Disruptive innovation in HR
Adapting to survive and thrive

PwC 2013 HR Technology Survey

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Executive summary

Setting the stage: The state of HR technology today

HR technology is in a state of disruptive innovation. Multiple significant market forces are keeping HR technology departments on their toes; at the same time, these market shifts are providing great opportunities for HR departments to deliver more value. The question is: Will HR departments position themselves to take advantage?

56%

of the companies plan to increase their use of SaaS for HR applications

The interest from our clients for help in both assessing their current HR technology and charting their future roadmap has reached unprecedented levels in 2013, and we predict it will still be going strong in 2014. This interest is a positive sign, as it demonstrates that many organizations are taking an appropriate time-out to evaluate the options in front of them. Still, 45% of the companies included in PwC's Annual HR Technology Survey[1] do not have a formal HR technology strategy or roadmap, which is obviously a concern given the tectonic shifts in the HR technology world today and the level of uncertainty that we hear about from HR technology leaders.

As a case in point, when asked about future technology vendor plans for each HR application area (e.g., HR, payroll, recruiting, etc.), those surveyed responded—on average—that they were not sure of their direction 20% of the time.[1] Furthermore, when asked if they were going to increase their usage of the cloud or software as a service (SaaS) for the various areas of HR, nearly 40% said that they "did not know."

As PwC looks across the HR technology landscape of our clients and the market, we see four drivers prompting action:

1. SaaS for core HR, payroll, and benefits is no longer "bleeding edge."

The use of SaaS for talent management applications has long been a common deployment approach. In fact, it is currently the most prevalent way to deploy talent applications—on average, 52% of talent-related applications are deployed this way.[1] However, many companies are still getting comfortable with the idea of their core HR, payroll, and benefits being deployed with his model.

One could argue that SaaS for core HR, payroll, and benefits—or leveraging these solution areas from the cloud—is not a new concept. Niche HR solution vendors have been providing this capability for over 10 years. Furthermore, business process outsourcing (BPO) service providers leveraging their own hosted in-the-cloud software to provide BPO for HR, benefits, and payroll have also been around for decades. While they are not quite the same thing (since the BPO service itself, not the software, is typically the main attraction), the concept is similar. Still, HR departments have been slower to up-end these critical transaction areas. So what is different today?

With the exception of talent applications, early SaaS providers generally found traction in smaller organizations. Larger organizations had tended to shy away from SaaS or cloud for their core HR transaction processing. When you consider how long it may take for this entire market evolution to run its course, it is fair to say that we are still in the early years. With that said, having core HR, payroll, and benefits in the cloud is becoming more and more mainstream—for larger companies—every day. Based on our survey results, 16% of companies had their HR application in the cloud (via SaaS), 12% had their payroll in the cloud (via SaaS), and 13% had their benefits in the cloud (via SaaS).[1] Perhaps the more important sign is that for HR, payroll, and benefits, 21%, 15%, and 15%[1] respectively plan to migrate to the cloud from their current deployment model. We are still likely three to four years away from SaaS being the predominant method of deployment for core HR transaction processing.

While there were early pioneers, the push to cloud for core transaction processing has been reignited over the last two or three years with many higher profile successes. With the fire stoked, the competition has become fierce. The traditional HCM on-premise vendors that have long dominated the space have made multiple SaaS acquisitions in the talent space and now also have significant SaaS offerings for core transaction processing. These proven options, from a variety of vendors, are forcing HR departments to assess the very foundation of their supporting HR technology. This has a very big impact indeed.

2. The war for talent continues to rage.

The year 2013—and the three to four years prior, for that matter—has been dominated by concerns over talent. PwC's 16th Annual CEO Survey,[2] which interviewed CEOs from leading companies around the globe, revealed the following:

- 74% of US-based CEOs expect to change talent management strategies in 2013, and more than half note that availability of key skills is a threat to their growth
- 65% of US CEOs plan to increase investment in creating and fostering a skilled workforce
- Filling talent gaps is one of the top three investment priorities for US CEOs
- Only 24% of US CEOs believe that their executive development programs are effective, and 60% of US CEOs plan to update these development programs to enhance the leadership pipeline

Not surprisingly, feedback from the 2011 and 2012 CEO surveys was very similar. This focus from the top of the C-suite impacts many areas of what we refer to as **strategic human capital management.** These process areas commonly include workforce planning, recruiting, onboarding, goal management, performance management, talent review, succession planning, compensation, and learning management.

Many organizations are placing a priority on assessing and upgrading or replacing the technology enabling these processes. For instance, our PwC Annual HR Technology survey revealed that 54% of organizations have recruiting as one of their top three priorities, and 47% have goal and performance management as the next priority. Onboarding came in as the fifth priority out of 20 HR areas.[1]

The need for organizations to evaluate their enabling talent technology is compounded by the fact that many of the software vendors in this space are either rapidly enhancing their products or have been acquired over the last few years. In addition to the acquisitions, software vendors are investing heavily in their talent modules to increase capability and to fill in the "white space." For instance, over five years ago, automated talent review functionality (e.g., a 9-box process to assess/rate talent and associated risk of loss) was difficult to find in the marketplace. Today, nearly every talent vendor's product has an offering in this area.

This has required organizations to pause and re-evaluate their long-term strategy as it relates to their talent technology vendor alignment.

54%
of organizations have recruiting as a top 3 priority

47%
have goal and performance management as a top 3 priority

Social media has made its way into HR applications in a big way—and the space is still evolving.

3. Most organizations' core HRMS applications are in need of updates, and key stakeholders require a solid ROI to do so.

On top of the ongoing war for talent requiring the intense focus of HR departments, the recession forced many HR organizations to defer needed HR software upgrades. Until now, that is. As the US economy slowly starts to brighten—and as many HR software application versions in place today are nearing the end of their support life—organizations are faced with upgrades or migrations to newer versions or new products. For instance, 85% of organizations are not running the current release of their HR vendor's software.[1] There is still pressure to keep operating costs flat or to remove costs from the organization and justify with hard-dollar ROI the investment required to replace or upgrade any technology.

Based on this, organizations are evaluating their longer-term options. Sixty-five percent of organizations are planning a major application or upgrade over the next 12 months.[1] While cloud has long been a prevalent option in the talent space, it is still in its early years as it relates to core HCM. For example, only 16% of our surveyed organizations had their core HR application deployed via SaaS, while 76% were still deployed on-premise. The remaining 8% outsourced their core HR. With that said, SaaS for core HR is no longer a bleeding edge, as noted earlier, and just over 20% plan to move in this direction.

Regardless of the current deployment model, most organizations with older versions of their core HRMS are not simply getting the "rubber stamp" to upgrade or migrate. Evaluations of all software options available and associated business cases for each are expected now, more than ever.

4. The impact of mobile and social media, as well as the promise of Big Data, is changing the game—for the better.

Another trend in the HRIS space is the increased impact of mobile and social media as a positive but disruptive event. Mobile's impact for HR applications has not primarily been around the use of our devices for HR transactions—only 30% of companies have deployed mobile HR functionality.[1] While there is certainly "mobile HR technology" out there, it still has a relatively low adoption rate. As it relates to HR, mobile has been most leveraged for workflow approvals of transactions "on-the-go" such as time reports, job requisitions, etc. and for company directory-type applications (e.g., company directory lookups). Perhaps the most significant effect of mobile applications on HR technology, however, is the expectation that HCM applications leveraged by the casual user should be designed with a user interface similar to what we expect from a consumer app on a smart phone or tablet. This has put significant pressure on the software vendors to update their "look and feel," especially in the HR application areas touched most frequently by casual users: employee self-service, manager self-service, performance, recruiting, learning, etc. And following suit, HR departments are rethinking the usability of their current applications in these areas (largely based on employee feedback) and demanding more from their applications.

Social media has also had a big impact on HR applications, and the space is still evolving. Popular social media sites are being leveraged for processes such as recruiting, learning, and competency management. Other social and collaboration concepts are finding their way into performance and rewards processes. For instance, "gamification" is a relatively new HR concept where employees can earn badges, receive "likes" or a "thumbs up" and/or accumulate points from others in the organization based on performance and contributions. Similarly to how comments or reviews are posted on a multitude of web sites today, companies are experimenting with how to incorporate peer feedback.

Real-time, embedded HR analytics are also becoming a reality across the HCM suite, especially within those HR processes that require decision

support: making compensation decisions, assessing performance bell curves, etc. Furthermore, Big Data—the term used for leveraging very large data sets to spot trends and find correlations—is also an attractive promise for HR departments moving forward. Especially for cloud HR vendors, the ability to aggregate their customers' volumes of HR transactional data to provide summary benchmarks that assist in decision-making has limitless potential. For instance, if your employees spend, on average, 37 hours per year in training, your cloud LMS application could leverage data from other customers in aggregate—and in your industry—to present a real-time benchmark. Or, even more valuably, these cloud/SaaS HCM software providers could leverage this Big Data to look for data correlations around high-performing individuals who have resigned, to find out what they may have in common. The goal, obviously, would be to use this information as a predictor of what may happen so that specific steps can be taken to avoid the next top talent casualty.

We are just on the cusp of what's possible for how these social media, mobile/usability, and data analytics concepts can be leveraged in HR to provide a distinctive experience and competitive advantage. The high consumer demand for breaking new ground in these areas is driving a rapid rate of software innovation. This, in turn, is leading many organizations to cloud technologies so that software updates—often coming two to three times a year from SaaS vendors—can be quickly adopted. While it can be seen across the HCM suite, the innovation around mobile, social media, and big data is most prevalent in the talent space.

"Big data"—the term used for leveraging very large data sets to spot trends and find correlations—is also an attractive promise for HR departments moving forward.

PwC HR Technology Survey Background

As PwC is out in the market speaking with our clients, we see a consistent set of questions on the minds of CHROs and HR technology directors. These questions include:

- How many HR technology support resources should we have?
- How should our HR technology support function be organized?
- Should we move to the cloud?
- What HR technology products are our peers using?
- Should we be more aggressive in our deployment of self-service?
- How do our investments compare to those of our peers?

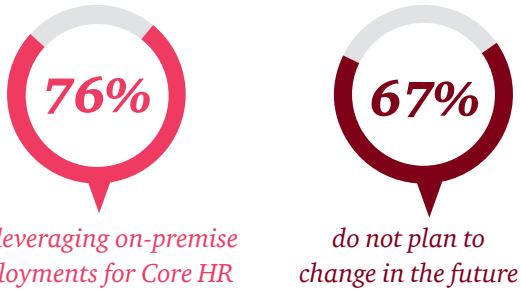
Our HR Technology Survey, completed in August 2013, attempts to answer these and other questions. Developed in conjunction with our PwC Saratoga benchmarking practice, the survey included 29 distinct questions and was sent to over 1,000 companies, and 235 distinct organizations responded. The overall objective of this research was to gain insight into how organizations align and support their HRIS and HRIT structure and the current landscape for HR solutions.

The survey was limited to US-based companies, though many have operations overseas as well. The range of industries and company size varied widely.

Industry of respondents

Total employee headcount

Most organizations today



are leveraging on-premise deployments for Core HR

do not plan to change in the future

Key HR Technology Survey Themes

The survey results for each of the 29 questions can be found in the Survey Results section (page 11). Key themes included:

HRIS/HRIT organizations:

- Most organizations have a separate team in HR and IT to support HR technology, and typically HRIS reports directly to HR, though reporting to HR SSCs is a growing trend.
- On average, we found that HRIS departments were slightly bigger than HRIT groups.
- The core transactional processes (HR, benefits and payroll) still require the most time to support.

Application vendors and deployment options:

- The predominant vendor used by application area varies depending on the particular process/function, though a few vendors have consistently strong market share across the spectrum regardless.
- SaaS is used predominantly for strategic HR processes, while on-premise is most common for transactional HR processes.
- 90% of respondents say their organization has employee self-service; 79% of respondents state that their organization has manager self-service.

Priorities

- Of all HR processes, recruiting, goal/performance management, and core HR were the top priorities for implementation or upgrade.
- In terms of product migrations, most companies are staying the course, though cloud (SaaS) continues to gain ground as a favored deployment approach.
- Nearly half of the organizations surveyed had no formal HR technology roadmap/strategy. Those that did typically updated it annually.

The Path Forward

If you are among the organizations without an HR technology roadmap or are still conflicted about the path forward, we offer some initial advice.

First, resist the herd mentality. Avoid making a hasty decision based on marketing materials or what you hear at a software conference. Instead, take the necessary time to understand your longer-term business requirements. Determine whether there is a business case for change. This is especially important before deciding to re-platform. Consider whether your current HR technology application investment can be salvaged. For instance, is there a fundamental issue with data integrity or with your configuration that may have handicapped an otherwise full-featured application?

As noted earlier, most organizations today (76%) are leveraging on-premise deployments for core HR and most (67%) do not plan to change in the future. They are committed to upgrading, enhancing and leveraging their current investment. And why not? Common sense will tell you that a full migration/conversion to an entirely new technology stack is generally going to be higher risk, more disruptive, and cost more—at least in the short-term—than upgrading or enhancing your current technology. Longer-term cost implications will be dependent on your upgrade schedules and supporting cost infrastructure. With that said, a move to SaaS in the cloud—the most common re-platforming scenario that we see these days—may be the right option for your organization.

In this case, first consider whether your current vendor has a SaaS offering that fits your needs and will allow you to apply license and/or maintenance fees toward subscription costs to lower the total cost of ownership.

Second, make certain that your assessment validates:

a) Whether functional requirements can be met (especially when unions exist) and that current extensions (e.g., customizations) built to accommodate unique business needs can either be eliminated or accommodated in the SaaS offering. While this is a common

We see this ability to extend SaaS products—without really customizing in the negative sense—as the real catalyst for larger, more complex organizations moving to SaaS for core HR.

barrier today, we believe that HR in the cloud will continue to become more extensible with the concept of flexible fields that can be created "on the fly" and used in a variety of user defined ways. We see this ability to extend SaaS products without really customizing in the negative sense as the real catalyst for larger, more complex organizations moving to SaaS for core HR. In any case, if you are comfortable that processes can be changed to accommodate SaaS, make certain that you have included the time and effort for proper change management and process redesign/policy change concensus building in your business case estimates.

b) Whether savings can be attained with SaaS that could not be gained by leveraging the existing platform. When studying the HRIS and HRIT headcount impacts of moving to the cloud for core HR, we found that, on average, there was a 20% reduction overall. This number, however, can be deceiving. HRIS departments—those providing more of the "functional" support—stayed relatively static. On aggregate, we saw about a 3% reduction; yet, in many of the cases, we saw the HRIS headcount rise (by as much as 10%) since work has shifted to HR from HRIT. HRIT departments (those providing mostly technical support)—largely based on less need for DBAs and certain system administrators—decreased by roughly 38%. Again, when the two net out, the headcount savings by moving to SaaS are moderate: about 20%.

c) Whether the finance organization is comfortable with the impact of how the implementation and support costs will be treated from an accounting perspective. For example, SaaS subscription fees—which can be significant for some vendors—are typically treated as an expense versus a capital item.

So, if your current on-premise systems are beyond repair, your key requirements can be met by a cloud solution, you have a solid business case for long-term savings, and the accounting treatment is not a concern, it may be a great time for the transformational move to the cloud for your core HR, payroll, and benefits.

While there may be many compelling reasons to jump to a SaaS core HR offering in the cloud, there are equally compelling arguments to wait a bit longer to see how things evolve. This doesn't mean don't invest at all—it simply implies that, with limited funds, you may want to focus your investment on the biggest areas of need.

For example, the transactional HR layer of an HRMS (HR, benefits, and payroll) is relatively stable from a maturity and market innovation perspective. These are the workhorse modules of the HR technology world. The level of innovation is low; the payroll world, for instance, hasn't introduced a groundbreaking or innovative piece of functionality since the ability to do retro-pay or view paychecks online was released. With a limited budget, a first priority for investment dollars could be in the business-critical, rapidly evolving talent management space. With the rate of innovation in this space, software releases pushed to you two or three times a year in a lower-cost manner are perfect. This is the area where we believe SaaS or the cloud is a great fit. And most of the vendors coexist nicely with the on-premise HR platforms.

Which scenario is right for your organization? There is only one way to find out...and, as they say, the devil is in the details.

About the Author

Dan Staley is a principal with PwC and a leader in PwC's HR Technology Practice. He has a 25-year consulting history, delivering process and technology solutions to solve client business problems across multiple industries. Dan specializes in HCM strategy, HR business transformation, and HR systems implementation. His HR transformation experience includes more than 50 HRMS implementation projects and more than 40 HR strategy, HRMS solution selection, and HRMS roadmap projects for clients of all sizes in a broad range of industries. Dan is a frequent speaker at HR conferences on the subject of the HR technology trends.

Footnotes

[1] PwC completed its Annual HR Technology Survey in August 2013. The survey included 235 companies from more than 15 industry segments, with headcounts ranging from less than 1,000 to more than 50,000.

[2] PwC's Annual Global CEO Survey is now in its 16th year. PwC conducted 1,330 interviews with CEOs in 68 countries between 5 September and 4 December 2012. By region, 449 interviews were conducted in Asia Pacific, 312 in Western Europe, 227 in North America, 165 in Latin America, 95 in Central and Eastern Europe, 50 in Africa, and 32 in the Middle East.

PwC HR Technology Survey Results

August 2013

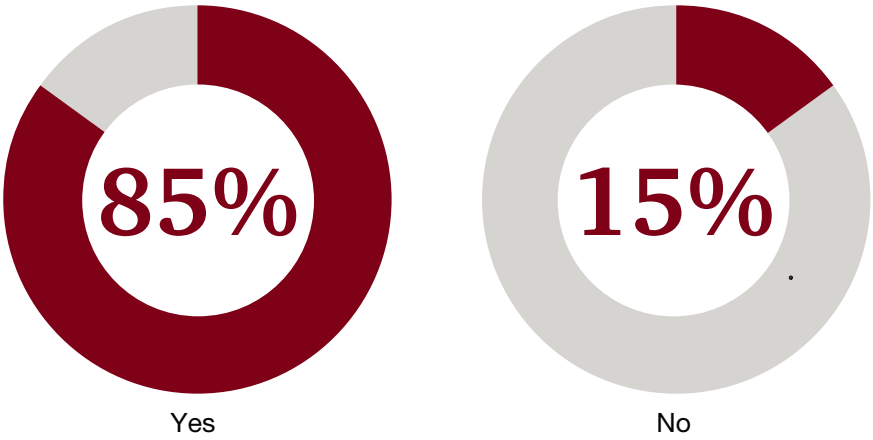
For the purposes of our survey, we provided the following definitions:

HRIS (HR technology resources in HR): Typically serves as liaison between HR and IT organizations and is made up of subject matter experts, business analysts, and super users from the HR group. Their typical responsibilities include HR project management, training, change management, communication, functional support for HR projects, and data governance for HR data.

HRIT (IT resources reporting to IT that support HR): Typically resides in corporate IT and are responsible for execution and delivery of HR technology services. It is generally comprised of project managers and technical resources. The typical responsibilities include project management, development, testing, deployments, and production support.

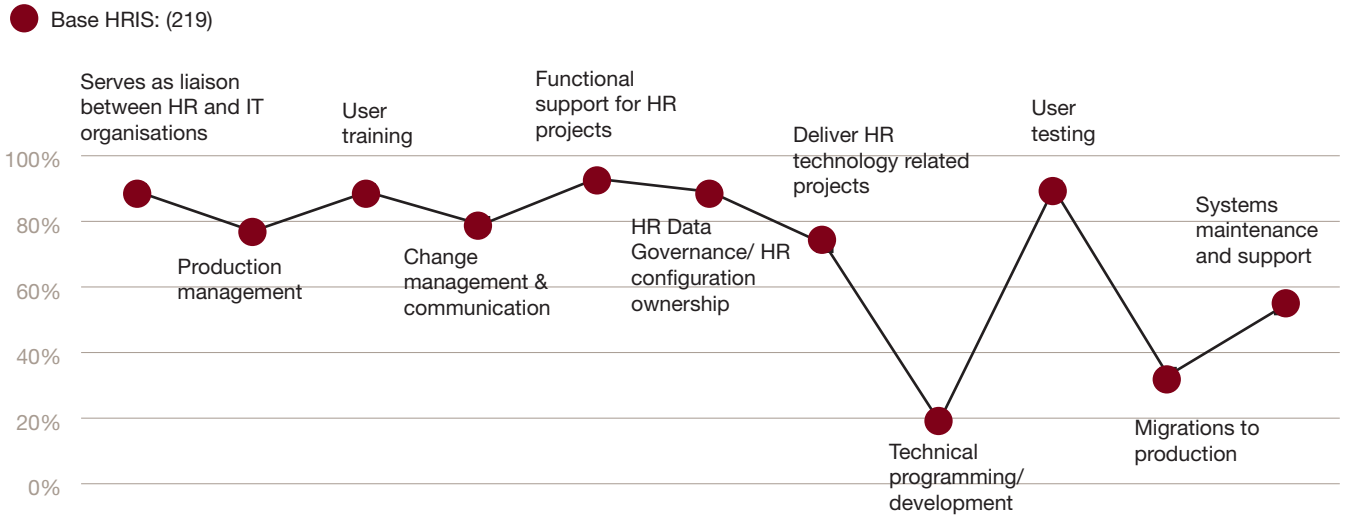
Q1. Do you have a separate team in HR and in IT that both support HR technology?

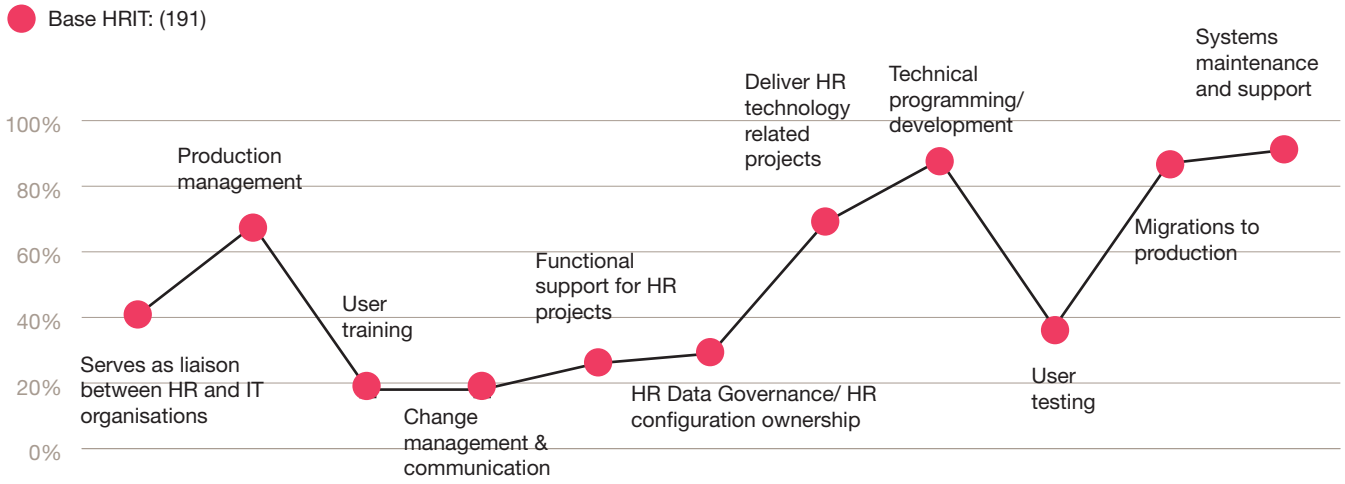
Most organizations have a separate team in HR and IT to support HR technology.



Business Analysts — those providing process and functional support were most commonly in HRIS.

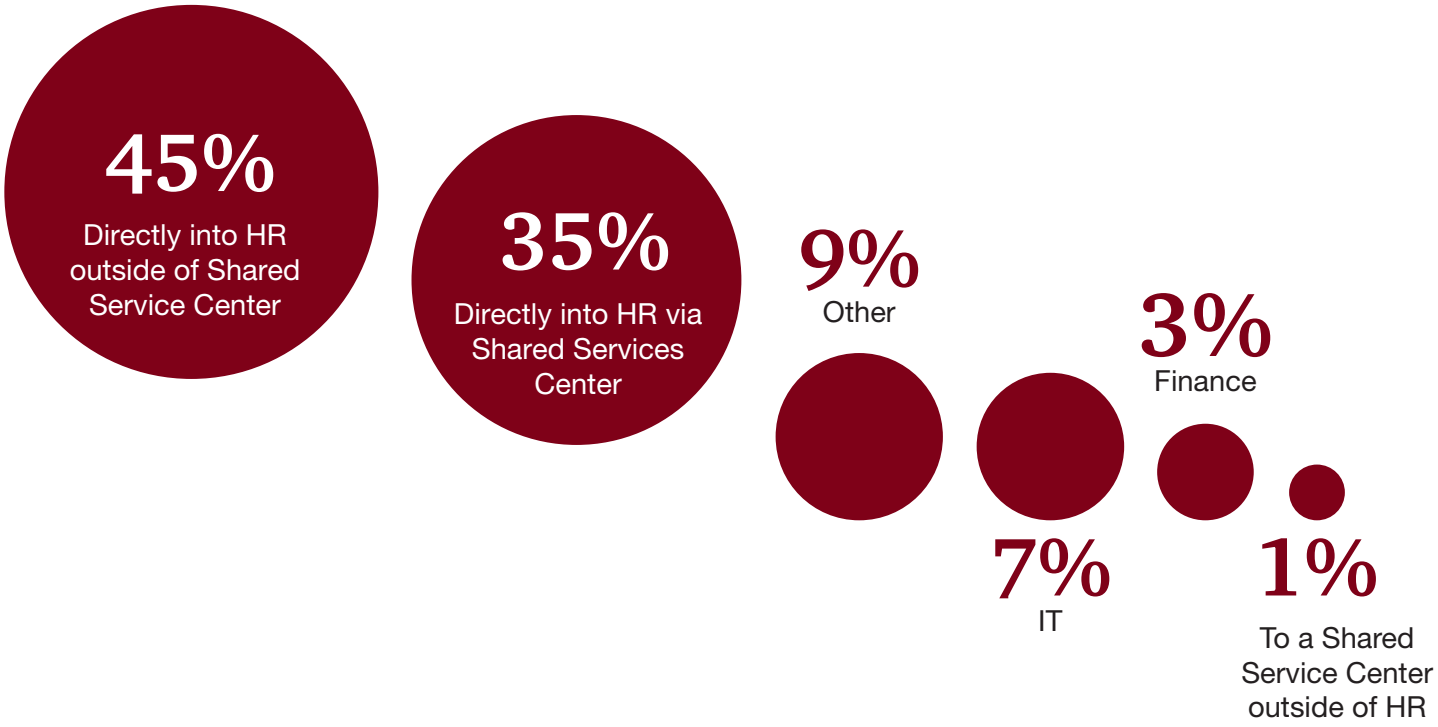
Q2. Select the general, high level, responsibilities for HRIS (HR) Technology and HRIT (IT) functions.





Q3. To whom does HRIS (HR) report?

In most organizations HRIS reports directly HR, though reporting to HR SSC seems to be a growing trend.



Q4. Approximately, how many full time equivalent (FTE) resources make up HRIS (HR) and HRIT (IT) functions?

HRIS departments seem to be slightly bigger than HRIT. On average the benchmark was .55 HRIS FTE and .43 HRIT per application area. For a listing of application areas, see Q6.

Function	Mean Score (HRIT)	Mean Score (HRIS)	Total
System Administrators	0.8	0.92	**1.72**
Technical Analysts	1.14	0.86	**2.0**
Developers	1.87	0.22	**2.09**
Database Administrators	0.4	0.29	**0.69**
Functional/Business Analysts	0.39	1.92	**2.31**
Functional/Business Leads	0.16	0.64	**0.8**
Project Managers	0.51	0.78	**1.29**
Overall management for the function	0.58	0.77	**1.35**
Total	**5.85**	**6.4**	**12.25**

Q5. Approximately what percentage of HRIS (HR) and HRIT (IT) time is spent in support of the processes and systems below?

The greatest amount of both HRIS and HRIT time is spent in support of core HR, employee and Manager Self-service. Heavy transactional processes are requiring more support time than the talent processes.

Processes and Systems	Mean Score (HRIS) %	Mean Score (HRIT) %	HRIS+HRIT Average %
Core HR, Employee Self-service (ESS) and Manager Self-service (MSS)	28.62	28.30	**28**
Payroll	15.27	21.22	**18**
Benefits	13.07	14.31	**14**
Recruiting	15.05	11.26	**13**
Time Reporting	9.34	13.75	**11**
Performance Management	11.99	8.37	**10**
Learning Management	8.39	7.31	**8**
Talent Review/Succession Planning	6.28	3.17	**5**

Unlike any other back-office area in the enterprise, HR has the broadest stack of solution providers. It is no wonder that dedicated HRIS departments emerged in the first place.

Q6a. What solution do you use for each of the process listed below?

The solution used varies depending on the particular process/function, with some processes being manual or having no technology solution.

	Recruiting (Base: 228)		Core HR (Base: 229)		Health Safety (Base: 212)		Labor Relations (Base: 213)		Payroll (Base: 228)		Time Reporting (Base: 226)		Benefits (Base: 226)	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
PeopleSoft	33	14%	86	38%	17	8%	24	11%	71	31%	31	14%	54	24%
Oracle EBS	8	4%	25	11%	1	-	2	1%	16	7%	13	6%	14	6%
SAP	2	1%	17	7%	2	1%	4	1%	12	5%	13	6%	8	4%
SAP/SuccessFactors	9	4%	1	-	-	-	-	-	-	-	-	-	-	-
SAP/Plateau	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fusion	-	-	1	-	-	-	-	-	-	-	-	-	-	-
Workday	-	-	13	6%	1	-	-	-	5	2%	3	1%	4	2%
Taleo	57	25%	-	-	-	-	-	-	-	-	-	-	-	-
GreatPlains	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ultipro	8	4%	11	5%	2	1%	1	-	11	5%	5	2%	9	4%
Infor-Lawson	-	-	23	10%	5	2%	6	3%	18	8%	1	-	16	7%
Kenexa	20	9%	-	-	-	-	1	-	-	-	-	-	-	-
SilkRoad	9	4%	-	-	-	-	-	-	-	-	-	-	-	-
Cornerstone	-	-	-	-	1	-	-	-	-	-	-	-	-	-
Kronos	1	-	1	-	-	-	1	-	3	1%	57	25%	1	-
Home Grown	5	2%	4	2%	13	6%	7	3%	3	1%	16	7%	3	1%
Manual/No Technology	13	6%	4	2%	56	26%	51	24%	4	2%	9	4%	7	3%
Outsourced	9	4%	4	2%	5	2%	-	-	29	13%	11	5%	58	26%
Other	51	22%	37	16%	43	20%	15	7%	54	24%	64	28%	48	21%

Q6b. What solution do you use for each of the process listed below?

	Employee Self-service (Base: 226)		Manager Self-service (Base: 225)		Competency Management (Base: 221)		Goals Performance Management (Base: 226)		Succession Planning (Base: 220)		Compensation Management (Base: 224)		Incentive Compensation (Base: 223)	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
PeopleSoft	80	35%	73	32%	22	10%	28	12%	11	5%	43	19%	26	12%
Oracle EBS	24	11%	22	10%	2	1%	5	2%	1	-	13	6%	4	2%
SAP	12	5%	11	5%	3	1%	3	1%	4	2%	12	5%	7	3%
SAP/SucessFactors	3	1%	4	2%	33	15%	45	20%	26	12%	19	8%	13	6%
SAP/Plateau	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fusion	1	-	1	-	2	1%	3	1%	-	-	2	1%	2	1%
Workday	13	6%	13	6%	4	2%	10	4%	5	2%	12	5%	8	4%
Taleo	-	-	-	-	1	-	8	4%	4	2%	2	1%	1	-
GreatPlains	1	-	-	-	-	-	-	-	-	-	-	-	-	-
Ultipro	13	6%	11	5%	3	1%	4	2%	1	-	7	3%	1	-
Infor-Lawson	18	8%	17	8%	4	2%	3	1%	1	-	9	4%	3	1%
Kenexa	-	-	-	-	1	-	1	-	1	-	3	1%	2	1%
SilkRoad	-	-	-	-	1	-	4	2%	-	-	-	-	-	-
Cornerstone	-	-	-	-	8	4%	10	4%	10	5%	2	1%	1	-
Kronos	1	-	-	-	-	-	-	-	-	-	-	-	-	-
Home Grown	12	5%	11	5%	13	6%	19	8%	15	7%	21	9%	26	12%
Manual/No Technology	5	2%	13	6%	52	24%	37	16%	72	33%	34	15%	56	25%
Outsourced	6	3%	5	2%	2	1%	3	1%	4	2%	5	2%	8	4%
Other	25	11%	21	9%	24	11%	31	14%	19	9%	28	13%	30	13%

The predominant vendor used by application area varies depending on the particular process/function, though a few vendors have consistently strong market share across the spectrum regardless.

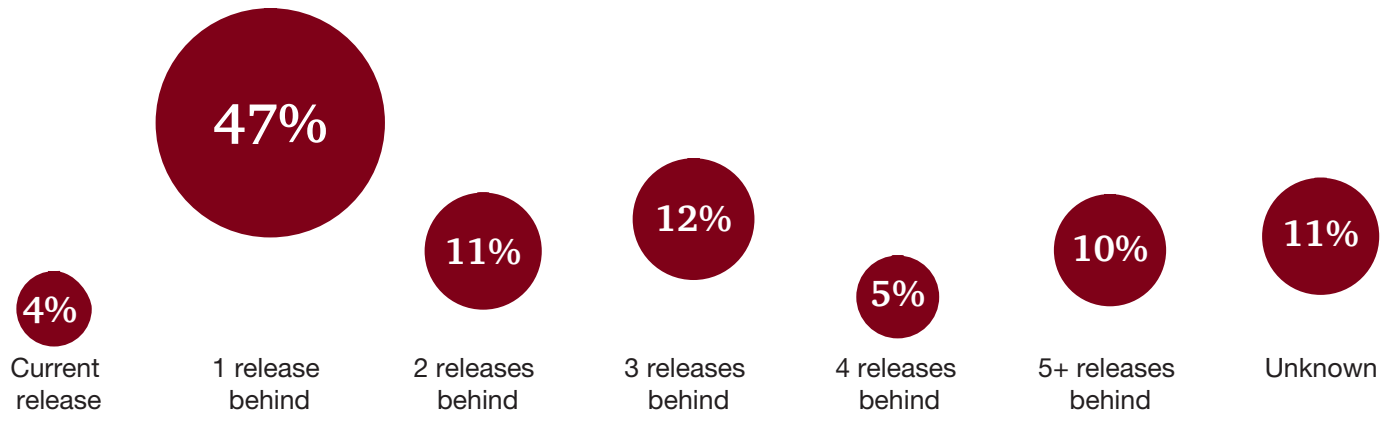
Q6c. What solution do you use for each of the process listed below?

	Absence Management (Base: 221)		Learning Management (Base: 225)		Total Rewards (Base: 219)		Onboarding (Base: 223)		Off Boarding (Base: 220)		Organizational Hierarchy (Base: 219)	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
PeopleSoft	23	10%	22	10%	26	12%	14	6%	19	9%	17	8%
Oracle EBS	8	4%	7	3%	5	2%	5	2%	5	2%	5	2%
SAP	12	5%	5	2%	3	1%	1	-	2	1%	10	5%
SAP/SucessFactors	-	-	14	6%	7	3%	2	1%	-	-	9	4%
SAP/Plateau	-	-	12	5%	-	-	-	-	-	-	-	-
Fusion	-	-	-	-	-	-	-	-	-	-	1	-
Workday	9	4%	-	-	2	1%	4	2%	6	3%	6	3%
Taleo	-	-	5	2%	-	-	20	9%	1	-	1	-
GreatPlains	-	-	-	-	-	-	-	-	-	-	-	-
Ultipro	-	-	-	-	1	-	3	1%	2	1%	1	-
Infor-Lawson	12	5%	1	-	5	2%	3	1%	6	3%	5	2%
Kenexa	-	-	-	-	-	-	3	1%	1	-	-	-
SilkRoad	-	-	3	1%	1	-	14	6%	-	-	-	-
Cornerstone	-	-	16	7%	1	-	-	-	-	-	-	-
Kronos	24	11%	-	-	-	-	1	-	-	-	-	-
Home Grown	14	6%	9	4%	16	7%	17	8%	17	8%	22	10%
Manual/No Technology	40	18%	15	7%	47	21%	76	34%	93	42%	51	23%
Outsourced	13	6%	9	4%	26	12%	5	2%	6	3%	1	-
Other	34	15%	90	40%	27	12%	33	15%	14	6%	72	33%

Q7. What is the release number of your core HR Technology System?

While very few are on the current release, nearly half of organizations (47%) are only one release behind.

Number of Releases Behind Current (for Core HRMS)



For the most part, strategic processes were in the cloud and transactional were on-premise.

Q8. Please select how each of your HR solutions are deployed?

On-premise solutions were used most often for core transactional processes such as HR, benefits and payroll. SaaS was used most consistently for talent processes. Third party providers were most often used for benefits, payroll and total rewards processing.

Process/Function	Strategic/ Transactional	3rd Party Provider (Base: 152)	SaaS (Base: 158)	On-Premise (Base: 194)
Recruiting (Base: 222)	Strategic	16%	53%	31%
Competency Management (Base: 116)	Strategic	6%	53%	41%
Goals & Performance Management (Base: 175)	Strategic	7%	55%	37%
Succession Planning (Base: 113)	Strategic	8%	54%	38%
Learning Management (Base: 190)	Strategic	16%	46%	37%
Total Rewards (Base: 110)	Strategic	33%	20%	47%
Onboarding (Base: 118)	Strategic	14%	45%	42%
Compensation Management (Base: 182)	Strategic	10%	34%	57%
Core HR (Base: 221)	Transactional	8%	16%	76%
Incentive Compensation (Base: 126)	Transactional	13%	29%	57%
Health & Safety (Base: 91)	Transactional	19%	18%	64%
Labor Relations (Base: 63)	Transactional	8%	10%	83%
Payroll (Base: 237)	Transactional	31%	12%	57%
Time Reporting (Base: 210)	Transactional	17%	16%	67%
Benefits (Base: 225)	Transactional	40%	13%	47%
Absence Management (Base: 149)	Transactional	19%	15%	65%
Employee Self-service (Base: 217)	Transactional	9%	21%	70%
Manager Self-service (Base: 200)	Transactional	8%	23%	70%
Off Boarding (Base: 74)	Transactional	14%	19%	68%
Organizational Hierarchy (Org Charting) (Base: 130)	Transactional	9%	28%	63%

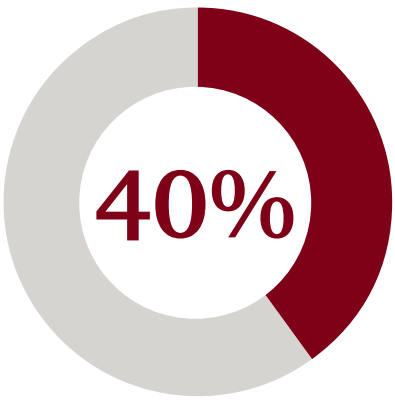
Q9. How do you plan on deploying your solutions in the future?

Most are staying the course, though cloud (SaaS) continues to gain ground as a deployment approach.

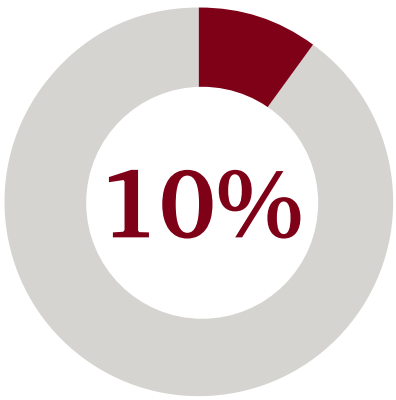
Process/Function	Outsource	Bring in House	Move to the Cloud	No Change	Don't Know
Benefits (Base: 224)	6%	3%	15%	67%	9%
Payroll (Base: 222)	4%	1%	15%	66%	14%
Core HR (Base: 225)	-	2%	21%	65%	12%
Time Reporting (Base: 219)	2%	4%	17%	62%	15%
Employee Self-service (Base: 223)	1%	3%	22%	62%	12%
Manager Self-service (Base: 221)	1%	3%	23%	61%	12%
Recruiting (Base: 224)	2%	4%	23%	59%	12%
Goals & Performance Management (Base: 222)	1%	7%	21%	59%	13%
Learning Management (Base: 218)	-	5%	22%	56%	16%
Compensation Management (Base: 220)	-	5%	22%	55%	17%
Absence Management (Base: 209)	5%	7%	19%	51%	18%
Succession Planning (Base: 215)	-	7%	24%	51%	18%
Incentive Compensation (Base: 209)	1%	6%	23%	50%	20%
Organizational Hierarchy (Org Charting) (Base: 208)	-	5%	23%	50%	21%
Competency Management (Base: 209)	1%	7%	25%	49%	18%
Labor Relations (Base: 190)	1%	2%	7%	48%	42%
Onboarding (Base: 213)	-	4%	29%	46%	21%
Total Rewards (Base: 212)	2%	5%	22%	45%	26%
Health & Safety (Base: 187)	1%	3%	9%	44%	44%
Off Boarding (Base: 207)	-	3%	25%	42%	29%

Q10. If you are using SaaS solutions for any of the processes/functions, are you happy with the ability to customize/ configure the product to meet your specific business needs?

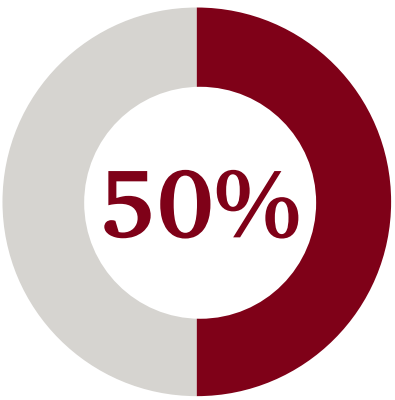
Note that this question was only answered by 10 of the survey respondents. We left the results in the survey but we believe that this is not a valid sample size to be used to draw any conclusions.



Satisfied



Dissatisfied

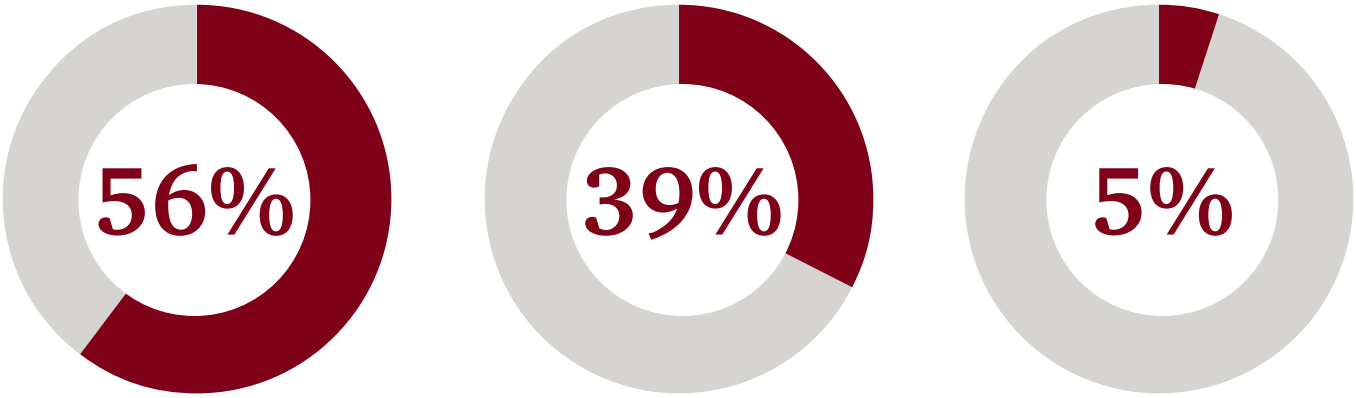


Neutral

Base: 10

Q11a. What are your plans going forward using SaaS solutions?

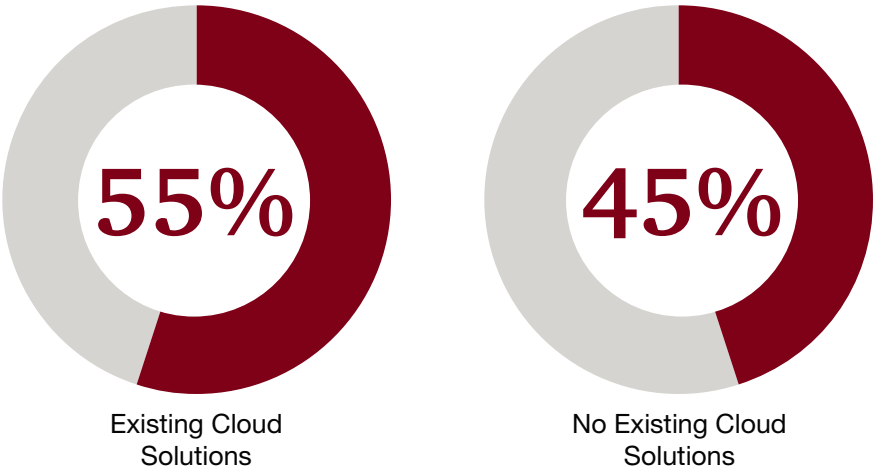
The desire to move to cloud based solutions is strong across all industries.



Base: (228)

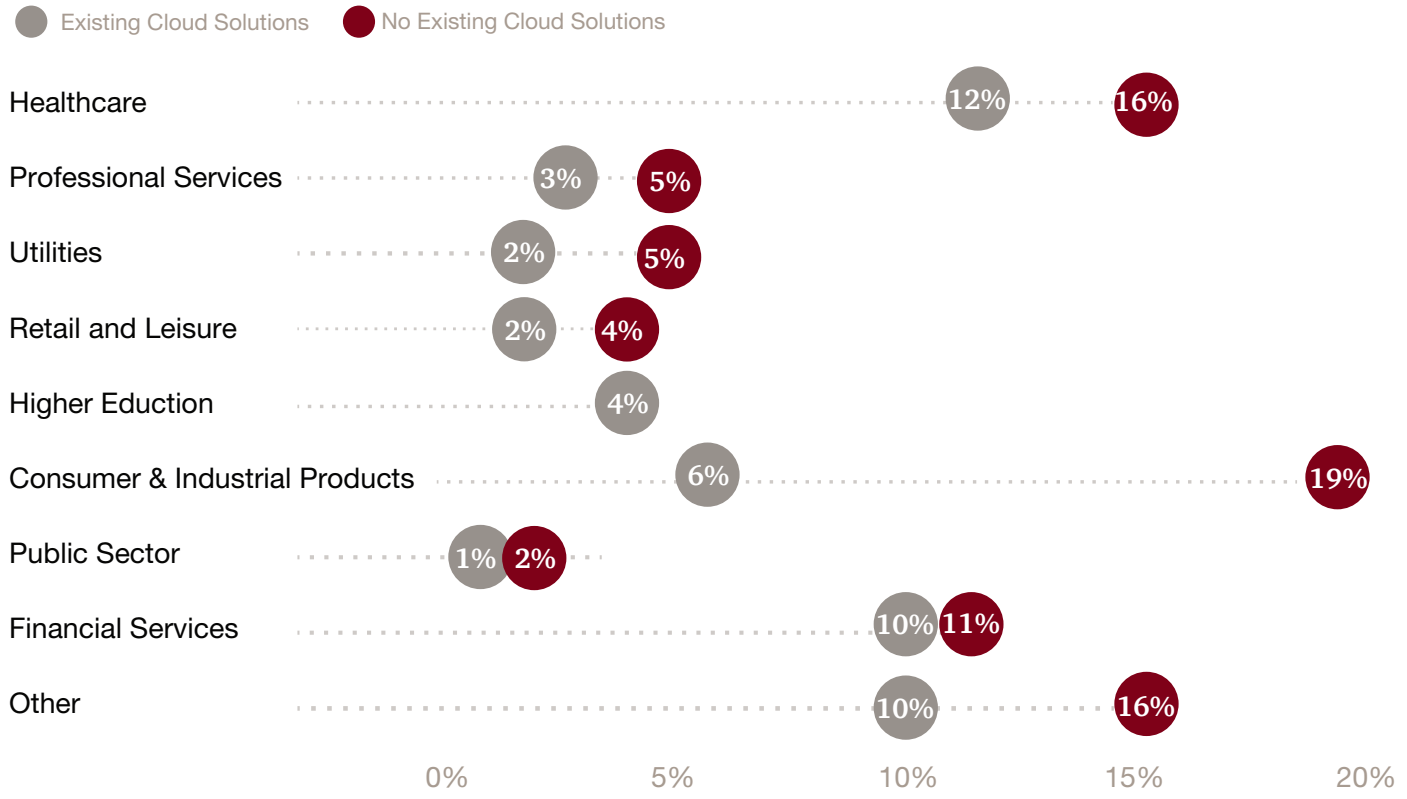
Q11b. What are your plans going forward using SaaS solutions?

Of those moving to the cloud, 55% use cloud solutions today and 45% would be first time users of cloud.



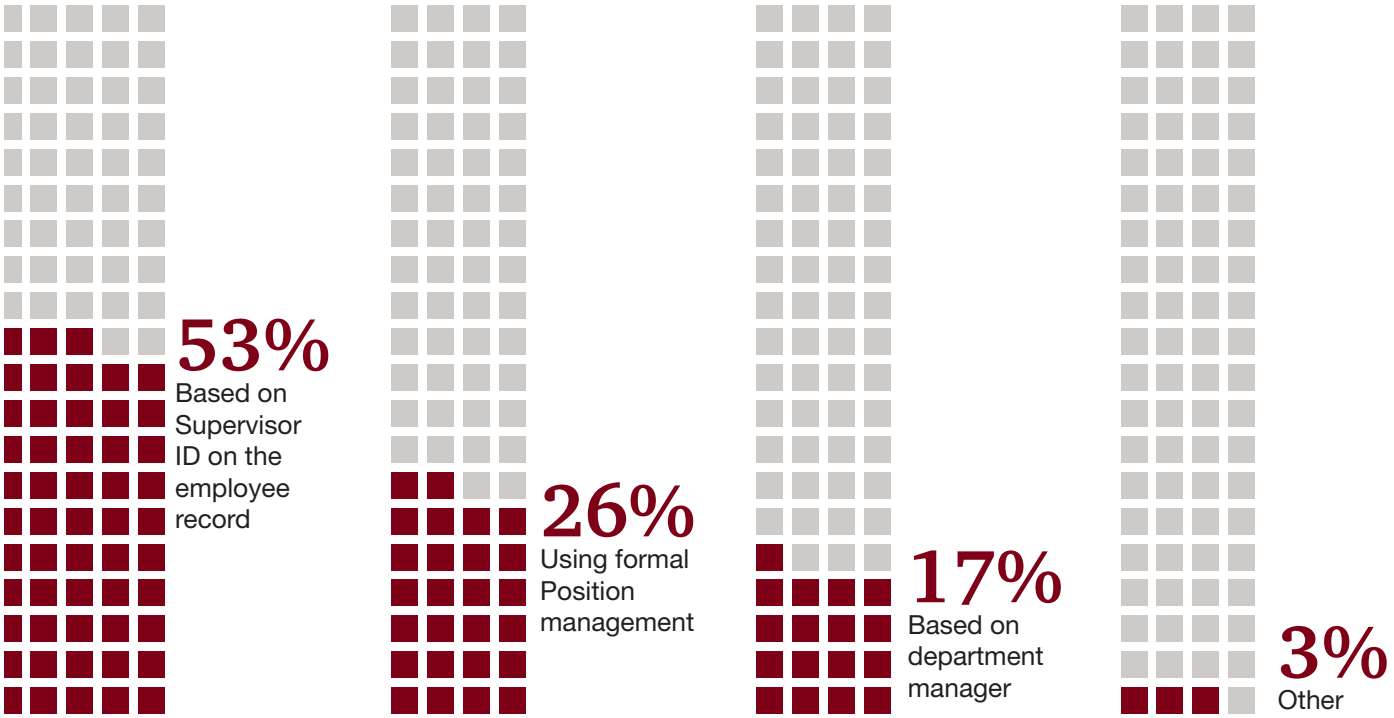
Q11c. What are your plans going forward using SaaS solutions?

For those increasing their footprint on SaaS, the chart below shows, by industry, whether they currently have cloud applications.



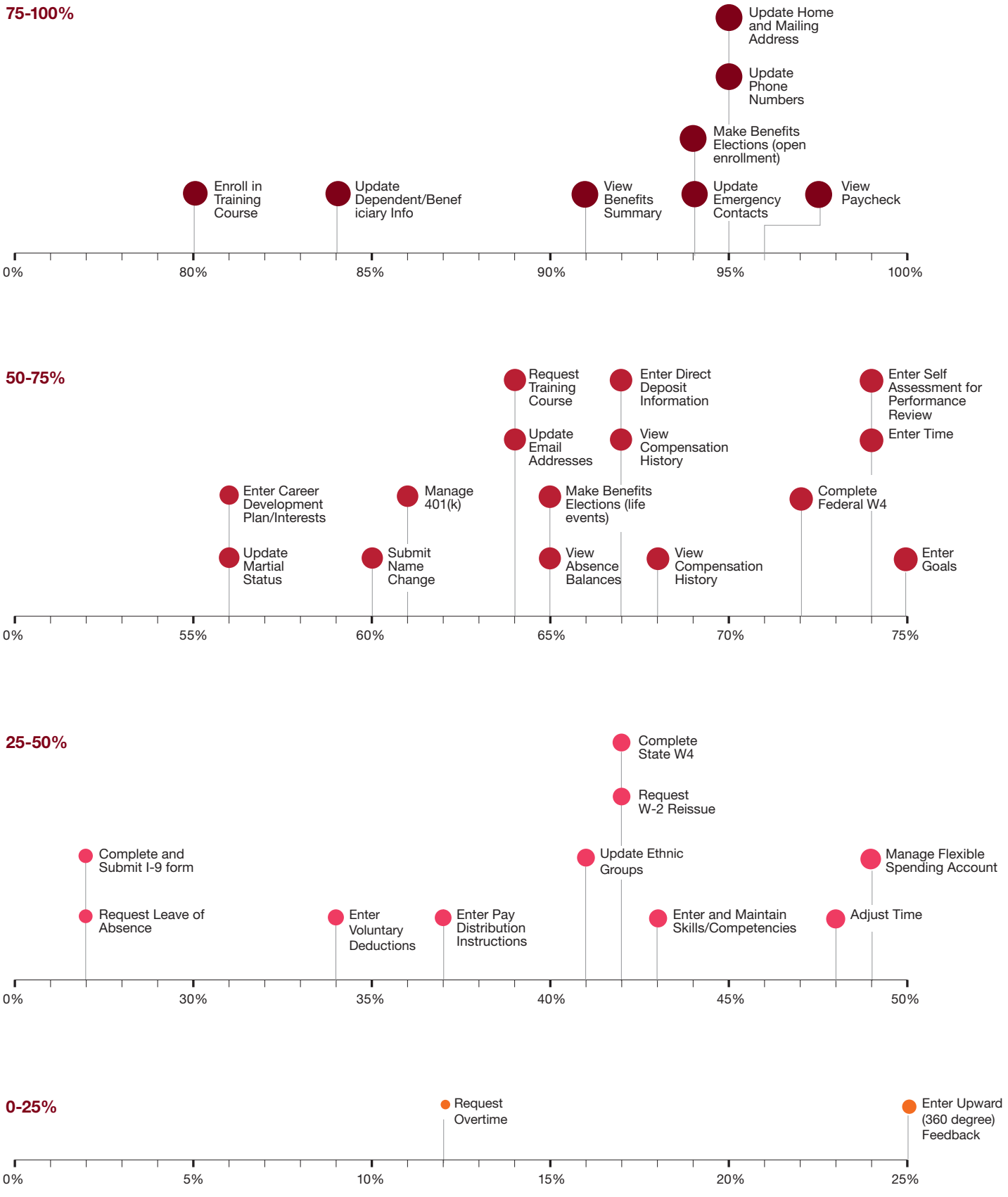
Q12. How is the employee-to-manager relationship established in your HR Technology application?

Just over half of respondents cited that the employee-to-manager relationship in their HR technology application is based on the supervisor ID on the employee record.



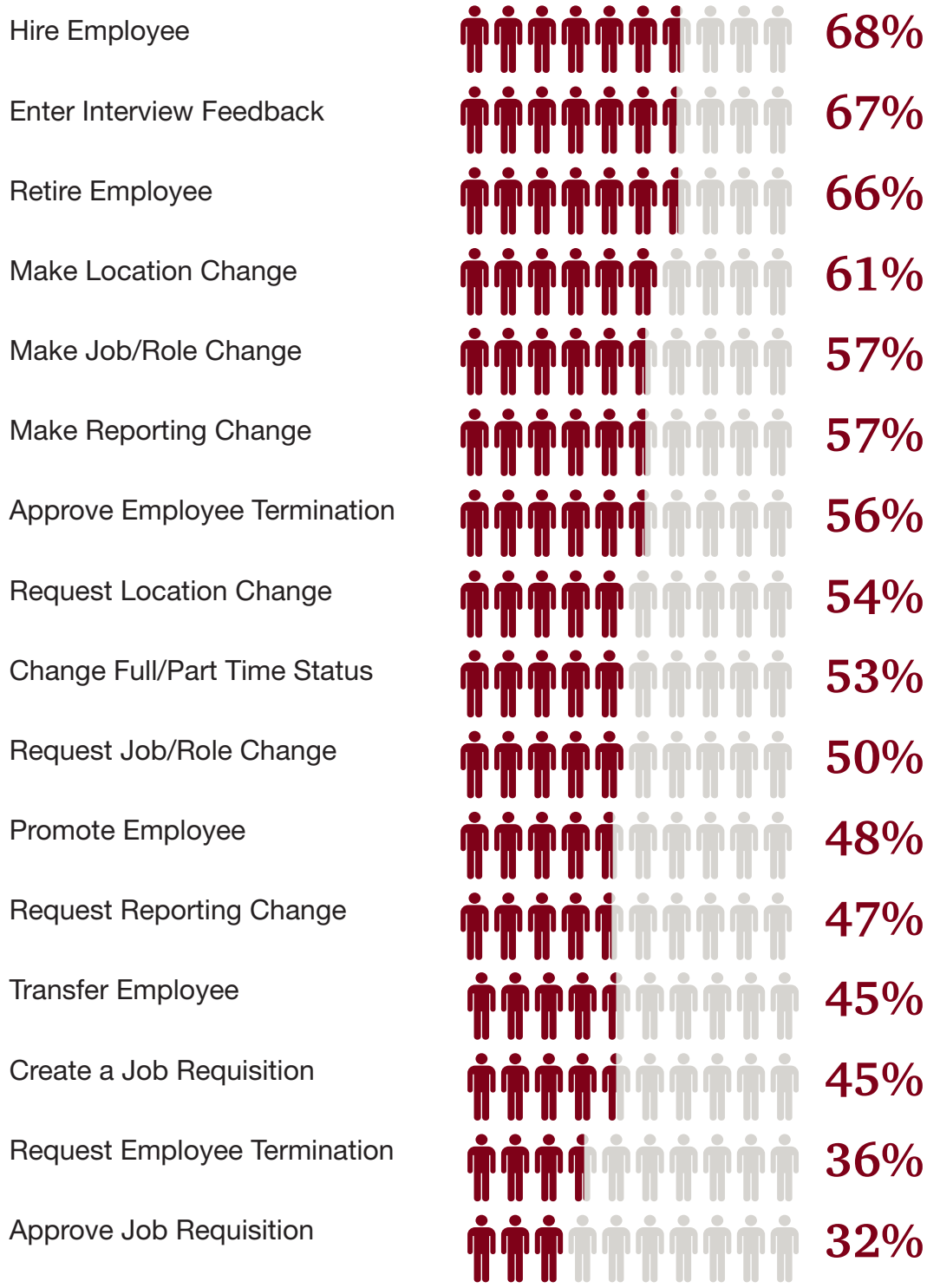
Q13-17. Please select the self-service transactions that the employees are able to enter in the system on their own

90% of the respondents say that their organization has employee self-service.



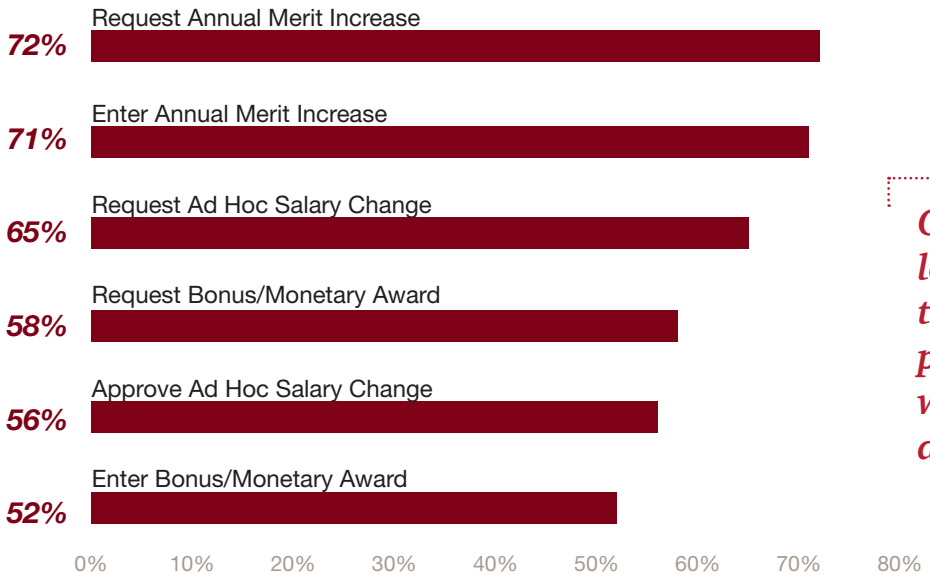
Q18-23. When it comes to Manager Self-service, which of the following transactions are delivered through Manager Self-service?

Workforce Administration



79% of respondents state that their organization has manager self-service

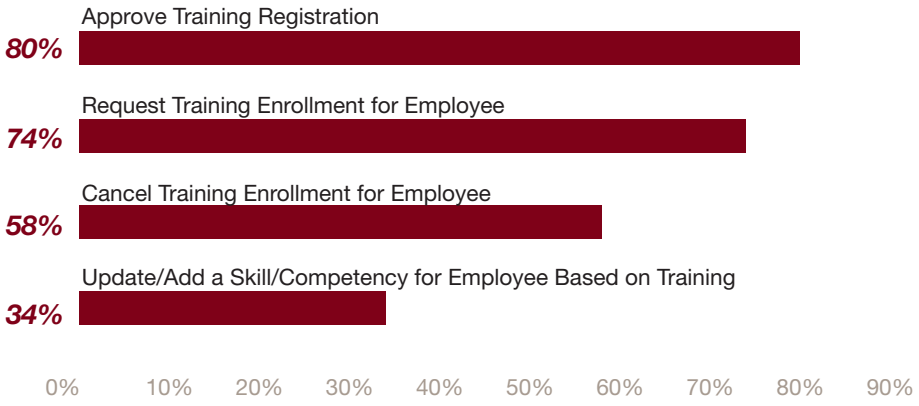
Compensation



Base: (122)

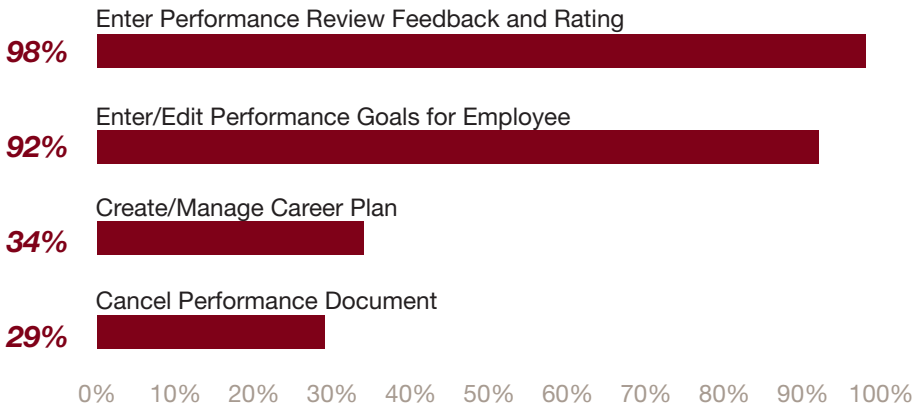
Organizations continue to look for ways to put more tools in the hands of their people managers. And with that comes increased accountability.

Learning Management



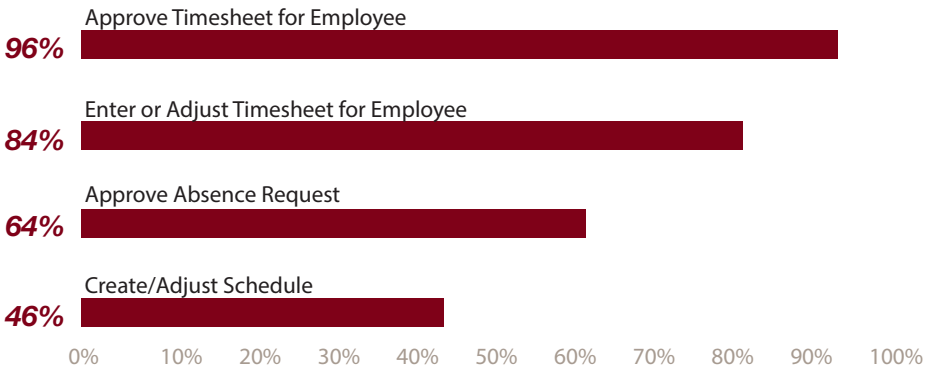
Base: (102)

Performance Management



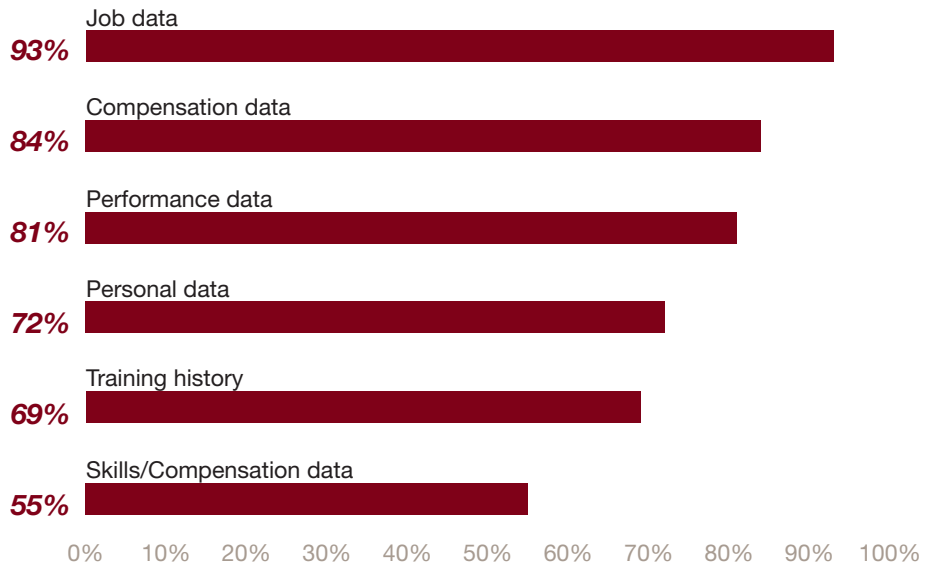
Base: (132)

Time Reporting



Base: (141)

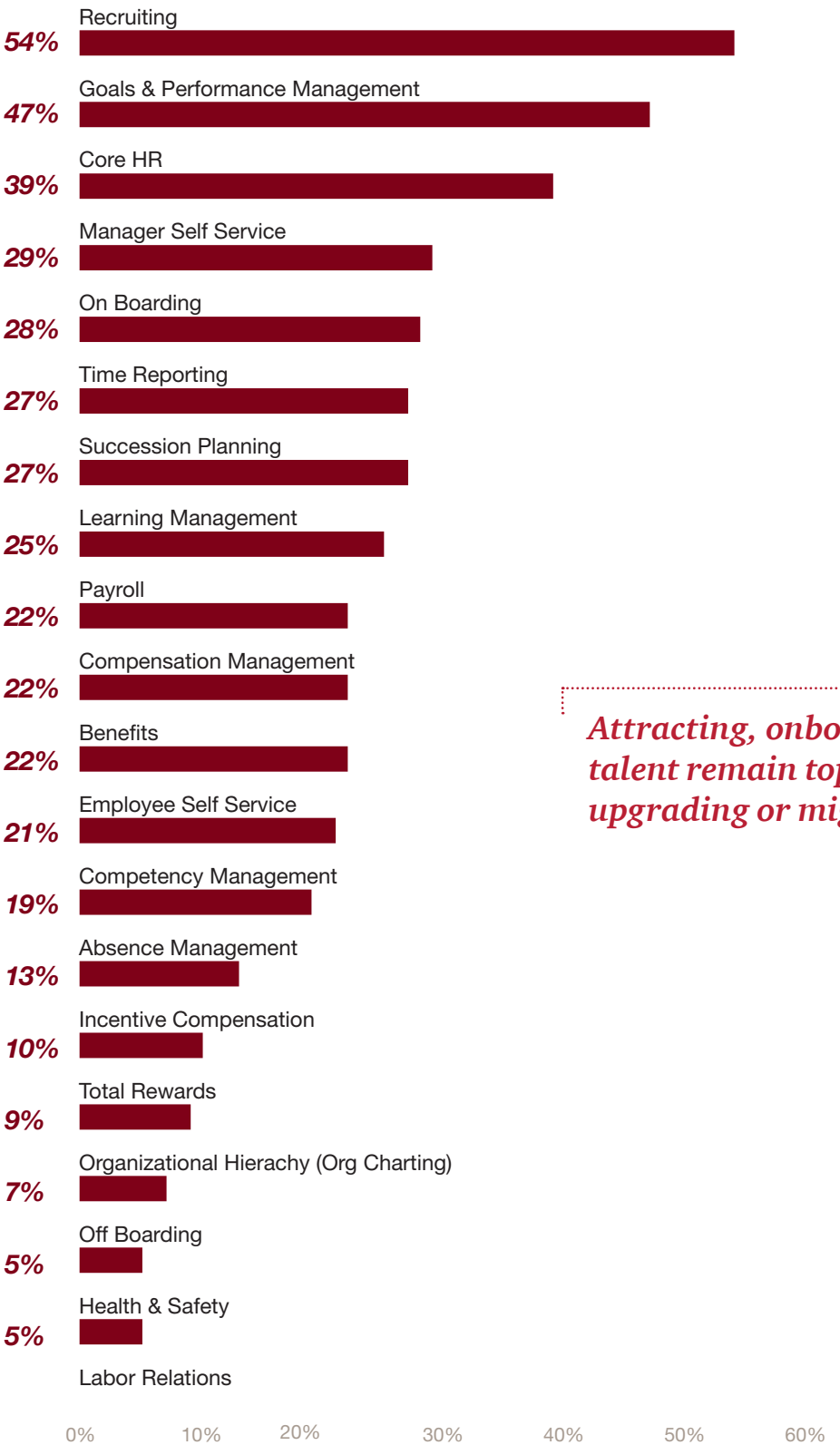
View Employee Data



Base: (167)

Q24. Over the next 12 to 24 months, what are your top priorities for implementation or upgrade (up to 5 priorities ranked)?

Recruiting, goal/performance management and core HR are the top priorities for implementation or upgrade.



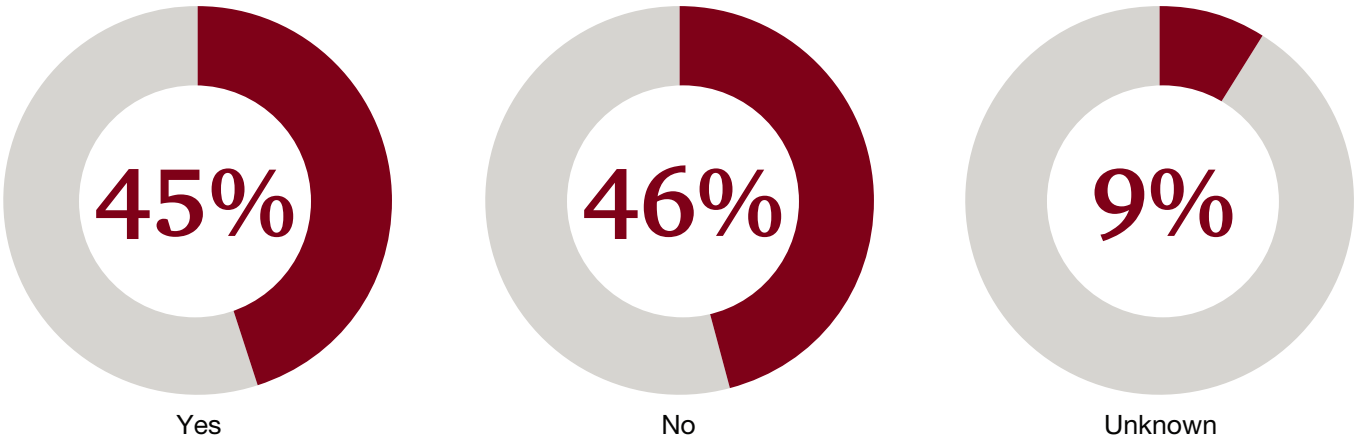
Base: (209)

Attracting, onboarding and developing talent remain top priorities along with upgrading or migrating core HR.

Q25. Do you have a formal HR Technology Roadmap/Strategy?

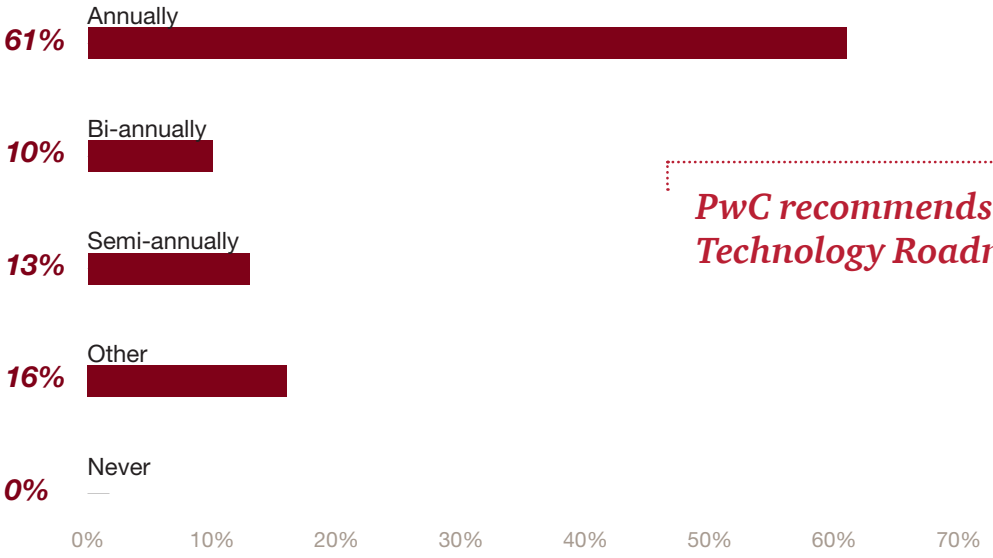
Nearly half of the organizations surveyed do not have a formal HR technology roadmap/strategy. Those that have one, update it annually.

We did see wide variances by company size. The larger the organization, the more likely they were to have a formal HRIS roadmap. For instance, only 20% of organizations under 1,000 employees had a roadmap. For organizations with more than 50,000 employees, 78% had an HR technology roadmap.



Base: (227)

Q26. If you answered "Yes," how often do you update your HR Technology?

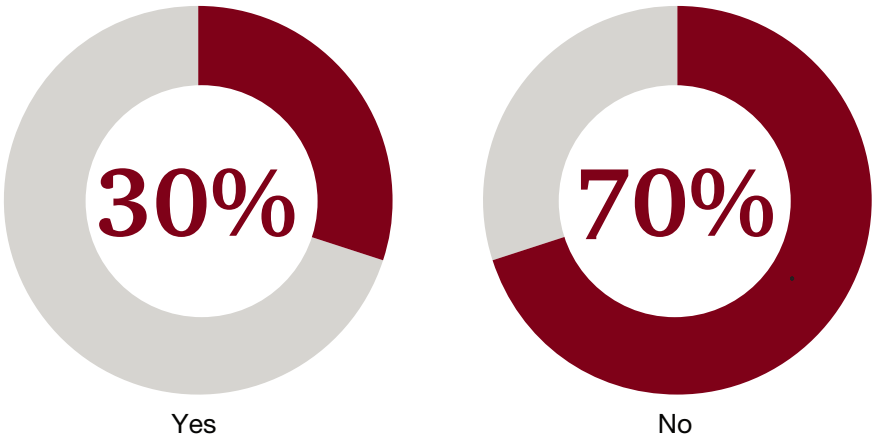


PwC recommends updating your HR Technology Roadmap at least annually.

Base: (105)

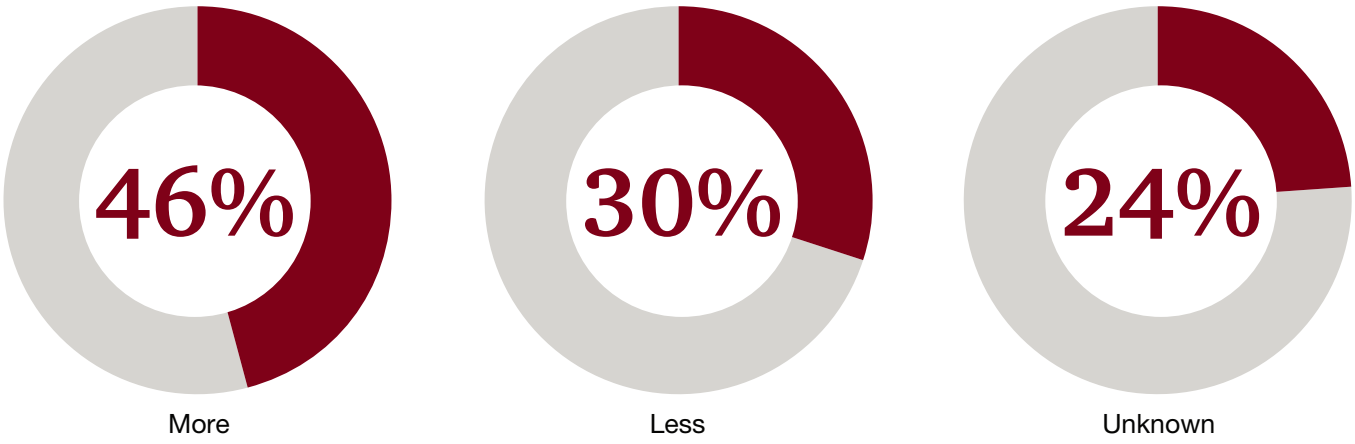
Perhaps the most significant effect of mobile applications on HR technology, however, is the expectation that HCM applications leveraged by the casual user should be designed with a user interface similar to what we expect from a consumer app on a smart phone or tablet.

Q27. Are you deploying any HR functionality using mobile technologies?



Q28. Do you see your company using more or less Human Capital Management (HCM) technology software vendors in the near future?

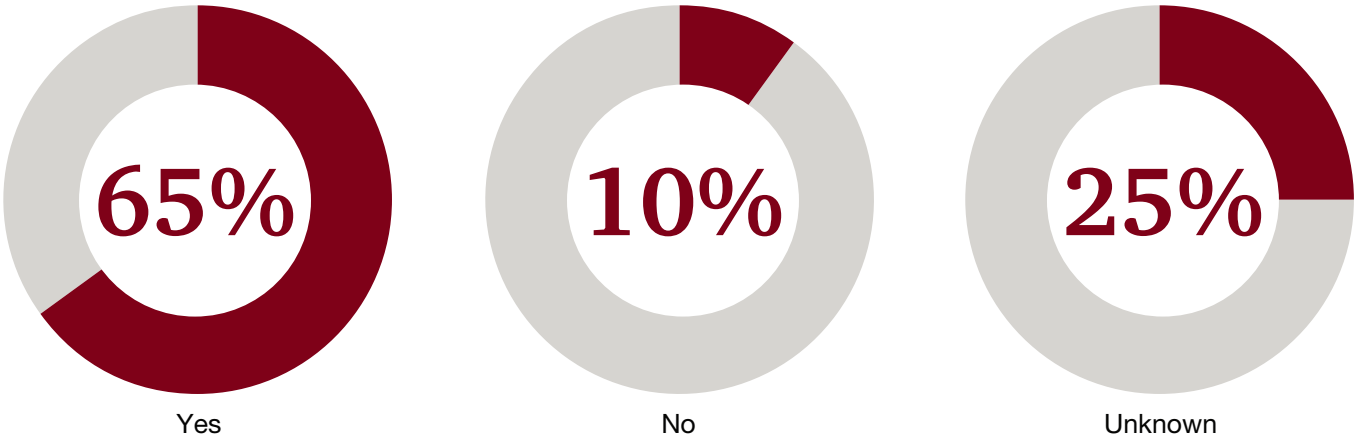
This answer is somewhat contrary to what PwC sees in the market. Most clients express a desire to streamline the number of vendors that they use. One explanation for this survey result maybe a general prediction that, given the rate of innovation, newer niche vendors may be the first movers with the most compelling new functionality.



Base: (227)

65% of organizations are planning a major upgrade or implementation. And with good reason given that 85% are not on the current release for core HRMS.

Q29. Are you currently planning for any major application upgrade or implementation?



Base: (227)

Considering a platform change?

Take the necessary time to understand your longer-term business requirements and determine whether there is a business case for change.

www.pwc.com

To have a deeper conversation about how this subject may affect your business, please contact:

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