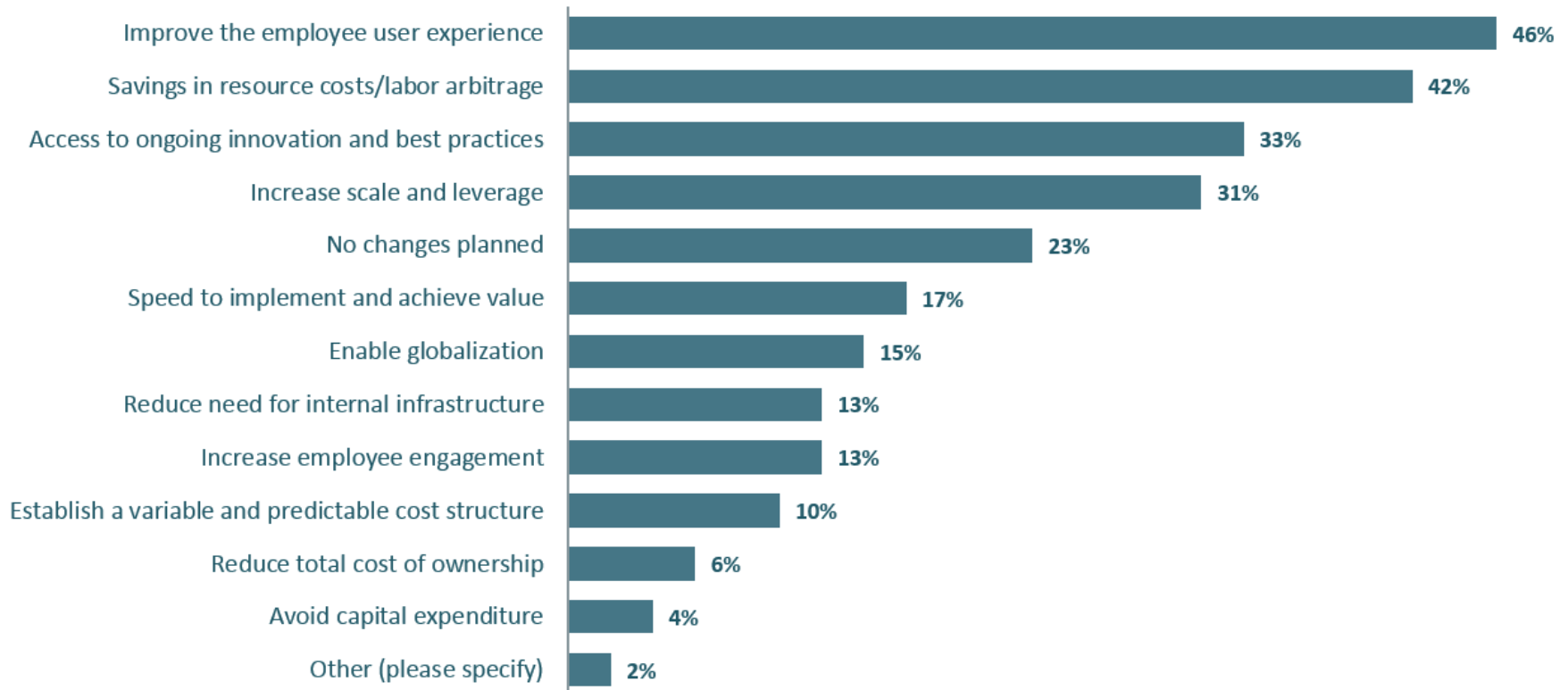
**Expected Change in Use of HR-Process Outsourcing Delivery Models between 2015 and 2017**



# Delivery Experience and Efficiencies

*Service delivery model changes are seen as the way to improve the user experience and provide access to ongoing innovation.*

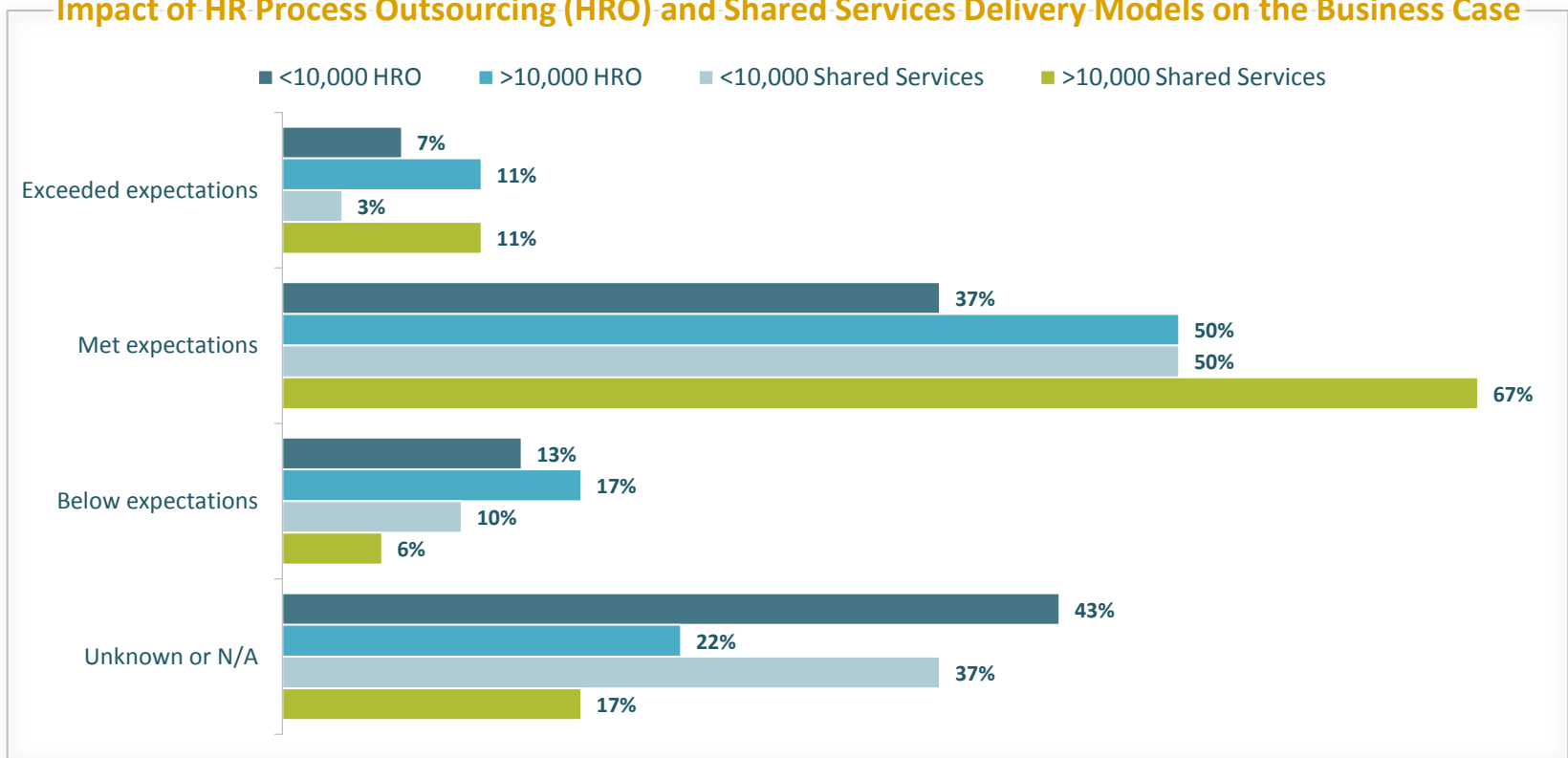
## Expected Benefits from Changing HR Service Delivery Models



# How Does Delivery Meet Expectations?

*Shared services and outsourcing service delivery models are generally meeting business case objectives, particularly among larger organizations.*

## Impact of HR Process Outsourcing (HRO) and Shared Services Delivery Models on the Business Case



Source: ISG HR Technology and Service Delivery Survey - 2015

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# Conclusion

- ▶ Organizations are investing significantly in HR technology with a particular focus on moving to the cloud.
- ▶ Despite the significant activity in moving to the cloud, we expect the majority of HR organizations are on a longer-term trajectory (of five or more years) to be fully cloud-based.
- ▶ The decision to move to HR SaaS is not one driven primarily by cost. Instead, it is driven by the possibility of improved user experience and access to innovation and best practices.
- ▶ Organizations predominantly choose HR technology that provides data security, ease of use, configurability, depth of functionality, global design, predictive analytics and mobile access.
- ▶ Organizations are increasingly leveraging shared services and HR process outsourcing models to achieve service delivery excellence.
- ▶ HR transformation efforts that include adoption of HR SaaS technology and changes to the service delivery model are generally meeting expectations but have room to improve.

# Questions

*For questions or a copy of the complete HR Technology and Service Delivery survey results, contact:*

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