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Predictions for Talent and HCM, 2016: Analytics, Engagement, and Cloud Platforms Dominate

Summary: The Talent and HCM space is being continually revolutionized by Predictive Analytics and a focus on employee engagement. Aragon identifies five key predictions for Talent Management.

Introduction

Talent and HCM are being recognized as critical to the lifeblood of the enterprise. Full platforms are emerging as the technology to support people processes advances. The rising focus on employee engagement dictates that businesses have to focus on culture and people to ensure success. High employee engagement is linked to increases in earnings and overall customer success. In this note, we highlight the major predictions for the Talent and HCM market (see Note 1).

The Rise of HCM Platforms and Analytics

In the Talent Management and HCM space, there is a rising tide towards platforms and analytics. Behind the push towards Predictive Analytics and HCM Platform as a Service (PaaS), is the focus on people-centric outcomes and the full employee lifecycle, which spans from pre-hire to off-boarding and post employment. While marketing, and the role of the CMO in particular, is emerging in significance and influence, we believe HR has to be in complete alignment as enterprise success hinges on effective people processes and management.

While all business disciplines need relevant analytics to make better decisions, Talent is probably the most critical of all business decisions. Since Predictive Analytics deals with a vast amount of data, it's imperative to develop a data-modeling competency and a team responsible for executing the strategy.

Topic: HCM and Talent Management

Issue: What are the key trends in HCM and Talent Management?

Note 1: Five Predictions for HCM and Talent Management, 2016

1. By YE 2017, 50% of leading HCM and Talent Management providers will offer HCM platforms that integrate with 3rd party apps
2. By YE 2017, video tutorials will become a standard way to onboard and train customers and employees alike.
3. By YE 2017, over 50% of organizations will shift from once a year to continuous performance management reviews due to the rise in HR Analytics.
4. By YE 2017, 40% of companies will be making investments in HR analytics as part of workforce and employee engagement initiatives.
5. By YE 2017, 40% of companies will have launched cloud and mobile HR initiatives.

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Human Resources is Being Video-enabled

Talent and HCM platforms are becoming more video-enabled in support of key processes such as learning and recruiting. Some platforms are incorporating Video Content Management capabilities to manage the capture, search, and delivery of enterprise video assets.

The need to onboard associates quicker is one of the key drivers for increased use of video by HR. The benefit of getting new associates up to speed, as well as training all associates using Video Learning, can help transform a Corporate HR initiative.

Employee Engagement Becomes a Driving Thrust

The key asset of any company is its workforce, particularly the workers who face customers; their ideas lead to innovations that enhance and grow the business. People enable the enterprise to successfully function, and keeping them engaged has become a key priority for organizations worldwide.

Companies will succeed or fail based on how engaged their employees are, and how well they engage with customers. Business and HR professionals have to listen and develop initiatives to improve employee engagement.

The Shift to Platforms in HCM

Prediction: *By YE 2017, 50% of leading HCM and Talent Management providers will offer HCM platforms that integrate with 3rd party apps.*

In Human Capital Management, the beginning of the shift to Platforms is evident. This is due to the fact that large providers already have the resources to offer a platform, and some of these providers have begun putting these resources to use: ADP, Cornerstone OnDemand, IBM, and Saba now all offer marketplaces. Not all have full platforms in place yet, but it is not difficult to predict where they are headed.

HCM Platform - This platform approach has Core HR system as the key platform. We expect major HCM providers to gradually shift from a Partner Consulting model to one of

Platforms. Realize that consulting engagements may have to prop up limited Platform Ecosystems. ADP was one of the first major HCM Providers to deliver a Platform.

Talent Management Platform - This platform approach will have one or more Talent Apps as the core, which could be Recruiting, Learning, or Performance/Engagement. We are seeing a big move here with platform plays, including moves this past year from Cornerstone OnDemand and IBM, the latter which is offering its Open HR Platform and Open Talent Analytics Platform.

Video Tutorials Will Revolutionize Employee Learning

Prediction: *By YE 2017, video tutorials will become a standard way to onboard and train customers and employees alike.*

Learning is undergoing a revolution, fueled by an explosion of rich, video-based content that's now readily available to users. On top of that, business leaders realize the importance of being prepared, and are making sure that associates are trained and ready to do their jobs in the best way possible.

As a result, people and business leaders are taking control of how they learn, which leads them to develop an increased focus on content. More than anything else, people who want to learn things fast want videos. Video learning is on the rise, and the ability to learn and collaborate on a video is the future. Vendors such as IBM and Peoplefluent are leading the charge with innovative video learning and video sharing capabilities.

Along with internal learning initiatives, video has become an effective tool for reaching customers with tutorials and relevant content. Enterprise planners are discovering that video is an effective way to bring a human face to the organization that resonates with customers and prospects.

Bettering Performance Management

Prediction: *By YE 2017, over 50% of organizations will shift from once a year to continuous performance measurement.*

Managers have to measure performance against key objectives. Performance management allows managers to align employee activity with the strategy and goals of the organization. Managers should be able to monitor performance while providing continuous feedback. The once-a-year annual performance review is not enough. Performance management has to include social and peer feedback to ensure a continuous employee review process.

Many companies have shifted focus to a more proactive employee engagement approach to performance reviews. The performance review is important, but an engaged and motivated workforce is critical to the overall performance of the enterprise. Social recognition programs that give employees a say in the performance review and feedback of peers brings a higher level of contribution and engagement in work processes.

Increasingly, social recognition is being added to existing performance reviews. Many enterprises are replacing an old performance management product with a new, more engaging, socially-focused offering that extends Talent Management and HCM suites with social and predictive capabilities.

Major companies and brands such as GE, Accenture, Microsoft, and Adobe have gotten rid of the annual performance review and ratings. Signs are pointing towards a major shift to continuous feedback. Employees will be able to request and give feedback at any time and have access to applications that track and capture performance.

The Rise of HR Analytics

Prediction: *By YE 2017, 40% of companies will be making investments in HR analytics as part of workforce and employee engagement initiatives.*

Predictive Analytics looks at data from the past and present to find patterns that can help predict the future. For example, predictive hiring analyzes historical data about jobs and job candidates to predict their performance before they are actually hired. It uses algorithms to provide a rating or probability of success that can help managers decide who may be a better fit in a given job.

Faced with empowered workers who know how much leverage they have, Talent Management providers have adopted “people first” strategies and equipped their offerings with analytics and predictive capabilities. This helps HR departments provide full-lifecycle Talent Management, which includes marketing their firms to attract top candidates, matching their profiles with job and role requirements to maximize compatibility, onboarding and training them efficiently, and then monitoring and mentoring them through their tenure from accession to succession. Workforce management strategies now require deep insights for dealing with attrition, predicting the right candidates, developing leaders, and improving engagement.

Making the Switch to Cloud HR Systems

Prediction: *By YE 2017, over 50% of companies will have launched cloud and mobile HR initiatives.*

In the last few months of 2015 alone, we have spoken to several large enterprises that have made the switch over to cloud HR systems. It is also clear that cloud and mobile HR initiatives are going hand-in-hand. While cloud-based HR systems aren't new, in the past, adoption has been slow. Four years ago, we began to see initial cloud investments as enterprises went through update cycles of traditional HR software; now we will see continued acceleration occur as companies seek to streamline HR processes and focus on people management issues.

Benefits around self-service, integration of social capabilities, and mobile apps have been some of the key drivers. This move to self-service does lead to more line managers accountability with greater access to employee data. Some companies are learning integration issues especially if the cloud initiative comes alongside payroll initiatives as well. Also, one HR director explained to Aragon that their move to the cloud came near the end of 2015 - which was problematic as they were in the midst of dealing with year-end. We advise companies to plan these initiatives with other HR or business initiatives in mind to appropriately plan timing.

Aragon Advisory

- The main thrust in 2016 will continue to be around engagement; investments should be centered on HR analytics and shifts in HR platforms.
- Enterprises should incorporate video for onboarding, learning, and all forms of corporate communications.
- As pressure mounts for better people analytics, evaluate providers with integrated solutions across multiple HR technology capabilities from recruiting to learning and performance management.
- Enterprises should look at replacing non-strategic Talent Management offerings that do not have a plan for integration with emerging HCM and Talent Platforms.

Bottom Line

In an era of engagement, HR should focus on employee-first strategies for effective Talent Management. Intelligence gleaned from analytics will be critical as organizations use it to predict the future, allowing them to be more agile and to react ahead of time to changing needs. The move to HCM platforms and cloud will require critical planning around integrations and timing of initiatives.