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# Building the Digital HR Organization

Accenture and SuccessFactors  
on the changing nature of HR



More than ever, HR has to contend with changing business demands and an evolving workforce. At the same time, HR itself is evolving—and a key driver in that evolution is technology.

To better understand how HR will change in the coming years, Accenture has been conducting a research initiative, entitled “Future of HR” which aims to provide insights to help HR deliver greater value to the business in the coming years. A key finding in this research is that technology will radically disrupt HR in the near future. Indeed, it is already changing the way HR works and the role it plays and opening the door to a new type of “digital HR” function. Building on this research, Accenture and

SuccessFactors, an SAP company, posed several questions: What does this shift mean in terms of specific technologies and capabilities? What should HR be doing today to make the transformation to digital HR? And how are investments in technology likely to affect the success of tomorrow’s HR function? In exploring these questions, it is clear that there are several key technology initiatives that HR can focus on to move forward on the path to a digital future.

# Shaping the New HR Function

The Accenture Future of HR research shows that for HR, digital technology is driving change in three key ways:

- **Enabling new approaches to delivering HR services.** Mobile tools, social media and other technologies make it possible to give employees rich access to HR services, and engage employees on their terms. HR can take advantage of familiar consumer technologies, such as smartphones, to reach employees. It can also take advantage of multiple channels to provide services on an anytime-anywhere basis, and integrate channels to let employees use the devices of their choice, seamlessly and interchangeably.

- **Driving the democratization of talent management.** HR can use technology to extend its processes out into the organization, enabling employees and managers to perform many of those processes themselves, closer to the business. This approach means offering more than traditional HR self-service or letting employees manage their own profiles. Instead, it means embedding talent management into the business to involve employees and managers in recruiting, onboarding, performance reviews, learning and the design of career paths.

- **Enabling HR to act more like marketing.** HR groups can apply the techniques of individualized, targeted marketing to talent management. They can use technology to customize talent practices and communications to specific groups and individuals. They can offer employees tailored options (based on a set of standard practices) for development, pursuing job openings, and so forth—while doing so in a scalable, systematic manner. This approach allows HR to focus on improving individual employee performance, while avoiding one-size-fits-all approaches or fragmented, one-off efforts that are often not fair or effective.

As these changes continue, HR is likely to be less centralized, more nimble, and more embedded in the business—and fundamentally different from today's HR. "Often, HR spends too much time on routine processes and administrative work, but that burden will be largely eliminated," says Maureen Brosnan, Managing Director, Talent and HR Lead, Accenture. "A digital HR will spend more time on shaping the workforce to support growth and keep up with changing, and often volatile, business realities." In short, she says, "digital technology opens up tremendous opportunities for HR, but HR will need to redefine itself to take advantage of those opportunities. If it doesn't, it will be less effective—and worse, will run the risk of becoming obsolete."

The impact of advancing technology on HR is already becoming clear. In research conducted on behalf of SuccessFactors, organizations that made more extensive use of human capital management solutions saw a 15.2 percent decrease in turnover, a 13.7 percent increase in internal job fill rate, and as much as a 5.4 percent increase in productivity. Overall, such companies have outperformed the major stock-market indices by two to four times since October 2008. As HR learns to make better and better use of technology, such benefits are likely to become more widespread. "We're finding that the digital revolution can enable HR to not only work more efficiently, but also to work in new and innovative ways—and ultimately, help drive a greater return on execution," says David Ludlow, Group Vice President, Line of Business Solutions - HR at SAP.

# Moving Global Workforce Management to the Cloud

Timken—a leading manufacturer of industrial and automotive components—has a global workforce with more than 21,000 employees in more than 33 countries. The company was using a variety of HR systems, running on a legacy mainframe platform, to manage this workforce. However, it was finding that this approach was becoming too complex and costly, and threatened to impair the efficiency of its operations. As a result, Timken wanted to replace its older systems with a more integrated solution that would allow it to standardize, integrate and simplify its HR processes.

Timken decided to move its HR operations to SAP SuccessFactors' cloud-based HR solution to support a range of processes, including recruiting, payroll, succession planning, learning, performance management, workforce planning and workforce analytics. Working with Accenture, the company implemented the software, integrating it with its SAP enterprise resource software and redesigning processes to take advantage of the technology. With Timken's global workforce, the implementation took place across multiple countries and encompassed nine languages. With standardized, integrated HR systems and processes delivered via

the cloud, Timken has streamlined multicountry payroll, increased efficiency and significantly lowered operating and maintenance costs. Meanwhile, the solution's analytics capabilities have reduced the time it takes to pull operations reports and access business intelligence—which is critical to monitoring performance and confirming compliance with a variety of country-specific regulations.

The solution has also helped with employee engagement. Timken has seen improved online course performance, in large part because of the solution's learning management system, which tracks training and delivers content via employees' mobile devices. And with greater transparency in areas such as succession planning and compensation, employee satisfaction has increased.

# The Key Technologies

In their work together, Accenture and SuccessFactors have found that the various technologies involved in these changes play different and often interconnected roles in enabling digital HR, and each HR group's situation will be different. But in general, all are likely to be critical to the success of HR in the future. These key technology areas are discussed below.

## **Make HR mobile**

Mobile technology is critical to reaching a constantly moving, dynamic workforce—and to extending HR processes out to the business. Some mobile HR applications enable employees to do much more than stay in touch. They provide sophisticated tools that can, for example, support effective learning, letting employees work with experts or complete classes from wherever they are.

There are mobile applications that enable hiring teams to collaborate and speed up recruiting efforts, or that can help streamline the gathering of performance information to provide more frequent feedback to employees. And mobile technology can be used to push HR-related, individualized alerts and information about development opportunities and progress toward goals out to

employees. "Mobile HR and talent management applications have largely permeated certain areas such as recruiting and employee relations," says Maureen Brosnan. "Now, technology companies like SAP are designing apps with a mobile-first approach that can help make every talent and HR practice—from learning to performance management—available on an anytime-anywhere basis."

## **Use analytics for deeper insight**

Here, companies can use the technology to create and monitor metrics that clearly measure the effectiveness of HR and the impact it has on the business. Analytics can also be used to develop insights that can strengthen HR processes. For example, some applications let companies analyze employees' searches of external blogs or podcasts to better understand what those employees are learning and how they are learning it, which can inform training strategies. (Some even provide "pre-built" analytics processes that can be easily configured and deployed). On another level, analytics can provide a deeper understanding of the workforce and how it can support the business—identifying where skills are needed and where talent is located, and even anticipating company and individual needs to keep skills and learning in step with the business.

Many HR groups today are not making effective use of analytics, often because data collection is a challenge. To address that problem, some of today's analytics systems can tap into varied data from different sources, avoiding the need to change source systems or go through extensive data-modeling and integration efforts. Increasingly, such capabilities will allow HR to integrate traditional business and talent data with Big Data gathered from sources such as tweets, blog posts, customer service feedback, and so on—which will lead to even deeper insights into the workforce's abilities and needs.

Analytics will be a key element in digital HR, and an enabler of the "HR as marketing" model. And it has the potential to let HR not only understand historical trends, but also take a more predictive approach to matching talent strategies to business needs.

## **Leverage social media to get close to employees**

Social media technology provides a familiar and effective channel for engaging employees. HR can take advantage of this technology to improve collaboration and speed up HR processes. For example, social learning and learning communities—where internal subject matter experts share content with other employees—can be a cost-effective complement to formal training. In addition, some HR systems now provide social-based onboarding tools that quickly connect new employees with the people and information they need. And some systems support collaborative performance management, which allows employees to create and share goals collectively.

With such capabilities, social media can be an important enabler of both the democratization of HR and the adoption of marketing-like approaches. Indeed, looking forward, social media could end HR's traditional role as a "middleman" in delivering many services—for example, by enabling employees to define their own compensation in reverse talent auctions, or to use shift-trading sites to negotiate scheduling changes with one another.

## **Move to an integrated, consolidated HR platform**

A central HR platform can provide the unified, consistent data needed to gain a single view of the workforce, automate extended processes, and work seamlessly across employee-interaction channels. Many HR groups do not have such an integrated platform. It is not unusual to find that HR data is kept on disparate systems used for specific functions such as learning or recruiting, or on different systems used in different regions—often in varying formats. However, end-to-end talent management systems that address the full range of HR processes are now available from some vendors. In addition, companies can work toward having a single, integrated system over time. They can, for example, implement an integrated suite to handle core HR functions, and then gradually expand it to include the full range of talent-management processes, moving in incremental steps toward a complete, end-to-end HR system.

## **Migrate to the cloud for agility and innovation**

Cloud computing has rapidly become mainstream, and more companies are using HR capabilities delivered from vendors "as a service." This means that the vendor, not the HR group, is responsible for maintaining and improving the technology and delivering end-to-end talent management tools. HR organizations that are embracing Cloud/SaaS solutions have realized that many typical HR transactions are in fact "commodity" and can be consistent across the enterprise.

This provides an opportunity for those that adopt a cloud platform to have new capacity to focus on activities that make a difference to the business and deliver value such as succession, individual skills development, compensation packages and retention strategies. Thus, HR can more readily adjust to changing business needs. This cloud-based model is typically cost-effective, with vendors offering flexible pay-as-you-go models.

However, there is more than efficiency at stake. "We have found that in moving to the cloud, HR has an opportunity to streamline and improve processes—rather than keep doing 'business as usual,'" says David Ludlow, Group Vice President, Line of Business Solutions – HR, SAP. "In essence, the cloud opens the door to more frequent improvements in capabilities." With the vendor in charge of evolving the technology, it becomes relatively easy for HR to adopt new tools and functions as they are implemented, compared to having to upgrade and implement in-house systems. Vendors may introduce new tools as often as every three months, as opposed to the typical multiyear in-house improvement cycle. In addition, vendors often allow companies to scale their computing power up or down as needed. Thus, the cloud can be an important enabler of innovation and flexibility in supporting changing business needs.

# The Impact on HR and the Business

As digital technology is woven into nearly every aspect of HR and talent management, it will transform how HR organizations operate and how they serve the business. The HR function may become smaller as transactional processes become more efficient and line managers and employees handle more HR processes themselves. HR is likely

to become more project-oriented, and able to devote more effort to improving organizational effectiveness rather than executing administrative work. That can mean mining employee data for insights, creating customized talent offerings, taking on more of a coaching role for employees, and helping to constantly improve the understanding and use of the drivers of workforce performance. "The role of HR will change—and in some ways, the HR function will have a smaller

footprint," says Maureen Brosnan. "At the same time, however, its impact will grow. In a world where talent management is more important than ever, the digitally powered HR organization will be in better position to play an integral role in enabling the company to compete."

## Toward the Innovation Platform

Looking beyond "software-as-a-service," some cloud providers now offer "platform-as-a-service" (PaaS) capabilities. That is, they provide a platform that can accommodate a changing variety of applications.

This approach makes it possible to have an ecosystem of partners using the platform to create new solutions. For example, SuccessFactors offers its integrated HR solutions on an SAP cloud platform. Meanwhile, Accenture has adapted its HR Audit and Compliance tool—used to identify problems with employee data—to operate on that platform. The Accenture solution essentially extends and complements the SuccessFactors solution.

Thus, the PaaS approach lets companies easily take advantage of both solutions—as well as other vendors' targeted solutions—without extensive IT support, customization and integration effort. This type of platform makes it easier for HR groups to access capabilities that meet their specific requirements, and to adopt new tools to accelerate innovation. Although relatively few HR organizations have adopted the PaaS approach, more of them can be expected to do so in the future as they continue to look for ways to take fuller advantage of technology.

### About SuccessFactors

SuccessFactors provides the leading cloud-based SuccessFactors HCM Suite, which helps HR drive business execution with solutions that are complete, beautiful, and flexible enough to start anywhere—optimizing your workforce today and preparing them for tomorrow. SuccessFactors solutions are supported by a global partner ecosystem and the experience and commitment of SAP. With approximately 27 million subscription seats globally, we strive to delight our customers by delivering innovative solutions, content and analytics, process expertise and best practices insights from serving our broad and diverse customer base. Today, with more than 4,000 customers, we serve organizations of all sizes across more than 60 industries in more than 177 countries using our application suite in 37 languages.

### About Accenture

Accenture is a global management consulting, technology services and outsourcing company, with approximately 319,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US\$30.0 billion for the fiscal year ended Aug. 31, 2014.