



Agility: Technology and the HR Function of the Future

By Bob Kaunert, Towers Watson

An agile company is flexible and responsive, able to scale up or down depending on market conditions. And more and more, agility depends on how well you use technology in your HR service delivery (HRSD) model. Many HR departments are adopting current technologies to deliver services to the business and their constituencies. They are using various tools to handle administrative tasks, enhance employee self-service, and automate various processes that are efficient and scalable. And, while it's clear the newest technologies will not immediately replace the old at most companies, the Towers Watson 2011-2012 HR Service Delivery and Technology Research Report reveals that, overall, big organizations are beginning to use the current tools much more effectively.

The centralized HR service delivery model is outdated – or, at the very least, needs updating. HR is increasingly called upon to become more nimble, strategic and consultative in order to meet organizations' business requirements in a very global economy. As such, remotely hosted, Internet-based technologies are replacing “on-premise” systems, the backbone of the legacy enterprise resource planning (ERP) type of technology in use for more than 20 years. To serve its increasing array of business requirements – including service centers, centers of excellence (the COEs), leadership and the business, HR needs to embrace new technologies, and use them better. That way, HR will be more efficient and strategic, add greater value

to the business – and move faster into a future in which agility is critical.

“We are seeing a shift from organizations throwing old technology at problems to looking at flexible new technologies that leverage self-service and shared services functions, deliver more streamlined capabilities and robust analytics, and organize existing systems around enhancing HR service delivery more broadly.”

~ *New Horizons, No Boundaries: The Towers Watson 2011-2012 HR Service Delivery and Technology Research Report*

HR New Technology Adoption: Picking the Low-Hanging Fruit

What are the technologies that are available, cost-effective, and have practical applications for HR? To a certain extent, two emerging technologies that the function currently uses are social media (also referred to as Web 2.0) and Software-as-a-Service (SaaS). These are becoming “must haves.”

Social media includes blogs, peer-to-peer networks like Facebook and LinkedIn, and wikis, which are Web sites that allow users to add and update content on the site using their own browser. Social media, which allows workers to collaborate, communicate and share information online, has been available for several years in the consumer space. Even so, most HR departments aren't using it, and few that do so utilize it fully. According to the Towers Watson HRSD survey, which asked organizations if they use Web 2.0 tools for HR purposes, only 37 percent responded with yes – a fair, but far from robust, number. This relatively low figure may be the result of HR applications of Web 2.0 that are still in development or planning stages, and we expect to see the utilization rate rise to around 80 percent in the next two to three years.

Software-as-a-Service allows your company to buy or license software from a vendor, which hosts and maintains a single updated version for you. This minimizes your ability to customize the software, but keeps it constantly current. In contrast to social media, SaaS has been adopted fairly quickly, with 54 percent of our more than 400 HRSD survey respondents saying that they use it to support HRSD (see Figure 1). Software-as-a-Service, which is a cheaper, more flexible and current solution than ERP, is rapidly becoming the industry standard. It's employed in succession planning processes and talent management

and, more recently, has been used to create full suites of HR management system (HRMS) software.

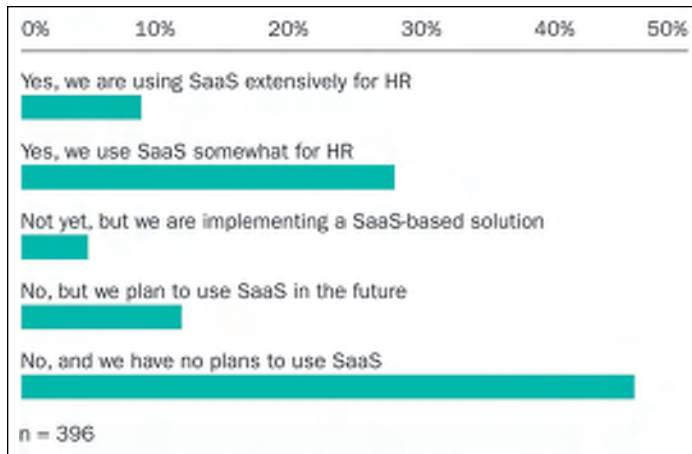


Figure 1. Is your organization using SaaS to support HR service delivery?

These technologies are here – and here to stay – but are they being used to create value in the organization? Human Resources departments that are already integrating various tools into their processes are creating workable approaches to using technology, so they’ll be ready to use it more nimbly and comprehensively in the future. For example, many companies are using WebEx and Net Meetings for live cross-geography collaboration. These applications have been around for years. They enhance cost-effectiveness and scalability, and reduce risk. They are perfect examples of Web 2.0 technologies that can drive productivity at a very low cost.

SharePoint, a SaaS program that also offers Web 2.0 capabilities, lets project teams work collaboratively. It drives productivity in global organizations across time zones and huge distances at a relatively low cost. It facilitates 24-hour work cycles because, as one person leaves work, a project can be picked up by others in a different time zone. This type of SaaS program can be implemented quickly and requires no existing hardware, so the IT organization does not need to be involved as frequently. And, there are no customizations, which is why 55 percent of our HRSD survey respondents said implementation was one of the reasons that they went with the SaaS model, even as 46 percent said it has better functionality.

Software-as-a-Service’s main value lies in its “plug-and-play” attributes. It’s already been tested and used by many companies, so the kinks have largely been worked out. It has lower up-front and ongoing costs and major upgrades are smaller and occur more frequently, as opposed to the ERP model, which has large and extensive (and expensive) upgrades every two or three years. In fact, it’s similar to consumer Internet services like Yahoo! or Google Mail, whose user interfaces change when they’re updated, while your preferences and folders as an individual user remain the same.

The primary advantage of these new technologies is their capability to put more power in the hands of employ-

ees, managers and HR staff. Easy access to a SaaS portal means that employees place fewer calls to HR call centers. (Online access is tier zero and the call center is tier one. Direct contact with a company HR representative is tier two or tier three.) Now, employees can get answers quickly themselves – more of them and any time of day – so tier zero is taking over even more of what tier one used to do. This enables the HR staff to spend less time on the labor-intensive work of handling calls – and focus much more on strategic, high-value activities like workforce analytics, employee relations, and talent attraction and retention.

Nonetheless, Towers Watson research on how much time companies spend completing administrative, consulting and strategic activities still shows that HR spends significant time on administration. Clearly, by continuing to expand and improve on its use of technology, HR can continue to move from its traditional tactical support role to become a more complete strategic partner for the business.

On the Horizon

From help desk to desktop

Help desks are going to change. Customer service teams will be answering fewer phone calls and doing more online chatting – much in the way that online retailers do now – by offering employees a pop-up box that connects to a live service representative. This enables HR to deal with multiple customers at the same time, and can lead to a better experience for the employee – all made possible by the convergence of the Web and instant messaging technology.

From laptop to smartphone

Generations Y and Z do not use landlines. They’re all about smartphones. And, they’re the next generations of HR “customers” who will push the function beyond PCs and laptops into the mobile realm. So, whether it’s simple manager self-service such as approving time off; or the traditional employee self-service, such as changing your address or looking at your paycheck – it will be done on a smartphone.

Collaborating – anywhere, anytime, with anyone

In the not-too-distant future, HR will put together project teams comprised of people from various outside organizations – consultants and other contractors well-versed in HR, and various vendors – that will work together remotely. Social networking and collaboration tools will link them all together. As a result, HR will function more on project-by-project basis, serving any business function, at any time.

Human Resources will increasingly bundle and outsource administrative and transaction work to a proliferation of vendors – or insource it to an administrative organization within the company that has strong SaaS capabilities and can handle HR and financial administration. This nimble service model emphasizes collaboration, not just across geographies, but around the globe. That’s not easily done with ERP, but with SaaS and Web 2.0, it’s relatively simple.

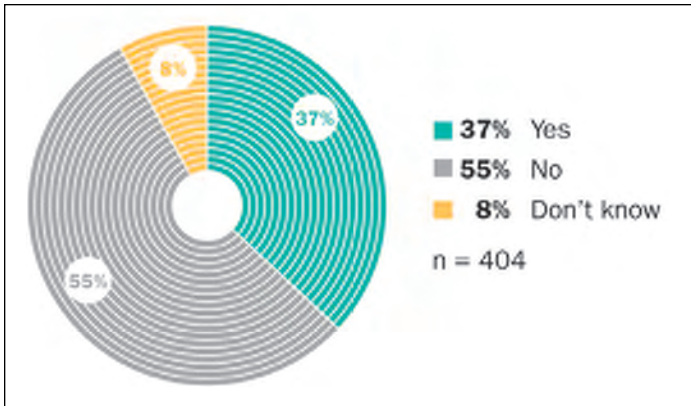


Figure 2. Does your organization currently use Web 2.0 tools for HR purposes?

Catching the Consumer

The Internet caught on with the public only when new tools evolved, such as the Web browser.

Indeed, the consumer market often creates the newest “Facebooks” by serving as the de facto beta for many products. Human Resources needs to understand how to use these tools – especially social media – to propel its function faster and further. Some points to discuss with the business:

- Should our employees be blogging – and what’s the implication for our organization in terms of brand impact and risk?
- Are our employees interested in sharing information via wikis – and how could that facilitate collaboration and knowledge-sharing?
- Would our employees be able to use social networking sites to collaborate on projects –and how would that impact their productivity?

The HR Function of the Future – Creating it Now

Over the next several years, new technologies and ways of thinking will impact HRSD more and more. Human Resources practitioners need to think about how to apply technologies to HR and the business – right now. Some questions to consider include:

1. What is the organization’s business strategy?
2. How does the HR strategy align with the business strategy?
3. How does our HRSD strategy align with the HR strategy?

Next, HR should address these questions:

1. How can HR deliver greater strategic value?
2. What services should HR provide to create that value?
3. How can HR use all the appropriate technology and tools to deliver those services better?

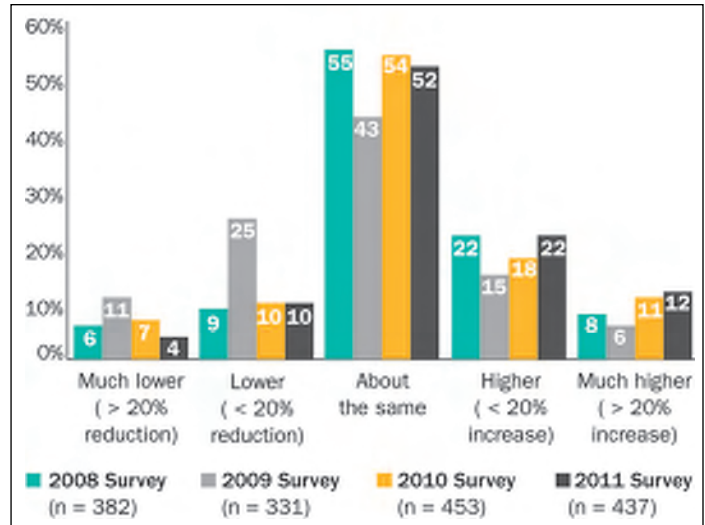


Figure 3. HR technology spending vs. prior years.

For most companies, according to our HRSD survey, technology spending has remained about the same for the past couple of years (see Figure 3). This makes sense, since companies are still grappling with how to use it to solve business issues; and rather than driving change, technology should facilitate and support it. To wit, the main purpose of HRSD is to efficiently enable all HR and related administrative activities and processes for the organization. Not only does technology help do that, but it can free up HR’s time and its financial and talent resources to help the function better serve its numerous business partners and create value for the whole organization.

It’s up to HR to embrace technology to the extent it can be strategically valuable – so the organization can capitalize on opportunities and respond to challenges rapidly, nimbly and cost-effectively. That’s agility.

About the Author



Bob Kaunert is a senior consultant at Towers Watson. He has extensive experience in the strategy, selection, and implementation of technology to support the delivery of Human Resources services. For more than 20 years, he has worked with clients on the design and implementation of Human Resources systems, driving change and accelerating value through HR organizations around the world. With Towers Watson, Kaunert has been a key contributor in the delivery of consulting services around Workday, PeopleSoft and SAP HCM products. Prior to joining Towers Watson, he held senior positions with two other consulting firms, always focusing on the technology and delivery of Human Resources solutions. He has a B.S. in Finance from Pennsylvania State University. He can be reached at bob.kaunert@towerswatson.com.