



HR TECH GLOBAL REPORT

2019



INTRODUCTION

HR is evolving, and it's happening alongside the evolution of the workforce.

In short, 2018 is the year of talent and the technology needed to find, develop, engage and retain it.

Workers are increasingly more attracted to independent work, the gig economy, employee engagement and employee experience. The impact of those changes has created a real struggle for people in human resources. In response, HR professionals are changing the way they hire employees, train them and manage them and all of this is related to the disruption of HR technology.

WHY A REPORT ON HR TECHNOLOGY?

The global market for HR technology is massive. In an article, the Times of India reported the industry is valued at \$400 billion. In the past two years alone, \$2 billion has been poured into the market in the form of venture capital and private equity investment. Those numbers are expected to rise in 2019.

Despite that, HR analytics guru Josh Bersin says 45% of companies are still focused on underlying infrastructure instead of more innovative HR technologies. Simply, this puts companies and their respective workforces at a disadvantage, not just with competition, but with the business world in its entirety.

OTHER KEY TAKEAWAYS

In addition to the statistics, there are other signs of proof emanating from the HR space.

People analytics is surging. Data is providing HR professionals with a deeper understanding of an employee's needs and concerns, strengths and weaknesses. And there's mounting concern about the protection of that data from those who would use it for nefarious means.

Self-service tools are evolving. Data is driving this revolution toward the self-serviced employee. These platforms simplify training, reporting, time tracking, and almost every other HR function.

Talent sourcing is changing. HR professionals are using more technology to recruit candidates to fill their needs. The gig economy is growing and there's more emphasis being put on developing talent and teams to meet the outlined business goals.

The HR Tech Global Report from the HR Exchange Network is the culmination of data collection and the analysis of technology trends within the space between 2017 and 2018. In addition to the analysis, there will be real-life examples of how technology is being applied within in the HR function.

OUR CONTRIBUTORS



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COLLECTED DATA – THE RESPONDENTS

The data presented in this report was collected in 2017 and 2018 during similar times of year.

Not only was data gathered through our surveys, we also gathered data during live exchanges throughout 2018. Events include IQPC's Chief Financial Officer Exchange, Chief Learning Officer Exchange, Chief Talent Officer Exchange and Chief Human Resources Officer Exchange.

While the primary audience of this report is the HR professional, it is beyond contestation those individuals are also part of a much larger team which also deals with technology. To be successful in business today, the CEO, CFO, CHRO and other C-Level officers must align around HR as a strategic function.

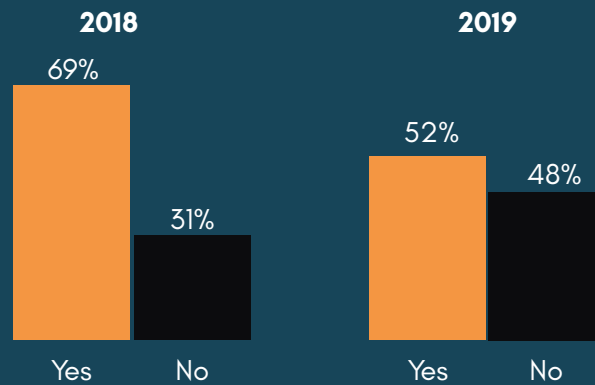
WHAT ARE THESE OFFICERS SAYING ABOUT TECHNOLOGY?

CFO	CLO	CTO	CHRO
Use of AI for planning and forecasting. Reduce timelines and improve accuracy.	What are you doing to develop your people that are remote? More and more workers are working remotely.	Predictive Analytics.	Remote workers. Engage in video conference
Leveraging digital capability for better financial insights. Must move with greater efficiency to save time on data mining and spend more time on insights and decisions.	Developing powerful people leaders. Engine of most enterprises.	Increasing D&I in the talent acquisition process.	Career pathing/mapping. Transparency.
What type of people will drive the success of the business in light of the power of new technologies, how are things changing?	What are some of the most effective ways being used by participants to sustain learning post classroom or online learning module? Want to ensure the learning experience is as robust and long-lasting as possible.	With talent shortage, how to get our recruiters and leaders to adapt to be more open to transferable skills. Some teams are very traditional and want to see exact experience. Need to be open to candidates who are learning, agile and bring different perspectives.	Find and Unlock Talent. Taking calculated risk on talent vs going with the "easy" choice

COMPARATIVE ANALYSIS

As previously written, this report contains data from 2017 and 2018. Much of the analysis will focus on comparable data from each respective year. To begin, analysis must be placed on whether or not companies have formal HR technology strategies. It is to be understood a formal strategy offers direction and actionable items to achieve success. Without a formal strategy it is chaotic at best.

DOES YOUR ORGANIZATION HAVE A FORMAL HR TECHNOLOGY STRATEGY?



Looking at the numbers, there is nearly a 17% drop in formal strategies from one year to the next. Why the change?

As HR professionals are acutely aware, changes in society often impact the work of human resources. That appears to be the case here.

In a recent study from the Edelman Trust Index focused on technology, researchers asked residents of California, the United States' most populous state, how they felt about this issue. There was a clear distrust and backlash against technology.

THE FINDINGS INCLUDE:

- 60% of Californians believe tech benefits the state, yet only 38% believe tech benefits citizens
- Over 3/5 of Californians believe tech firms over-focus on profits and are draining local resources for their own benefit
- 58% believe tech has failed to protect them from data security threats
- Only 29% believe tech is being transparent and open and 67% believe the industry is "secretive."

In fact, looking back at the data gathered as part of the IQPC Exchange events, one statement that received a large amount of support was, "Technology can scare our teams. Safety and security are important to everyone."

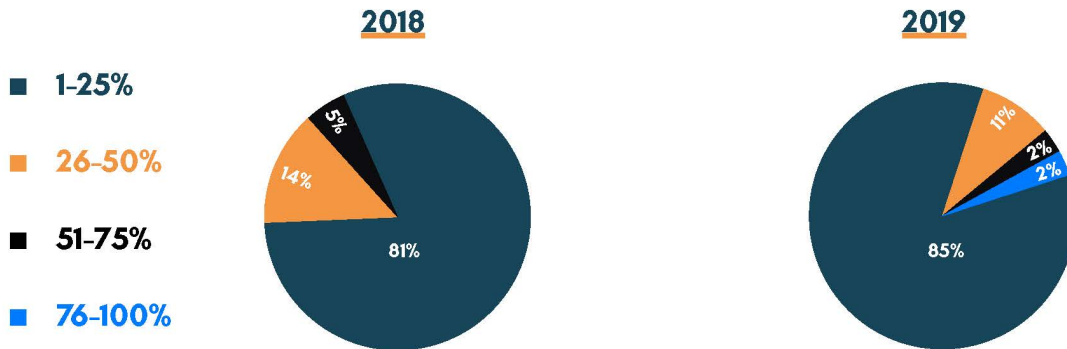
As a result, HR professionals fall back on the old adage "if it isn't broke, don't fix it". That places a heavy emphasis on transactional work, which doesn't always rely on technology solutions. Josh Bersin says that's a problem.

"Our new research shows that 41% of HR professionals' time is spent on 'transactional activities,' 40% on 'talent and people,' and 19% on 'workplace and work'" Bersin said. "The more time you spend on non-transactional work, the more impact HR will have."

According to his research, HR professionals spending most of the day running reports and dealing with payroll are not automating HR sufficiently. Teams trying to fix this, again according to Bersin's research, are planning to reduce transactional work to 30% over the next three years and shift focus to people, culture and the workplace.

BUDGET DEDICATION

WHAT PERCENT OF YOUR COMPANY'S BUDGET IS DEDICATED TO HUMAN RESOURCES TECHNOLOGY?



FUTURE PRIORITIES

Going in 2018 respondents were focused on:



eLearning



Analytics



Mobile

Going in 2019 respondents are focused on:



Talent Management



Analytics



Workforce Management

When it comes to HR technology, really any technology, the one constant is change. In 2017, respondents were focused on eLearning, analytics, and mobile. Fast forward a year and the changes are stark. Talent management took the number 1 spot. Analytics and workforce management fell into the remaining two spots.

WHAT DOES THIS TELL US?

2017 was the year of information and how to disseminate it, and as previously mentioned, 2018 was the year of talent. All three technologies mentioned play into the larger talent function. In speaking with HR professionals throughout the year, they recognize talent is the key to successful strategies.

Talent management is under heavy amounts of transformative pressure especially when you consider technology. Why? There are now .87 US workers for each position. That's the lowest point it's been in the last 50 years. And if that's not enough, workers are living longer and stretching the talent cycle. According to mortality.org, today's millennials have a 50% chance of living to 100+.

As a result, every function that falls under talent management is seeing increasing amounts of tech disruption. There are more and more technology solutions for everything from recruitment to engagement. Massive investments are happening in intelligent assessment and moving toward more AI-based technologies in recruitment and automation. This means modernization should be a top priority for all HR departments. In other words, it's either sink or swim.

According to Maryanne Spatola, the chief human resources officer for Solix, Inc, at the end of the day, not modernizing could spell disaster for companies.

"I read a report recently that said this is the toughest talent market since 2007," Spatola said. "So, if we don't get in this game and learn how to be more nimble and think about talent in different ways... we're going to miss it."

CONSIDER ANALYTICS

In addition to our results on analytics, Deloitte's 2018 Human Capital Trends report says 85% of companies see people analytics as a high priority, but only 42% believe they are either 'very ready' or 'ready' to meet expectations.

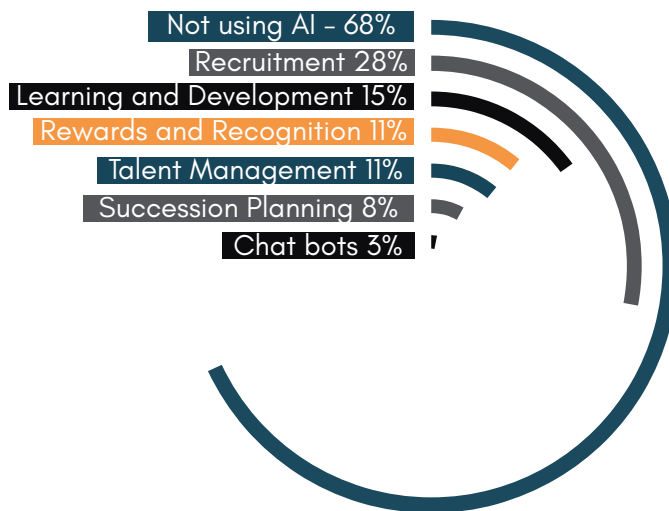
WHY IS DATA SO IMPORTANT?

"Organizations today realize that good HR practices are no longer enough as we need a more data driven approach which can lead to evidence based HR, thus reducing human bias and subjectivity. When HR is able to make an impact through analytics, they take on a more strategic role and are able to help their organizations gain a competitive advantage through clever use of data," Jaclyn Lee said. She's the Chief Human Resources Officer for the Singapore University of Technology and Design.

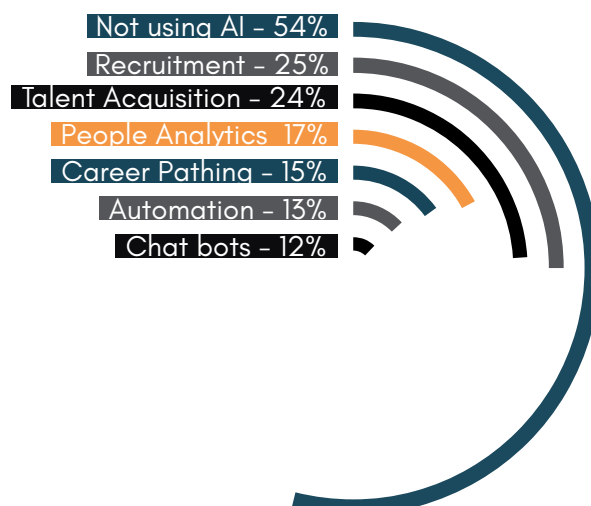
"Analytics," she continued, "also have a huge potential to increase return on investment when the numbers are tied to business outcomes and when predictions point to a range of possibilities that companies can plan for."

HOW IS YOUR COMPANY USING ARTIFICIAL INTELLIGENCE? PLEASE CHECK ALL THAT APPLY.

2017



2018



Multiple answers per participant possible. Percentages added may exceed 100 since a participant may select more than one answer for this question.

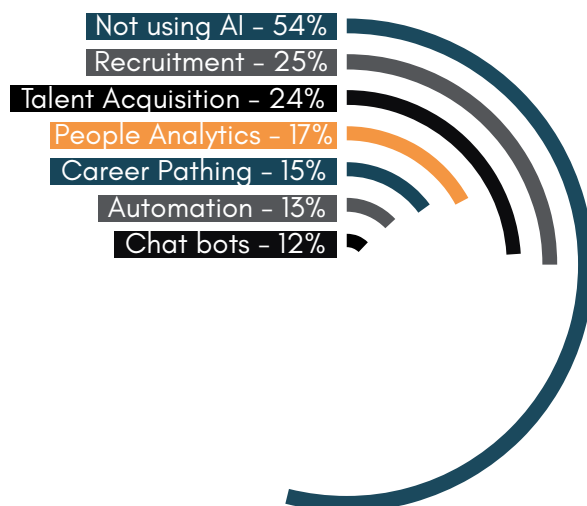
In thinking about analytics, it's hard not to bring artificial intelligence into the discussion. AI is a technology HR professionals likely hear about everyday. While more and more HR departments and teams are using the technology, most have not implemented an AI solution.

That said, we know most of those in leadership positions want AI integrated into the HR function and they want it yesterday.

Here's the proof.

Our analysis turned from the overall results of the survey to three key positions: directors, VPs, and C-Level officers. When looking at their results, all three positions pointed to the use of AI in recruitment, talent acquisition, and people analytics.

HOW IS YOUR COMPANY USING ARTIFICIAL INTELLIGENCE? PLEASE CHECK ALL THAT APPLY.



NOTE: These responses are from directors, VPs and C-Level officers

Furthermore, we asked those in leadership where they intended to increase the use of AI solutions. Ranked in order of priority:

1. Talent Acquisition
2. People Analytics
3. Tie: Recruitment & Career Pathing

Best Buy Canada Chief Human Resources Officer Chris Taylor has seen the proverbial writing on the wall for some time.

"This applies to both intakes screening of potential new hires as well as relationships with existing team members. Imagine a future where AI-based solutions let job-seekers interact with voice-activated chat bots to get information about open positions or other potential opportunities."

While that future isn't far off, chat bots are already being used in human resources. Just look to Unilever.

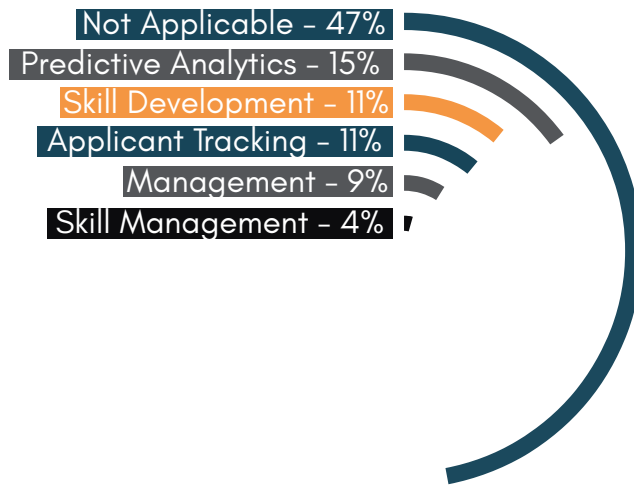
HR leaders announced in late 2018 that in 106 countries, employees will be using their new chat bot technology. The chat bot, named Una, was developed by the company itself. According to the Employee Benefits website, employees will be able to connect with the chat bot through Skype for Business.

Keith Williams is the HR services director for Unilever. He said Una was developed "to remove the need for employees to go into a separate system for HR queries. She has the ability to provide information and carry out transactions using a conversation."

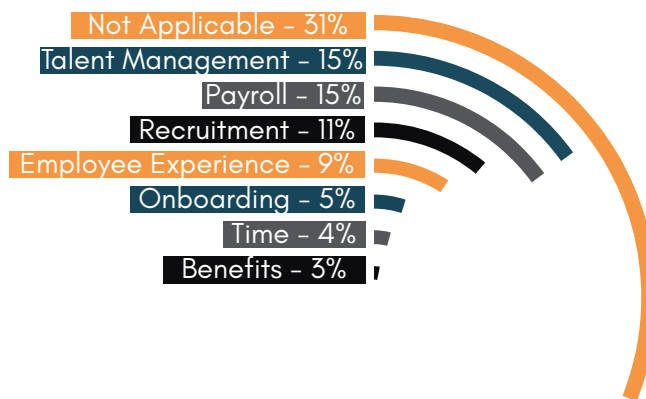
When the chat bot goes live in those 106 countries, it will be able to chat with employees in 32 different languages. That is one of the challenges in developing the technology.

"When you create a chat bot, it has the language understanding of an 18-month-old child. If it's going to be useful, you have to turn it into having the language understanding of an adult, and understand people 95% of the time."

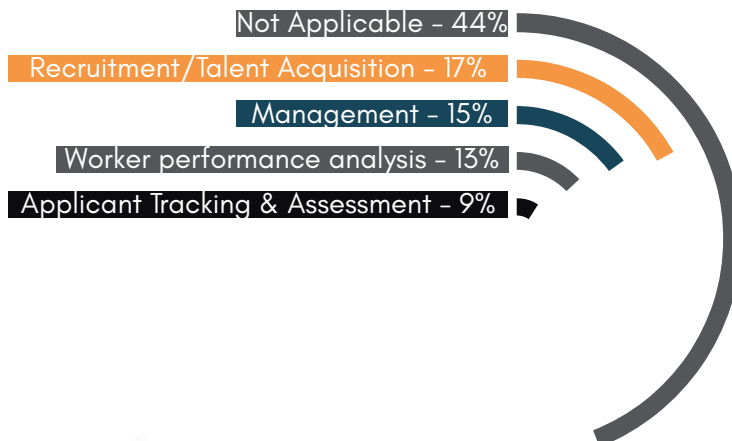
11. HOW IS MACHINE LEARNING BEING USED WITHIN YOUR COMPANY?



12. HOW IS YOUR COMPANY USING CLOUD-BASED HRMS?



13. HOW IS YOUR COMPANY USING INTELLIGENT APPS AND ANALYTICS?



TOP TRENDING TECHNOLOGY

It seems a fitting segue from the previous section looking forward to 2019. We asked respondents to tell us what they believed would be the top trending technology. The answer was overwhelmingly artificial intelligence.

That seems odd when you consider the fact most HR professionals say their companies aren't using the technology. The answer as to why is simple. Most HR professionals simply don't know how to approach its use.

According to this study:

"71% of employees surveyed believe AI skills and knowledge will be important during the next three years, but half (51 percent) are concerned that they will not be able to adjust to the rapid adoption of AI. In spite of this finding, nearly three-quarters (72 percent) of HR leaders say that their organizations do not offer any type of AI training program. What's more, nine in 10 HR leaders are concerned that they lack the power to address the AI skills gap they see in their workplaces."

One thing is for certain: respondents believe not adopting AI will cost companies their competitive edge. That's not all. A failure to adopt the technology could have negative impacts on their careers.

Conclusion

We end this report like we began it: 2018 was the year of talent. The question is what will 2019 bring? The disruption of HR by technology isn't just about making life simpler. That's more of a side effect. The technology disruption is about finding solutions to every day problems, applying those solutions and learning from them. Technology is the vehicle by which HR continues its evolution.

We at the HR Exchange Network hear on a regular basis that sorting through the noise that is the technology disruption is nearly impossible. Dave Ulrich, renowned HR thought leader, discusses how to do that in the following contributed piece.

CRITERIA FOR SORTING THROUGH SEEMINGLY ENDLESS HR TECHNOLOGIES



Dave Ulrich

Speaker, Author, Professor,
Thought Leader on HR, The
RBL Group and University
of Michigan Ross School of
Business

Every week, I receive invitations to review the latest (and “greatest”) HR technology solutions. And this will likely happen for the foreseeable future. How can I make sense of this digital tsunami? Obviously, digitalization (cloud, artificial intelligence, machine learning, internet of things, robots, and so forth) disrupts nearly every business from retail to lodging to financial services to education to—fill in the blank.

Digitization is also shaping HR through four phases: Phase 1 is performing HR practices more efficiently (e.g., insourcing HR service centers through automation); phase 2 is the onslaught of HR innovations in all HR practice areas (people, performance, communication, work); phase 3 is accessing and using information to deliver business results; and phase 4 is forging connections among people.

The vast majority of HR digitalization efforts that shows up in my inbox are usually around serving phase 1 and phase 2 needs.

That said, the immediate challenge of managing the tsunami of HR digitalization is to sort out which of these many new ideas I (we, in HR) should invest in.

When I ask HR professionals I teach how they sort through the many new digital innovations, about 70 percent of them responded that they simply discard all of them because they can not discern which should be used (e.g., they quickly delete all unsolicited emails). They know that at some level, this is being a troglodyte by avoiding the inevitable tidal wave of technological innovations. But on the other side of the coin, they could spend nearly their full time testing, experimenting, learning, and sorting to discover which of these new digital tools will and which won't add value to them—which is unrealistic.

To encourage a start to this sorting, let me suggest five criteria for knowing which of these “latest and greatest” technology innovations deserve more attention.

1| FOCUS OUTSIDE-IN.

Ask: to what extent does this new digital technology connect its solution to external customers and investors? Many of the new technologies improve HR processes, but they are not linking these improvements to customers and investors who generally determine a firm's future. We have written about the importance of an outside-in perspective, but many technology platforms are exclusively internally focused with no reference to customers or investor outcomes. So, in the promotion material, how clearly is the new technology linked to external (customer, investor, community) impact? This criterion alone often eliminates a large percent of the latest and greatest because they are not linked to business value.

2| BUILD ON PREVIOUS PRACTICE AND RESEARCH.

A computer science academic colleague said that well-intended students often approach him with the “latest and greatest app” that will dramatically improve the world. They are often disappointed when his advice is to “take a coding class” and “learn how to code.” Without basing new ideas on sound principles and practices, the new apps are on sandy soil, not firm foundations. Does the new innovation build on previous work? Does it complement and extend solid research or technology? Often the digital innovation has no roots in previous work and no research to support the claims.

3| OFFER AN INTEGRATED SOLUTION.

Increasingly, HR practices in one area impact those in others (e.g., an organization's hiring, development, rewards, and communication processes should reinforce similar messages). It is hard to have a career discussion without having implications for training and development, performance review, and engagement. HR technologies that offer innovation in only one HR area are unlikely to be as successful or sustainable as those that integrate across many HR practice areas.

4| DELIVER ON STRATEGY AND GOALS.

Sometimes the technological solutions are so exciting that they seem to be the "end" not the "means." HR should always create practices that enable businesses to win in their markets through design and delivery of strategic goals. How will the technology solution help with the current strategic challenges? Will the information gathered help shape or deliver on the current strategic question? How will the technology enable strategic choices? When entering a busy freeway, cars don't create their own new lane but merge into an existing lane of traffic. Likewise, new technologies generally should not create completely new strategic approaches but help move forward existing strategic agendas.

5| FIT WITH VALUES AND CULTURE.

To get admitted to the Directors Guild in Hollywood, you have to have experience; but to get hired to get this experience, you have to be in the Guild. This same catch-22 exists with new technology. To get accepted, you have to have satisfied clients; but to get satisfied clients, you have to be accepted. Being the beta test site for a new technology increases risk but may also increase opportunity. To make it through the Directors Guild catch-22, a new director needs to build a relationship of trust with a producer. Assuming the beta risk comes when the technology creators share the culture and values of the company. Make sure that you are not just buying a technology app but forming a relationship with the creator of the app who will be a thought partner for future success.

Meeting these five criteria will not guarantee the viability of new technology. But by applying these criteria as technology filters, HR professionals can feel less overwhelmed and more able to access and use digital innovations that fit their organization needs. The "latest and greatest" technology innovation is usually the "most relevant and useful."

ABOUT THE AUTHOR



Mason Stevenson is the Editor at HR Exchange Network, overseeing content and engagement across all digital platforms, as well as coordinating research for monthly and quarterly research projects.

Mason worked at radio and television stations in Kentucky, Tennessee, and Florida – most notably WBKO in Bowling Green, Kentucky, NewsChannel 5 in Nashville, and News 13 in Orlando. He has worked with elected officials at all levels of government, produced political debates, traveled to Cuba, and produced half hour specials and town hall meetings on a variety of topics.

Mason graduated from Western Kentucky University in 2006 where he earned a Bachelor's Degree, double majoring in Political Science and Broadcasting.

ABOUT HR EXCHANGE NETWORK

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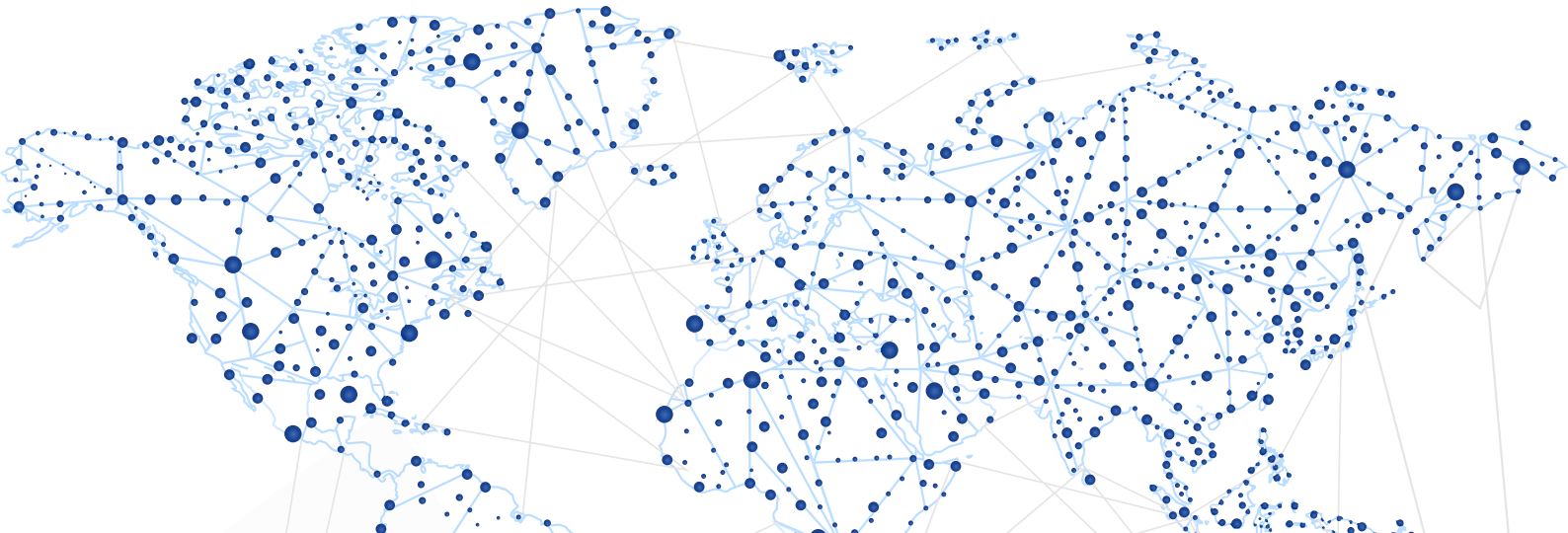
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OUR ONLINE EVENTS



HR Exchange Live

March 19-20, 2019



HR Tech APAC

June 4-5, 2019

<https://get.hrexchangenetwork.com/hrtech-apac/>



HR Tech North America

June 11-12, 2019

<https://get.hrexchangenetwork.com/hrtech/>



HR Exchange Live: Corporate Learning

September 17-18, 2019

<https://get.hrexchangenetwork.com/corporatelearning/>



HR Exchange Live: Talent Management

December 10-11, 2019

<https://get.hrexchangenetwork.com/talent/>