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Executive Summary

The Sierra-Cedar 2016–2017 HR Systems Survey White Paper, 19th Annual Edition is the latest research installment of the longest running, most widely distributed, and most highly participative research effort in the Human Resources (HR) industry. Since 1997, this invaluable resource has been a catalyst for the HR technology community, providing insight and guidance to practitioners around the world. The Sierra-Cedar HR Systems Survey stands alone as a Global benchmark of HR technology adoption and the value achieved from the use of these technologies, seen through the eyes of HR Information Technologists (HRIT) and Information Technologists (IT).

This year’s White Paper covers adoption and trends for applications, deployment options, vendor solution outlook, expenditures, and value achieved for the categories of applications listed below. Throughout the report, we suggest implications and recommendations for both practitioners and vendors.

- Administrative applications:
  - Core Human Resource Management System (HRMS)
  - Payroll
  - Benefits
- Service Delivery applications:
  - Employee Self Service (ESS)
  - Manager Self Service (MSS)
  - Help Desk
  - Portals
- Workforce Management applications
- Talent Management applications
- Social- and Mobile-enabled applications
- Business Intelligence (BI)/analytics solutions
- Emerging technologies

Additionally, we cover insights on supporting HR practices:

- HR Systems Strategy
- Adoption blueprints
- Integration practices
- Implementation practices
- Change Management practices
- Expenditure and Resource strategies
- Culture
- Innovation

The Survey was conducted from May 12th through July 11th, 2016. The Sierra-Cedar 2016–2017 HR Systems Survey White Paper is based on 1,528 unique organizations representing a total workforce of 20.6 million employees and contingent workers.
### Strategy

- Continued focus on the Enterprise HR Systems Strategy; 40% of organizations have a major HR Systems Strategy initiative.
- Organizations are taking multiple pathways to transforming the HR Systems Environment, with a mixture of Rip and Replace, Combination, Hosted, Outsourcing, and Hybrid environments.
- HR Technology becomes a mid-market differentiator. Organizations with high HR Technology adoption in SMB see greater revenue per employee, higher business outcomes, and are 75% more likely to be viewed as a strategic partner by their business leaders.

### Culture

- Once again, HR organizations achieve higher levels of HR, Talent, and Business outcomes by embracing their true cultures. Data-Driven, Talent-Driven, and Top Performing organizations provide insights into their unique approach to HR systems.
- Organizations are rethinking their expected outcomes and the approach to HR system selections, implementations, and maintenance in a world of constant digital change and evolution.
- Trust and transparency is the social contract assumed by today’s employees. HR technology and processes play a major role in helping organizations navigate these new social responsibility expectations.

### Technology

- The new conversation is about the Enterprise Cloud. Organizations are 25% more likely to be evaluating Cloud deployments for non-HR solutions this year.
- HR Technology buyers are looking beyond features and functions; new non-negotiables include user experience, roadmap strategy, and tailored relationships.
- The next generation of technology is being designed to inform our decisions and simplify our activities; it’s meant to be invisible and ubiquitous in our lives. Over 5% of organizations are already using machine learning, wearables, and sentiment analysis tools as strategic parts of their HR Systems Strategies.
Strategy

No one can deny that we are in an age of continuous change when it comes to both enterprise and personal technology environments. Without an enterprise strategy for the HR technology stack, organizations are finding that they not only spend more on total HR technology expenditures per employee, but they also reduce the overall number of employees they can serve per HR resource. Strategy is both a key component when it comes to a technology environment and a significant opportunity for many organizations; more than 40% of organizations are looking at improving or developing a new Enterprise HR Systems Strategy this year. This is a key issue for Top Performing organizations, as well as those organizations evaluating their HR Technology environments.

Part of developing an Enterprise HR Systems Strategy is working through an organization’s current- and future-state HR technology plans. For Large organizations, the goal is most often to transform the technology environment, creating a more modern architecture that can support new user experiences, mobile access, and full-data analysis requirements. Once this is complete, organizations need to define a pathway forward. Our research has shown that organizations are taking multiple pathways forward and are leveraging this opportunity to rethink their enterprise view of HR technology.

In the competitive Mid-Market and Small business space HR Technology adoption has become a major differentiator for those organizations outperforming their peers. Organizations with higher-than-average HR Technology adoption in these categories saw almost double the revenue per employee, and a 12% increase in their overall HR, Talent, and Business outcome metrics. We also found that these organizations were 75% more likely to be viewed as strategic partners by their business leaders, and 10 times more likely to be in the top 10% of organizations when it comes to Social Responsibility initiatives.

Culture

From a cultural perspective, we’re finding that organizations are spending an enormous amount of time focusing on the outcomes they’re trying to achieve with HR processes and technology. We’ve identified three specific HR outcome models—Talent-Driven, Data-Driven, and Top Performing organizations—to give insight into how focusing on outcomes can change an organization’s decisions concerning HR processes, people, and technology. In a world of constant digital change, organizations need to completely rethink their perception of technology investments. Historically, technology was viewed as a capital investment that would increase efficiencies and reduce total HR costs, with implementations viewed as temporary setbacks with fixed project timelines. In today’s Cloud-based environments, organizations have removed overall capital investments and changed finite projects into continuous Change Management models. More importantly, organizations pay more for their new Cloud-based technologies; however, they also reap greater talent and business outcomes from improved decision-making across their organization.

Cloud-based technologies also allow organizations to develop more valuable relationships with their workforces, clearly defining their expectations and the employee value proposition in a tailored employee experience. Today’s employees are increasingly looking for organizations that are transparent and trustworthy, matching their crowdsourced approach to gaining information and making major purchasing decisions. We’ve seen an increased focus in both regulations and news concerning issues that would have previously been viewed as Social Responsibility initiatives such as Diversity, Pay Equity, Employee Engagement, and Leave Policies. Both employees and
contingent workers around the globe have higher expectations of their employers, and want constant access to their own employee data and benefits provided by the organization. HR technology and processes play a major role in helping organizations navigate these new social responsibility expectations.

**Technology**

Now that we’ve seen a shift both from vendors and buyers towards Cloud/SaaS HR solutions, foundational technology questions are refocusing on the Enterprise Cloud conversation. The vendor communities’ increased investments in Cloud architecture and desire to increase their data repositories to support benchmarking and eventually intelligent system capabilities drive growth. This year’s Survey data shows a 25% increase in organizations evaluating Cloud solutions for non-HR Technology, and an increase in Large organization initiatives to integrate both HR and non-HR technologies. The key questions for many organizations come down to cost, security, and long-term value propositions for a full Cloud solution over the next year.

HR Technology buyers are looking beyond features and functions, and the new non-negotiables are focused on User Experience, roadmap strategies, and tailored relationships. We saw a 40% increase this year to 66% of organizations that identified Poor User Experience as their primary reason for giving their vendors a low satisfaction rating. These changes are a precursor to the evolving relationships between the workforce and employers. Employees are becoming consumers of HR services and HR is seeing a shift in its role from administrator to service provider. For organizations looking to improve user experiences, increase employees served, and add value to their HR technology investments, adoption of HR technology is key.

Innovation comes in many formats, the least of which is simply new and bigger technology. The next generation of technology is being designed to inform our decisions and simplify our activities; it is meant to be invisible and ubiquitous in our lives and expected to perform as an intelligent system. Over 5% of organizations are already using some form of machine learning, wearables, and sentiment analysis tools as strategic parts of their HR systems strategies. Organizations taking new and different approaches to HR create their own level of innovation, from process to people, as well as their technology adoption strategies. The concepts underpinning these technologies—social individualism and perceptive technology that can provide some level of intelligent decision making support—are here to stay and worth the conversation.

About Sierra-Cedar

Sierra-Cedar helps clients navigate their application and technology roadmap, whether to modernize their existing portfolio or move to emerging technologies by integrating industry knowledge, deep technology capabilities, breadth of service offerings, and global delivery model into best-value solutions. Our services are categorized into industry-based consulting services and industry-agnostic shared services.