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End-to-End HR Solutions Pave the Way for Digital Transformation

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Every enterprise, large or small, will be affected by the "people dimension" of digital business transformation. Innovative and disruptive technologies (cloud, mobility, Big Data and analytics, and social workflow) are creating new opportunities to support and accelerate this transformation. As a result, HR is now challenged to transform how it acquires, manages, and leverages talent for competitive advantage. HR leaders will be those who are ready to adopt and leverage both emerging and established technologies that will help faciliate the digital transformation of the business.   End-to-end HR solutions are emerging as one tool to support the changing nature of human capital management (HCM).

The following questions were posed by FinancialForce.com to Lisa Rowan, IDC Research Vice President, HR and Talent Management Services, on behalf of FinancialForce.com's customers.

Q. **What key disruptors are looming in HR, and what should HR professionals be prepared for in the next three to five years?**

A.   There are a number of disruptors. There are technology disruptors, which include mobile, social, and the introduction of big data and analytics. There are business model disruptions, by which we can look at companies like Uber, services like Airbnb, Zipcar, and the bicycle usage company CityRide.

All of that taps into the shared economy, or the shared resource economy. Ridesharing services like Uber and Lyft started out as utilizing an underused resource and other services such as Airbnb and Zipcar, were already using the same model. That's leading to what some are calling the freelance economy, whereby the relationship between an asset or a company and the worker is not necessarily formalized.

Another level of disruption is the fact that we now have four generations of workers in the workforce. Much has been made of the Millennials entering into the workforce. Although we still need to consider the needs, the wants, the drivers, and the moderators of all of the generations in the workforce, it's important to look at Millennials for a couple of reasons.

First, 50 percent of the workforce by 2020 will be made up of Millennials, so they're going to have a large impact. Second, Millennials tend to change jobs rather quickly. Typically they only stay in a job for one to three years. And third, the new retirement age is likely to be 72. So we're going to have both Millennials and older, more mature workers in the workforce at the same time, as well as changing technology and new business models. All of these are going to be in flux: new technologies, new ways of doing business, different kinds of

relationships with the company, not just workers but freelance workers. All that's going to be a challenge for HR.

Q.   How mature is the overall management of the workforce?

A.   Sadly, it is not nearly as mature as we would like it to be. In fact, almost 50 percent of the HR executives that IDC has surveyed in the last year report that their organizations still have a very patriarchal kind of management scenario. There is very little acceptance of remote workers. The organization mostly looks to have employees be permanent and on site.

With regard to the disruptors we've discussed, there also isn't much utilization of new and emerging technology. For example, social and the use of social inside the enterprise for collaboration amongst workers is still at a low point. We believe that it will come up as time passes but HR has been very slow to adapt and adopt social as a method for improved business operations. This is also true regarding the use of mobile.

Putting it all together, we've got a long way to go until the management of the workforce is at a level where we can say there's true transformation, true progressive ideas, and an embracing of the idea that talent is actually a competitive advantage. I discuss the role digital plays in this transformation a bit later.

Q.   What actions can advance the maturity of workforce management?

A.   I hinted at this in the previous question but there's a couple of additional elements at play in terms of advancing the maturity of workforce management.

One is the elimination of silos. A lot of HR organizations still think in terms of a recruiting function, a benefits function, a payroll function, a learning function, and these are not necessarily collaborating across the organization for the benefit of all. We really need to start breaking down some of those silos and there are good reasons for doing so.

Good recruiting can inform performance management. When you hire people, you want to know downstream if they are good performers and if they were a high-quality hire. You can't do that if the two – hiring and performance -- aren't linked. Likewise, you need to have learning linked with performance. If you can't measure the effect of learning and training, you can't really determine what the best course of action is for the future.

The second part of this is -- and it goes along with breaking down the silos -- the emerging importance of end-to-end HR solutions. We are beginning to see about a 10 percent uptick in interest on the part of HR buyers in end-to-end solutions.

By this I mean the inclusion of the core HR capabilities of record keeping, benefits, payroll, etc., with the talent functions of recruiting and learning, performance and compensation. It all works better when they're all together, which brings us back to the elimination of silos. This in turn leads us to a single source of truth, and that makes for a much easier and much more mature way of managing workforce data.

Q.   What role will digital transformation play here?

A.   We talked about the elimination of silos from a functional standpoint within HR. We also need to start breaking down the silos between the various departments, divisions, and functions within the company itself, and social is one way to really get to that. When I talk about social to HR executives, I frequently get a very mixed reaction because they may be thinking about it as the misuse of time on the job for access to social media sites. That is not what we're talking about. We're talking about the effective use of social technologies for collaboration across the enterprise.

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Today, many organizations have pockets of collaboration but there's no cross-pollination. So that is one way in which social can play a big role in transformation from a digital perspective.

Second, we've got mobile. And let's face it: about 80 percent of individuals carry their own device to work. We have to understand that whether we want them to or not, they're going to use those devices while on the job. And only about a third of organizations today have a mobile policy that puts in place the terms and conditions by which employees are allowed to use their own devices. That's bring your own device policy (BYOD). Another third are expressly saying you cannot use your devices, and a third have absolutely no policy at all.

HR can play a big role in moving the needle on policy, thus making for a more consistent and permissive way in which individuals can use their mobile devices within the confines of the company's rules and regulations.

The third part is analytics and big data. From that perspective, we're just scratching the surface. Many vendors are offering solutions that give insights but HR has yet to really come forward and embrace these tools.

To wrap it up, I think those three areas -- mobile, social, and big data -- will have a major impact on HR and how people are managed.

Q.   **Where does HR start to improve maturity and prepare for the future?**

A.   HR has a big job ahead. HR organizations need to understand how those disruptors we've discussed will apply to their particular circumstances. They need to begin to assess how they break down those functional silos within HR. And they need to understand the role that digital transformation will play.

In addition, HR as a discipline has been focused on process and transactions. I think that as a group, HR needs to attain and develop analytical skills. It's not something that they have typically focused on in the past. The successful HR executive of the future will possess a balanced set of skills that most definitely will include analysis and an understanding of how the workforce impacts business outcomes.

A B O U T   T H I S   A N A L Y S T

Lisa Rowan serves as IDC's Research Vice President, HR and Talent Management Services research. In this role, Ms. Rowan provides expert analysis focused on both the business services and software used to address HR and talent-related processes. Her research encompasses human capital applications, human resource consulting, HR processing services and HR Business Process Outsourcing (BPO) services.