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Innovating for tomorrow's workforce

Transformation enabled by HR in the Cloud

PwC's Annual HR Technology Survey

Executive summary



pwc



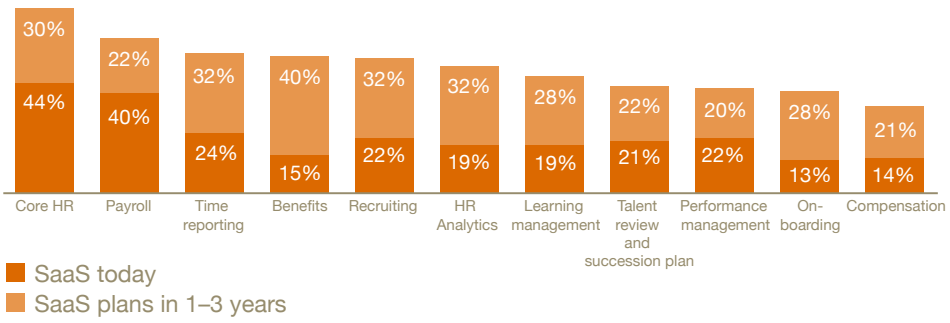
On moving to the cloud:
"This is the state of the art and the future technology which we have to go for."

—Dr. Dorothee Warnke, vice president of program management and HR transformation, Lufthansa

The great shift of HR applications into the cloud continues, as CHROs pursue cost savings, seek greater IT self-sufficiency, and set their sights on innovation and mobility. Change at this scale requires a strategic vision and executive alignment at a tactical level, as critical systems are targeted for migration and old ways of working are disrupted.

PwC surveyed IT and business executives from over 650 companies around the world during the third quarter of 2015, targeting leaders who work in or support HR. We also conducted live interviews with executives in North America, Europe, and Asia. Our research shows that HR's big bet on cloud is still dominating the change agenda at an ever increasing rate. Last year 23% of companies used SaaS (Cloud Software-as-a-Service) for core HR and another 26% planned to move within three years. Fast forward just one year and the number using SaaS for core HR has climbed to 44% with an additional 30% planning to move in the next one to three years.

Figure 1: Race to the cloud



Other key findings:

More than two-thirds of respondents have at least some HR applications in the cloud, and a similar number have mobile HR apps—but even greater adoption is needed in the future.

Lack of organizational readiness to give up customizations required for SaaS, level of process transformation required, and product functionality are the key barriers to successful implementation. More than half of the respondents cited these as their greatest implementation challenges.

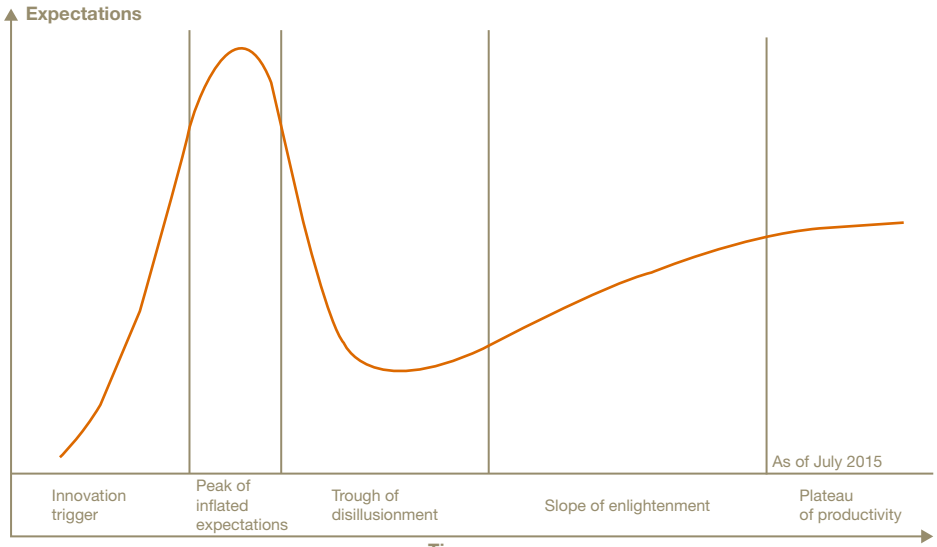
The cloud software marketplace is fragmented, and many organizations are focused on consolidating their vendor portfolio; 40% of the respondents are planning to use fewer vendors. Top motivations for consolidation included easier vendor management, better support, and better integration.

Operating in a cloud environment is an adjustment; 25% say the incorporation of frequent, new releases requires additional staff to support and 36% note that new releases that bring desired enhancements often destabilize their environment.

HR Analytics is not getting the focus it deserves; 52% do not have a dedicated HR Analytics team and nearly 40% do not have an HR Analytics strategy.

While this dramatic shift is happening, HR must work through the challenges that come with any significant technology change. Just a few of these challenges include obtaining commitment from the right resources needed to successfully implement, learning how the new application works, coming to grips with the necessary changes to business processes required to adapt to the software, and understanding the new symbiotic relationship that must now exist between your cloud vendor, IT and HR. Cloud appears to be moving along Gartner's Hype Cycle, from the peak of inflated expectations through the trough of disillusionment, on its way gently up the slope of enlightenment. Where it falls on the curve depends on the process area (or vendor) in many cases.

Figure 2: Gartner Hype Cycle for Emerging Technologies



Source: Gartner

Despite the transformational challenges presented by these projects, leaders are not shying away. Instead, they are moving boldly to meet user demands and create value not just for the human resources function but for the broader enterprise it serves. Smart investments in HR technology pay off across the company, says Kelly Butler, vice president of global rewards and HR operations for Rackspace, the $2 billion cloud services firm. "The HR system is a system of record that cascades through everything—finance systems, customer support systems, IT," she says. "From a productivity-cost perspective, all those important people who used to spend time sorting out the head count and the numbers each week or month are doing much higher-level work now."

HR's emerging future

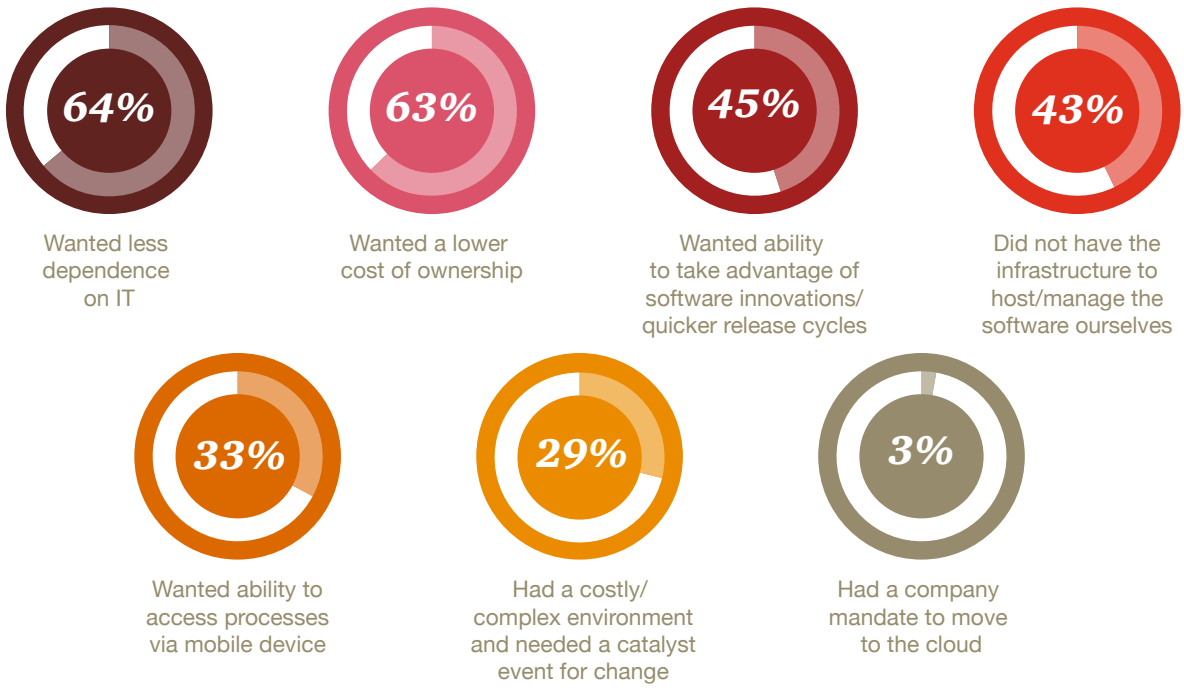
One of the questions we explored was the motivation behind the shift to the cloud. For executives like Dr. Dorothee Warnke, moving to the cloud is a question of when, not if. The vice president of program management and HR transformation at Lufthansa deals with multiple legacy systems, so the big airline must plan its migrations carefully. Conversations are ongoing about what applications to migrate and which processes will be affected. "We haven't decided yet what the scope will be," she says, "but this is the state of the art and the future technology which we have to go for."

A lot of people are feeling the same way. In just a few short years, cloud has become inevitable—three-quarters of respondents plan to have core HR in the cloud within three years, and other HR related processes are already there or on the way as well. Cloud is not seen as just another technology platform, but is expected to be transformative on multiple fronts. Companies see cloud as a way to lower their dependence on an IT function that already has a full plate (64%), and as a way to lower the cost of ownership (63%). They also hope to stay ahead of internal customer demand by taking advantage of more frequent software innovations (45%).

But there are some key differences in primary motivators across regions. Companies in Latin America and Asia Pacific tend to be most concerned with cost savings (76% and 75%, respectively). Meanwhile, North American companies are more focused on innovation (57%), and EMEA firms are pushing mobile (45%). Faster innovation also tends to be more important to the larger companies in our survey. Likely due to the high costs of on-premise software upgrades at these larger enterprises.

Figure 3: What HR wants from the cloud

In general, what were your primary motivators for deploying cloud Software as a Service (SaaS) for your HR-Related processes?



Demand for mobile is another big driver of cloud. Fully one-third of executives single out access to processes via mobile devices as one of the primary reasons for moving to the cloud. Yet current mobile functionality today is often limited to basic tasks, and companies must do more to give their employees the tools and constant access to information they demand. As a case in point, 59% of respondents felt it would be beneficial for employees and managers to be able to use their mobile device for performance management. Yet only 18% of companies leverage mobile for performance management. Also on the mobile wish list: reviewing and approving employee time, absences, and expenses; and talent dashboards that show key gaps; analytics that correlate performance and compensation, and hiring tools.



"The biggest items that we're focusing on right now are more mobile solutions."

—Joseph Moscola, senior vice president and chief people officer, Northwell Health

PwC's NextGen: A global generational study[1] found that it was critical to accelerate the integration of technology into the workplace, enabling workers to harness technology in ways that give them more flexibility and increase efficiency. For Millennials this was an absolute must—they expect to have access to the best tools for collaboration and execution. But current use of mobile apps for HR is not keeping up with what many are expecting. Many managers and employees are able to leverage mobile for processes like work-flow approvals (40%) and viewing information about themselves or their teams (36%); but far fewer can use handheld devices to access performance management apps (18%) or recognition programs (10%), and only a tiny fraction (4%) say they can do most of the things they do on a desktop via mobile apps.

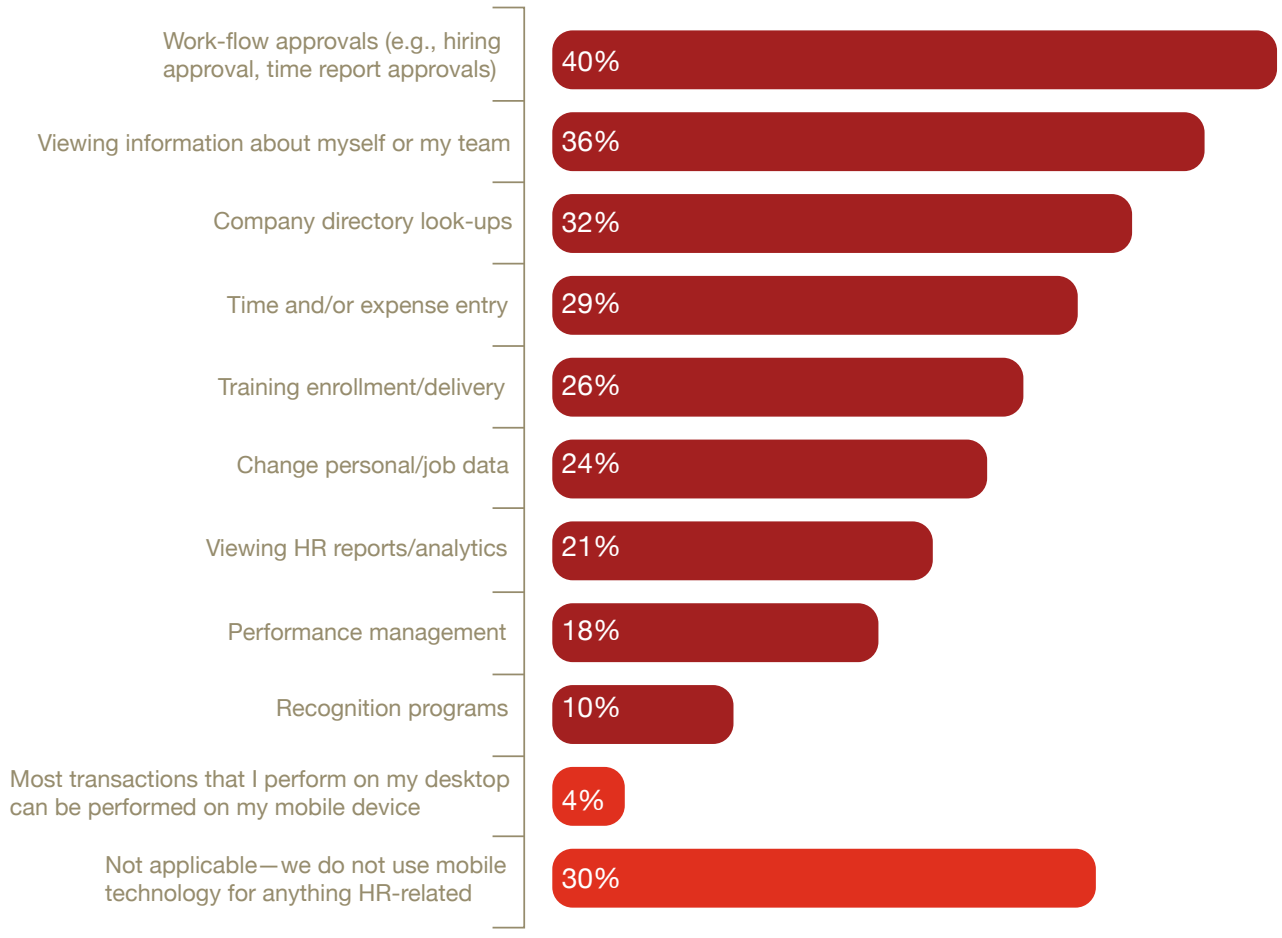
"The vast majority (86%) of CEOs we spoke with in our annual survey felt it was crucial to champion the use of digital technologies"

PwC's 2015 Global Digital IQ® Survey[2]

Ultimately, mobile is the way people work now, and their expectations will shape digital strategy. "The biggest items that we're focusing on right now are more mobile solutions," says Joseph Moscola, senior vice president and chief people officer at Northwell Health, a sprawling hospital system based in suburban New York that is preparing to roll out a mobile self-service application for employers and managers. "How else do you put tools in their hands, understanding that many of them are in front of their computer at their desks only for limited periods of time? Most of them are on their feet, on the floors with the staff, and that's exactly where you want them to be." The good news for organizations moving to the cloud is that these SaaS products often make it easier to deploy mobile. Our survey data shows that organizations leveraging cloud for HR are 23% more likely to include mobile as part of their deployment than organizations that do not use SaaS.

Figure 4: The move to mobile apps

Select the various ways in which you or your employees/managers currently use mobile technology for HR processes





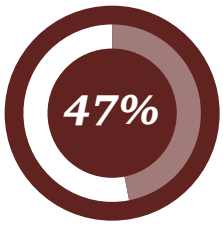
Systemic change always demands careful planning, but preparation and execution are all the more important at a time when products and services are still maturing and the marketplace itself is in ferment.

Collaboration and careful planning is the key for success

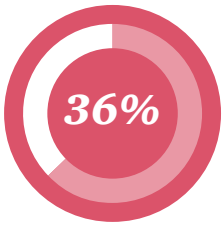
Moving HR into the cloud requires a team effort and a clear plan of action. At Rackspace, Butler worked on requirements-gathering with partners in IT, finance, payroll, and across HR as the company was preparing to move its core systems to the cloud. Indian healthcare organization Apollo Hospitals Group, meanwhile, mapped its ongoing rollout in a literal sense. The work started at its home base in Chennai, spread to smaller locations, then returned to each location in sequence to fine-tune the implementation. "It's been a planned strategy, broken down into phases across units," says Jacob Jacob, Apollo's chief people officer. Users respond to the focused attention, he says. "Only then can there be buy-in."

Systemic change always demands careful planning, but preparation and execution are all the more important at a time when products and services are still maturing and the marketplace itself is in ferment. Companies that understand the realities of upgrading and migrating HR systems and that evaluate potential solutions against key business requirements will see fewer surprises during implementation, shorter time to value, and more sustainable benefits from their cloud investments. Yet organization and planning are not a given for many companies: over half of respondents say their organization's lack of readiness to give up customization and embrace the SaaS mindset was a major stumbling block during implementation, and more than 40% say they were not fully prepared for the necessary process transformation, with lack of internal resources bedeviling over one-quarter of respondents.

It is important to remember that moving to the cloud—especially when migrating your full HR application stack—is a significant event. Not only will the software and associated navigation be new, but the way it is delivered, supported, implemented, modified, and upgraded is also going to feel very different.



SaaS patching maintenance schedule is disruptive to operations



New feature releases typically break existing functionality

Reality checks

Migrating HR technology to the cloud means navigating multiple new challenges, and most organizations still have work to do to deal with these issues effectively. Top barriers to implementation include products that often under-deliver, the organization's willingness to adapt to delivered cloud processes, and maintenance schedules that can disrupt operations.

Executives are working hard to adjust their expectations accordingly. While some say their own implementations of core HR and payroll systems have gone pretty much as planned—or even better than anticipated—across all HR process areas, an average of 22% say the process has taken longer than expected (roughly in line with the 23% that said so in 2014).

Figure 5: Setting the right expectations

Percent of respondents who say implementation took longer and/or cost more than expected

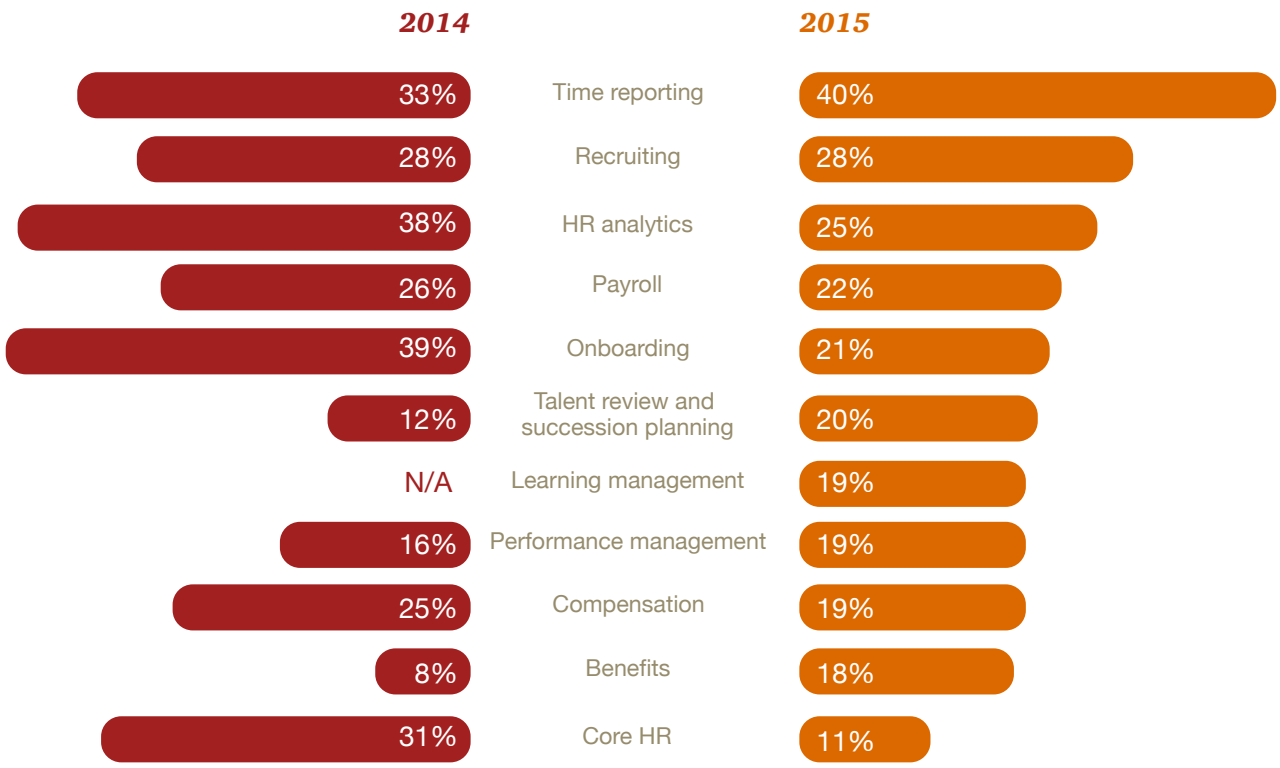


Figure 6: Process change, product limitations are top implementation challenges

When considering the HR processes that your organization has moved to the cloud, what were your biggest challenges during the implementation?



Having options is a generally positive situation, but the fragmentation of the HR technology market can sometimes feel like too much of a good thing. Vertical markets for different applications look very different from one another, and the number of HR tech vendors continues to grow, with new entrants lured by a relatively low cost of entry and the potential prize of consolidating this vast segment. Yet very few executives (14%) are planning to use more vendors in the future than they do now, while 40% plan to lower their vendor count and 35% intend to keep the number steady.

The drive for fewer vendors is fueled by human factors more than technological or cost metrics. Companies crave vendor relationships that are easier to manage (61%), and they hope for better support (60%)—in fact, executives rate vendor support for cloud applications as adequate at best.

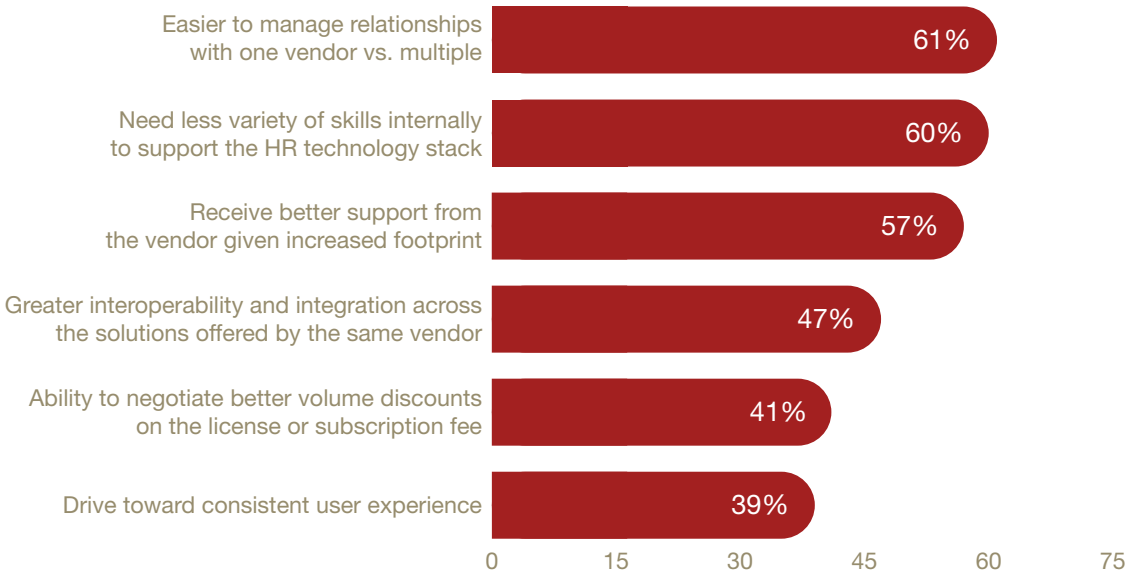
Just 55% of executives said their organization had all the technology skills needed to deliver on their enterprise vision.

PwC's 2015 Global Digital IQ® Survey[3]

Application support resources are another reason to use fewer vendors, as companies seek opportunities to reduce the variety of skills needed to maintain a diverse application portfolio. "Finding the IT talent is always a challenge," says Moscola. Those are the kinds of positions that we are just constantly looking for."

Figure 7: Reasons to thin the vendor herd

If you are planning to consolidate the number of software vendors in your HR technology portfolio, what are the motivating factors?



Over the last three years, the percentage of organizations planning to scale back the number of vendors in their HR software portfolios has steadily risen from 30% to 40%.

In fact, nearly 80% of executives responding to PwC's 2015 Annual US CEO Survey[4] are concerned that a lack of key skills threatens their organization's growth prospects. Tech talent is particularly sought-after, and nearly half of US CEOs say that specific hiring and training strategies to integrate digital technologies throughout the enterprise are important. Similarly, 63% of respondents to PwC's 2015 Global Digital IQ® Survey[5] say tech skills are one of the biggest barriers to reaching digital goals.

While concerns over relationships, support, and skills outweigh more product-focused issues like interoperability and consistent user experience when assessing the vendor roster, many executives find product performance in the cloud to be a serious issue unto itself. Other key considerations when selecting vendors is their maintenance schedule, product features, and maturity of their product. They complain that new features often break existing functionality, and that implementation is made more difficult by products that do not perform as promised, lack features touted in the sales process, or have design issues and defects. Satisfaction with the ability of cloud



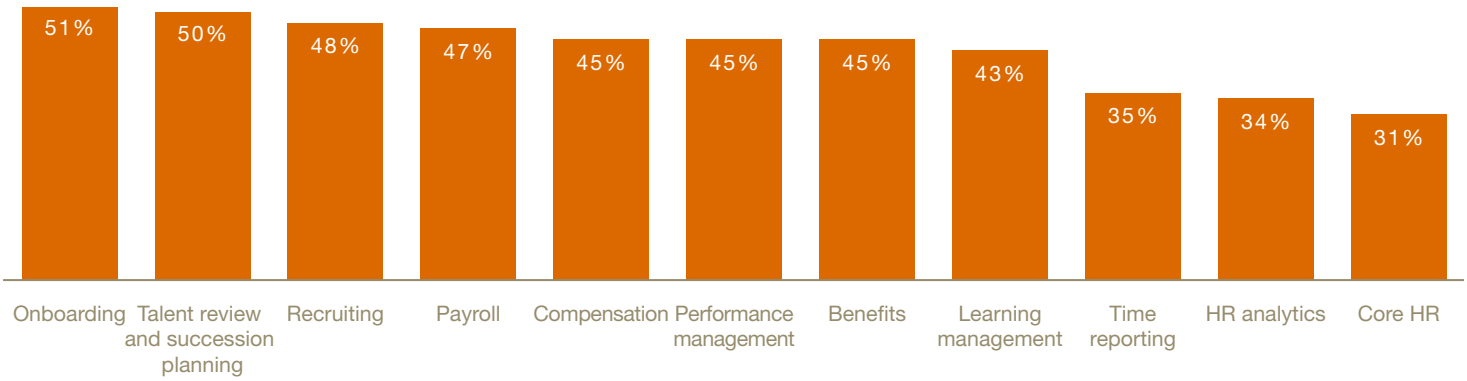
products to meet business needs is lukewarm, and many functional requirements remain unmet. In fact, out-of-the-box, only 67% of business requirements are typically met. Perhaps not a big deal in the "old days" when customizations provided an easy way out, but finding creative solutions given SaaS constraints for one third of your business requirements is a tougher ask. Communication on software updates is also not up to par, and almost half say the patching maintenance schedule is somewhat or very disruptive to operations.

Overall, satisfaction levels are lukewarm at best for most functional areas in HR. Core HR—the process area most likely to be in the cloud today and in three years—has furthest to go, with under one-third of respondents claiming satisfaction (see Fig. 8). And while other functional processes like onboarding, succession planning, and recruiting fare better, many (roughly one-quarter) report dissatisfaction in those areas.

What are organizations to do? Any pilot will tell you the two toughest parts about flying are the takeoffs and landings. The same is true in moving to the cloud. Before you launch your project, make certain that you have the level of sponsorship and support required to seriously challenge old ways or working. Also, set the right expectations with all stakeholders about the capabilities of the software. Embracing the cloud is a journey or new way of working rather than an end state destination. It will always be evolving, and it will never be perfect. Lastly, before you land, make sure that you have thought about your longer term support model. Software updates occur multiple times a year now and the frequency and ways in which you rely on and communicate with your software vendor will be profoundly different. Do not be caught flatfooted when your "plane touches down" at the conclusion of your project.

Figure 8: Lukewarm satisfaction levels across multiple areas

How satisfied are you with your current solution? "somewhat satisfied" and "very satisfied" responses



Opportunity to improve HR analytics

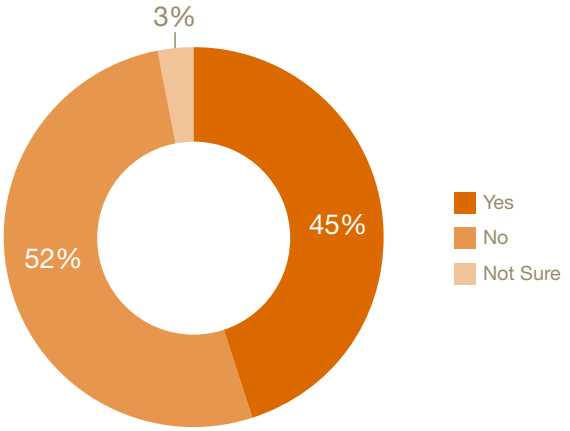
Businesses have broad needs when it comes to HR analytics—and are counting on the technology to drive performance across the enterprise. "The analytics part is crucial not only for HR, but for the whole business," says Dr. Dorothee Warnke.

Foundational analytics, advanced analytics, transactional reporting, and data governance all have significant mindshare among executives; nearly one-third say their organization will focus on all of these areas over the next year. And analytics is a prime driver of mobile adoption as well; 44% say access to predictive analytics on mobile would be useful to boosting manager productivity.

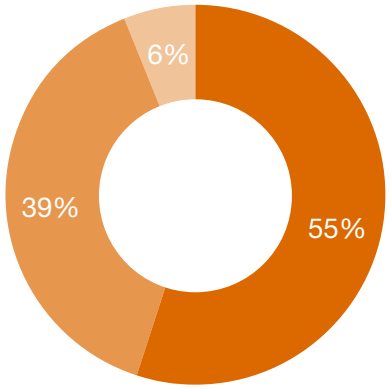
Software of this sophistication requires planning. But the strategies needed to build strong analytics platforms are not in place at most companies—just about half say they have a roadmap or Center of Excellence dedicated to supporting their needs.

Figure 9: Most have far to go to develop analytics strategies

Do you have a dedicated HR/People Analytics organization/Center of Excellence supporting and sustaining your data, reporting, and analytics needs?



Do you have a strategy and roadmap in place to drive your HR/People Analytics agenda (i.e., What is needed by whom and why, how it will be delivered and when)?



Perhaps that explains why most companies are not as satisfied as they could be with their current HR analytics capabilities: roughly one-third say they are somewhat or very satisfied, a relatively low number compared with solutions in other areas such as payroll, recruiting, and on-boarding. And there is room for improvement in HRIS reporting platforms, too, as only about half say their current software meets their end-to-end reporting and analytics needs.

Companies that take steps to develop a roadmap and a Center of Excellence while effectively working through challenges in reporting and data quality will be more likely to squeeze value from their analytics platforms around the broad range of capabilities they desire.

The rewards for those who get it right could be huge. Effective analytics platforms will allow companies to know more about their employees, and know it faster. This deeper understanding of employees across the organization could pay off in terms of increased productivity as well as reduced employee turnover and HR costs.

"We take our customer's data very seriously in terms of privacy and security and protection, and we do no less for our employees."

—Kelly Butler, vice president of global rewards and HR operations, Rackspace

Bold moves pay off

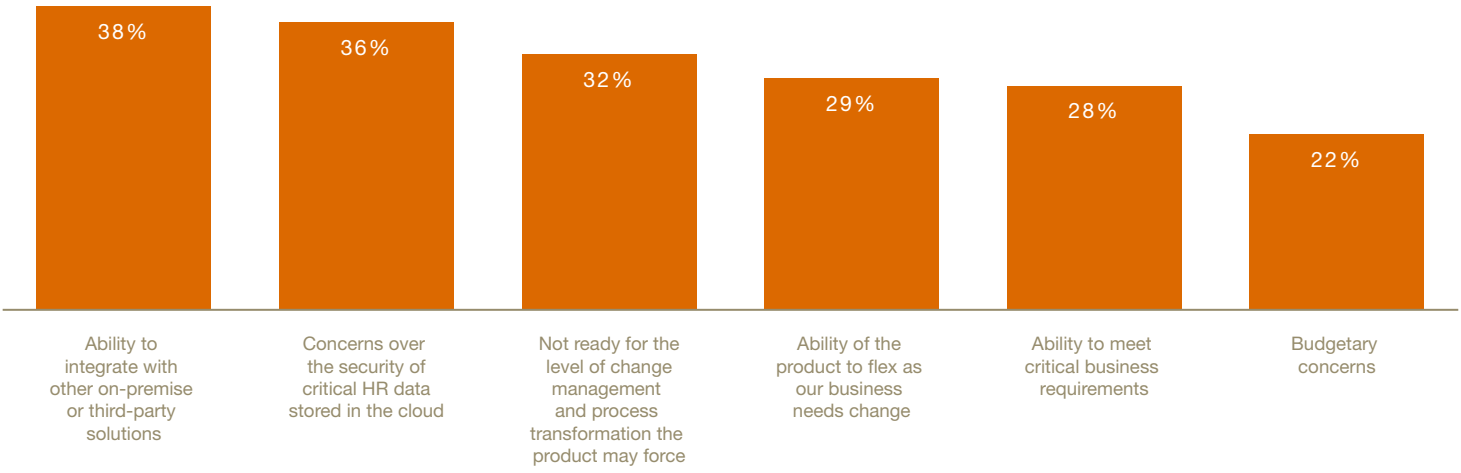
Do the challenges cloud presents mean that you should sit on the sidelines? Some organizations are. When executives with no intentions of moving core HR or payroll systems to the cloud are asked what would change their minds, the top three responses included: alleviating concerns about data security, more mature product functionality, and better ability to extend or enhance products to meet unique customer needs. Further, Figure 10 denotes the response from organizations that are considering a move to cloud, but are waiting. For them, data security is also a top worry, along with integration and concerns about readiness for process change. However, most organizations are moving boldly forward towards cloud HR and there are many positive stories that offer encouragement. "Cloud has worked well for us, we really haven't had many issues," says Apollo's Mr. Jacob. "Users are happy, and administrators in HR are happy with the adoption."

As discussed, successful HR technology transformation requires planning, proper investment to support the implementation, and firm commitment to embracing the cloud and all the change that comes with it. More and more companies are making strategic moves to the cloud for HR—and those that are doing so also tend to be ahead of their peers in other areas of technology use such as mobile and use of analytics.

As cloud capabilities for HR continue to advance, today's cloud adopters will be poised for bigger returns in the years ahead.

Figure 10: Integration, security, and process change—top cloud concerns

If you are considering moving your core HR/payroll system to the cloud but have not done so yet, what concerns do you have?



Conclusion

Implementing SaaS within the HR function requires changes to strategy and planning. To successfully navigate the challenges that come with this technological change, companies must:

1. ***Choose wisely.***
   The use of cloud technologies for HR is broad and growing, and the number of available vendors and solutions is expanding. Careful consideration must be given to factors beyond the functionality offered by vendors today—with frequent release schedules and innovations, products advertised during the selection process may be notably improved by deployment time. When selecting a vendor, understand its longer-term product strategy, the other offerings in its product portfolio that may be deployed down the road, and its release and maintenance schedule. Other factors, such as the vendor's willingness to consider and implement enhancement requests, as well as subscription fees and service level agreements, are also crucial. *Make sure you like your roommate—you may be living together for a while.*

2. ***Measure twice, cut once.***
   While some aspects of cloud implementations are less complex than on-premise deployments, SaaS deployment is not a minor business event. On average, respondents noted that their cloud products—as delivered out of the box—only met 67% of business requirements. Further, half of organizations with HR in the cloud report issues with functionality and with their organization's willingness to let go of customizations. Another 22% had budget or timeline overruns. To combat these issues, create a detailed implementation plan, set appropriate expectations within the organization (e.g., "gut check" your appetite for policy and process change), and establish a solid governance model for decision making before deployment. Organizational readiness for the high level of transformation required will go a long way to increasing the odds of a successful implementation and benefits realization.

3. ***You still need IT.***
   While a primary motivator for migration to the cloud is reduced dependency on IT, companies must not make the mistake of thinking that IT skills are no longer necessary. While cloud removes the need for IT around customization development and environment maintenance, IT does play a key role in integrating cloud solutions with other internal and third-party systems, converting data to the cloud application, managing vendor relationships (especially if the HRIS vendor is also used for other non-HR functions within the organization), and providing ongoing system maintenance and support. The partnership between HR and IT departments is crucial to successfully plan and execute the HR technology roadmap.

4. ***Go big on mobile.***
   Mobile applications and devices have changed the way work gets done, and managers and employees alike demand cloud platforms and mobile functionality. Leaders must push their organizations to be more bold and ambitious in mobile deployment. When deploying HR applications to employees and managers in the field, companies should adopt a "why not mobile?" mantra that encourages the constant expansion of tools and functionality.

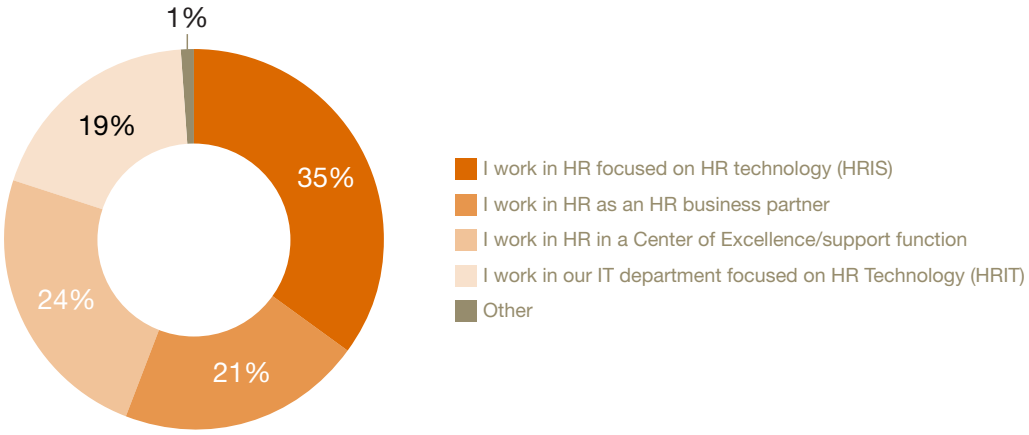
5. ***Prioritize Analytics.***
   HR Analytics, whether basic or advanced (e.g., predictive), is a top priority among companies in our survey—yet 39% do not have an associated strategy, and over half do not have a dedicated group taking ownership for delivering this capability. Companies must ramp up investments and develop rigorous processes around analytics. If executed correctly, the insights provided to employees, managers, and top leadership will pay dividends well beyond the investment.

About the research

PwC worked with Oxford Economics to survey executives from more than 650 companies about their organization's use of HR technology as part of an ongoing annual research program.

Figure 11: Respondents by function

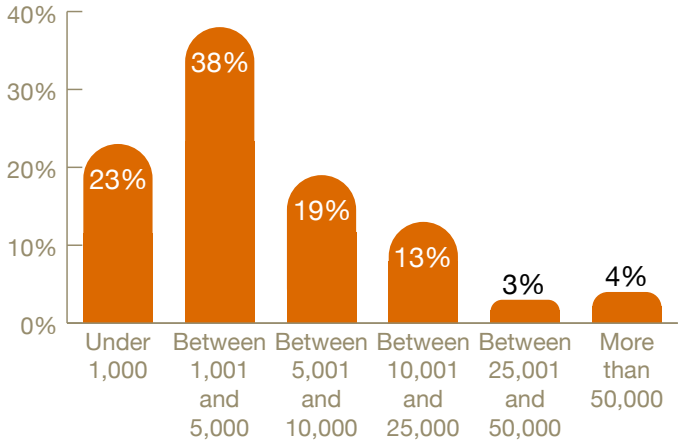
What is your role in HR or your connection to HR technology at your organization?



Respondents represent a range of company sizes with more than $500 million in annual revenue; a majority of respondents have more than 1,000 employees. Industries represented include, but are not limited to, Industrial Products (28%), Financial Services (19%), Healthcare (13%), Retail and Consumer (10%), and Power and Utilities (9%). These mostly international companies are headquartered in countries around the world.

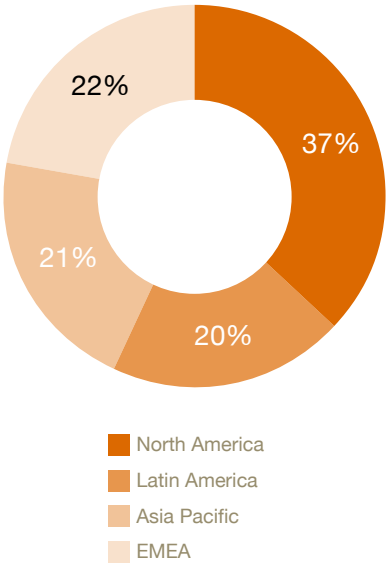
Figure 12: Respondents by company size and location

What is your company's total employee headcount?



The average organization in the survey had 8,159 employees.

In what region is your organization headquartered?



For a deeper dive

For the full survey report, further content, additional contacts and the ability to drill down/filter survey data by region, company size and industry, please visit pwc.com/hrtechsurvey.

The full set of survey questions include:

- What is your role in HR or your connection to HR technology at your organization?
- What is your company's total employee headcount?
- What is your organization's annual revenue in USD for the most recently completed fiscal year?
- Do you have employees based in more than one country?
- In what country is your organization headquartered?
- What is your industry?
- Select the various ways in which you or your employees/managers currently use mobile technology applications for HR processes.
- In your opinion, what transactions or functionality would be most beneficial to deploy on mobile to boosting the productivity of managers across your organization?
- When you think about the number of different software vendors that are included in your current HR technology portfolio, how do you see that changing in the future?
- If you are planning to consolidate the number of software vendors in your HR technology portfolio, what are the motivating factors?
- Over the next 12–24 months, what are your top priorities for implementation or upgrade?
- Do you have any HR-related processes in the cloud using Software as a Service (SaaS)?
- In general, what were your primary motivators for deploying cloud Software as a Service (SaaS) for your HR-related processes?
- When considering the HR processes that your organization has moved to the cloud, what were your biggest challenges during the implementation?
- How satisfied are you with your cloud product(s') ability (in aggregate) to meet your business needs?

- On average, for the HR processes you have in the cloud, what percent (0–100%) of your functional requirements have been met through the software product(s) as delivered?
- How satisfied are you with the support offered by your cloud software vendor(s)?
- How would you describe your cloud vendor's version update/release process?
- Is the patching maintenance schedule (e.g., typically weekly or monthly) for your cloud solutions disruptive to your operations?
- If you are considering moving your core HR/payroll system to the cloud but have not done so yet, what concerns do you have?
- If you have no intentions of moving your core HR/payroll system to the cloud, what would change your mind?
- For each application area (e.g., HR, Benefits, Payroll, etc.), we asked:
  - How is your solution currently deployed?
  - What are your plans over the next in 1 to 3 years?
  - Please provide your current product/provider
  - What release number are you on?
  - How satisfied are you with your current solution?
  - Describe your implementation?
- When you consider HR/People Analytics in your organization, what is your primary focus for the next 12 months?
- Do you have a strategy and roadmap in place to drive your HR/People Analytics agenda (i.e., what is needed by whom and why, how it will be delivered and when)?
- Do you have a dedicated HR/People Analytics organization/Center of Excellence supporting and sustaining your data, reporting, and analytics needs?
- Does your current Human Resource Information System (HRIS) platform provide for your end-to-end reporting and analytics needs?
- What are some of the common challenges you face with your HR analytics efforts?
- Do you have a need for external HR analytics benchmarks for your industry or peer group?

Contacts

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1 PwC's NextGen: A global generational study 2013

2 PwC, 2015 Global Digital IQ® Survey

3 Ibid

4 PwC, 2015 Annual US CEO Survey

5 PwC, 2015 Global Digital IQ® Survey

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PwC HR Technology Survey detailed report

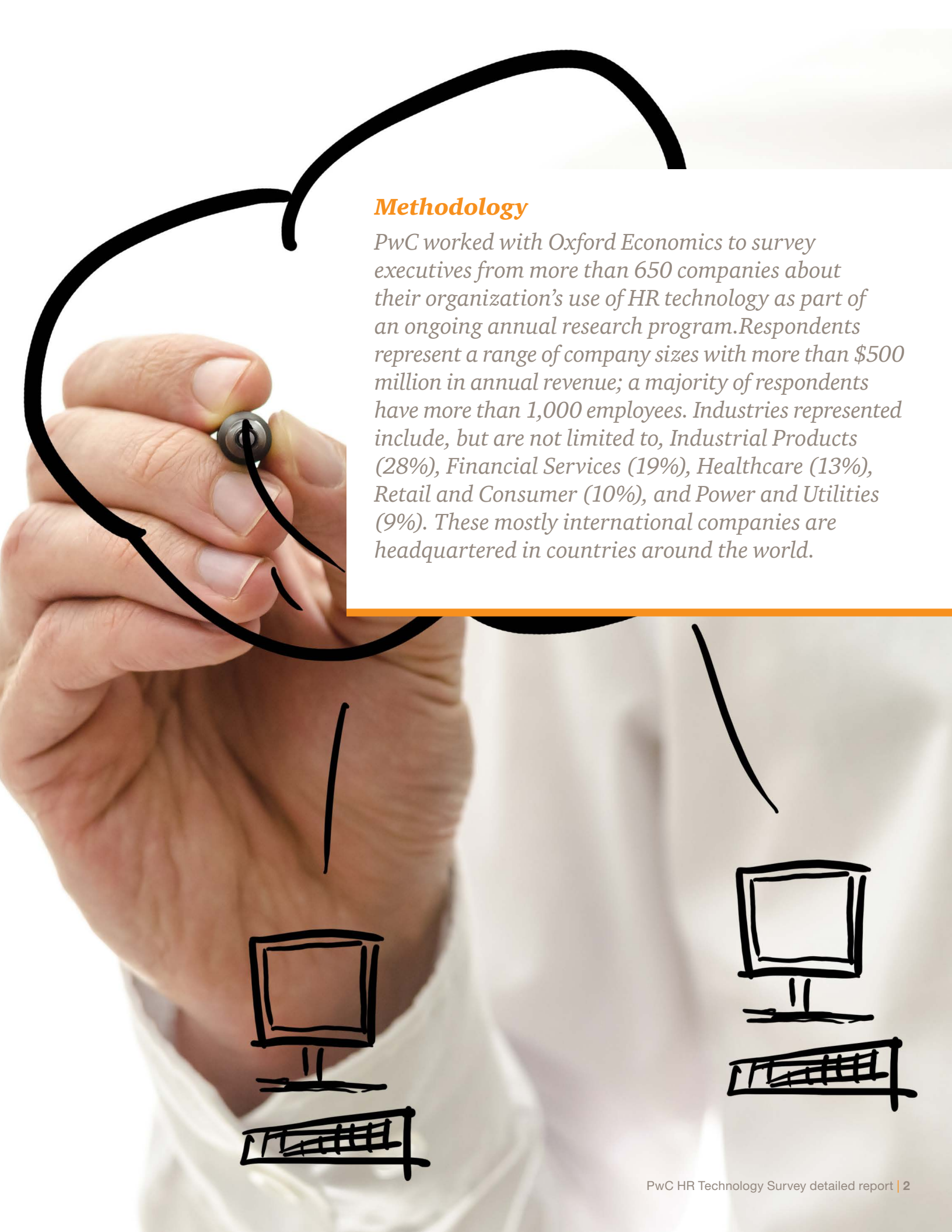
Innovating for tomorrow's workforce



Moving HR applications to the cloud

2016

pwc



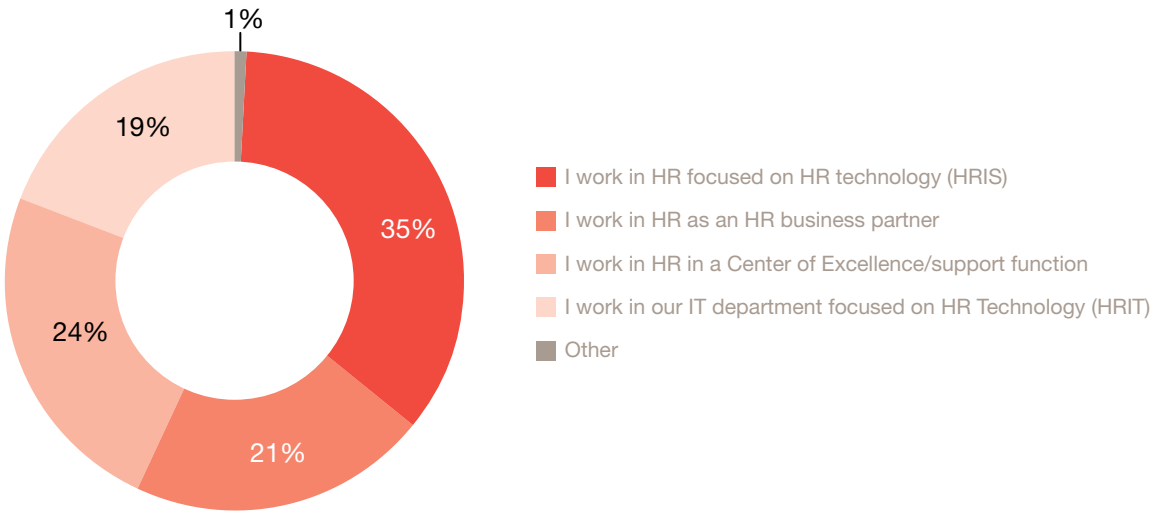
Methodology

PwC worked with Oxford Economics to survey executives from more than 650 companies about their organization's use of HR technology as part of an ongoing annual research program.Respondents represent a range of company sizes with more than $500 million in annual revenue; a majority of respondents have more than 1,000 employees. Industries represented include, but are not limited to, Industrial Products (28%), Financial Services (19%), Healthcare (13%), Retail and Consumer (10%), and Power and Utilities (9%). These mostly international companies are headquartered in countries around the world.

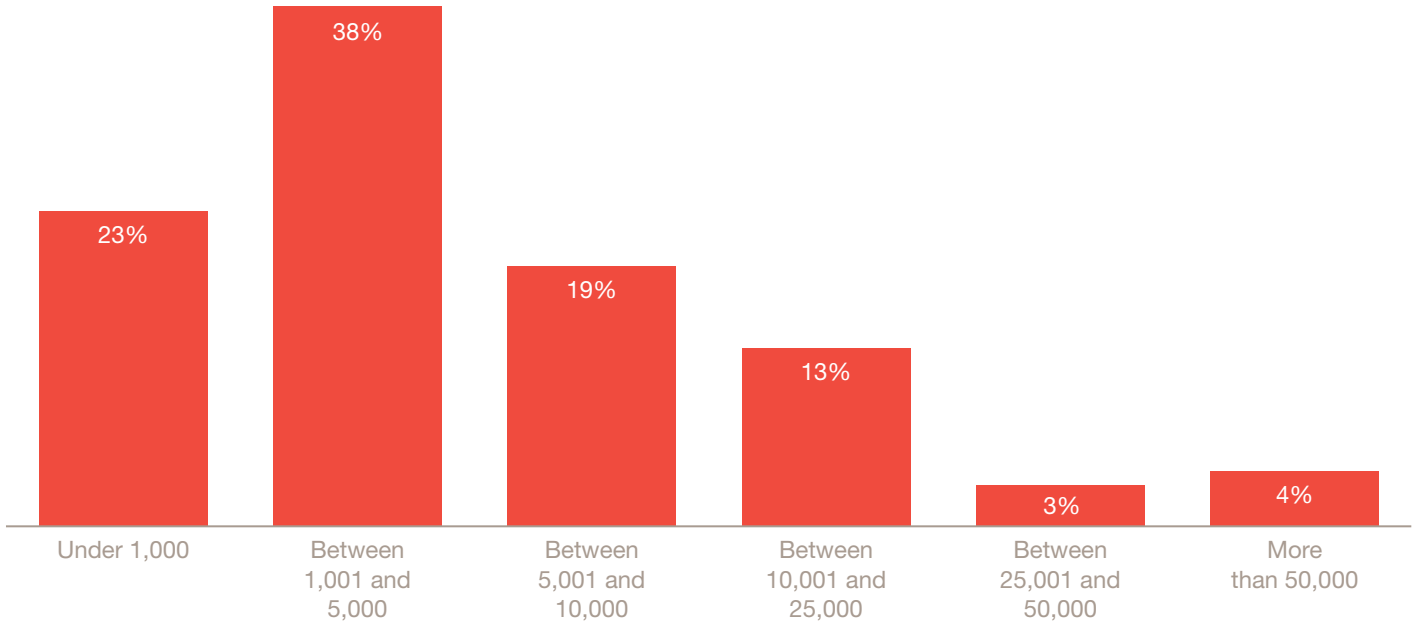
Q1. Respondent information

Name, title and company.

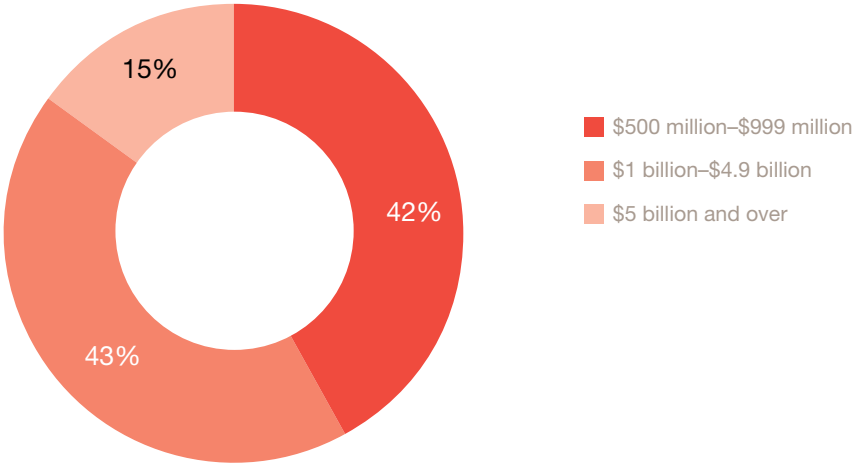
Q2. What is your role in HR or your connection to HR technology at your organization?



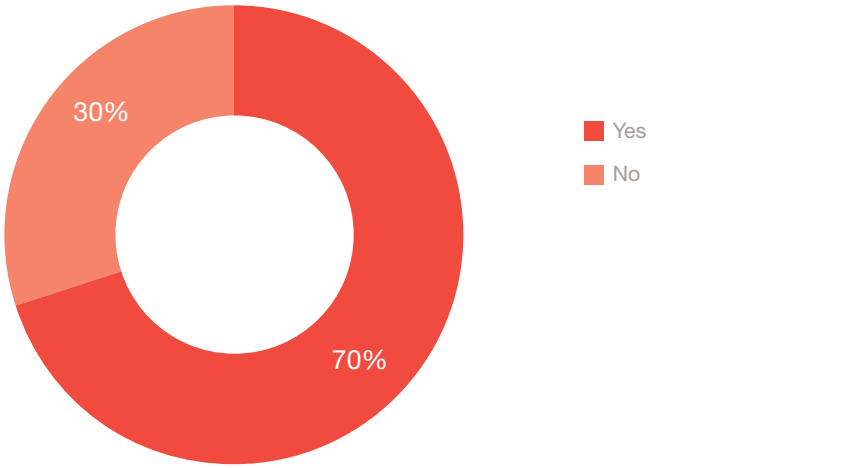
Q3. What is your company's total employee headcount?



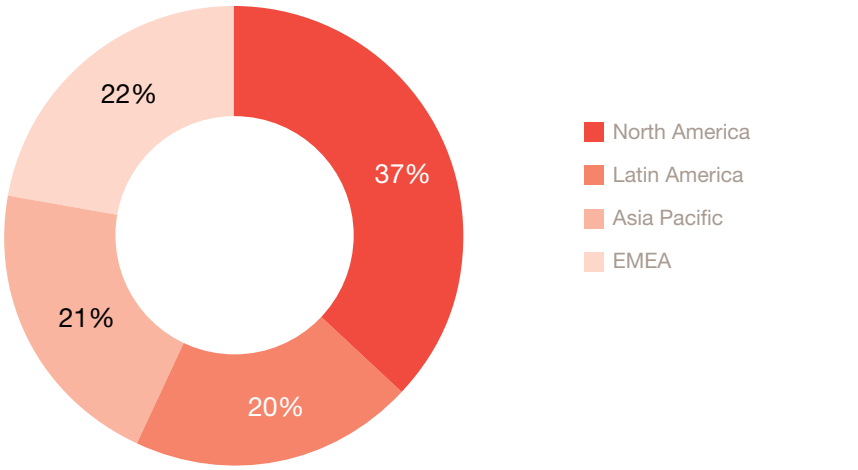
Q4. What is your organization's annual revenue in USD for the most recently completed fiscal year?



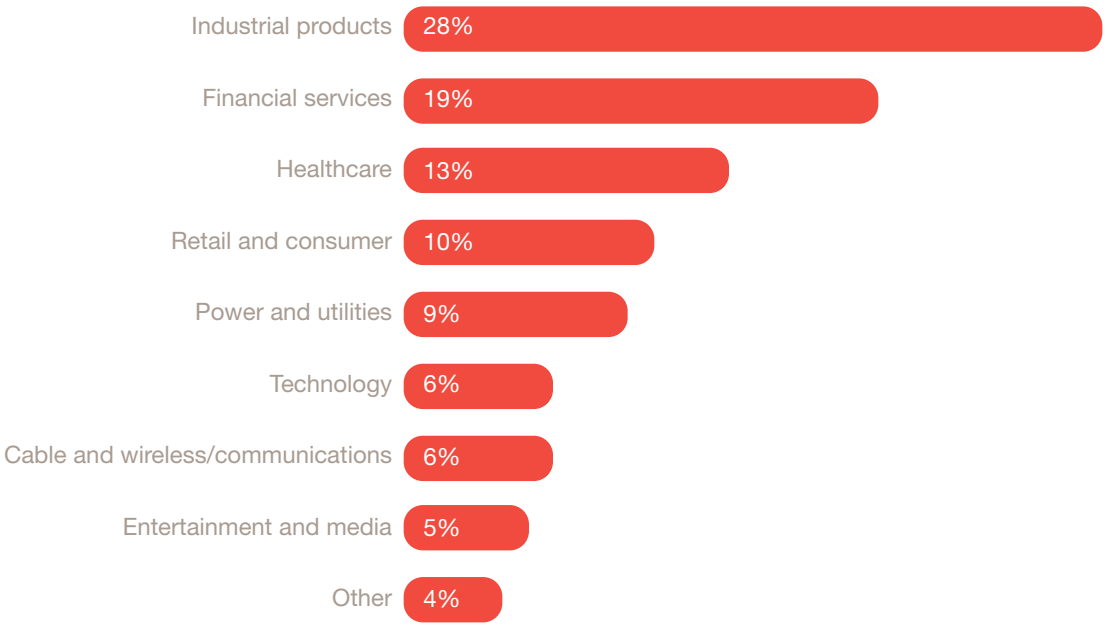
Q5. Do you have employees based in more than one country?

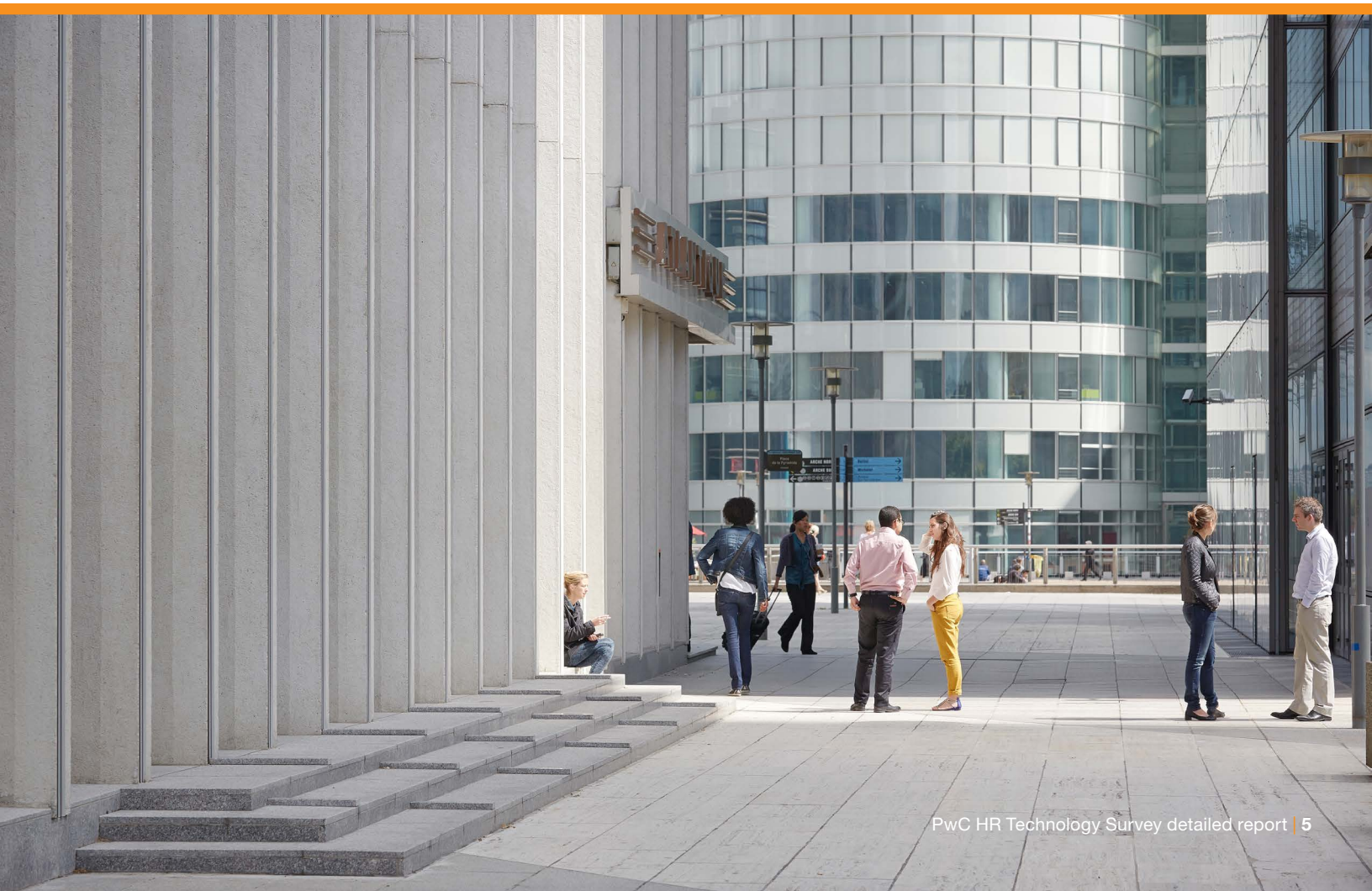


Q6. In what region is your organization headquartered?



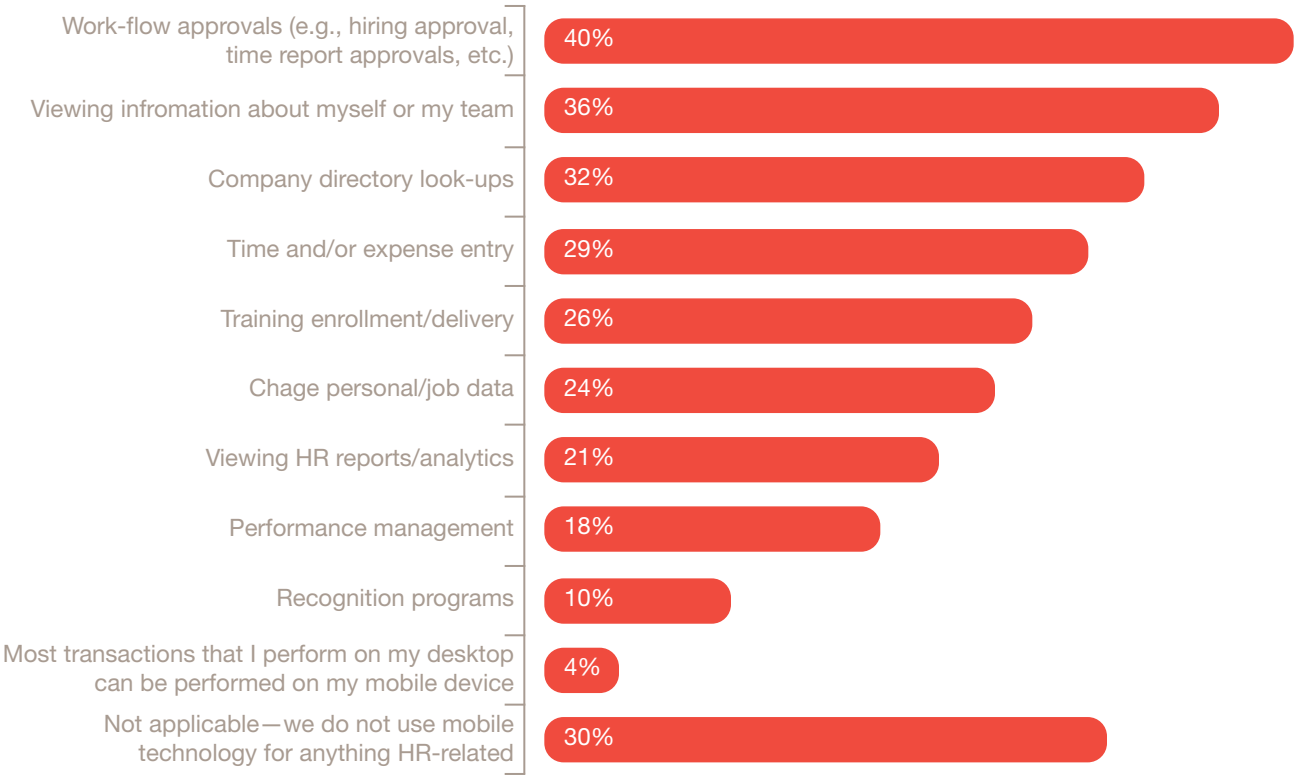
Q7. Please select your industry





Q8. Select the various ways in which you or your employees/managers currently use mobile technology applications for HR processes. Select all that apply.

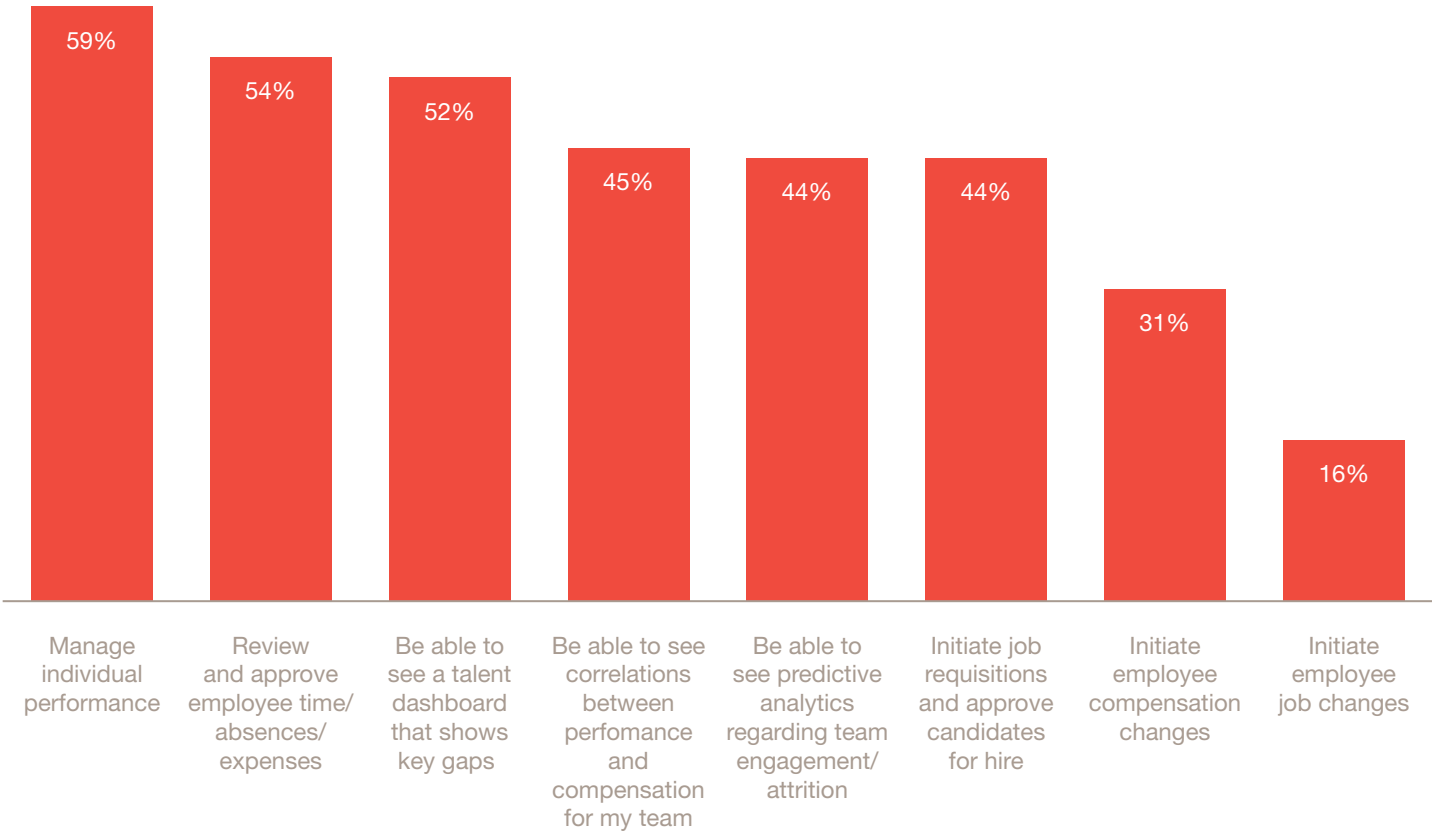
When we compared the overall survey answers against the subset of those respondents that have their core HR in the cloud (via SaaS), we found that organizations with SaaS core HR are 23% more likely to leverage mobile technologies.



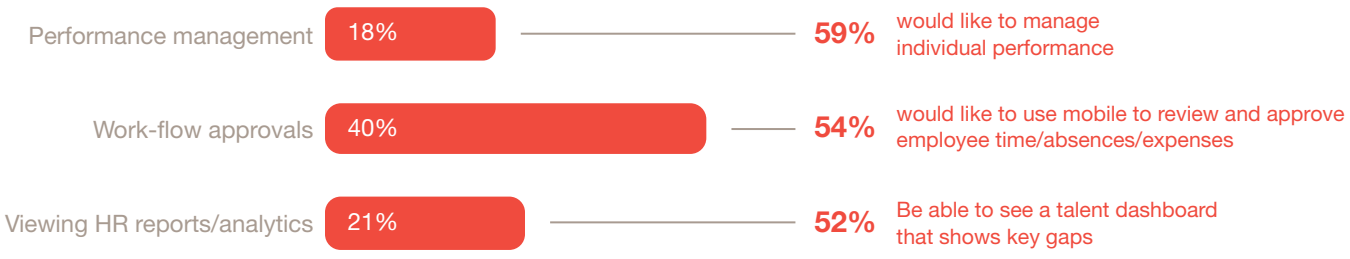
The use of mobile devices for managing HR processes is increasing rapidly. Two years ago, only 30% of respondents used mobile for HR. That number has risen to 70% this year.

Q9. In your opinion, what transactions or functionality would be most beneficial to deploy on mobile to boost the productivity of managers across your organization? Select up to 5.

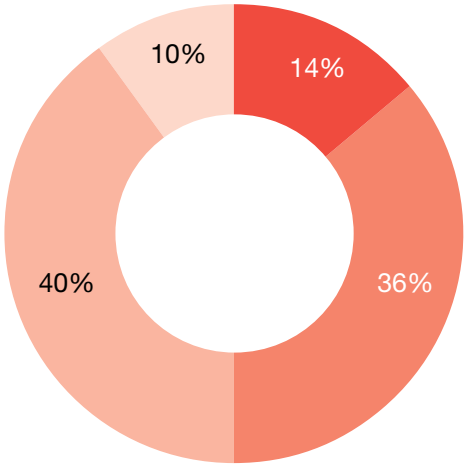
Companies are looking to deploy mobile capabilities to boost employee productivity. HR in the cloud is serving as the enabler of that strategy given the enhanced user interface and shorter path to deployment.



As you can tell from the prior to charts, there are still large gaps between what has been deployed (red bar on the left) and what is desired (percentage on the right).

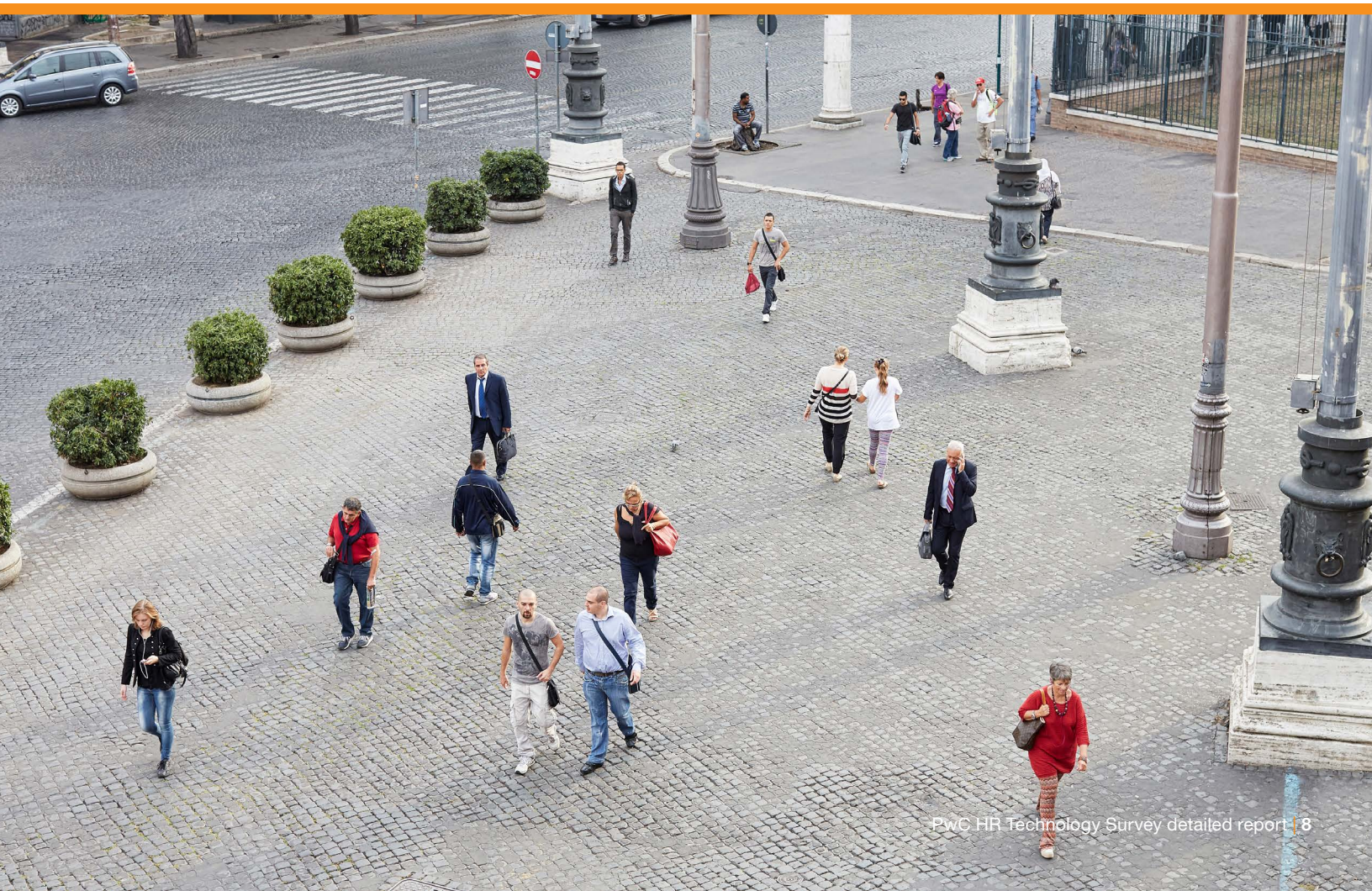


Q10. When you think about the number of different software vendors that are included in your current HR technology portfolio, how do you see that changing in the future?



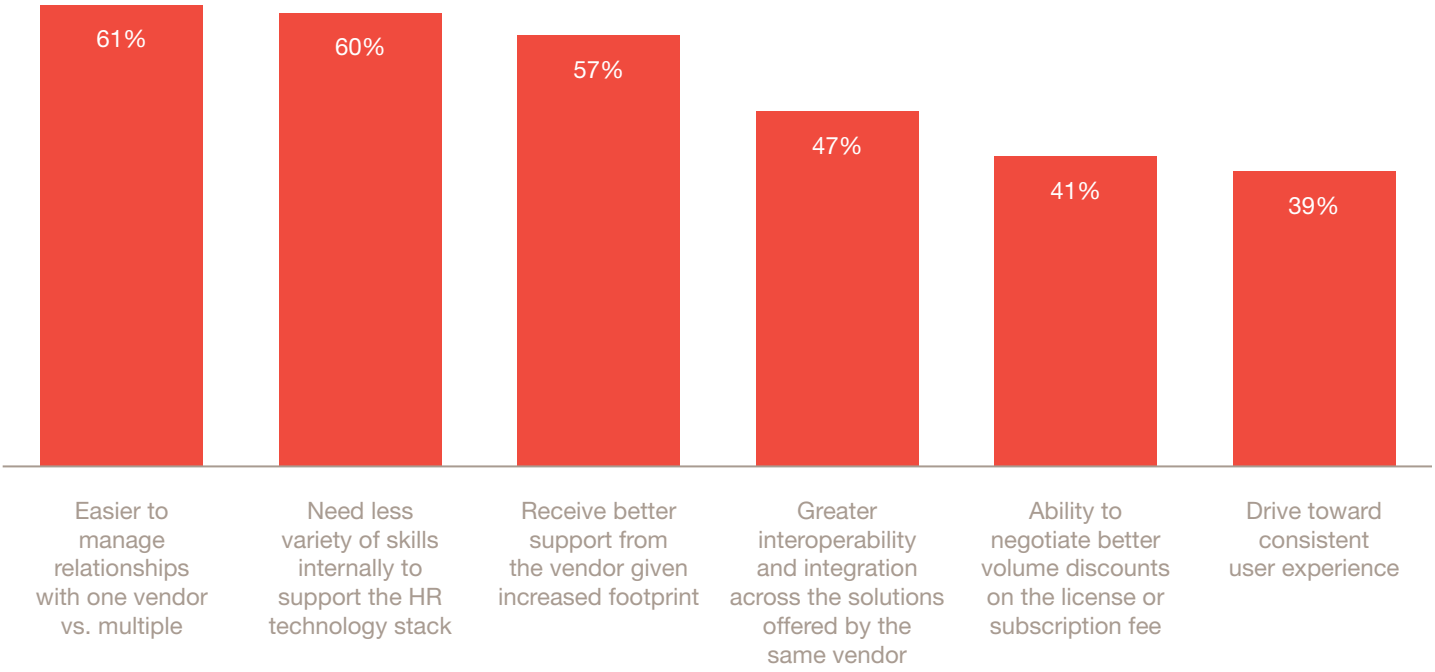
- We plan to use even more software vendors (e.g., we anticipate needing to integrate between even more HR software vendors)
- No change, we plan to have about the same number of software vendors
- We plan on using fewer software vendors (e.g., consolidating our portfolio)
- Unknown

We continue to see vendor consolidation in the HR technology market. These numbers are consistent with last year, where 39% planned to use fewer software vendors to deliver HR services.



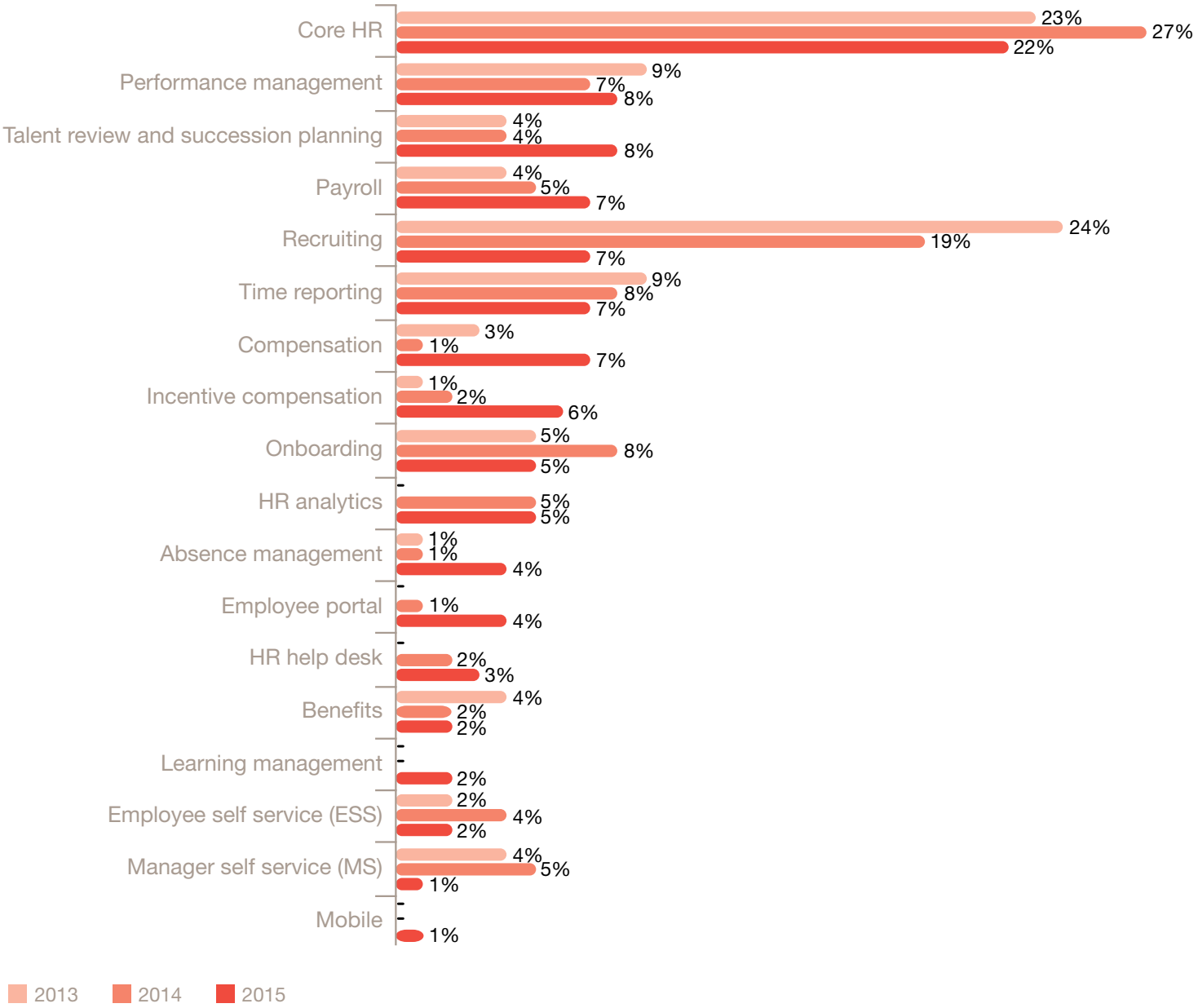
Q11. If you are planning to consolidate the number of software vendors in your HR technology portfolio, what are the motivating factors? Select all that apply. Base= 261 respondents

Companies are looking to minimize the complexity of vendor management, limit the variety of skills required internally to support and are looking to receive better support through HRIS vendor consolidation. Surprisingly, driving for a consistent user experience was not in the top five. This may imply that, as long as the UI is a good experience, it does not need to be the exact same experience.



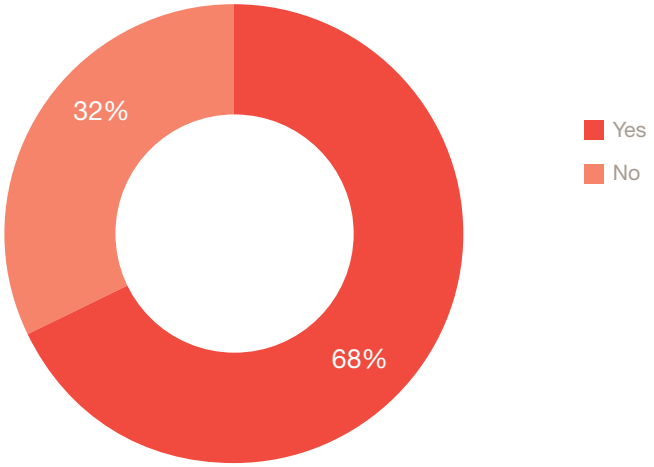
Q12. Over the next 12–24 months, what are your top priorities for implementation or upgrade?

Core HR and Talent related processes seems to be top priority for most of the companies which has been a consistent theme for the last 3 years. Addressing the Core HRMS solution continues to dominate the list of priorities as organizations address this foundational process area—mostly migrating it to the cloud.



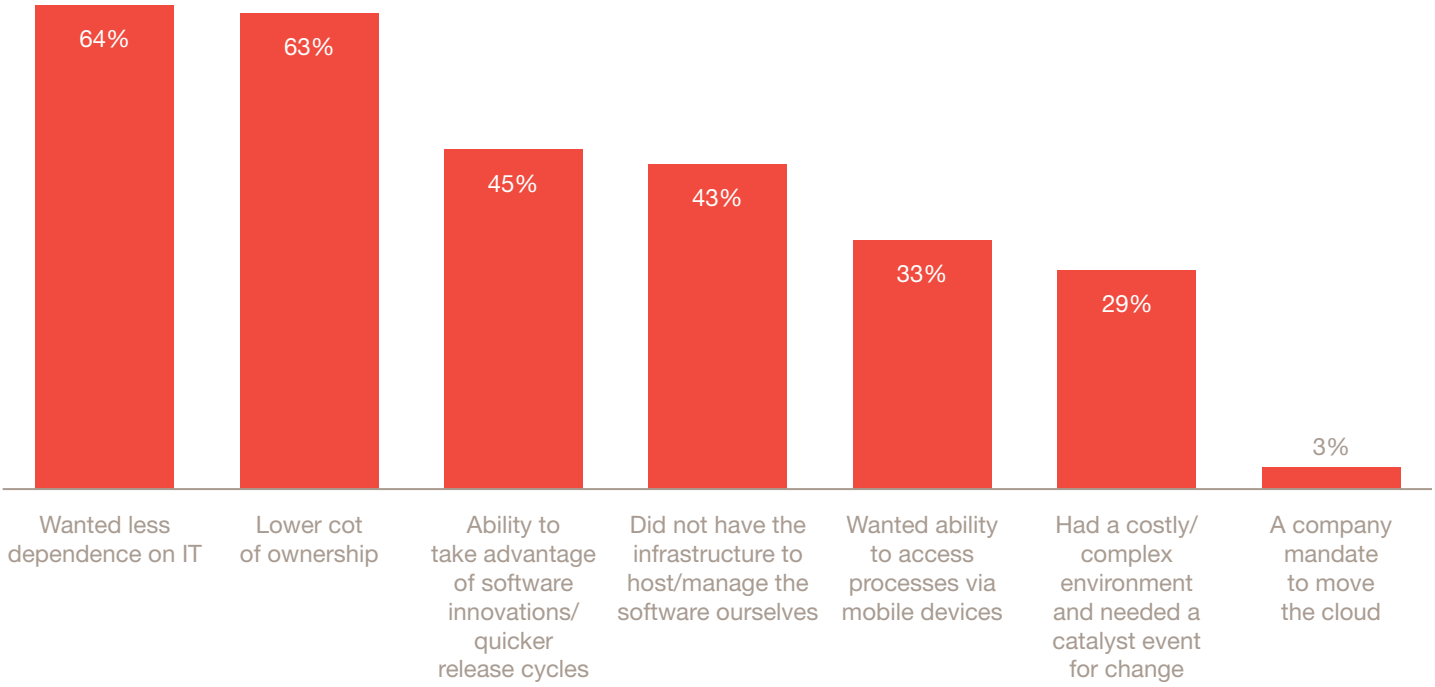
Q13. Do you have any HR-related processes in the cloud using Software as a Service (SaaS)?

Based on survey results, two out of three companies have at least one process in the cloud. Two years ago, the number was 55%.



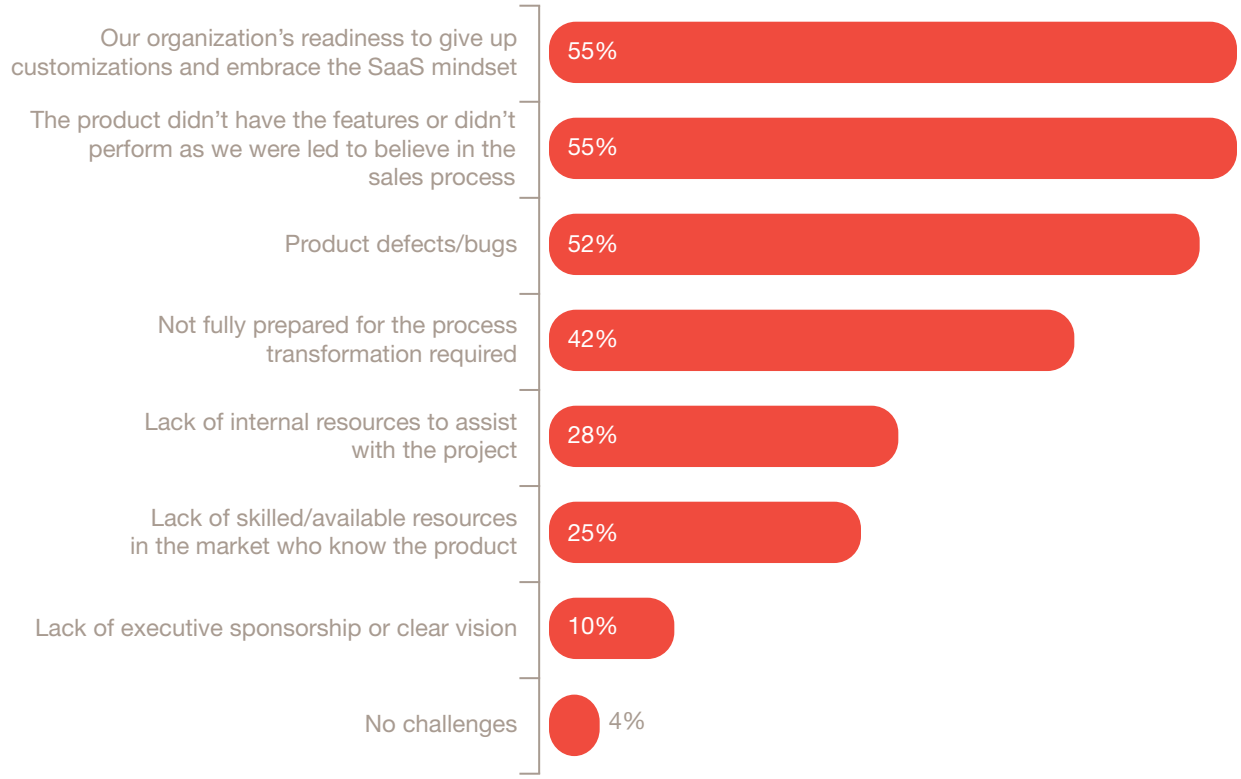
Q14. In general, what were your primary motivators for deploying cloud Software as a Service (SaaS) for your HR-related processes? Select all that apply.

Companies see cloud as a way to lower their dependence on an IT function that already has a full plate. They also see it as a way to lower their cost of ownership. The third motivator globally (at 45%), and the first priority in the US, was to stay ahead of internal customer demand by taking advantage of more frequent software innovations.



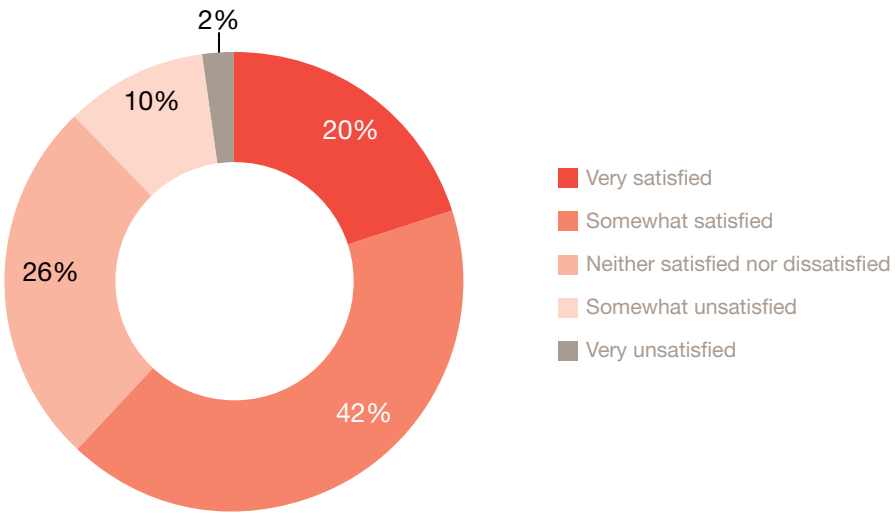
Q15. When considering the HR processes that your organization has moved to the cloud, what were your biggest challenges during the implementation? Select all that apply.

More than half of the respondents say their ability to give up customizations and product functionality were the top challenges. Investing time upfront in product evaluation and project planning (e.g., change readiness) will minimize surprises during the implementation.



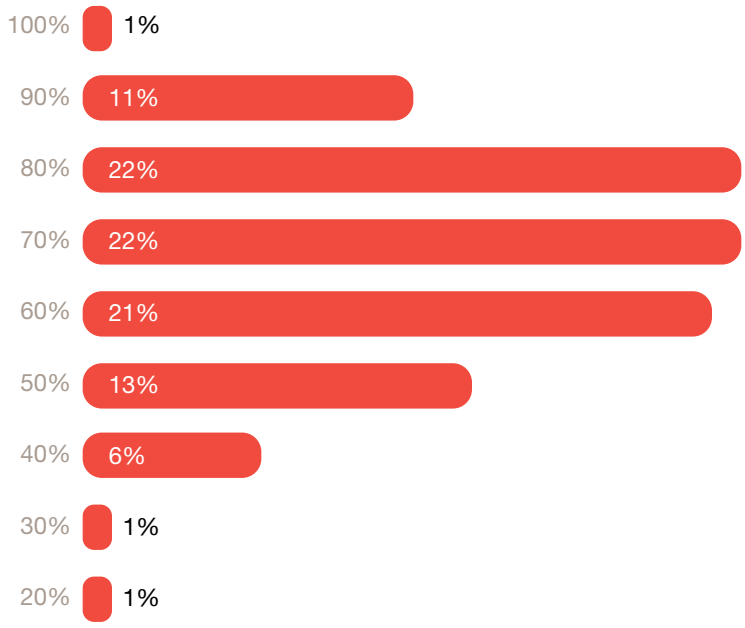
Q16. How satisfied are you with your cloud product(s') ability (in aggregate) to meet your business needs?

To a large extent, customers are satisfied with the cloud technology and we expect to see the satisfaction level continue to grow as products further mature and new features are released. Understanding the vendor's product roadmap is important when selecting the solution.



Q17. On average, for the HR processes you have in the cloud, what percent (0%–100%) of your functional requirements have been met through the software product(s) as delivered?

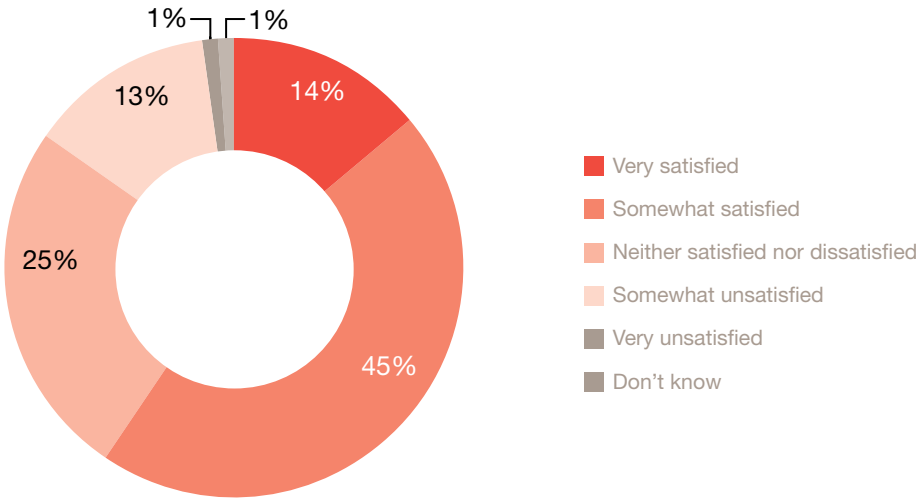
Obviously, the sophistication and amount of special exceptions associated with an organization's requirements will drive these initial fit scores. However, it's important to ensure all critical (or inflexible) requirements are met rather than focus on every single requirement. Critical requirements need to be evaluated against the product before embarking on a full scale implementation or signing up for the software subscription. Also, don't be shy about working with your software vendor on future release enhancement requests that may satisfy key needs. Lastly, Platform as a Service ("PaaS") can be an answer for unique requirements as well if current processes cannot be changed.



On average, only 67% of business requirements are met out of the box. For the remaining 32%, creative configuration and/or policy/process change is required.

Q18. How satisfied are you with the support offered by your cloud software vendor(s)?

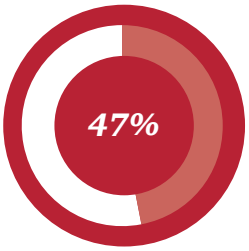
Moving to the cloud is an adjustment, especially for organizations that have grown accustomed to internal HRIS / HRIT departments that can focus on any or every unique request that management deems critical. With cloud, you are now in a shared community with many, many others. And while there are benefits to consuming HR technology in this manner, "having it your way, everyday" is not one of them.



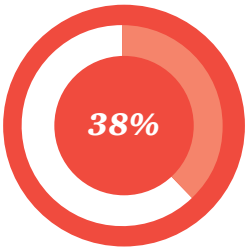
Last year, 20% of respondents said they were "very satisfied." That number is down 6% this year to 14%.

Q19. How would you describe your cloud vendor's version update/release process? Rate your agreement on a scale of 1–5. "Agree" and "Strongly agree" responses

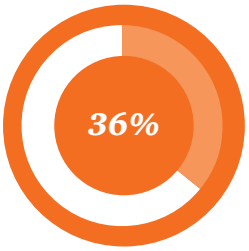
Nearly half of the respondents agree that vendor communication of new releases is adequate. However, sometimes, the existing functionality does get impacted by changes. Hence, it's important that customers establish a repeatable testing/validation process to ensure that the new features do not break existing processes as was the case with over one third of the survey respondents.



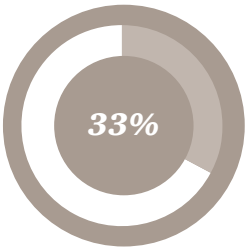
Vendor communicates upcoming new features and functionality ahead of time.



New features are easy to implement, do not require additional staff to implement.



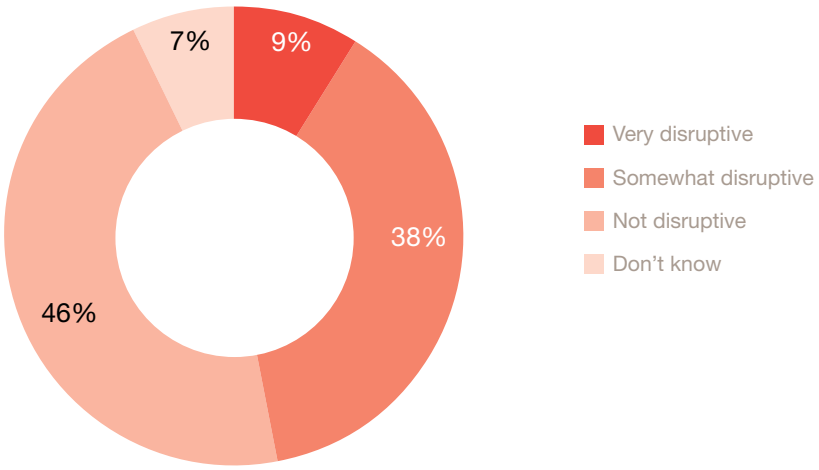
Typically, the new features break existing functionality/ processes.



The frequency with which new features are released is adequate.

Q20. Is the patching maintenance schedule for your cloud solutions disruptive to your operations?

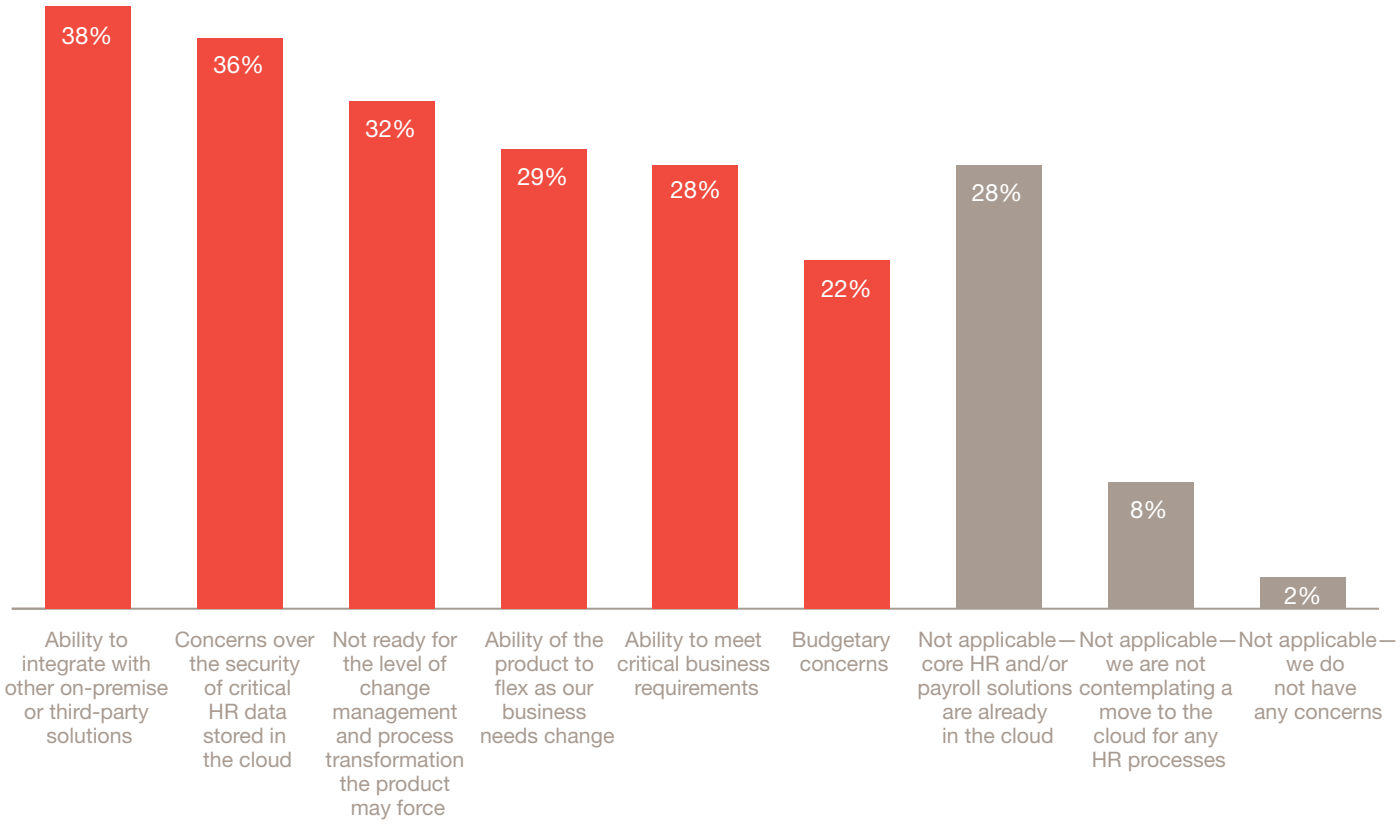
Moving any new technology or release into production is going to require some degree of extra effort and, thus, can be disruptive. However, most—46%—felt the patching and maintenance schedule was not a problem. Still, it is important to understand your vendor's maintenance schedule early on and to plan your business and maintenance operations accordingly so that you avoid disruptions.





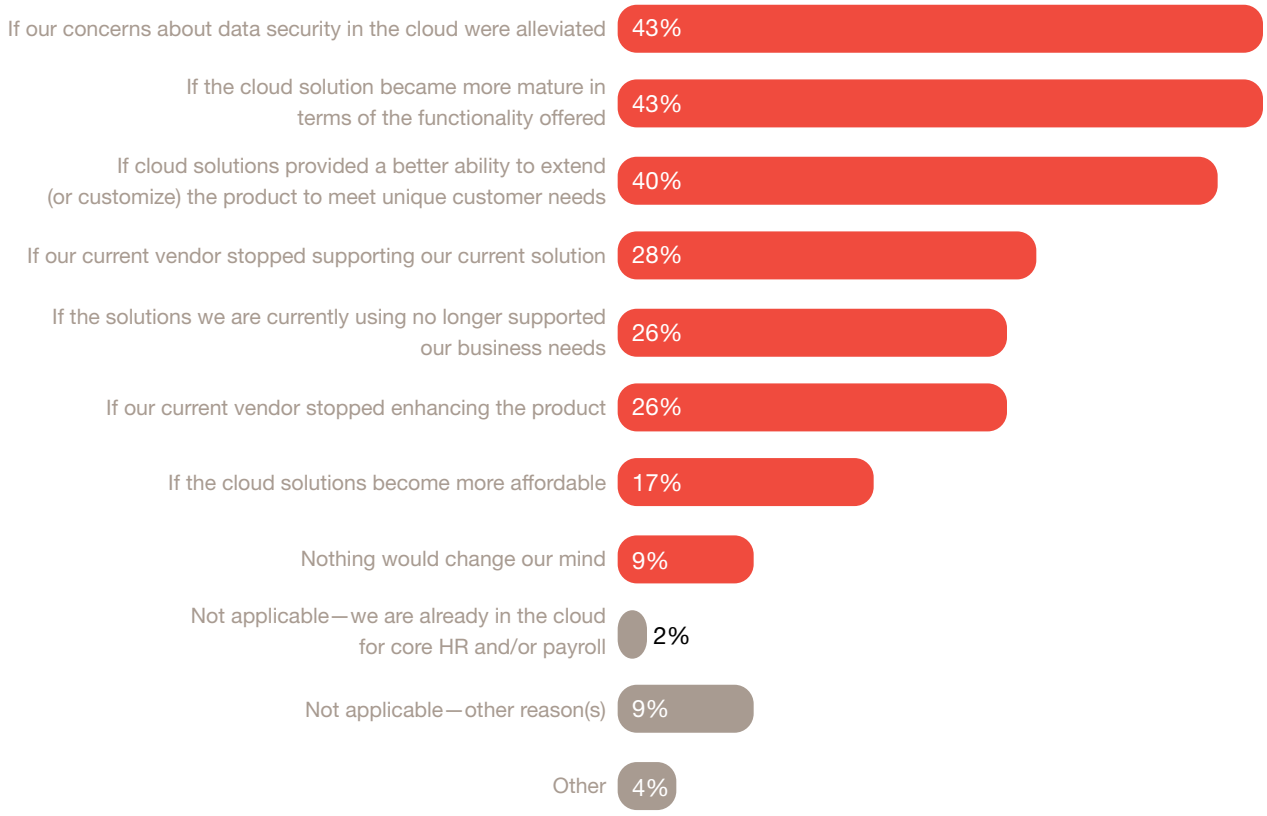
Q21. If you are considering moving your core HR/payroll system to the cloud but have not done so yet, what concerns do you have? Select all that apply.

Ability to integrate on-premise solutions and security are the top concerns that are slowing the move to cloud, particularly, for some of the smaller organization with limited IT resources. The level of process change required is another large concern, keeping some organizations on the sidelines.

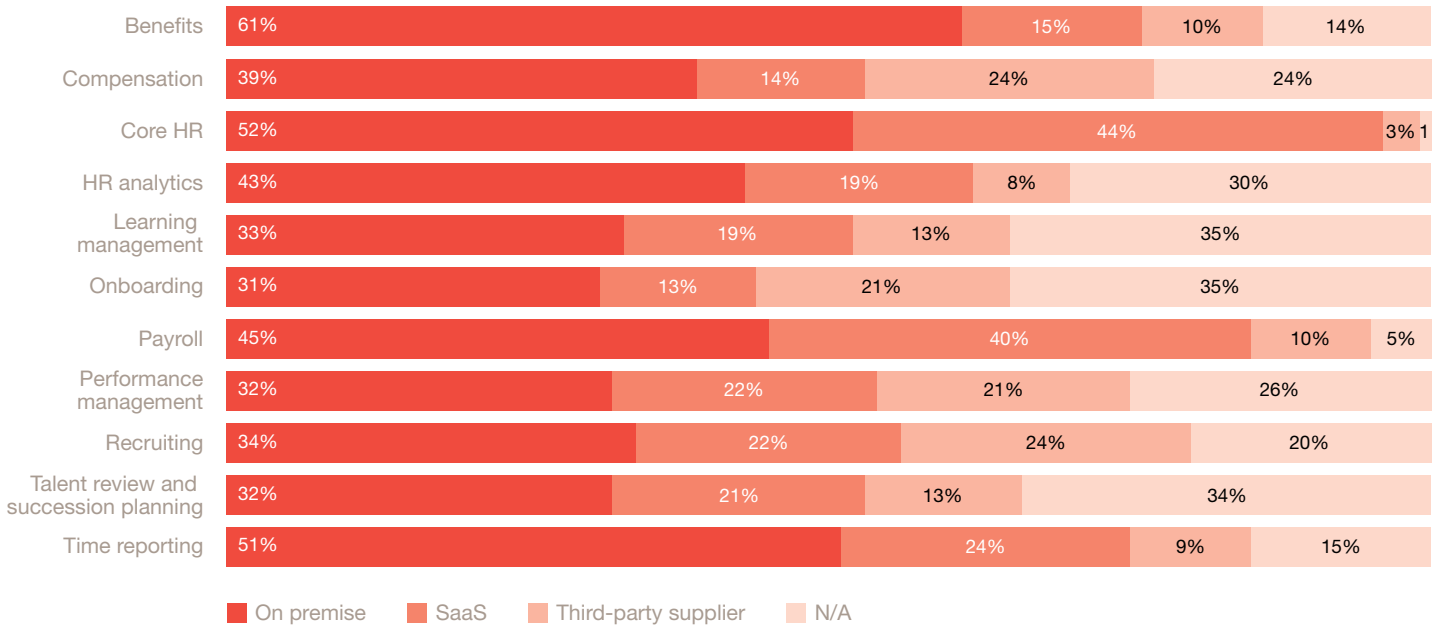


Q22. If you have no intentions of moving your core HR/payroll system to the cloud, what would change your mind? Select all that apply.

Security and maturity of products are the top two justifications cited by the 53 respondents who had no intentions of moving their HR technology to the cloud. The ability to extend the functionality to meet unique requirements was another big concern. We expect these fears to be eased as cloud vendors continue to make heavy investments in their solutions, data centers and PaaS offerings.



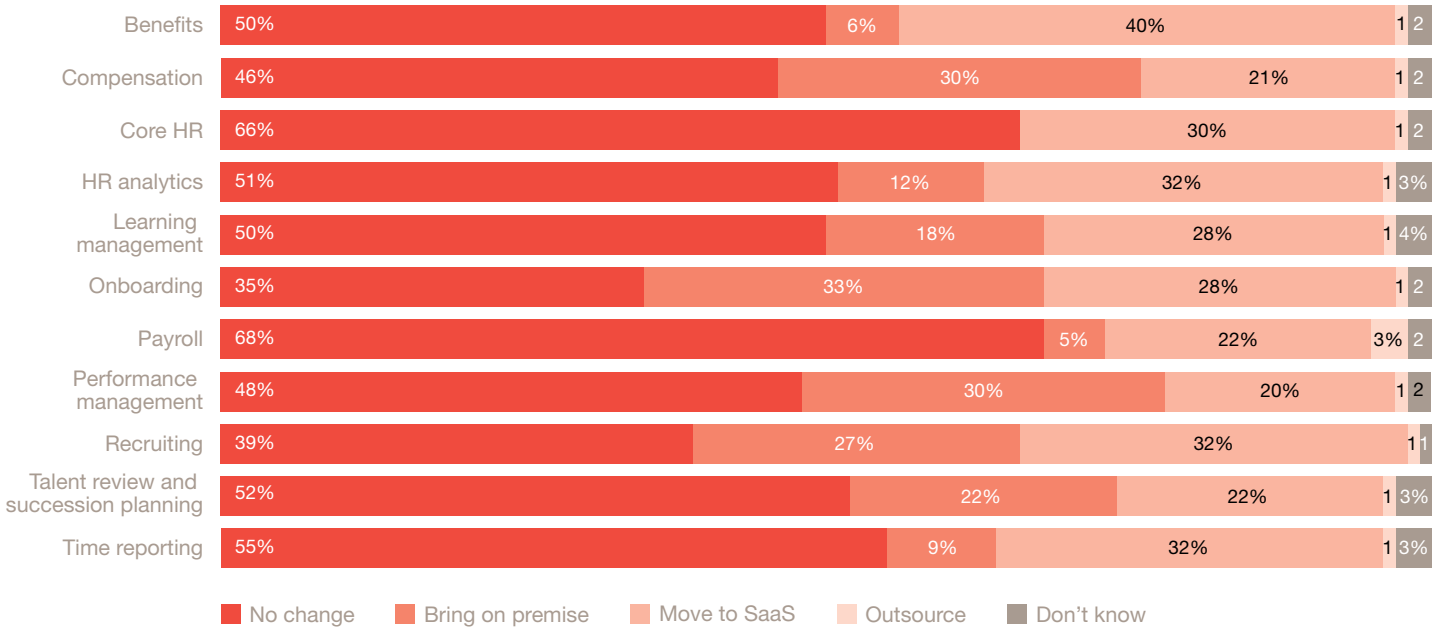
Q23. How is your solution currently deployed?



We continue to see erosion of the on-premise population in favor of more cloud solution deployments.



Q24. What are your plans in 1–3 years?



Q25. Please choose your current product/provider.

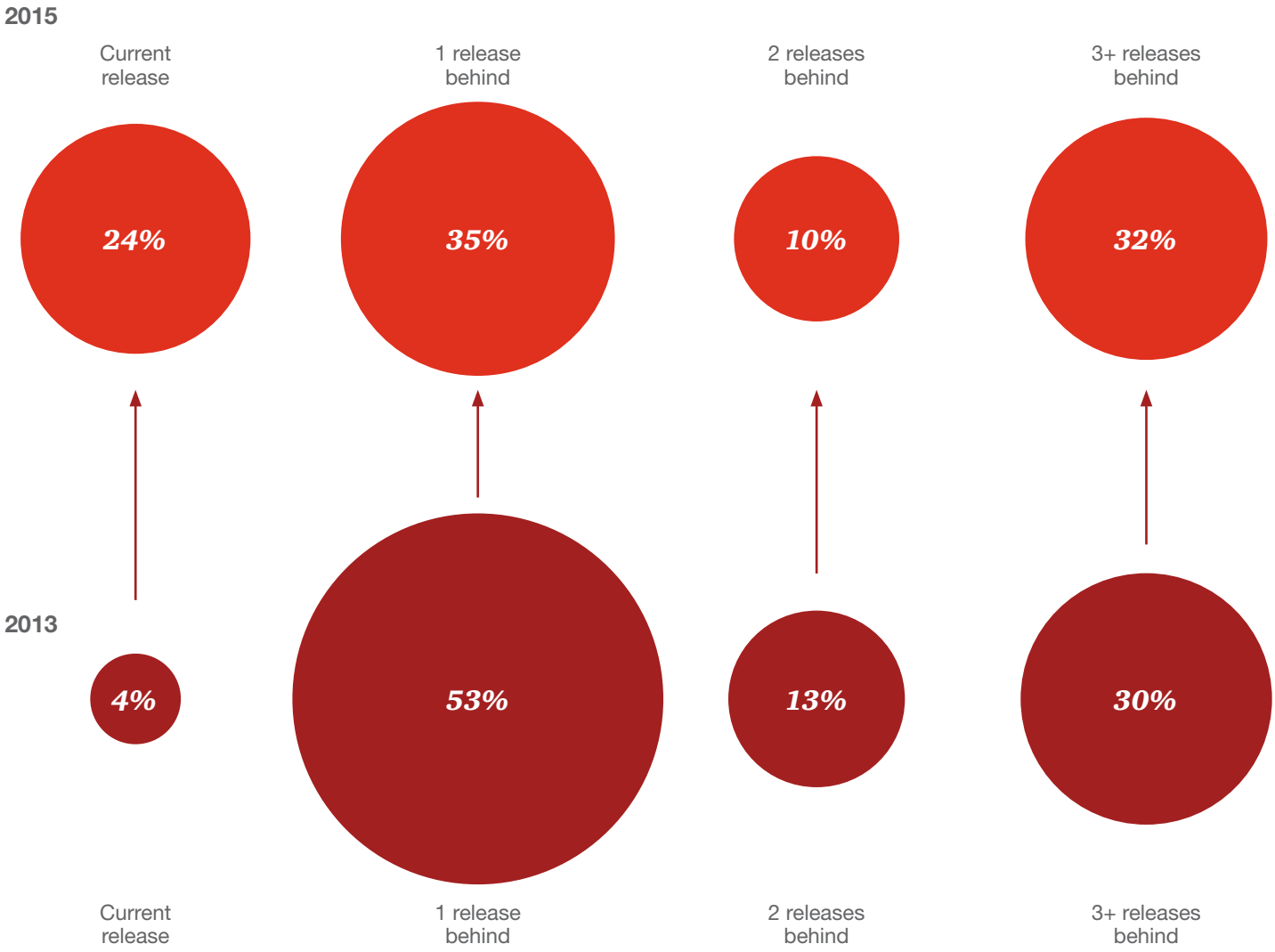
Top ten most commonly used vendors are shown below

	Core HR	Benefits	Time Reporting	Payroll	Recruiting	Onboarding	Compensation	Performance Management	Talent Review & Succession Planning	Learning Management	HR Analytics
Oracle: PeopleSoft	141	95	59	85	28	29	56	39	24	21	34
No vendor, internally developed solution	7	24	47	21	34	62	41	42	45	47	45
Oracle: e-Business Suite (EBS)	55	52	30	44	32	19	44	35	26	28	22
Oracle: cloud	8	2	5	6	119	67	43	53	35	25	23
ADP	41	41	35	159	22	12	25	7	6	3	5
Manual, no technology used	2	16	27	11	46	44	30	44	41	43	49
SAP: SuccessFactors	25	15	15	12	24	16	45	70	51	28	16
SAP: R/3 or ECC	61	44	30	30	15	13	22	22	21	26	29
Workday	39	27	29	29	5	12	33	25	18	8	26
Kronos	2	5	118	10	15	7	3	5	6	5	2

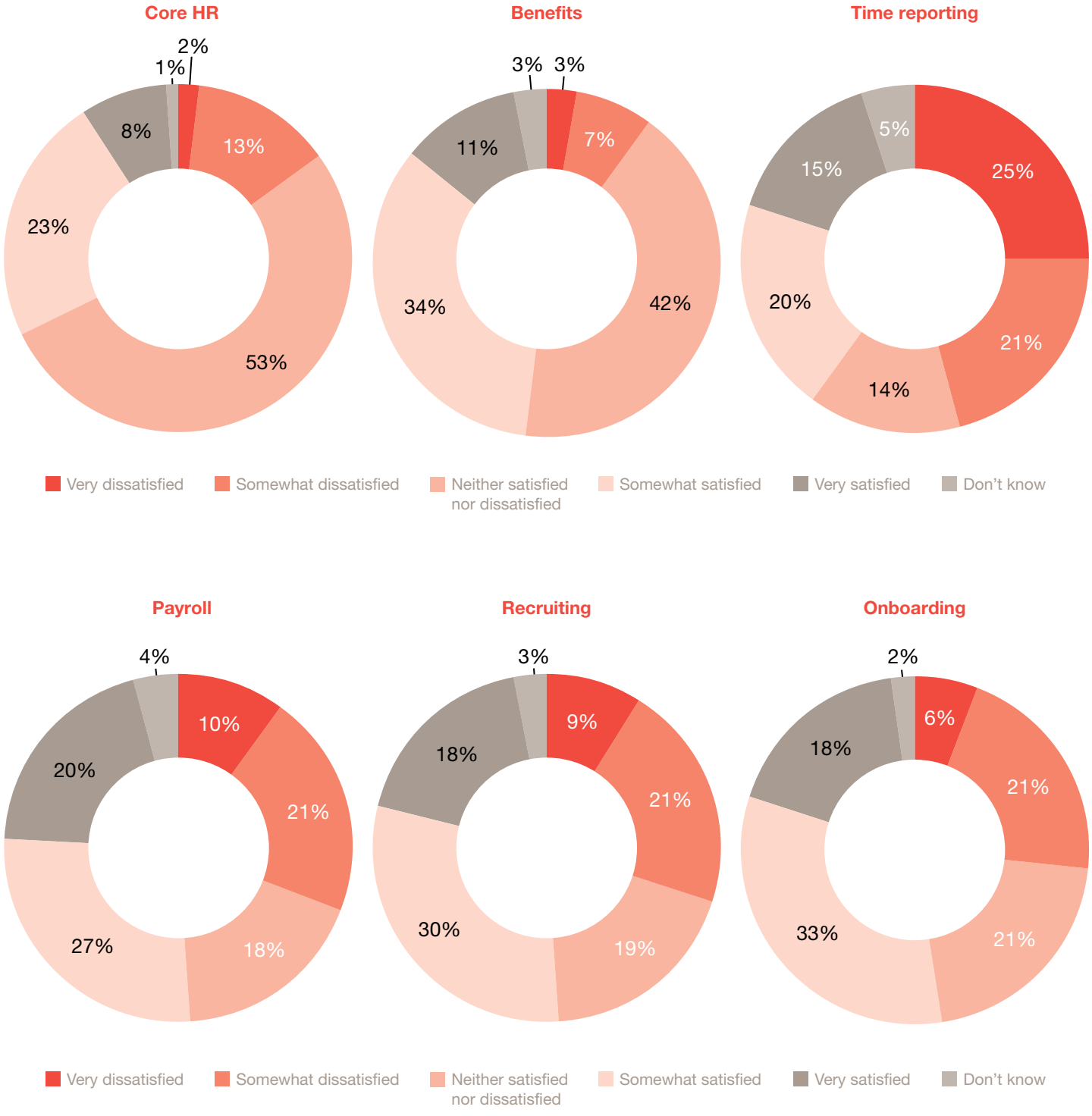
Highest Second highest

Q26. What release are you on?

The data displayed below is for Core HRMS, on-premise applications (since SaaS vendors generally require organizations to stay on the current release or no greater than one release behind). The data would indicate that over the last few years, while cloud HRMS has been growing, the organizations that have chosen to wait have gotten more current on their vendor's latest release—likely to buy time (especially for those needing payroll tax updates). Others (around 30%) have likely chosen not to invest more in their HRMS until they are ready for cloud or cloud is ready for them.

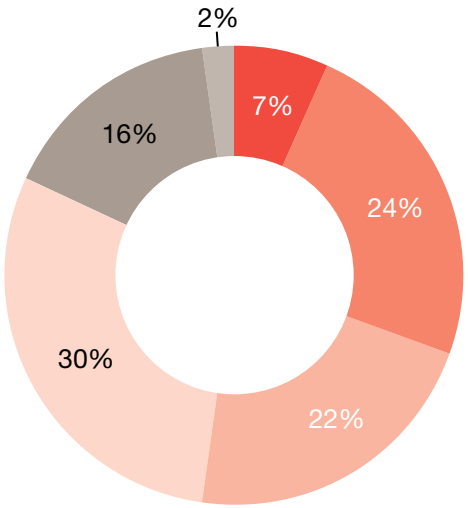


Q27. How satisfied are you with your current solution?

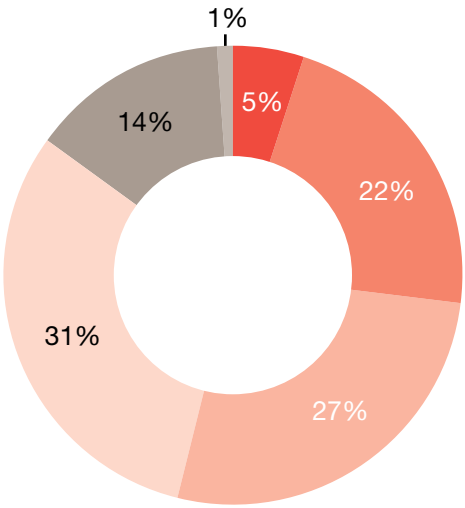


Q27. How satisfied are you with your current solution? cont'd

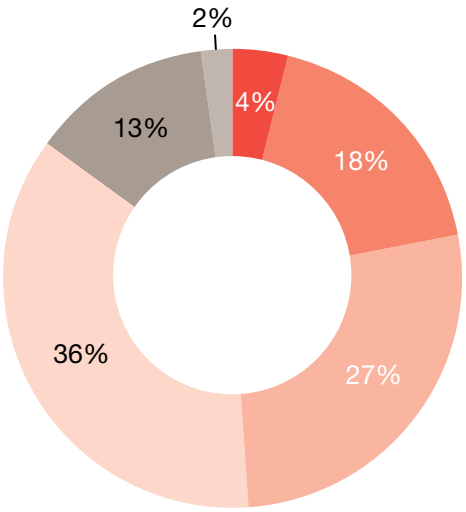
Compensation



Performance management

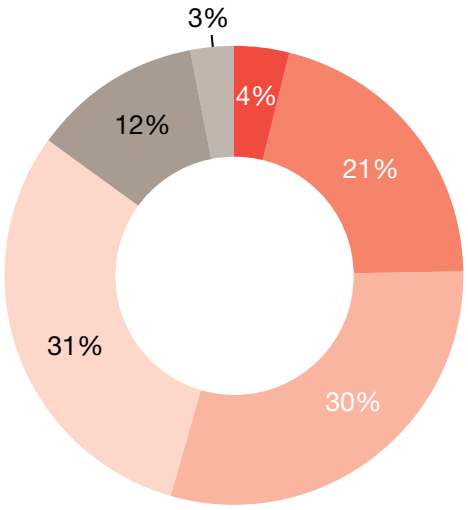


Talent review and succession planning



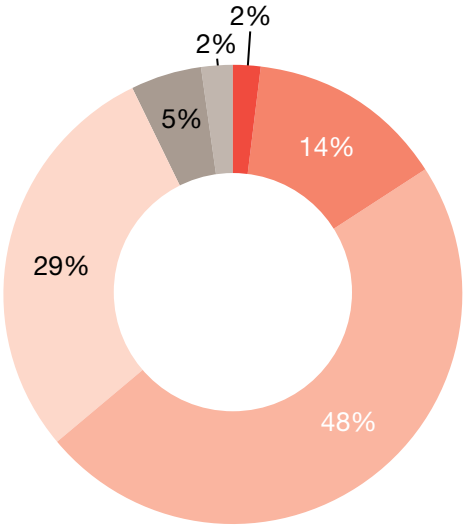
Very dissatisfied | Somewhat dissatisfied | Neither satisfied nor dissatisfied | Somewhat satisfied | Very satisfied | Don't know

Learning management

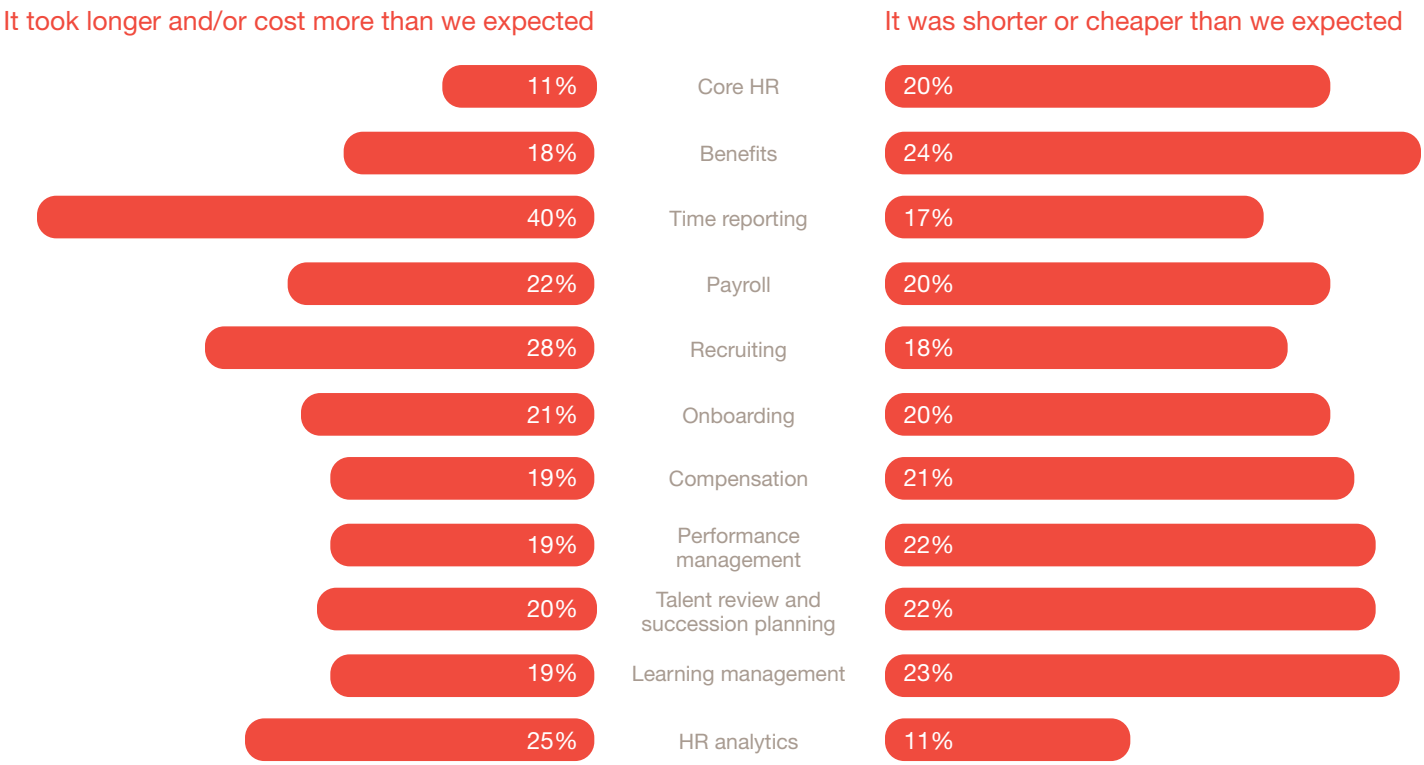


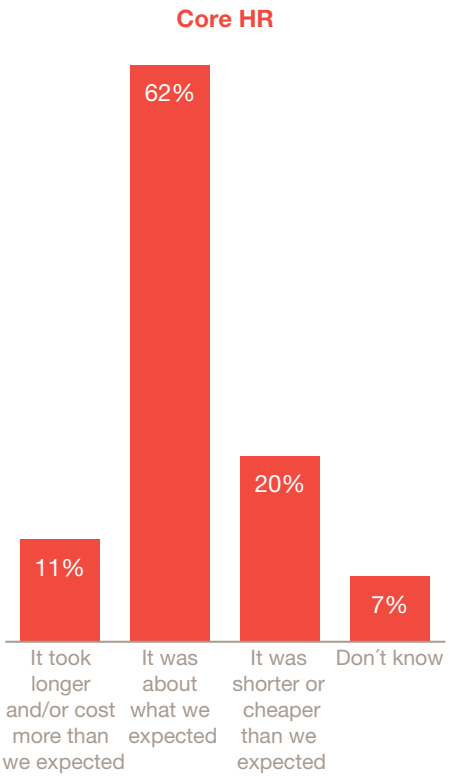
Very dissatisfied
Somewhat dissatisfied
Neither satisfied nor dissatisfied
Somewhat satisfied
Very satisfied
Don´t know

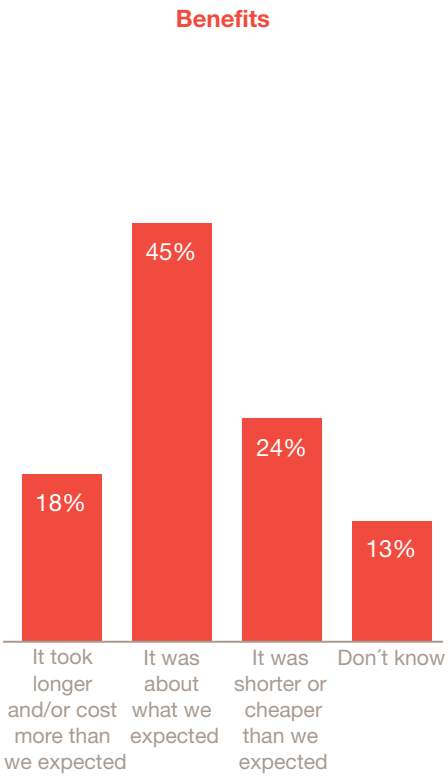
HR analytics



Q28. Describe your implementation.

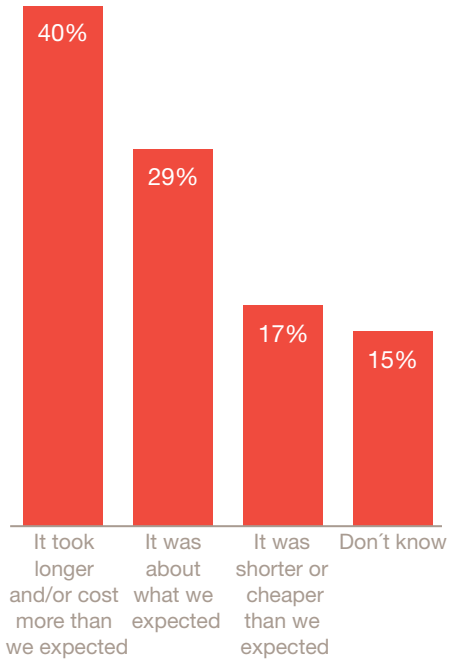




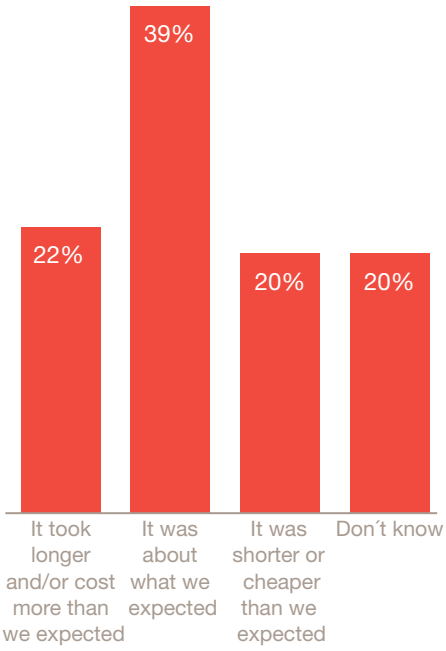


Q28. Describe your implementation. cont'd

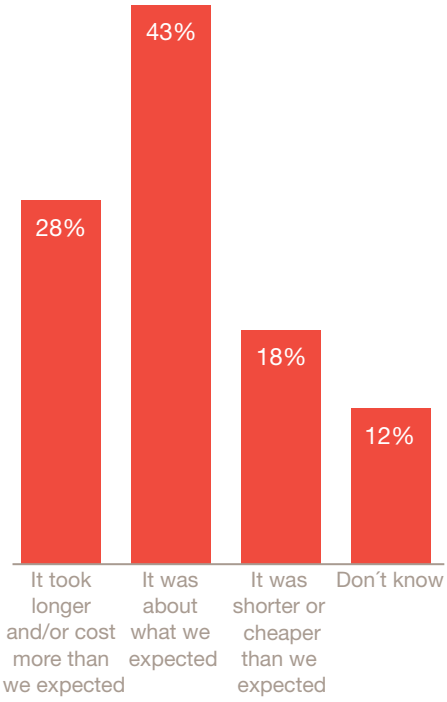
Time reporting



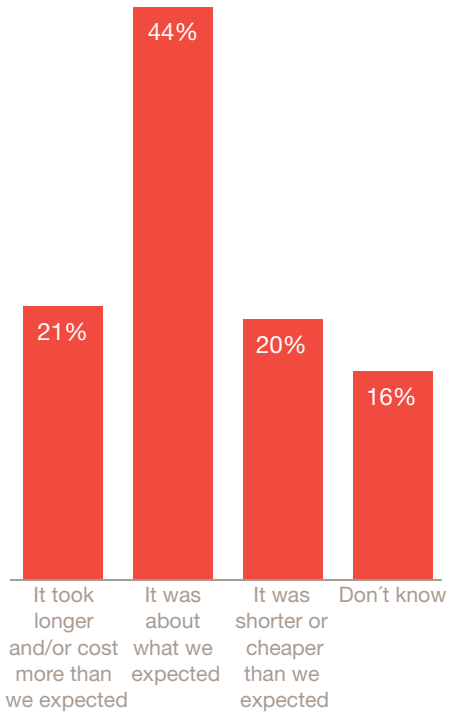
Payroll



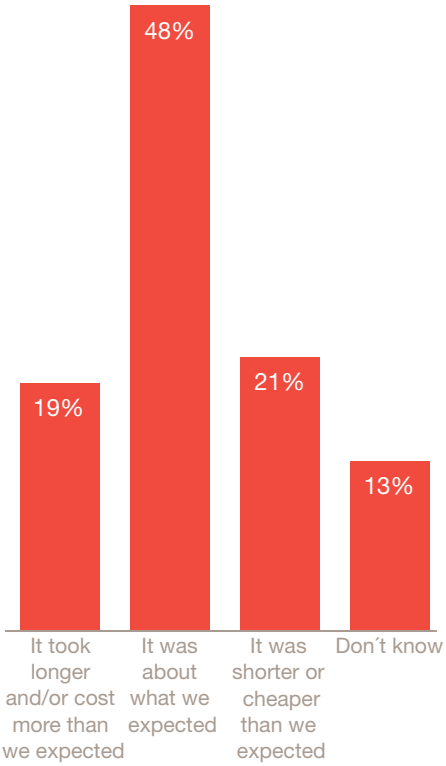
Recruiting



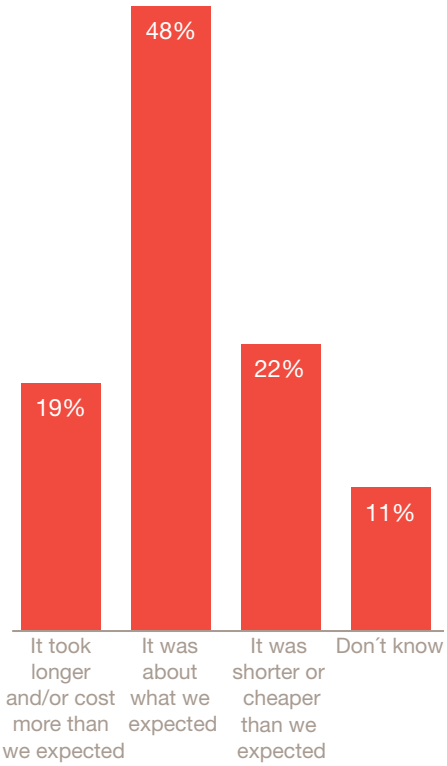
Onboarding



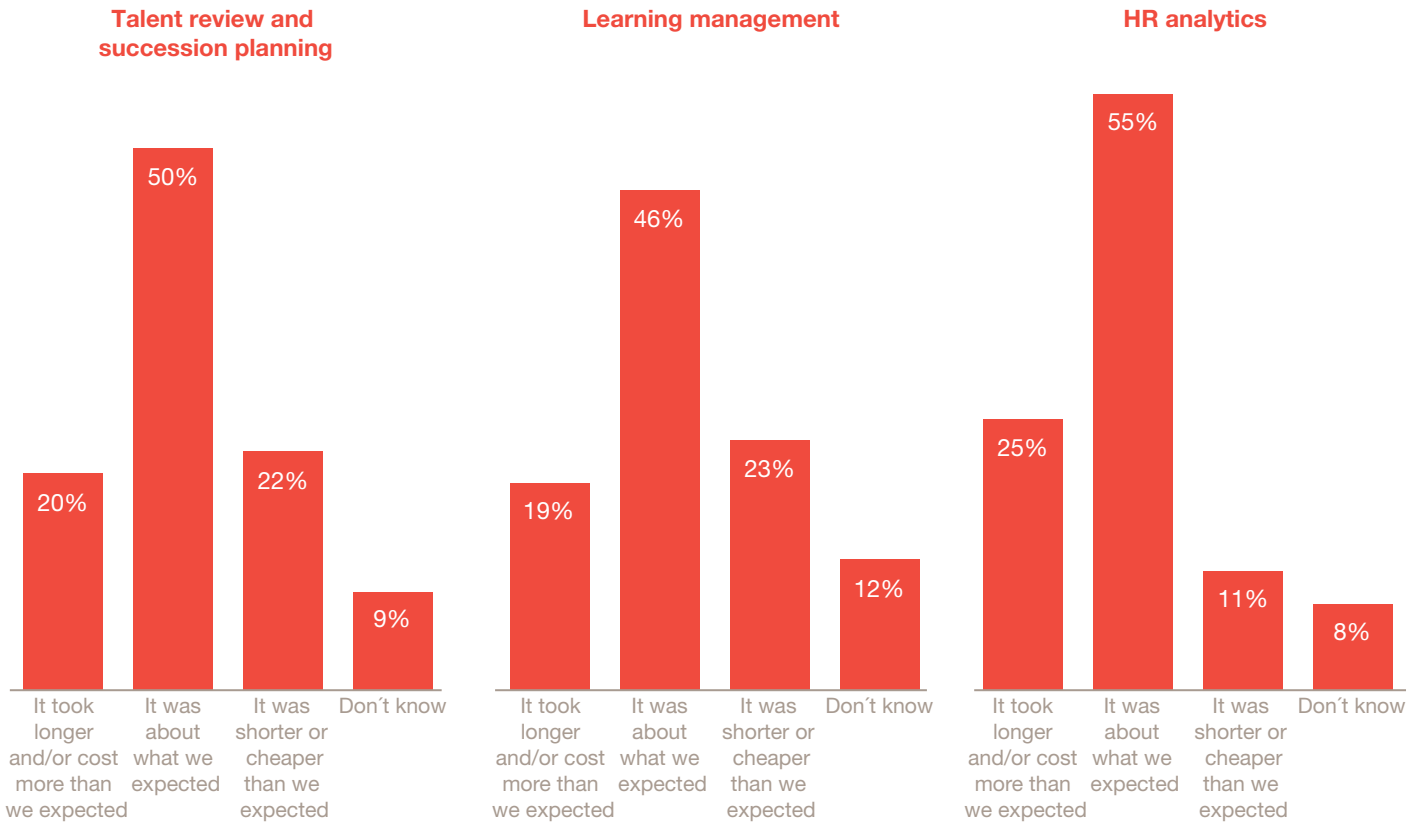
Compensation



Performance management



Q28. Describe your implementation. cont'd

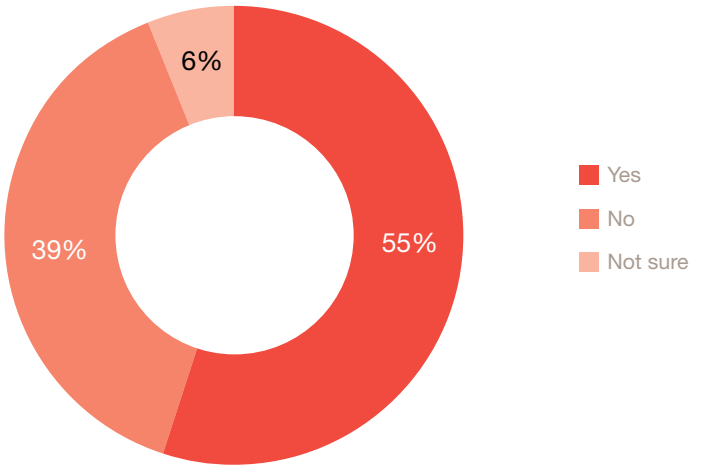


Q29. When you consider HR/People Analytics in your organization, what is your primary focus for the next 12 months?

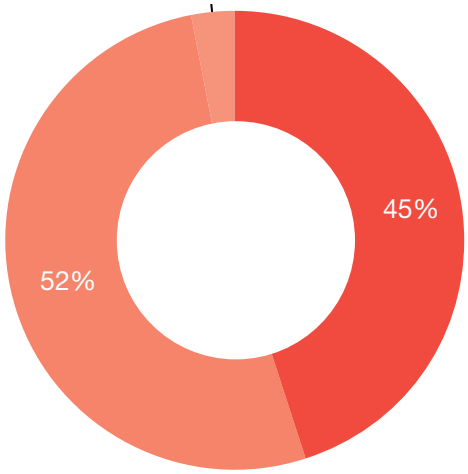


The largest percentage of respondents are still focused on the "basics" when it comes to HR/People Analytics.

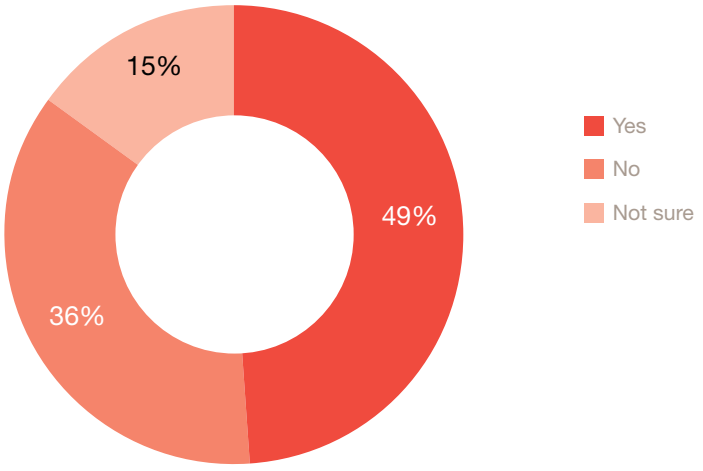
Q30. Do you have a strategy and roadmap in place to drive your HR/People Analytics agenda (i.e., what is needed by whom and why, how it will be delivered and when)?



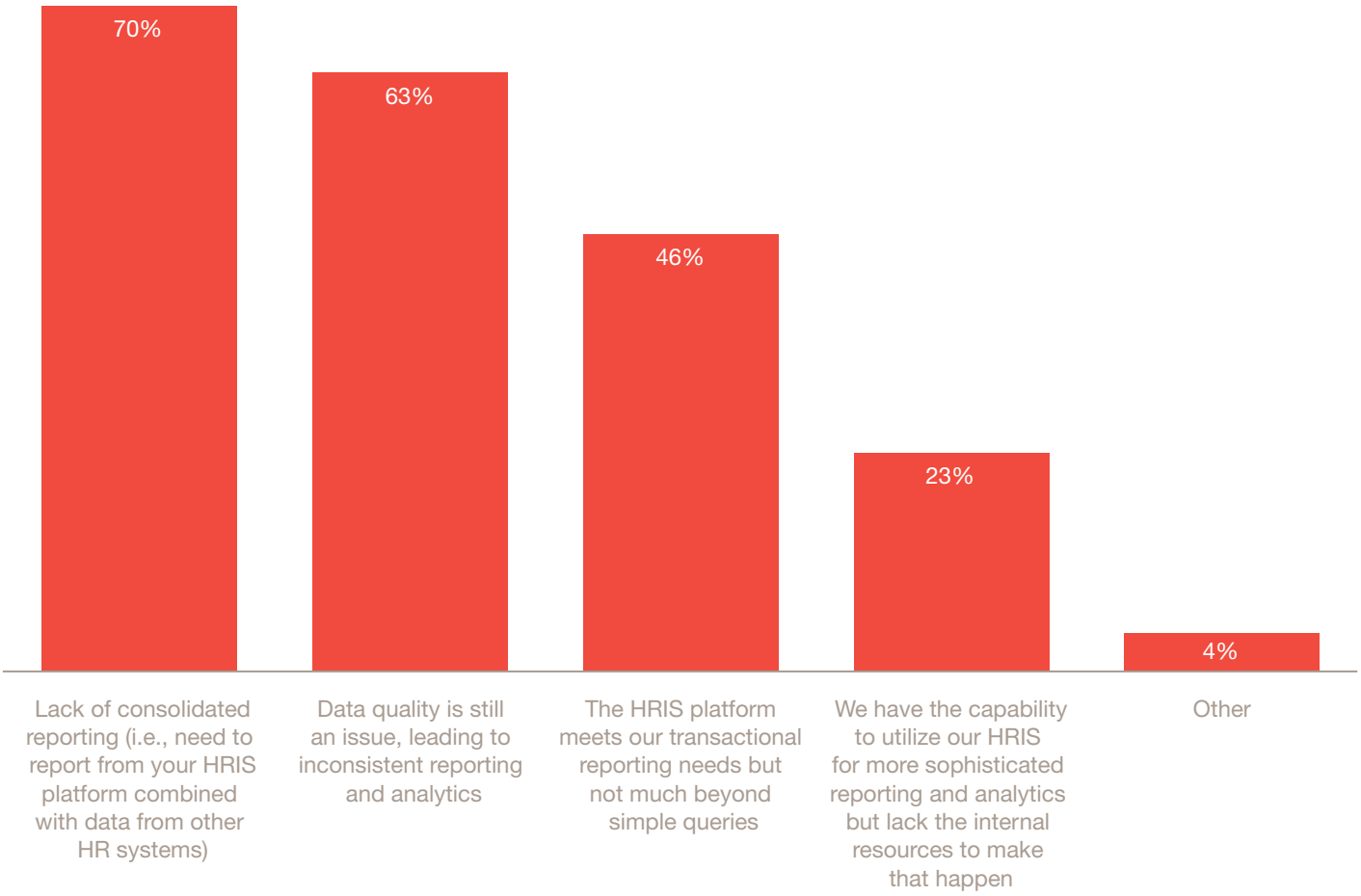
Q31. Do you have a dedicated HR/People Analytics organization/Center of Excellence supporting and sustaining your data, reporting, and analytics needs?



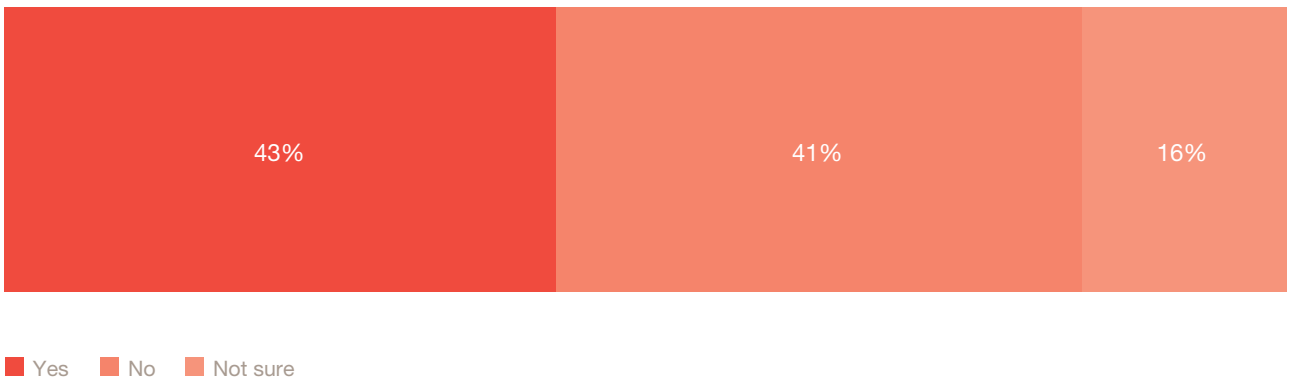
Q32. Does your current Human Resource Information System (HRIS) platform provide for your end-to-end reporting and analytics needs?



Q33. What are some of the common challenges you face with your HR analytics efforts? Select all that apply.



Q34. Do you have a need for external HR analytics benchmarks for your industry or peer group?



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