How technology is changing the role of HR
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Americas Tax Technology and Data Analytics Services Leader  
Ernst & Young LLP
# Demand drivers

## Major trends driving people and change imperatives

<table>
<thead>
<tr>
<th>External drivers</th>
<th>Internal drivers</th>
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<tbody>
<tr>
<td><strong>Workforce globalization</strong></td>
<td><strong>Potential of HR analytics</strong></td>
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<tr>
<td>► Global sourcing, mobilizing and managing</td>
<td>► Hindsight</td>
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<td>► Risk and compliance</td>
<td>► Insight</td>
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<tr>
<td>► Global sourcing, mobilizing and managing</td>
<td>► Foresight</td>
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<td>► Risk and compliance</td>
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<tr>
<td><strong>Organizational demographics</strong></td>
<td><strong>Reinventing and digitizing HR</strong></td>
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<tr>
<td>► Sourcing and managing talent in old/young labor markets</td>
<td>► Integrated, multifunction shared services</td>
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<tr>
<td>► Intergenerational Employee Value Propositions (EVPs)</td>
<td>► Digital enhancement and disruption</td>
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<tr>
<td><strong>Employment and skills dynamics</strong></td>
<td><strong>HR technology innovation and consolidation</strong></td>
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<tr>
<td>► Youth unemployment</td>
<td>► Global and backlog</td>
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<td>► Scarce skills</td>
<td>► New solutions and vendors</td>
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<td>► Tech displacement</td>
<td>► Digital and big data</td>
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<td>► Software as a service (SaaS) and cyber</td>
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<tr>
<td><strong>Business transformation</strong></td>
<td><strong>Change management</strong></td>
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<tr>
<td>► Initiatives to grow, protect, optimize or innovate</td>
<td>► Differentiated approaches</td>
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<tr>
<td>► Dealing with disruption</td>
<td>► Internal capability partnerships</td>
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<tr>
<td><strong>Changing world of work</strong></td>
<td>► Digital Innovation</td>
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<td>► Volatility, uncertainty, complexity, ambiguity (VUCA) environments</td>
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<tr>
<td>► Workforce on demand</td>
<td>► Machines as talent</td>
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<td>► Alternative work</td>
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<tr>
<td>► Machines as talent</td>
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<tr>
<td><strong>Change management</strong></td>
<td><strong>Purpose-led and people-centered leadership</strong></td>
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<td>► Differentiated approaches</td>
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<td>► Internal capability partnerships</td>
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Closing the gap between HR functions and business operations

► CEOs are concerned about the potential negative impact of people issues.
► CEOs want the chief human resource officer (CHRO) to be involved in strategic planning but perceive CHROs lack business knowledge.
► Analytics is the bridge between the HR functions and business operations.
Barriers for HR becoming a strategic business partner

“Data are the life blood of decision making and the raw material for accountability.”

—The United Nations Secretary-General’s Independent Expert Advisory Group on Data Analytics

► Data
► Staffing skills/competency
► Discomfort with data-driven decisions about the workforce
► Historic focus on cutting costs vs. driving revenue and profit
► Lack of collaboration between the workforce and financials (data and people)
Technology is changing the role of HR

HR technology is adapting to the rapidly changing workforce, leading to the rise of new software delivery models with social, mobile and analytical capabilities.

Many Fortune 500 companies are approaching upgrade or implementation of a new HR system. HR organizations must decide between on-premise ERP and cloud.

While both have associated costs and benefits, companies must consider which solution best aligns to specific needs.

The right HR technology can be leveraged to integrate HR and business strategies, enabling organizations to meet complex demands.

Questions to consider:
► Are your HR systems well-integrated with other key systems within the organization?
► Can you produce timely, reliable and useful HR analytics to assist business decisions?
► Do you have a presence on social media sites – Facebook, Twitter, etc.? What is your digital road map/approach?
► Do you have a mobile strategy for accessing information on the go?
Market trends
The evolution of HR technology and HR service delivery
Gen Y is redefining the modern workplace

Born somewhere between 1976 … … and 2001

Gen Y uses a different set of tools that fit with their culture.

Google
Someone else knows already

Facebook
Share transparently with my network of trust

Skype
The right value for the right service

YouTube
Anytime and anywhere

Gen Y is entering the workforce in increasing numbers. HR must adopt its technology strategy to meet its unique needs.
Rapid technology innovation offers new opportunities for HR

**Enabling HR service**

**Cloud services** quickly deliver consumer-type applications into the enterprise to drive greater agility.

**Providing visibility**

**Big data** brings HR the ability to extract more information and insights from internal and external data, driving significantly better performance from the workforce. Data storage and capturing costs have gone down, but we are still not leveraging data optimally.

**Facilitating HR service consumption**

**Mobile platforms** drive HR processes beyond the desktop and into the fabric of every business. Candidates, employees and managers can access self-service platforms with ease.

**Enabling collaboration**

**Social platforms** improve employee engagement and enable communities and collaboration across geographies.

**Trends** include knowledge creation, sharing and ideation, support and service solutions, gamification and social analytics.
Leading organizations rely heavily on technology to enable consistency and effective HR service delivery

Tier 0
Self-service
60% to 80%

Candidates
Employees
Managers
Business leaders
Alumni and retirees

Direct access
► Self-service
► Portal/web
► Mobile
► Telephony

Service center
► Service desk
► Transaction teams
► Specialists
► Inquiry resolution; call and case tracking

Processing center
► Transaction processing
► Data entry

HR operations specialist/subject matter expert (SME)
► Complex solutions, inquiry resolution, transactions, in-depth research related to a function or process

Tier 1-2
HR shared services
20% to 30%

Tier 3
HR business partners/COEs
5% or less

Managers
Business leaders

Centers of expertise (COE)

Country HR business partner

Site HR business partner

HR business partner

Service management

Technology infrastructure and applications

Senior HR leadership team
(Governance, strategy alignment, investment prioritization, metrics, continuous improvement)
## Trends and leading practices in broad-based HR service delivery

<table>
<thead>
<tr>
<th>Trends</th>
<th>Benefits</th>
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</table>
| Best-in-class HR service delivery model | ► Tiered HR service delivery model drives processing of inquiries and transactions at appropriate levels  
► Capabilities expanding beyond administration to consultative and strategic services |
| Cloud HR technology | ► Consumer-grade employee and manager self-service tools simplify transaction processing and deliver exceptional user experience  
► Use enables agile processes and flexibility in implementation and ongoing support |
| HR portal and mobile technology | ► Integrated employee portal serves as one-stop shop for personalized content and access to transactions  
► Mobile tools provide anytime, anywhere access to information and transactions |
| Emerging telephony technology | ► Interactive video response to support visual phone menus and instructions  
► Universal queuing to combine voice, email, chat and social media in a single queue for a more consistent and streamlined customer support experience  
► Voice biometrics to authenticate a person’s identity and complete signature-requiring transactions  
► Intelligent call back to allow callers to avoid hold time |
| Robotics process automation | ► Captures and interprets information in existing applications to enable transaction processing, data manipulation and communication across multiple systems and knowledge bases  
► Integrates with legacy business process systems to perform mundane, rules-based tasks in the same way a human does  
► Improves consistency, control, traceability and capacity |
<table>
<thead>
<tr>
<th>On-premise ERP</th>
<th>Factor</th>
<th>Cloud solution</th>
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<tbody>
<tr>
<td>► Includes high investment in IT resources and infrastructure</td>
<td>IT resources</td>
<td>► Includes low investment in IT resources and infrastructure</td>
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<tr>
<td>► Requires technical resources who have to keep up with changing technology</td>
<td></td>
<td>► Requires HR resources who understand data, business processes and technology</td>
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<tr>
<td>► Slow and expensive since internal IT must provide infrastructure</td>
<td>Deployment</td>
<td>► Is quick and less costly since there is no dependence on IT resources</td>
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<tr>
<td>► Requires HR resources who understand data, business processes and technology</td>
<td></td>
<td>► Can be used for deployment across a range of business applications</td>
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<tr>
<td>► Allows for significant customization — and accompanying maintenance costs</td>
<td>Customization</td>
<td>► No customization allowed since multi-tenant SaaS systems provide users with a single instance of software</td>
</tr>
<tr>
<td>► Periodic upgrade costs can run into the millions of dollars</td>
<td>Upgrade costs</td>
<td>► Users protected from themselves</td>
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<tr>
<td>► Administered by highly technical IT resources, involving rigorous procedures and protocols</td>
<td>Administration</td>
<td>► No upgrade costs since there is only one version</td>
</tr>
<tr>
<td>► ERPs are still struggling to provide a “consumer-grade” user interface</td>
<td>Self-service</td>
<td>► Periodic release of new functionality included in licensing costs</td>
</tr>
<tr>
<td>► Reports and analysis often requires significant coding resources</td>
<td>Reporting and analytics</td>
<td>► Systems built on internet-based platform with consumer-grade interface for user friendliness</td>
</tr>
<tr>
<td>► ERP solutions are evolving mobile capabilities</td>
<td>Mobile</td>
<td>► Many reports included with solution and ad-hoc; configurable reporting is easily done</td>
</tr>
<tr>
<td>► ERPs can be expensive; difficult to scale and respond to changes</td>
<td>Scalability</td>
<td>► Mobile capabilities are already designed into the solution</td>
</tr>
<tr>
<td></td>
<td></td>
<td>► Solutions are elastic and scalable, allowing for quick response to change and cost savings</td>
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De-risking cloud for CHROs

At its conception, and even today, companies’ top concern with the cloud is security, but what has reduced the risk?

► Vendors provide flexibility to move between cloud and on-premise solutions.
► Development of security and controls limit the number or type of users with access to sensitive data.
► Deployment of control frameworks, such as Cloud Security Alliance (CSA), Microsoft Cloud Risk Decision Framework and Common Assurance Maturity Model (CAMM), have been deployed.
► As the cloud has been accepted by more clients, service providers have more capital to invest in better security systems, reducing the risk of security attacks.
Providing visibility
It’s all about the questions
What we are trying to achieve

► Grow your business
  ► Make decisions that help ensure the mobility program and talent selections are strongly aligned with future company strategy

► Optimize costs
  ► Help ensure that program decisions are always made with full information and consideration of possible alternatives

► Manage risk
  ► Proactively monitor short-term business travel and assignee processes to help ensure potential tax and regulatory risks are flagged well in advance
Different approaches for different questions
Addressing both HR and talent analytics

- **Predicting and optimizing**: Use data to predict how workforce needs to flex and change due to business environment
  - Combine qualitative and quantitative data to appropriately align workforce to work and resources
  - HR, e.g., COE strategic priority setting
  - Talent, e.g., identifying high potentials, investing in their development
  - Sample questions:
    - How many full-time equivalents (FTEs) with a specific skill set are needed for a process that will take place in two years?
    - At what point does the business reach diminishing returns regarding FTE headcount?

- **Analytics and forecasting**: Use statistics to determine impact on workforce due to changing environmental factors, policies, priorities, etc.
  - Ability to use historical analysis to make assumptions about future workforce
  - HR, e.g., connecting workforce costs to finance
  - Talent, e.g., identifying leadership characteristics or high potentials
  - Sample questions:
    - To what activity do FTEs in "x" operation attribute most of their time?
    - What would the impact be to the finance organization if we implemented electronic journal entries?

- **Reporting**: Point-in-time facts, descriptive statistics about the workforce
  - Ability to answer a specific question regarding talent management
  - HR, e.g., FTE counts, attrition rate
  - Talent, e.g., competencies, performance ratings
  - Sample questions:
    - What percentage of my workforce has graduate degrees?
    - What was my attrition last year?

- **Business outcomes**
  - Increase productivity
  - Decrease costs
  - Increase revenue
  - Differentiate in the market
Developing capability to perform analytics
Examples at each level of sophistication

**Beginning organization:**
- Uses HR data for headcount and descriptive statistics to answer point-in-time workforce questions
- Reports on standard metrics such as attrition, turnover and vacancies
- Does not possess specific HR analytics technology, but is able to leverage some business systems
- Performs analysis and gains less sophisticated insights
- Has a small analytics staff that is in the process of building credibility with business unit
- Offers some consulting support to the overall enterprise

**Progressing organization:**
- Has expanded its HR data set to include data concerning cost (e.g., balance sheet)
- Focuses analysis on targeted issues and questions stemming from strategic priorities and leadership “hot topics”
- Uses systems and expands application by leveraging other business tools and providing access to interested parties
- Has an analytics team that has pinpointed analytics “pilots” to demonstrate value
- Has identified and engages with key, enterprise-wide stakeholders to communicate efforts and business cases

**Optimizing organization:**
- Uses integrated, credible, and consistent data from an authoritative source
- Performs analytics that focus on answering key questions, scenario planning and predicting environmental impacts
- Partners with the operational units to perform analysis and show business value
- Employs stakeholders to communicate the business value and tie analytic insights to business drivers
- Has user-friendly and editable systems that enable scenario planning and are available to authorized users throughout the entire enterprise
- Leverages a community of practice to supplement and scale its efforts
Different approaches for different questions

Examples from leading organizations

<table>
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<th>Leading organizations’ use of talent analytics shows the “realm of the possible”</th>
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Business outcomes

- Increase productivity
- Decrease costs
- Increase revenue
- Differentiate in the market
Digital is the new “electricity”

Most companies are harnessing this new power source to drive growth and innovation, and most are focused narrowly on the customer experience.

Customer-led digital transformation

Altimeter defines digital transformation as “the re-alignment of, or new investment in, technology and business models to more effectively engage digital consumers at every touch-point in the customer experience life cycle.”

Customer experience management

Having the capability to monitor and manage every facet of the end-to-end customer experience is considered one of the new battlegrounds for competitive advantage in the digital age.
The value of digital is not fully realized without innovation and investments in both the workplace and marketplace.

EY defines a digital enterprise as one that continuously harnesses digital across every dimension of its business, internally and externally, to drive performance and sustain competitive advantage.

Digital is multidimensional

- Digital portfolio governance
- Digital program activation (is the new tech adoption)
- Manage customer and employee experiences
- Digital enablement does not require data centers
- Continuously design and activate new experiences
- Consumerize the entire IT department

- Measure impact, not clicks
- Go-live is a milestone: what happens next is the mission
- Digital-age IT strategy is agile and iterative
- Speed matters

Digital enterprise strategy

User-centered design principles

Promote discovery and prototyping
Most employees have a poor HRIT experience at work partly due to their higher expectations (as digital consumers) and partly to the industrial era ways that IT departments define their purpose and execute their mission.

When digital consumers show up at work, they expect technology to surprise and delight them and make their lives easier, as it does at home. Most organizations can't meet these expectations, and result is low adoption and growing shadow IT.
Consumerizing the end-to-end IT experience serves as the foundational mechanism for driving adoption and benefits realization

- Two articles which address the IT experience are:
  - How design and experience drive enterprise technology adoption¹
    - Yves Béhar spoke recently about how critical design is to technology adoption, a reality that applies to enterprise products as well.
  - How enterprise are capitalizing on the consumerization of IT²

²Source: http://www.forbes.com/sites/louiscolumbus/2014/03/24/how-enterprises-are-capitalizing-on-the-consumerization-of-it/
Digital occurs across all work settings

Workplace innovation goes beyond offices and mobile apps – consider the role of wearables, drones, robots, sensors, artificial intelligence, etc.

Understand your work(spires)

► Personal
  ► Daughter’s softball game
  ► Home office
  ► Bus
  ► Coffee shop

► Corporate
  ► Offsite meeting
  ► Client site
  ► Headquarter
  ► Business travel
  ► Office

► Services
  ► Retail store
  ► Restaurant
  ► Theme park
  ► Studio

► Industrial
  ► Factory
  ► Hanger
  ► Plant
  ► Oil rig
  ► Tunnel
In summary
Changing the game: the numbers and the path forward

- Workforce comprises an average of 70% of a company’s expenses.
- Financial outperformers are 64% more likely to use analytics to evaluate talent supply and demand on an ongoing basis.
- Enterprises that apply advanced analytics have 33% more revenue growth and 12X more profit growth.

Integration with business planning  Data  Technology  Analytics talent