Don't believe the hype:
The reality of HR technology today

David Wilson, CEO / david.wilson@fosway.com / @dwil23 @fosway
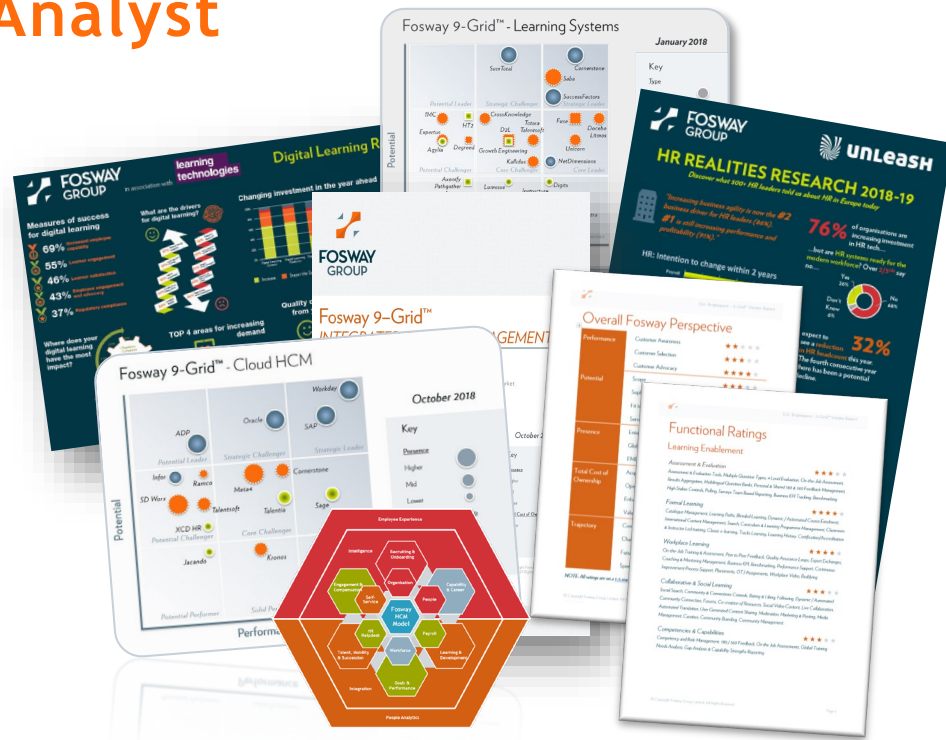
Europe's #1 HR Industry Analyst

Founded 1996

In-depth corporate research on **Next Gen HR**, **Talent** and **Learning**

Analyst & **advisory** services to **European & International HQ** multi-nationals and corporates

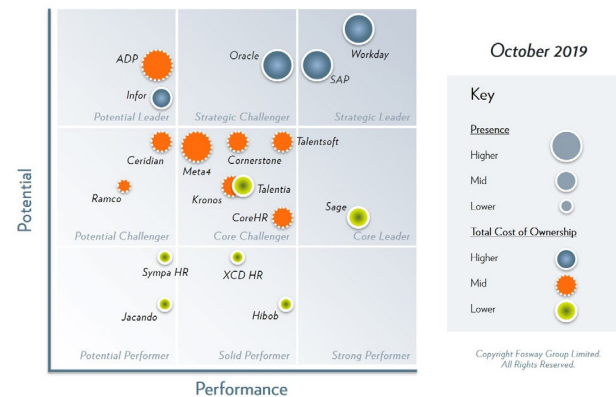Independent **vendor research** and **EMEA market** commentary

The Fosway 9-Grids™

The only independent analysis for understanding the market, and critical resources for evaluating vendor options* in Europe

Unique 5-dimensional analysis:

▶ **Performance**

▶ **Potential**

▶ **Presence**

▶ **Total Cost of Ownership**

▶ **Future Trajectory**

Fosway 9-Grid™ - Cloud HCM

October 2019

Key

Presence
Higher
Mid
Lower

Total Cost of Ownership
Higher
Mid
Lower

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* Cloud HR/HCM, Integrated Talent Management, Talent Acquisition, Learning Systems, Digital Learning, Authoring Systems
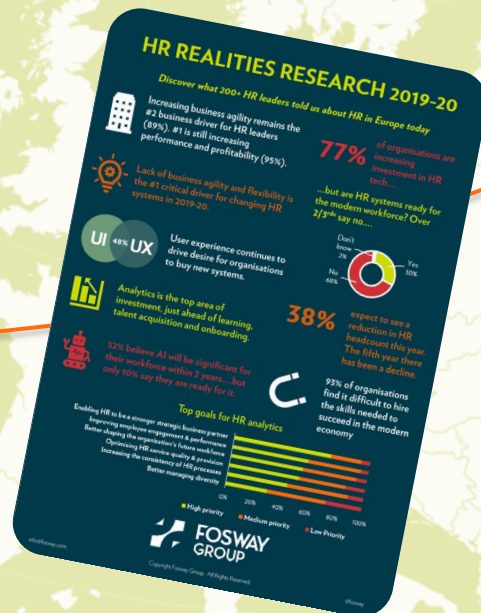
HR Realities 2019 Research: *selected headlines*
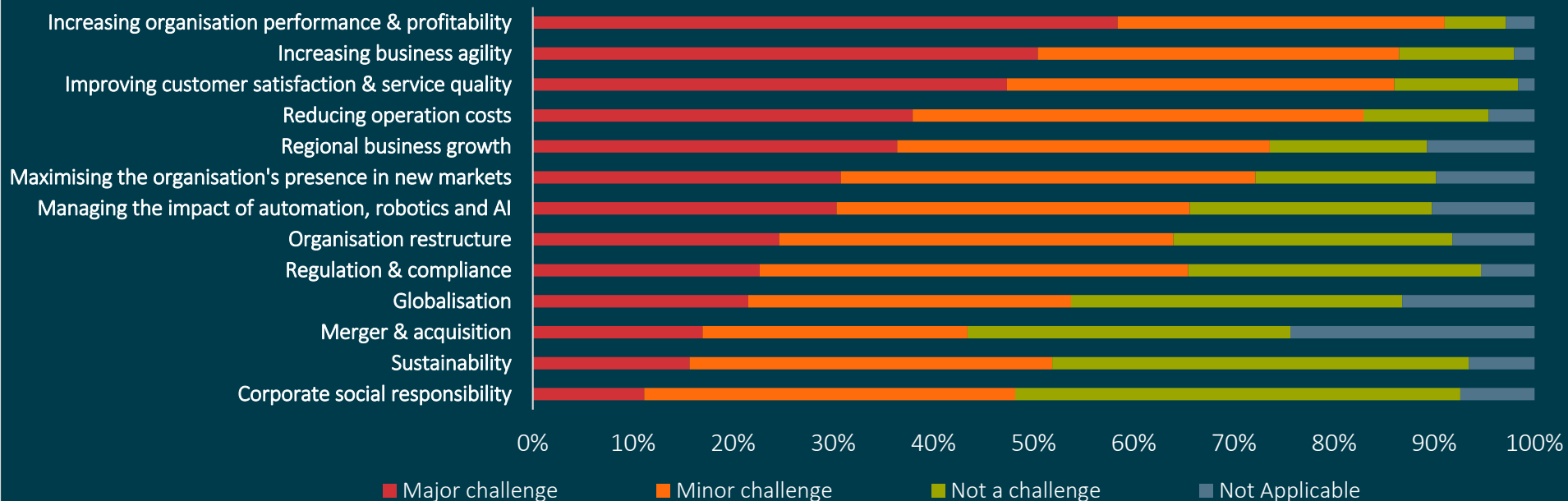
2019 EUROPEAN RESEARCH

80%
of respondents
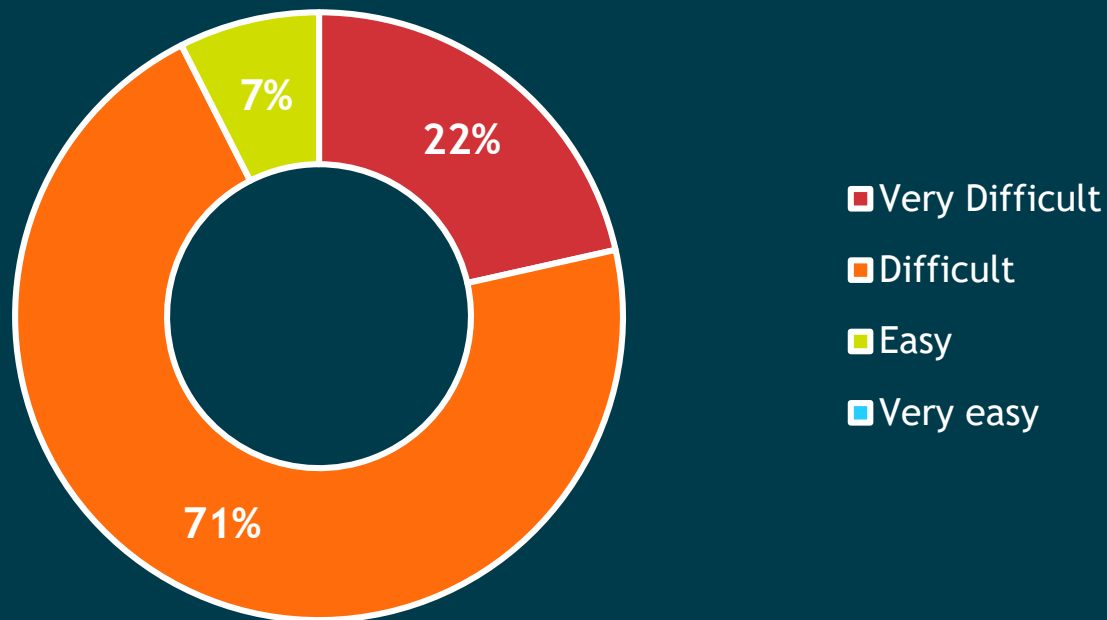**European**

66% Respondents
from Organisations
> 5000
Employees

HR REALITIES RESEARCH 2019-20

Discover what 200+ HR leaders told us about HR in Europe today

Increasing business agility remains the #2 business driver for HR leaders (89%). #1 is still increasing performance and profitability (95%).

77% of organisations are increasing investment in HR tech...

Lack of business agility and flexibility is the #1 critical driver for changing HR systems in 2019-20.

...but are HR systems ready for the modern workforce? Over 2/3rds say no....

User experience continues to drive desire for organisations to buy new systems.

Analytics is the top area of investment, just ahead of learning, talent acquisition and onboarding.

38% expect to see a reduction in HR headcount this year. The fifth year there has been a decline.

52% believe AI will be significant for their workforce within 2 years...but only 10% say they are ready for it.

93% of organisations find it difficult to hire the skills needed to succeed in the modern economy

Top goals for HR analytics

Enabling HR to be a stronger strategic business partner
Improving employee engagement & performance
Better shaping the organisation's future workforce
Optimising HR service quality & provision
Increasing the consistency of HR processes
Better managing diversity

■ High priority ■ Medium priority ■ Low Priority

FOSWAY GROUP

Over 220 survey respondents overall

Currently, what are your organisation's most significant business challenges?

FOSWAY GROUP

What are the most important measures of success that have been defined for your HR strategy

Measure	
Employee engagement & advocacy	
Be an employer of choice	
'Digital ready' culture	
Strong internal talent pipeline	
Reduced employee turnover	
Company profitability	
More diverse workforce	
Greater ability to deliver new business lines	
Lower cost per employee of the HR operation	
Increased external customer satisfaction	
Reduced HR headcount	
HR presence at board level	
Increased market share	
Speed to market for new products and services	
Greater global mobility of employees	
There are no defined measures of success	
Lower cost per hire	

0% 10% 20% 30% 40% 50% 60% 70%

HR's perception about their services to workers

77% SATISFIED *Learning*

80% SATISFIED *Payroll*

81% SATISFIED *Reward*

53% DISSATISFIED *Onboarding*

50% DISSATISFIED *Talent & Succession*

50% DISSATISFIED *Workforce Management*
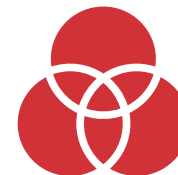
51% DISSATISFIED *Analytics*

Do you expect your organisation's investment in the HR function to increase, decrease or stay the same over the year ahead?

FOSWAY GROUP
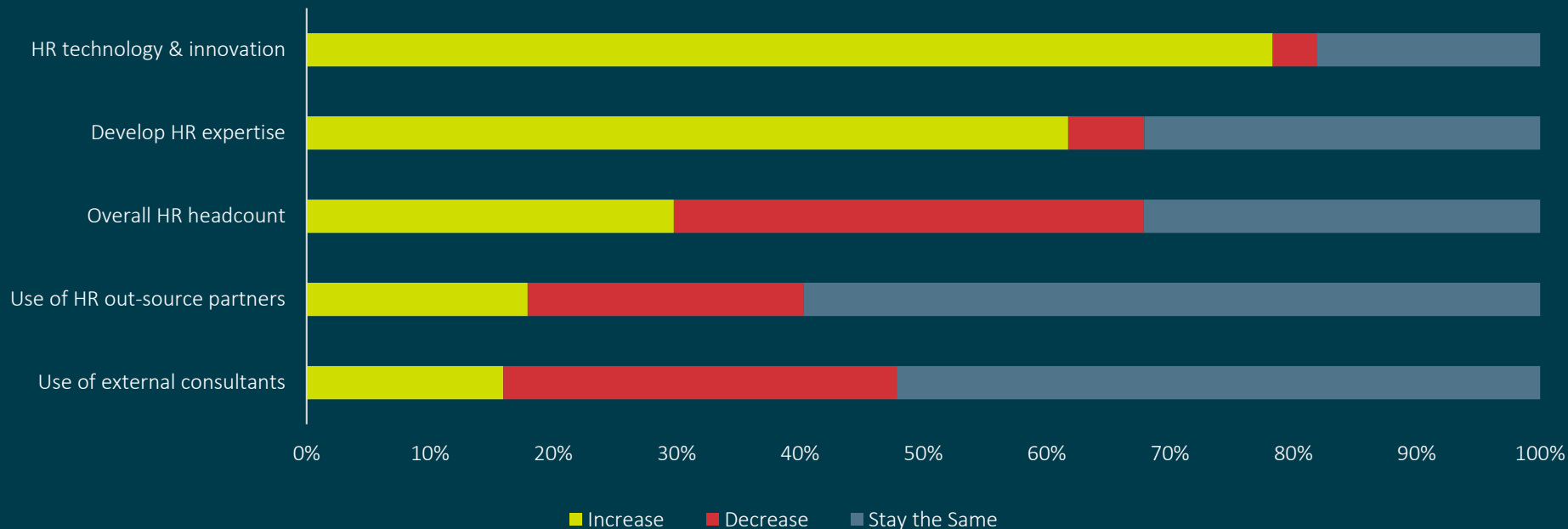
HR HEADCOUNT SEES CONSISTENT DECLINE IN INVESTMENT
over the past 5 years
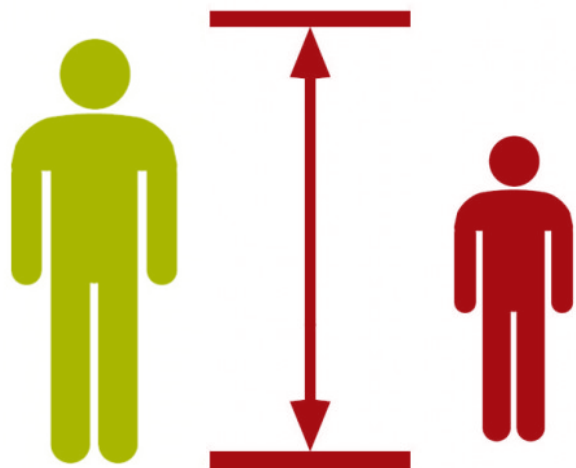
ONLY 29% expect to grow HR Headcount

38% Expect to see a Reduction in Investment in HR Headcount

70% Expect investment in Headcount to Stay the Same or Reduce

Investment Trends

#1 HR Tech & Innovation 2019
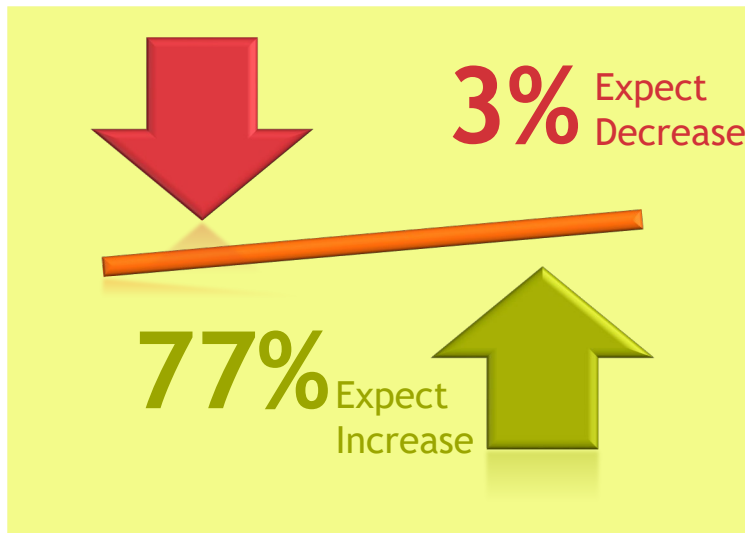
3% Expect Decrease

77% Expect Increase

#1 HR Tech & Innovation 2018

2% Expect Decrease

76% Expect Increase

#1 HR Tech & Innovation 2017

4% Expect Decrease

79% Expect Increase

#1 HR Tech & Innovation 2016

2% Expect Decrease

79% Expect Increase
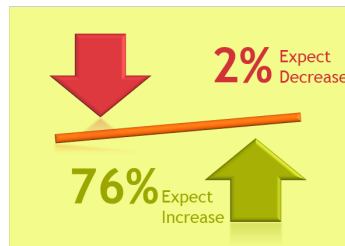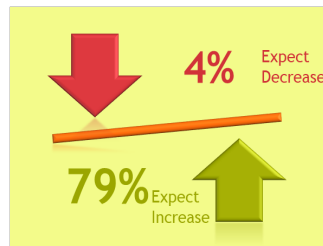
Investment Trends

#2 Develop HR Expertise 2019
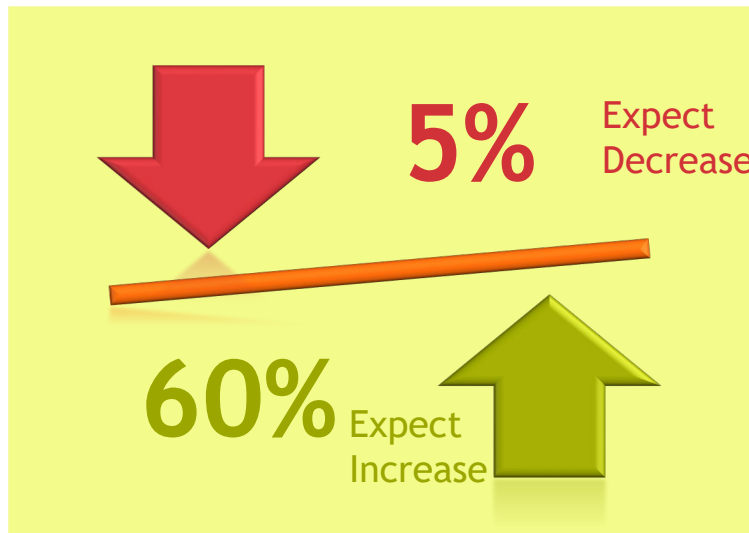
5% Expect Decrease

60% Expect Increase

#2 Develop HR Expertise 2018

4% Expect Decrease

64% Expect Increase

#2 Develop HR Expertise 2017

5% Expect Decrease

69% Expect Increase
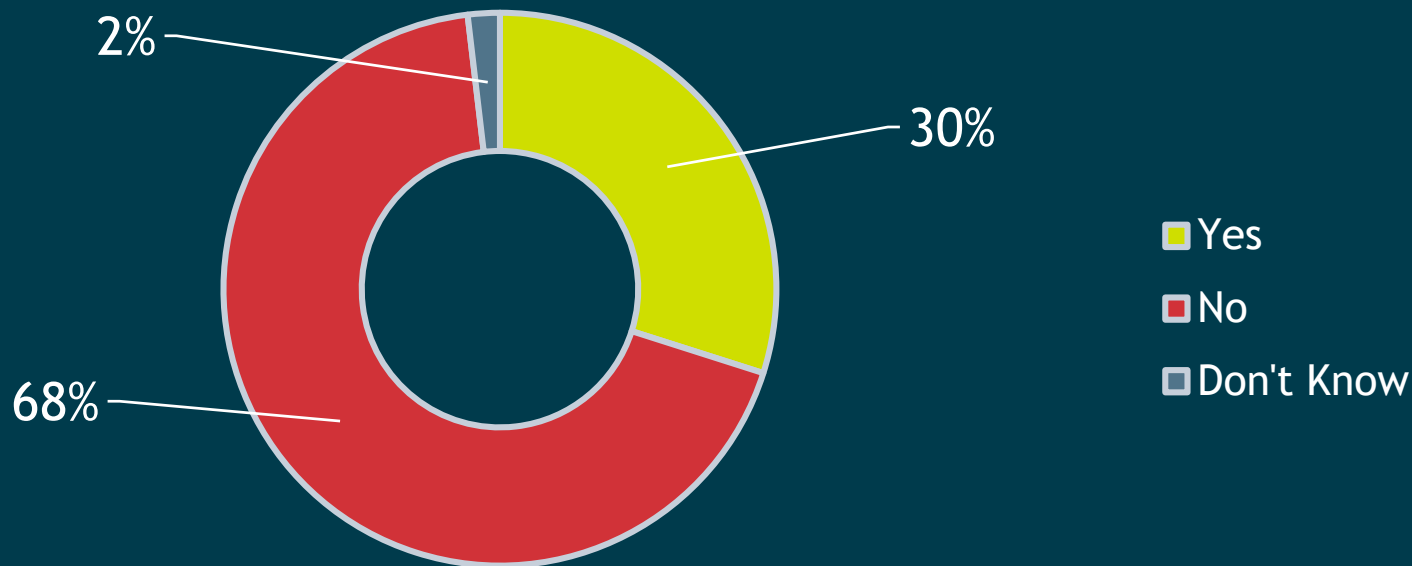
#2 Develop HR Expertise 2016

5% Expect Decrease

76% Expect Increase
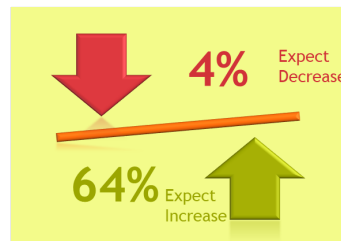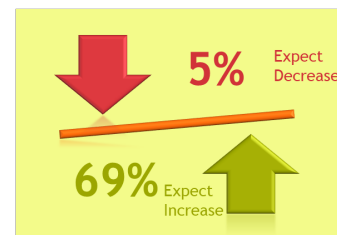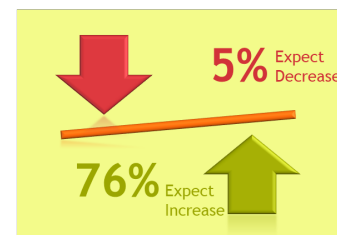
Transforming HR: Moving to a Modern HR Tech Architecture

THE TOP 5 DRIVERS FOR CHANGING HR SYSTEMS 2019

1. Lack of **Business Agility** and Flexibility
2. Quality of End **User Experience**
3. Lack of/Better **Analytics**
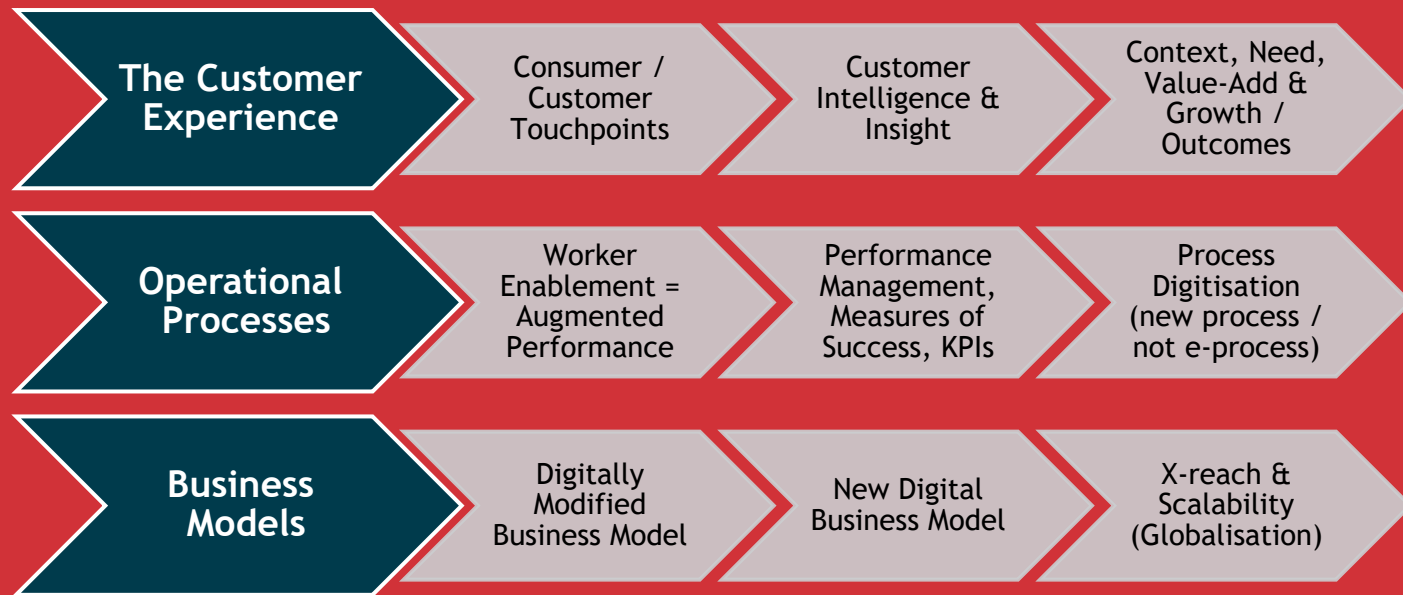4. Improving Solution **Functionality**
5. Enhanced **Self Service** Tools

Do you think your current HR systems are ready for the modern workforce?

2%

30%

68%

- Yes
- No
- Don't Know

How do you expect your investment in HR systems to change over the coming years?

Legend: ■ Increase ■ Decrease ■ Stay the Same

Categories (top to bottom): Analytics, Learning & development, Recruiting / talent acquisition, Onboarding, Employee engagement, Workforce management, Talent & succession management, Performance management, Core HR, Reward - compensation & benefits, Payroll, Shared Services

A DIGITAL TRANSFORMATION of...

The Customer Experience	Consumer / Customer Touchpoints	Customer Intelligence & Insight	Context, Need, Value-Add & Growth / Outcomes
Operational Processes	Worker Enablement = Augmented Performance	Performance Management, Measures of Success, KPIs	Process Digitisation (new process / not e-process)
Business Models	Digitally Modified Business Model	New Digital Business Model	X-reach & Scalability (Globalisation)

"THE LURE OF ONE"

Single suite HCM

How does this align to your:
- ▶ Business Goals
- ▶ Priorities
- ▶ Time & Investment
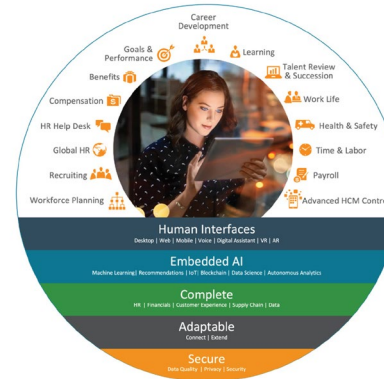
How **standardised** are the HR systems in your organisation?

38%

44%

18%

- Very standardised
- Partially standardised
- Not standardised
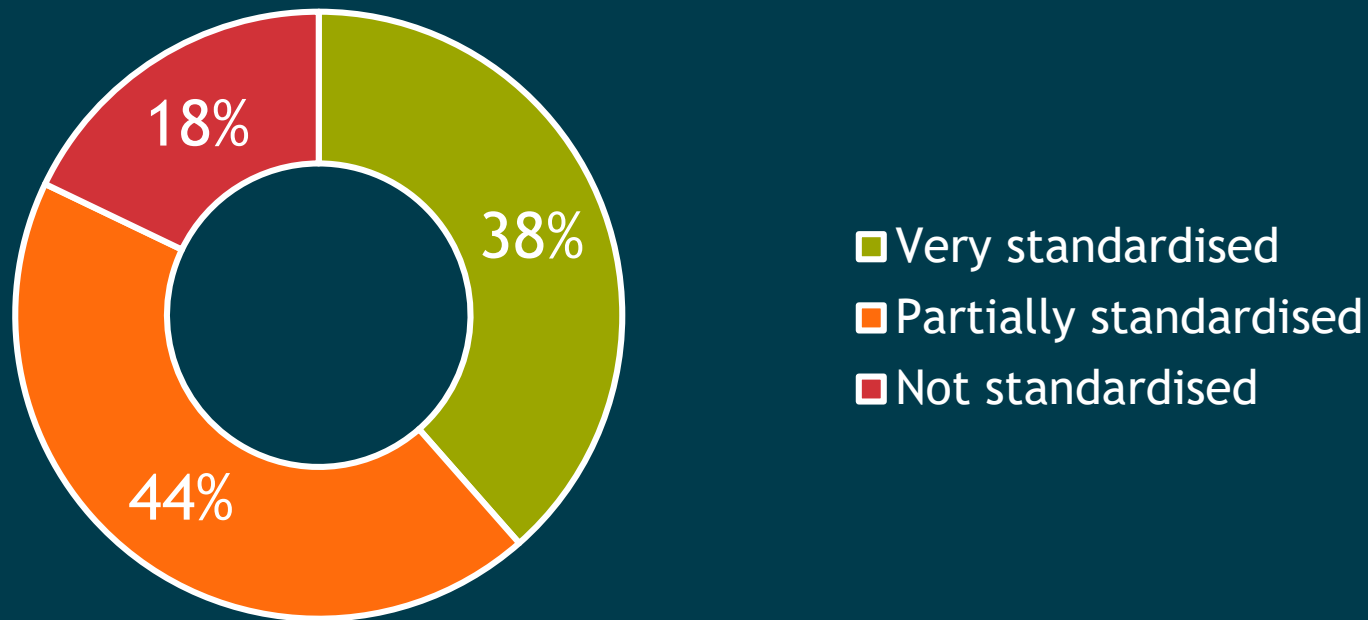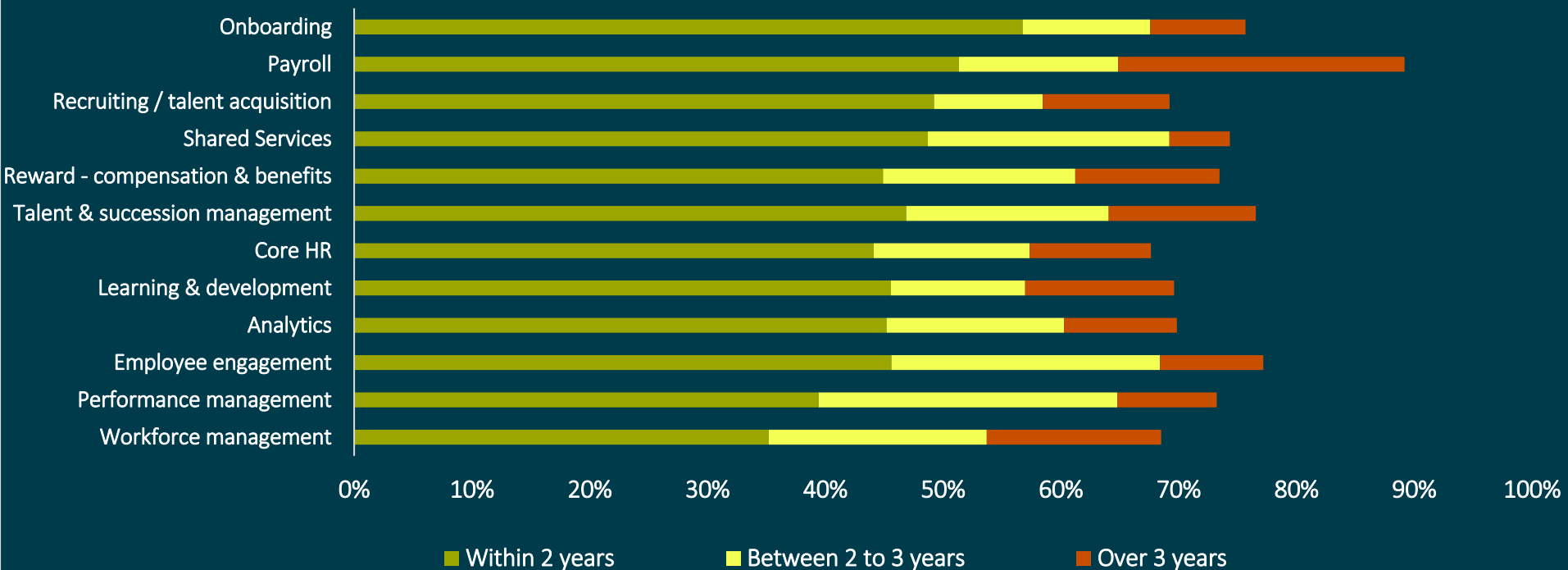
Think ECOSYSTEM not SYSTEM!

▶ **Transactional HR Core (data and service)**

▶ **Transformational Talent**

▶ **Encapsulating Context**
- Integrations
- Intelligence
- Analytics
- Experience
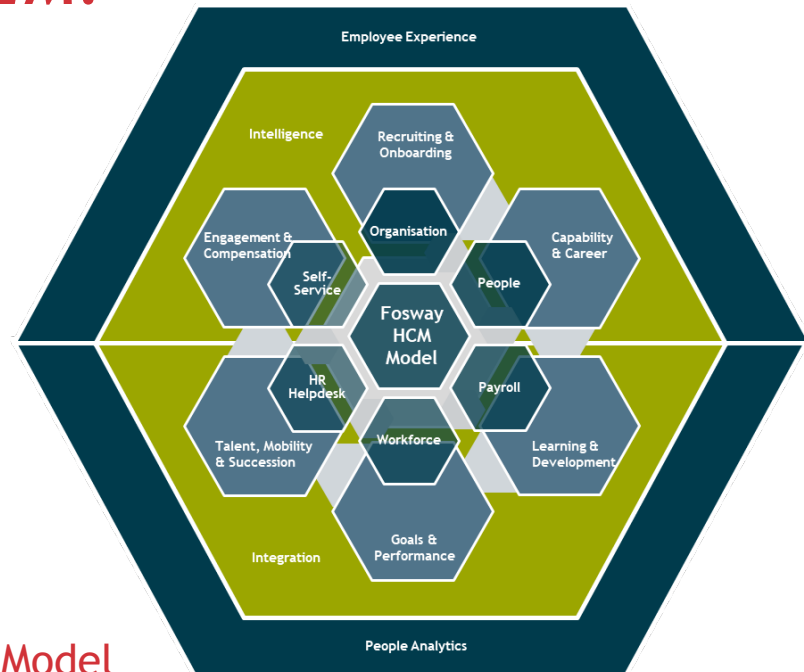
Fosway HCM Solution Model

Alternative Strategies to Single Suite HCM

Masking – Unifying the HR Experience across Multiple Systems

Mastering – single HRIS System across Multiple HR Systems

Centring on Talent - Talent Management as the HUB
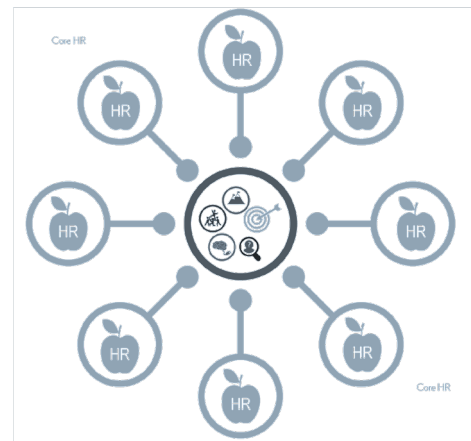
Fosway HR Systems Maturity Model

From Human Capital Management to Human Capital Optimisation

Manual HR
- No HCM or HR systems outside Payroll
- Spreadsheet record keeping with and manual HR processes for training, recruitment, absence management etc.

HR System of Record
- Single source of Truth - Essential Entry-Level HR Reporting (Headcount)
- Migration of CORE HR Process into HCM
- 1st Wave CORE HR processes
- 1st Wave Employee and Manager Self Service

HR Process Efficiency & Optimisation
- Evolution of HR Processes
- 2nd Wave HR Processes
- 2nd Wave & extended Employee and Manager Self Service
- Competency, Job Family rationalization, role leveling
- Standardisation & Digitisation of HR Processes
- HR Transaction Efficiency Reporting

Transformational Strategic HR & Talent Agenda
- Employee Engagement & Employer Brand, War for Talent Agenda
- Integrated Talent Management
- Next Gen Recruitment, Onboarding, Performance & Learning Development, Succession, Career Planning
- Glocalisation
- Mobile HR Process Enablement
- Digitisation of Talent Processes
- Leadership Culture
- Transform HCM UX & UI
- Social HR tools
- HR Impact Reporting

Intelligent HCO* - MachineHR Revolution
 - Machine assisted HR, Employee, Manager & Business Decision Support - Cognitive HCM
- Agile HR Process Design inc. Continuous Performance Management, Team, Workforce & Culture Optimisation
- Followership Management Culture
- Digital Transformation of HR & Talent with Next Gen - Automated Self Service Processes
- HCM Augmented Employee Engagement for Employees and Contingent Workers / Virtual Team
- Integrated HCM & Business Systems & Data
- Revolutionise HCM UX & UI - Intelligent HCM
- Replace Ulrich HRBP Model with Uberisation of HR
- Business Decision Impact

*HCO = Human Capital Optimisation

Transactional HR

Transformational HR
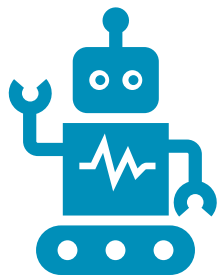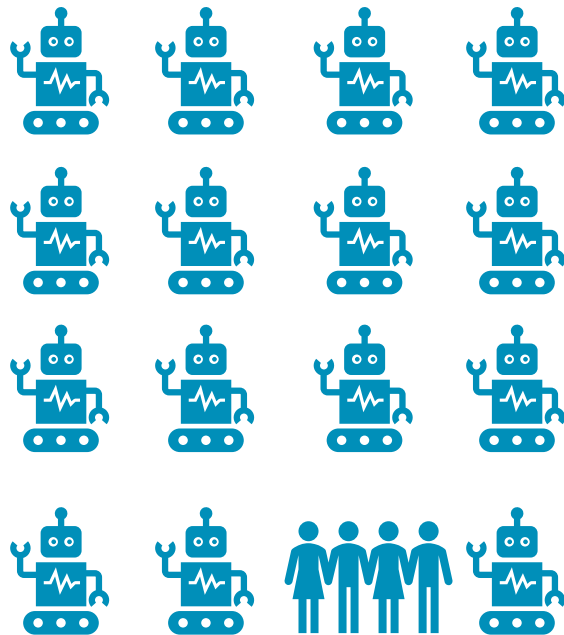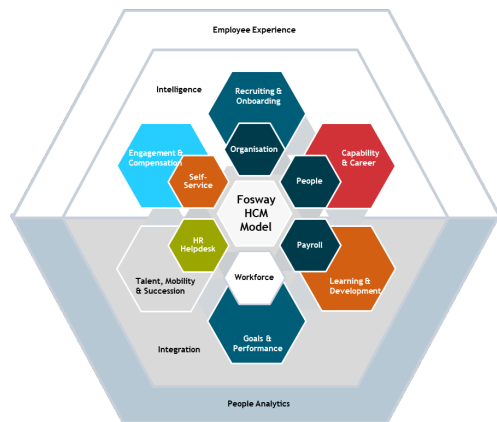
52%

think the impacts of automation, machine learning, artificial intelligence and/or robotics will become truly significant for their workforce in 2 years or less
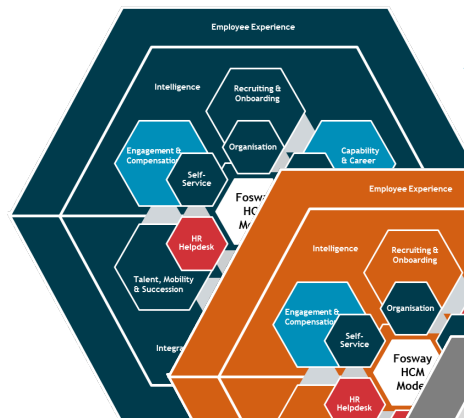
82% within 5 years

Only 10% of HR organisations feel **READY** for the expansion of automation, machine learning, artificial intelligence and/or robotics in the workplace
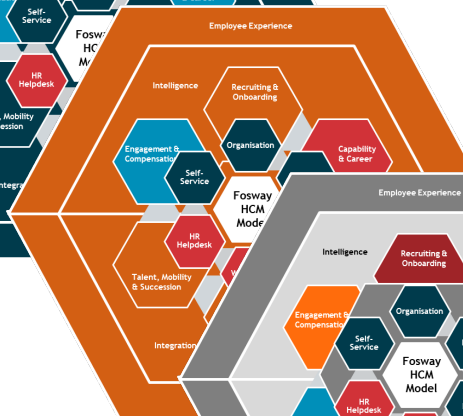
52% are preparing

Today

HCM-centred Architecture

Talent-centred Architecture

BoB-centred Architecture

Fosway Perspective

Fosway Rating
(Strong is always best rating)

1. Quality of End User Experience	2. Aggregate Cost (TCO)	3. Speed to Value, Impact & ROI	4. Opportunity for Strategic HR & Organisational Value Add	5. Complexity of Systems Architecture & Management	6. Complexity of Transition	7. Survivability of HCM approach to a VUCA* Environment

Strengths - Consolidates architecture. Enables transition to the Cloud. Modernises AIB HR Agenda.

Weaknesses - Requires compromises in the quality of experience of talent processes. Project costs are high; return on investment and speed to value are mainly IT related, making any HCM-centred project funding difficult to mobilise and vulnerable to project being deferred.

Risks - Costs are hard to justify in current climate, limited supply side options, SAP relationship issues

Opportunities - Very clear HR IT strategy, delivering rich people intelligence powered by the vendor longer term, reduction of HR headcount through enhanced process efficiencies
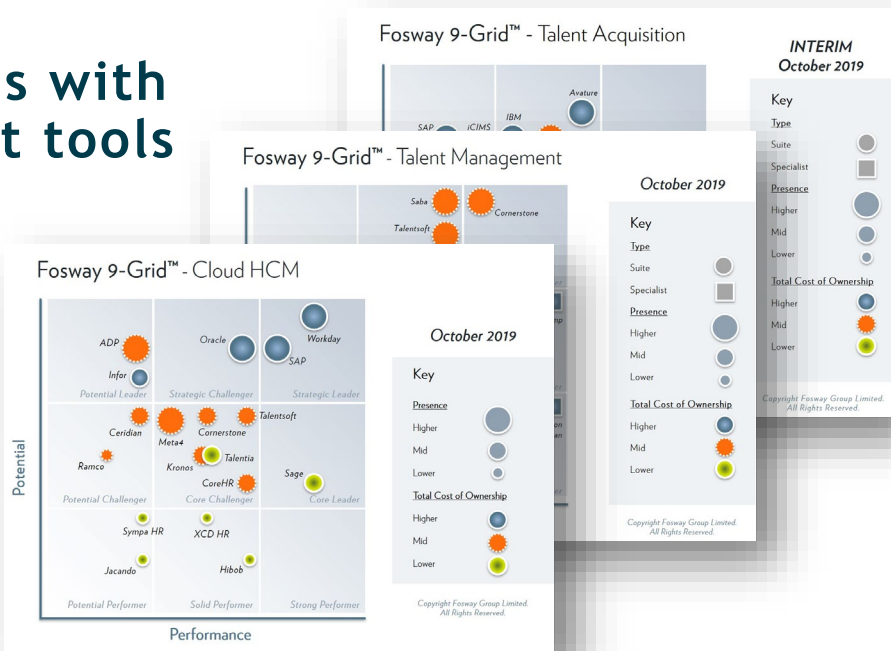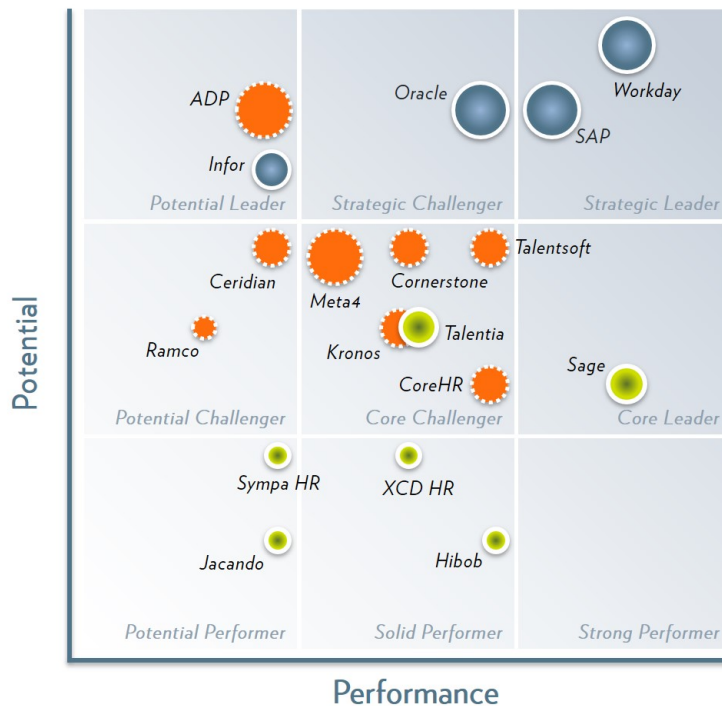
Fosway 9-Grids™
2019

Solution Capability to Vendor Suitability

▶ **Segmentation directly aligns with Fosway's vendor assessment tools and Fosway 9-Grids™**

Fosway 9-Grid™ - Cloud HCM

October 2019

Key

Presence

Higher
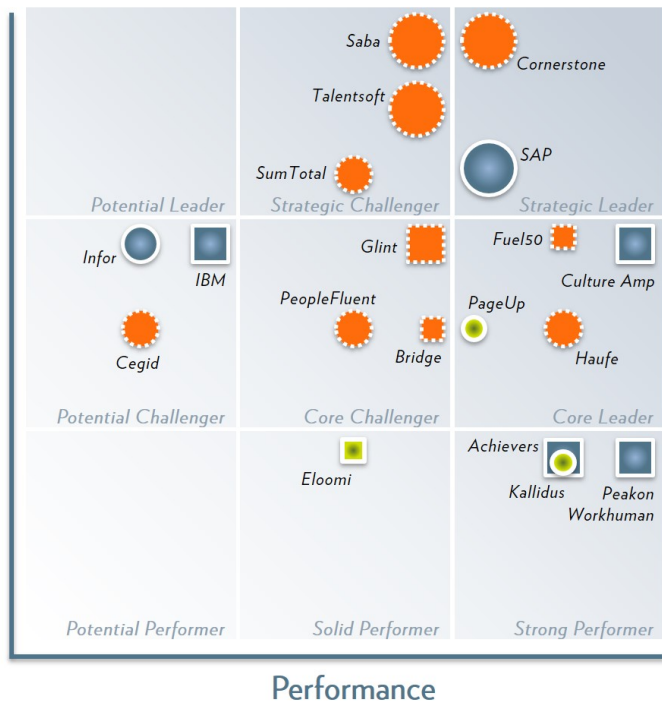Mid
Lower

Total Cost of Ownership

Higher
Mid
Lower

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Fosway 9-Grid™ - Talent Management

Fosway 9-Grid™ - Talent Acquisition

October 2019

Align & Initiate
- Align senior stakeholders and create a mandate for change

Validate & Advance
- Validate requirements and create framework to act, business case, solution roadmap with vendor shortlist

Engage & Select
- Accelerate procurement including RfP and selection support, final selection and due diligence
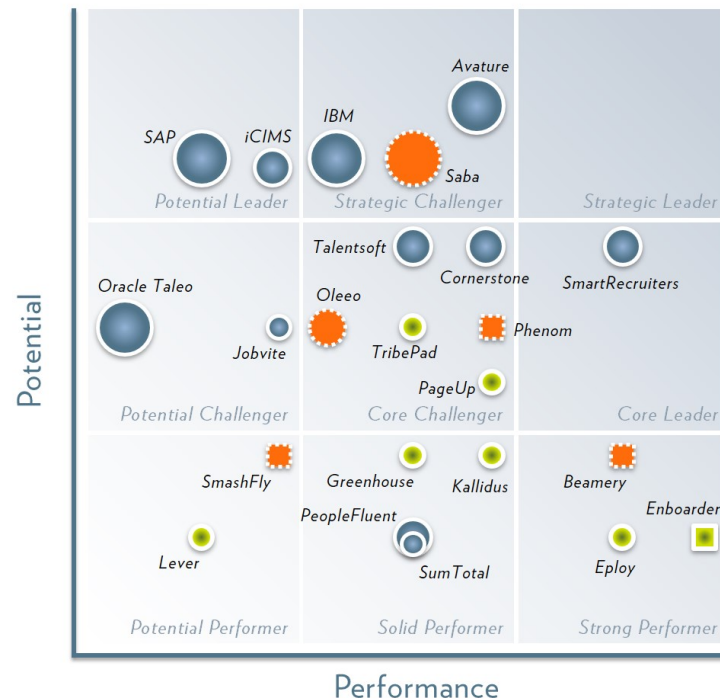
Why start your procurement process from scratch when Fosway already has the research and insight to help you make better supplier decisions much faster?

LATEST FOSWAY RESEARCH

▶ **Latest Research**
  www.fosway.com/research/latest-research

▶ **Fosway 9-Grid™ Reports**
  www.fosway.com/9-grid
  – Cloud HCM
  – Talent Management
  – Talent Acquisition
  – Learning Systems
  – Digital Learning

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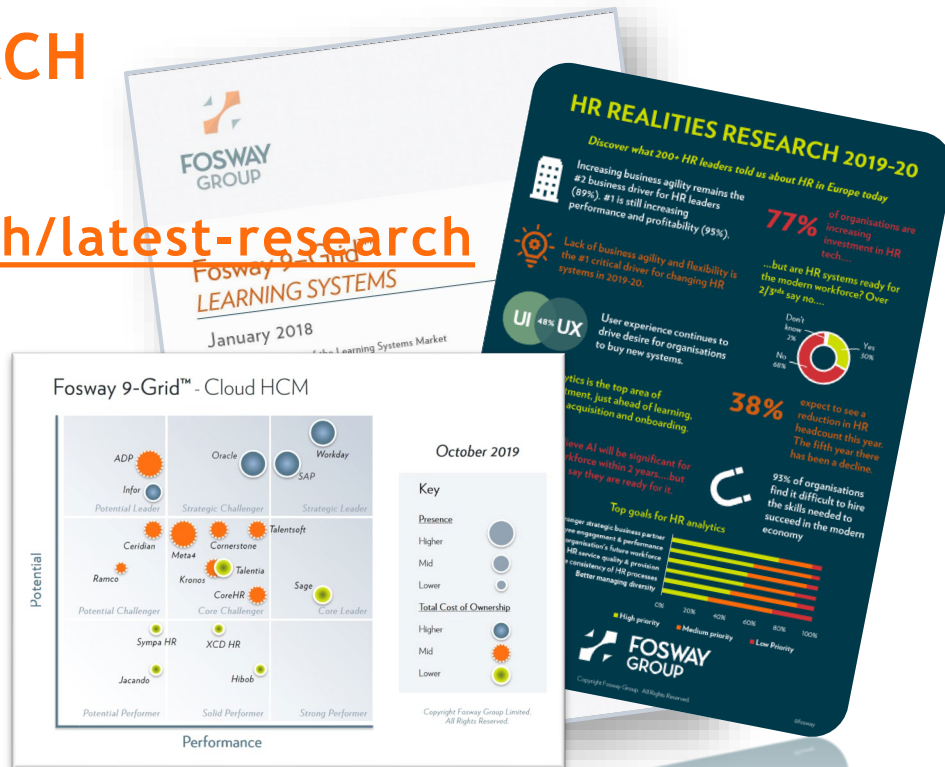
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Make better HR buying decisions faster …

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