HARNESSING HR TECHNOLOGY

TO DRIVE ORGANISATIONAL PRODUCTIVITY

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TO DRIVE ORGANISATIONAL PRODUCTIVITY

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BEAMERY COMMENTARY

The observations in this CRF report on why productivity increases have been so elusive, as well as the findings on the emerging role of HR technology in driving such increases, could not come at a more critical time.

Despite the myriad AI tools now spreading like electricity into all forms of employee and company systems, the seemingly inevitable productivity increases that such tools promise have still only materialised in pockets. With the year ahead heralding a doubling down on AI capabilities across almost every organisation, be it through co-pilots, AI agents, digital twins or other AI solutions, it is critical that every business and HR leader can connect this evolving technology directly to business value. To do this requires looking not just at the AI, but at the fundamentals of productivity – and being able to quantify the work, the people, and the ways of working that drive it. And it is exactly this quantification of productivity and its constituent parts – skills, capabilities and tasks – that is now being unlocked by HR technology. AI-enabled solutions across the three layers featured in this report (data, application and experience) are delivering new possibilities for HR teams to play the central and strategic role in turning the AI revolution into one that delivers tangible benefits for businesses and employees.

At a recent AI event, Goldman Sachs CEO David Solomon incisively observed that *"it's very easy to make tools that make people more productive"*, but that to unlock productivity you need to also *"change the operating process in your business [and] that is much much harder"*. The clients that we have seen delivering the biggest improvements in organisational performance and productivity have deployed AI to enable them to change such processes, through HR led and skills-grounded transformations to how they make talent decisions – from workforce planning to talent management.

Since AI is such a fast-moving field, perhaps the most important question organisations need to ask themselves now is this: for the coming AI wave, what do we need to get right to glean the greatest impact and productivity gains? While nobody can see the distant future, the answer for the twelve months ahead is quite clear: success requires a new operating model for talent decisions. One where these decisions are informed by effective data on the skills we have and need, and made in continuous and direct connection to business priorities and outcomes, with plans adapting to mitigate risks.

Unlocking AI productivity is not about having employees do the same work faster with new tools; it's about changing what work the employees do, as well as rethinking what work still benefits from humans doing it at all. The biggest return on investment stories from AI have involved organisations making transformational talent bets that are led by 'AI-augmented' HR teams, supported by insights that enable them to reshape their organisational models (such as moving from a pyramid to diamond shape). They are not simply piloting AI tools for different problems, but deeply embedding these AI deployments into continuous 'build, buy, borrow, bot' planning programmes built on AI-generated skill and role architectures that are in turn embedded into their hiring and employee programmes.

The CRF report also highlights the critical role of data ecosystems and integrations in enabling AI productivity. For larger enterprises using Workday, SAP or Microsoft, perhaps the most critical unlock of the past twelve months has been that these three providers of HR and employee-facing systems have all launched their first 'AI ecosystems' – with solutions like Beamery now able to enhance the data and AI tools, models and co-pilots embedded directly in the tools managers and employees already use day to day.

This development of better talent insights and decisions being made 'in the flow of work' is essential not only to the adoption of AI, but – critically – to unlocking the evolving role of HR as strategic advisors to their business, partnering on how to maximise the impact of technology and people across the organisation.

What we see across our clients supports the findings in this report: that HR isn't simply one of the areas that is 'impacted by AI productivity' – HR is in fact the team at the centre of both forming and delivering the strategies for how AI impacts all organisational productivity. Over the past year we have seen our clients evolve every function and role in HR – from business partners to recruiters – into AI-assisted and strategic functions.

Those companies that are prioritising the right technology foundations and consistent data, including AI ecosystems for their HR teams, are the firms poised to see the biggest improvements in productivity in the year ahead – with HR unlocking this impact through better talent decisions at every level.

Sultan Saidov, Co-Founder & President of Beamery

MERCER COMMENTARY

The HR technology landscape has undergone a remarkable transformation over the past 15 years, and solutions that were once considered groundbreaking are now well embedded. Leading HR organisations, empowered with the suite of offerings they can bring to their people, have transformed from 'counting heads' to 'making heads count' – managing work, building resilience and driving productivity and success.

Yet despite nearly 20 years of being on the HR Tech transformation journey, many HR teams are still struggling to realise the full value of their technology investments. With research suggesting 60% of HR leaders anticipating flat budgets or reductions, organisations are having to do more with less, and productivity is front and centre of the agenda. Going into 2025, we are increasingly seeing organisations pivot from tactical problem-solving, to asking broader, more strategic questions about their HR Tech i.e. "Is our current 'HR Tech Stack' the right one?", "Are we fully utillising what we have?", "How can we optimise further?", "Are we driving the right business outcomes?".

This report hits at exactly the right time to help answer some of these questions. It provides a comprehensive overview of key considerations for embarking on your HR Tech, practical challenges, and tips on how to get started. From our experience in the market, we want to highlight four key takeaways:

1. **Transformation is no longer a once and done exercise.** We are moving from 12-18 month-long, tech-focused and IT-led implementations, to HR-led continuous transformation as a new way of life. HR teams must develop necessary skills and behaviours to facilitate the change (page 20).
2. **Take time to align on your Digital Vision.** Organisations that are getting stuck, often don't have a single coherent digital vision, their unique digital 'signature'. Driven by business strategy, the vision and roadmap to get there provides a cohesive message for all stakeholders and leaders to stand by, and is the first step on your digital transformation journey (see Chapter 2).
3. **Focus on Experience Design.** HR tech needs to enable consumer-like experiences, personalised journeys, and intuitive ways on working to truly drive value and enable productivity. 'Tacking on a bot' to an existing process, without really thinking through who your customers are, what they want to get done and how they should interact with your HR service to achieve their goal quickly and easily, will not initiate a genuine change. (See example on Unified Digital Employee Experiences at Bupa on page 16).
4. **True Digital transformation will change the way you work.** The report touches on experience-led design and adoption-led deployment (page 27). Rethinking how to better design and deliver services – enabled by HR tech – will change skills needed by HR, interaction models across HR teams, and with the business – the HR operating model, the roles, skills and lines, you need should evolve to match your new HR service.

We thank CRF for their dedication and focus on this important topic. At Mercer we continue to be blown away by the acceleration of capability HR tech continues to bring and look forward to continuing the discussion on productivity and HR Tech into the year ahead.

Tiana Morgan, HR Transformation Leader
Edyta Prazuch, Digital Transformation and HR Technology

ABOUT **CRF**

Founded in 1994, **Corporate Research Forum (CRF)** is a membership organisation whose purpose is to *increase the effectiveness of the HR function, in order to drive sustained organisational performance, by developing the capability of HR professionals.* Through more than 30 years of research and the expertise of our team, we have developed a deep understanding of the ways HR can contribute to business outcomes – what works, what doesn't and in what circumstances. With a network of over 250 leading organisations, we continue to grow as the respected focal point and knowledge source for improving corporate and individual performance.

We support our members in enhancing their personal capabilities and building organisational effectiveness, guiding them through topics relevant to success, identifying actionable insights and practical recommendations and facilitating networking opportunities. Our work helps organisations and the HR function make sense of the environment in which they operate, and develop capacity to deal with continuous uncertainty.

For more details on how your organisation can benefit from CRF membership please contact Richard Hargreaves, Managing Director, at richard@crforum.co.uk. Alternatively, please visit our website at www.crforum.co.uk.

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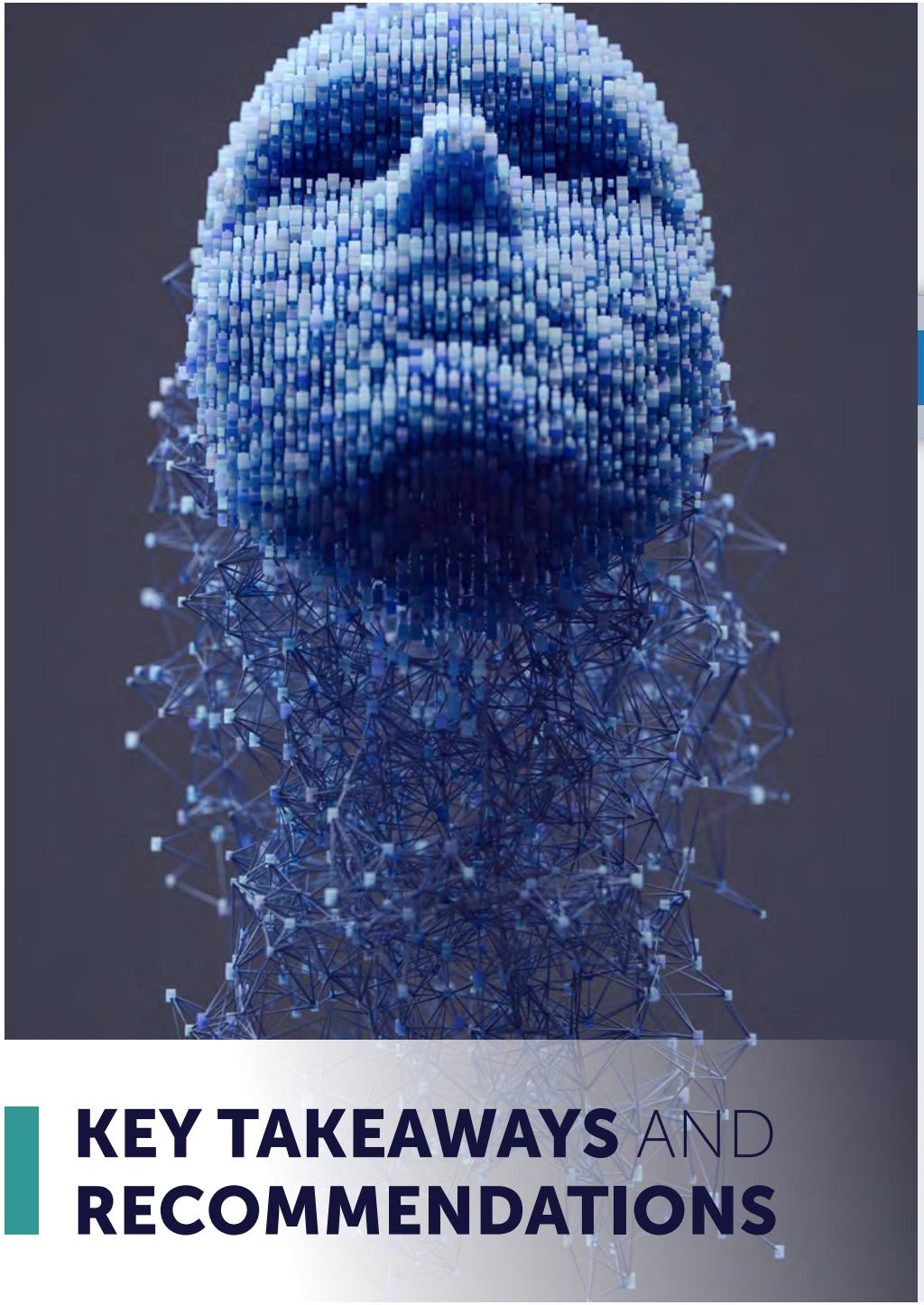


KEY TAKEAWAYS AND RECOMMENDATIONS

HARNESSING HR TECHNOLOGY *TO DRIVE ORGANISATIONAL PRODUCTIVITY*

The incredible advances we have seen in technology over recent years ought to have led to productivity improvements but, in practice, these gains have been much harder to achieve than we might expect. This is the essence of economist Robert Solow's Productivity Paradox: *"You can see the computer age everywhere but in the productivity statistics."* In this report we consider how we define productivity in the context of HR technology, why increased productivity is so elusive and what actions we can take to effectively harness the business benefits of technology.

The overarching goal of technology-driven HR transformation is to make HR more capable of supporting the business. To achieve this goal it is essential to align the HR technology roadmap with the business' strategic priorities and make sure it flows directly from them. This will help identify where the greatest opportunities for improving productivity through investing in technology lie and to use these insights to determine a roadmap that best suits the needs of the business. However, our survey shows that alignment between HR and business technology strategy is a significant area that requires attention.

In thinking about this topic we need to avoid simply looking for cost efficiency, rather focus where investing in human capital can drive revenue, mitigate risk or improve business outcomes such as sales impact. We recommend taking time up-front to agree a clear definition of productivity as it applies to HR technology in your organisation. This means asking questions such as: What are the drivers of business performance in my business such as revenue growth, cost reduction or increasing speed to market and how might HR technology contribute to these? What business benefits are we looking to achieve? How will we evaluate and quantify them?

In this research we consider HR technology as having three layers:

1. DATA LAYER	2. APPLICATION LAYER	3. EXPERIENCE LAYER
manages employee information through core platforms and enables data management, compliance, and analytics	provides specialised tools for recruitment, learning, and workforce planning to automate and optimise HR processes	allows user-friendly interactions, improving engagement and adoption

These layers integrate robust core platforms for data management with specialised tools to optimise processes and user-friendly interfaces to enhance employee experience and boost adoption. AI is having a substantial impact across each of these layers, for example through improving data management and integration, delivering personalised learning and career pathways and enhancing HR workflows.

HR technology improves productivity in various ways. Automating and simplifying workflows leads to lower costs and frees up time which can be dedicated to strategic activities. Advanced capabilities from analytics and AI help to actively manage workforces, aligning HR activities with organisational objectives. This delivers measurable value, which is most clearly apparent when the HR technology leads to a lower headcount requirement. There are also productivity benefits in terms of savings in management time as processes such as pay reviews are automated and simplified. Technology also minimises hidden costs, such as unused licenses and data mismanagement, and can lead to important outcomes that are harder to evaluate financially but that are still considered valuable, like employee engagement and satisfaction.

Building a business case for HR technology starts with identifying the problem to be solved and linking the proposed solution to business objectives. The business case should clearly outline how the technology will address inefficiencies, improve processes, or support business priorities. Quantifiable benefits like cost savings or time reductions can be measured. Consider all associated costs, such as potential workforce restructuring, and build in contingency to deal with the unexpected. Highlight both tangible and intangible returns, including employee engagement and long-term system durability. Use measures of return on investment to demonstrate business benefit in terms that are readily understood by senior management.

The business case for investing in HR technology often includes the benefit of freeing up HR staff to work on more 'strategic' roles. However, this relies on HR professionals having the capabilities to take on these strategic tasks. As well as adopting new systems, it is necessary to review the skills and behaviours of the HR function and invest in upskilling and reskilling where necessary.

Organisations adopt varying strategies for HR technology based on their priorities and needs. Some rely heavily on centralised core systems, preferring stability and consistency. Others embrace a more flexible approach, using a central system for basic functions but integrating specialised tools for unique requirements. Rigid approaches can limit adaptability, but constantly chasing the latest trends can lead to fragmented solutions. The choice of strategy often shifts with economic conditions. We recommend adopting a technology strategy that avoids rigidity, balances stability with flexibility and uses central systems for core functions while integrating specialised tools as needed.

AI is already becoming embedded across HR systems and this trend is likely to accelerate as solutions become more personalised and integrated into the flow of work. GenAI creates opportunities to integrate data from unstructured sources such as documents, but also raises the stakes in terms of data privacy and ethics.

As HR systems become increasingly driven by AI, the technology plan needs to take into account broader considerations including data privacy and security, changing regulatory and legal requirements, avoiding bias in the design of algorithms and adopting clear guidelines for surveillance and monitoring.

Poor data hygiene is a major barrier to successful adoption of AI solutions in HR. Organisations looking to adopt predictive analytics, for example tools that allow workforce skills planning, need a comprehensive data strategy that covers all potential sources of data and maintains data quality.

Should you adopt a single HRIS system or best-of-breed? HR processes are more efficient in a unified data environment which is usually more straight forward with a single system. The single system is easier to maintain when it is not too highly configured to cater for exceptions. While most people agreed with this, the reality for most organisations is there are

some aspects of a single system that do not allow their HR functions to be as effective as they wanted to be, and there is a risk that the system may evolve in ways that diverge from your organisation's priorities. Best of breed solutions can offer a better employee experience and enable gaps left by core systems to be filled, but they can increase cost and risk creating a fragmented set of systems. Successful adoption of this approach hinges on connecting core data across systems. We recommend using best-of-breed elements and customisation carefully and in areas where this differentiates you from competitors and enables achievement of organisational objectives.

Effectively managing legacy systems requires balancing their limitations with their potential to deliver value. It is essential to fully utilise existing capabilities before investing in new technology. Standardising processes and ensuring existing systems are well integrated with other systems within and outside HR will help to achieve this and enhance system utility.

Before beginning a new technology transformation, map your technology landscape to understand system overlaps and gaps to identify opportunities to maximise existing technology features and save costs. Work closely with IT colleagues to define a HR technology roadmap and a clear data strategy. Creating the roadmap is also an opportunity to engage key stakeholders, resolve conflicts and identify where compromises will be required. However, only half of the organisations in our survey currently have a formal HR technology strategy or roadmap.

Recognise that realising the promised productivity improvements will require reconfiguring HR processes and policies to align with the processes built into the systems you adopt. Choices around how much to customise will be influenced by the organisation design, culture and working practices. Excessive customisation can make productivity improvements harder to achieve. Updating your processes to suit the needs of the system may require tackling 'sacred cows' such as business divisions arguing their needs are 'unique', pushing through the adoption of standard processes or avoiding excessive consultation where this is likely to slow you down. This can be managed by communicating the benefits of adopting industry-wide good practices. Stakeholder management is an important element of successful HR technology transformation.

We highlight some practical challenges around implementation and actions that can help embed the benefits of HR technology.

- *Executive buy-in and leadership role modelling are essential to drive adoption and sustain the momentum of change.*
- *Take time up-front to reconfigure and align existing processes and policies before starting on technology.* Failure to do this can lead to increased implementation complexity, significant delays and unforeseen costs. Don't simply automate your current processes – it's usually better to adapt the processes to the technology than the converse.
- *Start with clear design principles* that help you narrow down options and establish priorities against which to evaluate potential solutions.
- *Make sure implementation plans consider changes to organisational structures and processes* required to support the new systems and the capabilities required to achieve the benefits.
- *Realising the benefits of technology depends on how well technology is adopted in the organisation which requires a plan for culture and behaviour change.* For example, how does the implementation of a skills-based learning platform and talent marketplace affect the role of line managers in supporting internal talent mobility and how might they be expected to behave differently?
- *A robust, ongoing communication plan is essential to successful adoption.* Consider using nudges or other behavioural change strategies to reinforce usage and encourage good habits.
- *Instead of undertaking a massive consultation exercise to analyse the 'as-is' and design the 'to-be', consider deploying user-centred design and agile development techniques to develop minimum viable products* that can demonstrate momentum quickly. Putting the user experience at the centre of the design process can help ensure the solutions meet business needs and increase the probability of effective adoption.
- *Make sure the budget (in terms of time and funding) contains contingencies* for additional requirements and unexpected complexities. It's important to factor in the cost of post go-live support and ongoing system refinements, which are often underestimated.
- *Minimise training requirements by making systems intuitive.* As much as possible deliver user training at the point of need and in the flow of work. Offer tailored training to different user groups, so people receive the specific guidance they need to use HR system effectively. There is no point offering in-depth training for most users if they are only going to use the system twice per year to book holidays.

1.0 HR TECH AND PRODUCTIVITY

By automating workflows and simplifying processes, HR technology enables efficiencies while advanced capabilities like AI and analytics enable more effective management of the workforce, in theory freeing up time for strategic HR activity.

INTRODUCTION

HR technology and productivity are intricately connected topics. On the face of things, HR technology should make organisations more productive through automation and time savings. On the other hand, however, the productivity benefits of technology can be hard to define and even harder to show in a concrete sense. In fact, interviews we held to gather information for this report suggested that in marketing HR technology, vendors tended to emphasise experience and engagement benefits of HR technology transformations, rather than productivity benefits. However, it was equally clear that organisations were often buying technology for its productivity benefits, which are primarily about headcount reduction. The report offers a much-needed exploration of this complex topic from the perspective of organisations using HR technology and the technology vendors that build and sell it.

In this report, we differentiate between productivity at the organisational level and productivity at the level of the HR function, emphasising the different interpretations of productivity and the ways in which technology enables productivity. We highlight how HR technology operates through three interconnected layers – data, application, and experience – with each contributing to organisational productivity in different ways. By automating workflows and simplifying processes, HR technology enables efficiencies while advanced capabilities like AI and analytics enable more effective management of the workforce, in theory freeing up time for strategic HR activity. The report discusses HR technology strategies, including topics such as getting the most out of existing technology and building business cases, as well as implementation practices and practical lessons learned from highly experienced practitioners.

The report first introduces a three-layer framework for conceptualising the HR technology landscape, comprised of **a data layer, an application layer** and **an experience layer.** We then explore what productivity means in an HR context, and whether and how HR technology enhances it. The report moves on to address the key issues in HR technology, as highlighted by experts we interviewed. These include topics such as how to build a business case for HR technology, how to manage legacy systems and the key privacy and security related issues that arise when it comes to HR technology. We offer real-world examples and lessons from industry leaders who provided guidance for maximising the benefits of HR technology investments and navigating transformations effectively.

1.1

WHAT IS PRODUCTIVITY IN THE CONTEXT OF HR TECH?

The interpretation of productivity in our interviews sometimes focused on organisational productivity and other times on HR-related productivity. According to Jason Averbook, Senior Partner overseeing HR Digital Transformation at Mercer, early HR systems were created to improve productivity for HR professionals, automating tasks like calculating overtime or taxes. They weren't, however, designed with the broader workforce in mind. He says vendors often promised that HR technology would enable strategic shifts and efficiency gains (e.g. reskilling the workforce), but many organisations failed to realise these benefits. Many companies, he explains further, allow vendors to dictate their HR technology roadmaps instead of aligning technology to their own strategic goals. This leads to fragmented approaches focused on technology implementation rather than measurable business and workforce outcomes. Today, the topic of productivity as it relates to technology is an under-discussed topic.

Our research found that HR contributions to organisational productivity tended to arise when HR professionals had the time and capability to focus on objectives that were of strategic importance to the firm. These objectives differ by organisation and happen when higher productivity within HR freed up time to work on these strategic issues. For this reason, we focus here on productivity within HR.

HR productivity has five primary components that vary in how easy they are to show in commercial terms. The first was based on the ***headcount*** needed to deliver the HR service; a second was the ***time cost*** of having to work across multiple systems; the third was the costs of ***maintaining legacy systems***; a fourth was ***hidden costs*** due to data mismanagement; and the fifth was ***intangibles***, or the costs and benefits of factors like engagement due to appropriate or outdated HR technology systems.

Headcount. Productivity here refers to the headcount, or level of full-time equivalent staff, required to deliver a given level of the HR service. Showing productivity therefore requires clearly demonstrating the value and commercial impact of HR in headcount terms. The interpretation of productivity in HR is closely linked to cost efficiency and with strategies that reduce unnecessary expenses and streamline operations. Under this perspective, improving productivity involves achieving demonstrable cost savings by delivering the current or an improved service at lower cost.

Time savings. Technology can also improve productivity by reducing time required to complete tasks – for instance, by consolidating talent acquisition or learning systems and reducing employee need to engage across multiple platforms. Some technology solutions like single sign-on (SSO), while not HR specific, can minimise the time employees and managers spend navigating HR systems, simplify operations and eliminate redundant processes. Technology improves productivity by making work life simpler for managers, employees and HR professionals. Numerous experts emphasised that these benefits can be hard to demonstrate financially.

Legacy system maintenance. This interpretation of productivity also frequently came up in our interviews so we list it here, although it can be considered a form of the first category. Implementing new technology in HR can reduce reliance on outdated systems. This lowers maintenance costs and reduces the need for additional FTEs to manage and support older, often inefficient, technologies. Technology investment can therefore be a sensible way to free resources in HR to work on more strategic priorities.

Hidden costs. Productivity can also be impacted by poor management of absence data or failure to offboard employees properly. This leads to unnecessary expenses, such as paying for unused licenses or untracked holiday balances. The lack of reliable data creates risks. HR can no longer say this information is difficult to get, because technology exists to make obtaining it relatively easy. Importantly, the cost of tools like SSO and other organisational systems are often attributed to HR business cases, blurring the line between HR-specific expenses and broader organisational costs. This can complicate efforts to demonstrate HR's true financial impact.

Intangibles. Intangible factors are benefits that are difficult to quantify financially but play an important role in productivity. Time saving, mentioned above, is one form of intangible, but there are others that are even harder to measure than time savings. Examples include whether workers feel equipped with the technology to complete tasks required of them. Pulse surveys are one way to assess whether employees have the appropriate technology to perform their jobs and whether they are indeed freed up to focus on the right priorities. While these measures are challenging to express in commercial terms, they are essential for demonstrating the broader benefits of HR initiatives. Ensuring workers are appropriately equipped is important, but it is also important to recognise we can't always prove factors that may nonetheless drive technology decisions.

CONNECTING FIRM STRATEGIC OBJECTIVES TO HR DECISION-MAKING

Making sure HR decisions and processes directly flow from, and connect to, the business strategy is an important element of driving productivity through HR technology. Sultan Saidov, Co-founder of Beamery, whose technology helps companies unlock the skills and potential of workforces, says HR technology is changing how organisations align talent strategies with rapidly evolving business needs and corresponding work tasks. HR teams now have tools to help them connect talent decisions to business outcomes, and this directly impacts business performance and people's engagement and productivity. Traditional HR functions emphasised administrative tasks and operational activities. Today, HR technology helps HR functions enable business growth and mitigate business risk, reducing the perception of HR as an operational cost centre in the business and turning it into a strategic asset.

Platforms like Beamery are great examples of this because they connect HR data with organisational objectives. Beamery develops a deep, holistic and dynamic understanding of the jobs and skills a firm has, and should have, by leveraging data models built from billions of external talent and job data points, globally. It refines this understanding by integrating with the client's core HR system to analyse internal workforce data, job transitions, and organisational structures.

The promise of these platforms is that, whatever the organisation's strategic objectives, they can surface actionable insights, such as skill gaps, to make better workforce decisions. With more informed and complete data from all available sources, including trends in the wider labour market, organisations can hire better quality talent, tailor development plans, optimise redeployments, and align workforce planning with business-critical objectives.

1.2 HOW TECH DELIVERS PRODUCTIVITY BENEFITS

With an understanding of what we mean by productivity in an HR context, we can explore *how* technology specifically contributes to better productivity in terms of the aforementioned outcomes. We identified a number of ways that technology delivers these productivity outcomes. When things go well, these effects can lead to significant efficiencies and enhancements across HR operations. These ways of influencing productivity highlight areas that HR should focus on to demonstrate measurable value and align more effectively with organisational priorities.

Automation. HR technology automates repetitive, routine tasks, such as payroll changes and benefits administration. This reduces manual effort, saves time and ultimately leads to a lower headcount requirement for administrative functions. For instance, automating payroll adjustments eliminates the need for manual entries, ensuring accuracy and consistency while reducing errors. The standardisation technology brings improves operational efficiency. It also improves the reliability and auditability of important HR processes. Overall, automation improves productivity by improving workflows and reducing headcounts.

Empowering strategic HR. Technology solutions, such as the adoption of technology-enabled shared service centres, allow HR to offload transactional tasks, enabling a sharper focus on strategic priorities. In other words, centralising routine processes allows HR teams to dedicate their efforts to activities that directly contribute to business

growth and organisational success. In a fast-growth company this might be faster recruiting, while in a stable, large corporation this might be improving rates of new skill acquisition. Technology allows humans working in HR to deliver strategic value more consistently.

- **Digital Transformation and Security.** Digitalising HR archives and processes improves efficiency, makes documents easier to access, and strengthens data security. Moving to digital systems reduces the need for physical storage and aids compliance with data protection regulations. HR teams can tackle challenges more effectively with better technology such as reporting tools, thereby improving productivity. Artificial Intelligence (AI) was also discussed regularly by interviewees as helping create more efficient and reliable HR operations.
- **Enhanced employee experiences.** Technology improves employee productivity by providing HR systems that are simple and easy to use, meeting the expectations set by everyday digital experiences outside of work and enabling employee self-service. They put the tools and resources for customised learning and career development in the hands of individuals. They also automatically update and infer employee skills data, reducing the burden on employees to complete their profiles manually and increasing the quality of organisational talent data. Modern platforms unify processes like onboarding, benefits selection and performance reviews, making them more intuitive and less time-consuming. These tools also help reinforce the organisation's commitment to a positive work experience, showing employees that their time and satisfaction with HR technology matters. By aligning with what employees expect from technology, these systems enhance engagement and make everyday tasks smoother.

HR CAN BE MORE THAN A COST CENTRE

Amanda Nolen, who advises companies on HR technology, described how HR can fixate too much on productivity in an input-versus-output sense, which risks reducing its role to cost efficiency rather than strategic value. Viewing human capital as a cost fosters a 'race to the bottom,' where efforts focus on saving money instead of creating value. To be strategic, HR must shift the narrative: how does it drive revenue, mitigate risk, or enhance business outcomes? Learning and Development (L&D) teams, in particular, struggle to frame their work in these terms, even as the pace of change and AI-driven disruption make upskilling more necessary than ever. She says HR should follow the example of marketing, which once struggled to prove its worth but now ties activities directly to revenue and ROI. By framing efforts in terms of measurable business outcomes – like time-to-productivity or sales impact – HR can elevate its position.

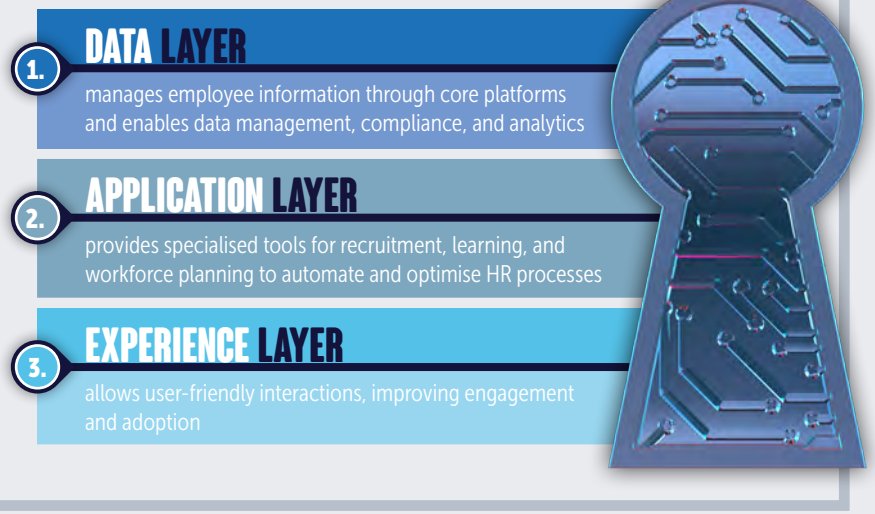
1.3 FRAMING HR TECH ARCHITECTURE

When considering approaches to HR technology we adopt a layered approach, which encapsulates how our interviewees tend to think about it.

The approach organises HR technology into three key layers: a data layer, an application layer and an experience layer. The approach was described to us by Bev Cunningham, former Chief People Officer at Ricoh Europe, and was similar to the way others conceptualised technology across other interviews. In the following sections, we explore the elements that reside within each of these layers and their role in delivering productivity and value and how AI is influencing their development.

FIGURE 1

HR technology architecture



DATA LAYER

The data layer forms the foundation of HR technology, including systems and tools that collect, store and integrate employee data to ensure accuracy, accessibility and compliance. Core HR systems act as the single source of truth. Integration tools and data repositories enable exchange of data from this layer between different applications and analytics on worker behaviour.

This layer also includes reporting tools for generating insights and frameworks for data governance and security, ensuring compliance and protecting sensitive information. The data layer supports the functionality of applications and enhances user experiences by providing a reliable and structured base on which the application layer sits.

AI is improving the way data sources are integrated and how data is managed which enables more effective real-time processing capabilities and stronger security and governance. We now discuss the core technology feature of the data layer, the foundational Human Resource Information Systems Platform (HRIS).

HUMAN RESOURCE INFORMATION SYSTEMS PLATFORMS (HRIS)

Major vendors like Workday, SAP SuccessFactors and Oracle HCM offer robust Human Resource Information Systems (HRIS) designed to serve as the foundational backbone for HR business activity. These systems handle core functions such as employee records, payroll processing, time tracking and benefits administration, providing a single source of truth for all HR data. By integrating these core processes, HRISs ensure consistency across modules. They reduce duplication of effort and improve accuracy. However, it's important to be aware of potential limitations.

Andrew Hall, Global Head of P&C Product Management at PMI described the advantage of HRIS as being that you are trusting the provider to develop processes and technology that serve your needs. It therefore removes a lot of the burden from organisations. However, he and other experts note that as vendors expand and serve diverse clients, their roadmaps may evolve in ways that diverge from your organisation's priorities, leading to potential compromises. As another interviewee put it, *"Don't believe the hype – the tech is not the change. A brilliant system, well-implemented but not effectively used, can be just as ineffective as no system at all".*

> *"Don't believe the hype – the tech is not the change. A brilliant system, well-implemented but not effectively used, can be just as ineffective as no system at all".*
>
> **INTERVIEWEE,** HARNESSING HR TECHNOLOGY SURVEY

APPLICATION LAYER

The application layer builds on the foundation of the data layer for HRIS, providing specialised platforms and tools that deliver functionality tailored to specific HR processes. Sitting above the core systems, this layer includes applications for areas such as recruitment, learning and development, performance management and workforce planning. These tools draw on data from the foundational layers to automate tasks and provide support for decision-making. The application layer ensures that organisations can adapt to unique challenges (e.g. high volume recruiting, or the need for important employee data in a merger). Having specialised applications that can handle these needs means firms can contribute the required information to the business in a timely manner.

AI has remarkably varied capabilities in this layer, ranging from enabling complex workflows through AI agents, to using natural language processing to screen resumes and deliver personalised learning pathways that adapt to employees' preferences and career goals.

Examples include Talent Acquisition and Learning specialised systems, designed to improve efficiency and deliver targeted solutions. The most common are Applicant Tracking Systems (ATS), Candidate Relationship Management (CRM) and Learning Management Systems (LMS). ATSs streamline recruitment by automating tasks such as job postings, candidate communication, interview scheduling and evaluations, enhancing recruiter productivity and ensuring candidates experience a smooth and professional hiring process. CRMs help organisations manage high volumes of external candidate data and proactively identify and nurture better-fit candidates. LMSs provide tools to upskill and manage learning pathways, ensuring workforce development supports strategic priorities. They enable personalised learning plans aligned with employee roles, skill gaps and career goals.

EXPERIENCE LAYER

The experience layer (sometimes also referred to as integration or engagement layers) provides a unified way of connecting employees to various HR systems and processes. By providing a centralised access point, they ensure a consistent, user-friendly experience, integrating diverse tools into a single interface. Examples include self-service platforms sometimes delivered as mobile applications, that allow employees to complete HR tasks independently, such as updating personal details, accessing payslips and managing benefits, reducing reliance on HR staff. AI is enabling automated delivery of services through agents. GenAI allows users to interact with applications naturally and content can be customised based on geography or past interests, for example.

Pulse engagement tools are often used to measure satisfaction, which, in turn, are expected to boost productivity (even if this is difficult to quantify). This focus on employee experience is also highlighted by roles like heads of experience and metrics like NPS (Net Promoter Score) becoming common. However, some organisations are beginning to question what the technology truly delivers and what processes need to be designed around it to achieve desired outcomes. While a positive user experience remains essential, experts suggested it is today viewed as a baseline expectation. The focus is shifting toward thoughtful process design, which integrates technology effectively to deliver meaningful results beyond usability. See the Bupa case study opposite for an example of where benefits of technology beyond experience are emphasised.

THE ROLE OF CLOUD-BASED HR PLATFORMS

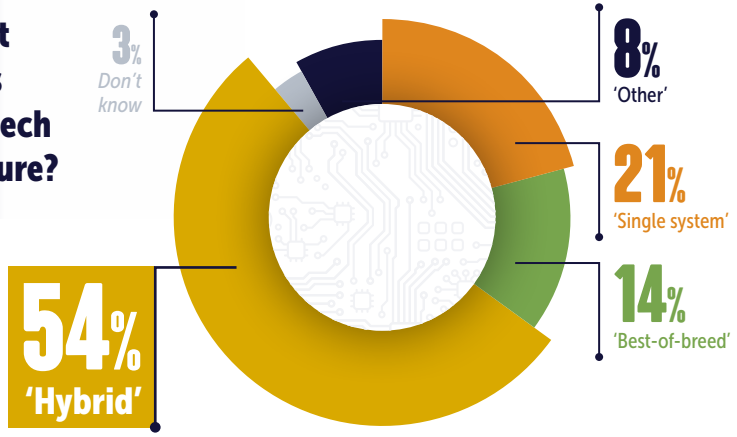
Cloud-based solutions are increasingly common. Cloud solutions offer scalability, remote access and security, all of which are particularly important in today's hybrid work environment. Importantly, the Cloud can offer HR technology solutions at a lower total cost of ownership than older on-premise solutions. The transition to cloud-based platforms reduces reliance on on-premise legacy systems and also ensures organisations have access to regular updates that support evolving business needs. These platforms also enable real-time data access and support for a mobile workforce, making HR services more accessible and convenient for employees regardless of location. The ease with which the technology can be implemented means the human behavioural change required is often the most challenging aspect of HR transformation.

THE CASE FOR BEST-OF-BREED SYSTEMS

Johannes Sundlo, HR Director at Avalanche Studios Group, says HR technology can play an important role in supporting organisational goals while enhancing employee experience. Effective systems, he says, are designed with the end user in mind. They should prioritise ease of use and clear benefits for employees and managers. This approach ensures that tools streamline HR processes and contribute positively to day-to-day workflows. Organisations need to choose between integrated platforms and best-of-breed solutions tailored to specific needs. While centralised systems offer simplicity in data management, specialised tools often align better with unique organisational cultures and deliver higher engagement. However, these systems require careful integration to avoid silos and inefficiencies. Johannes suggests these specialist systems can deliver functionality that the larger platforms might not. He says that the promise of offering an integrated experience across multiple best-of-breed systems is more easily within reach today than ever before, especially given the availability of AI technology that can be integrated into engagement layers. The CRF survey indicated that most technology systems were hybrid systems where a core system was augmented with best-of-breed solutions.

FIGURE 2

What best describes your HR tech architecture?



Source: CRF Member Survey: Harnessing HR Technology, 2024

EMERGING TECHNOLOGIES INCLUDING AI

AI applications in HR are broad. For instance, it is used for automated candidate screening, learning personalisation and chatbots that assist employees with HR queries. Generative AI can be used to create personalised training materials and simulate complex workplace scenarios for better learning outcomes. Predictive analytics is allowing HR teams to complete tasks such as identifying at-risk employees and taking proactive measures to improve engagement and reduce turnover.

There is strong potential for personalisation with AI too. For example, intelligent talent experience platforms such as Phenom deliver personalised, integrated experiences to both employees and candidates by weaving AI agents throughout the entire talent journey. These agents assist in tasks such as providing insights into hiring bottlenecks. They are embedded into the work environment, making interactions natural and ensuring easy and intuitive usage. They also allow candidates and employees to interact with HR in various ways, by text, voice, or video.

AI agents are among the most extreme means now available to unlock productivity for organisations: not simply assisting humans but directly replacing tasks performed by humans with 'agents'. However, when it comes to HR use cases, existing regulations that disallow automated decision making mean that agents are rarely possible to deploy due to legal considerations alongside other business risks.For use cases and products that are used by HR teams, candidates or employees, Beamery does not use agents but instead only deploys audited, assistive AI that in fact reduces risks – from both a regulatory and business perspective: helping mitigate bias, and not automating but instead assisting HR teams with insights to support their stakeholders.

If HR technologies are now better able to live up to their promise, the reason for this is AI. Several experts suggested that AI capabilities are also being embedded by vendors in their core modules. In fact, one expert suggested that AI was being incorporated into the core HR systems as quickly as it is in specialist AI HR technology providers. Jason Cerrato, Vice President of Talent Centered Transformation at Eightfold, summarises the opportunity AI provides as the capability to transition from static process-based approaches to HR to dynamic, responsive systems that let you adjust your approach in real time.

As a technology, AI has the capacity to eliminate or fundamentally change roles in HR, such as business partner roles. In fact, Andrew Hall from PMI says he expects AI will transform HR service delivery and the operating model. He says business partners will need to play a stronger ethical role in validating AI-generated recommendations. HR will need to adapt to these new roles and responsibilities as AI and other technologies evolve. Kate Mathias, Chief People Officer at Clyde & Co concurs.

She says an HR business partner who supports a manager saying 'I can't get this person to come in on time' is not very strategic. But using technology to look overall at absence patterns for the business and asking what the opportunity is to bring down absence is strategic.

Mercer's Jason Averbook noted that to innovate, organisations frequently turn to niche vendors offering agile, cutting-edge solutions in areas like talent acquisition or skills mapping. These solutions aim to fill gaps left by the slower-moving core systems, creating a fragmented but complementary ecosystem. The future of HR technology, he says, hinges on connecting structured data from core systems with unstructured data in documents and knowledge repositories. By integrating these elements organisations can harness AI effectively to deliver personalised insights, transforming HR from a transactional function to a strategic enabler. There is still much work to do, however, as a lot of companies are incurring costs but not quite seeing the value in AI.

DATA HYGIENE AS A PRE-REQUISITE FOR EFFECTIVE HR TECHNOLOGY

Jason Averbook noted that while the HR technology landscape has undergone significant transformation and implementation of systems has become faster, challenges still persist. Core systems for large organisations provide essential systems of record for functions like payroll and employee data management. These platforms, however, are often built on architectures from the early 2000s and can face criticism for being outdated and transactional, unable to fully meet the dynamic needs of modern HR. In his view, the rise of AI offers immense potential, but its effectiveness is hindered by poor data hygiene. Organisations often neglect maintaining comprehensive, high-quality data, resulting in systems that struggle to answer queries about workforce skills or career trajectories. Jason says the fault often lies not in the technology itself but in the lack of integration and upkeep. He says that particularly in large organisations, data strategists need heads like owls to be able to see all the places in the business that have data on a given topic (skills, for example) and to merge and integrate the data while giving everyone the access they require.

View **Applications and Implications of Emerging Technologies** Conference Retrospective here.

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CORPORATE RESEARCH FORUM

BTS CASE

EMPOWERING EMPLOYEE EXPERIMENTATION AND APPLYING GUARDRAILS

Peter Mulford, Chief Innovation Officer at **BTS**, has implemented a bottom-up approach that encourages experimentation at the front line, where smaller groups of teams can start exploring AI use cases. This allows self-directed problem-solving, with individuals or teams identifying pressing issues and experimenting with AI-driven solutions. It supports the idea that solutions that emerge from front-line workers are often more scalable since they tackle tangible problems.

This is accompanied by a top-down strategy that includes guidelines and guardrails to manage the direction of these experiments. It focuses on establishing boundaries to ensure that experimentation is carried out responsibly and is aligned with broader company goals.

This approach includes ensuring safety in AI development by preventing unintended consequences, especially in terms of ethics, security and bias. His approach differentiates 'dialogue and dictate', suggesting that top leadership should communicate guidelines as ongoing conversations rather than imposing rigid directives.

BUPA CASE

UNIFIED DIGITAL EMPLOYEE EXPERIENCES

Bupa, the multinational health insurance and healthcare company, is a large, federated organisation with over 85,000 employees. It has embarked on a journey towards a unified digital employee experience. Ben Wreford, Group Director, Digital People Solutions, says that traditionally, HR technology efforts focused on improving specific tools, such as HCM systems like Workday, aiming to enhance HR's operational efficiency and to introduce the self-service concept. However, the emerging challenge he is tackling is far broader: improving the overall digital experience for employees. Bupa recognised that employees' interactions with technology extend beyond HR systems to encompass all functional and business line technology.

To improve efficiency and engagement, Ben's strategy involves developing a unified digital experience layer and integrated digital assistant that connects all platforms that employees interact with. Instead of upgrading individual tools, the focus has shifted to delivering integrated digital employee experiences. For instance, ServiceNow, typically used for ticketing and knowledge management in IT and HR, has been integrated with Microsoft Teams, a tool widely adopted for daily collaboration. This type of integration, he says, allows employees to raise tickets, approve requests, and access knowledge bases seamlessly within their MS Teams workflow, avoiding the need to switch between multiple systems. The lesson here is that an effective HR technology strategy is no longer about isolated system development. It's about aligning technology investments with overarching business goals, such as employee engagement, accessibility and efficiency.

EXPERIAN CASE

BUY OR BUILD? LEARNING TECHNOLOGY

Brad Haime and Kelson Fernandes say that six years ago **Experian** faced a challenge. They wanted to ensure a dynamic, personalised and scalable learning experience for its workforce while meeting the ever-changing demands of the market. An LMS was chosen because of its robustness and ability to integrate with diverse content and tools. Yet, as the learning landscape evolved, it became clear that no off-the-shelf solution could fully address their unique needs for personalisation, engagement and alignment with the company's mission of financial inclusion.

So, Experian built their own Learning Experience Platform (LXP). Building its platform also allowed them to integrate learning, performance management and career development. Its Career Hub and Leadership Exchange platforms are more than portals; they are personalised, interconnected ecosystems that guide employees through growth opportunities while aligning with organisational goals.

Experian's innovation in building its own learning technology is a result of the team's interest in capturing insights from their employees and leaders and prioritising incremental deployment of tools that respond directly to the most important identified needs. When asked what the key driver of their approach was, Brad and Kelson say it is having good relationships with the regional and functional talent teams and HRBPs, who have insight into the strategic and day to day needs of their employee base. This enabled them to design solutions that better matched user needs.

1.4
SUNFLOWERS, DAISIES, CACTUSES, AND DANDELIONS

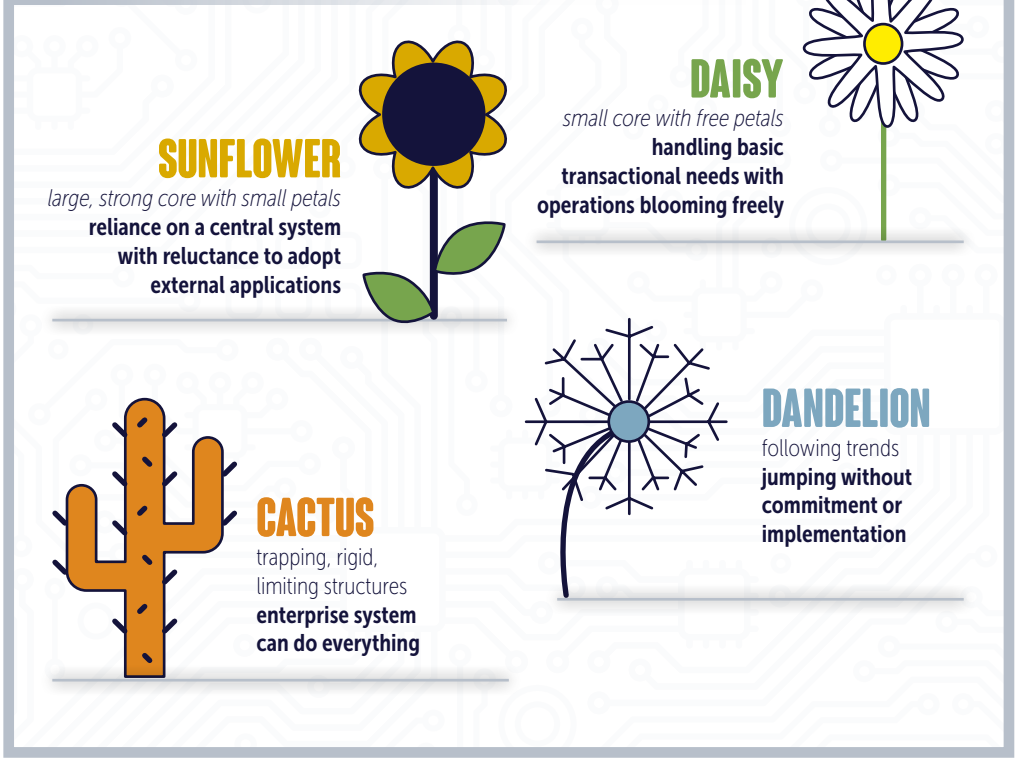
Thomas Otter, Venture Capitalist at Acadian Ventures described a metaphor he uses when he thinks about HR technology. He says organisational approaches to HR technology can be likened to different types of flowers, each representing a unique strategy.

The Sunflower has a large, strong core and small petals – similar to firms that rely heavily on a central core system and are reluctant to adopt external applications. These organisations tend to be large and cautious, with a strong IT presence and centralised decision-making. **The Daisy** has a smaller core, handling basic transactional needs, while the rest of its operations bloom freely around the edges. This resembles firms that are more flexible, relying on an agile network of systems beyond the core to support HR functions. Both the sunflower and daisy models are viable, depending on context and needs.

Then there are also antipatterns. **The Cactus** represents organisations that believe their enterprise system can do everything, ultimately trapping themselves within rigid, limiting structures. **The Dandelion,** on the other hand, describes firms that follow every new technology trend, always in a pilot phase, jumping from one start-up solution to another but never truly committing or implementing anything. Many organisations shift between the sunflower and daisy models depending on economic conditions. During growth periods, there are often more 'daisy' approaches, allowing for flexibility and innovation. During tighter economic times, there is a push for control and centralisation, leading to more 'sunflower' strategies. The balance and evolution between these types reflect the firm's response to their external environment and internal priorities.

FIGURE 3

Which flower represents your organisation's approach to HR technology?



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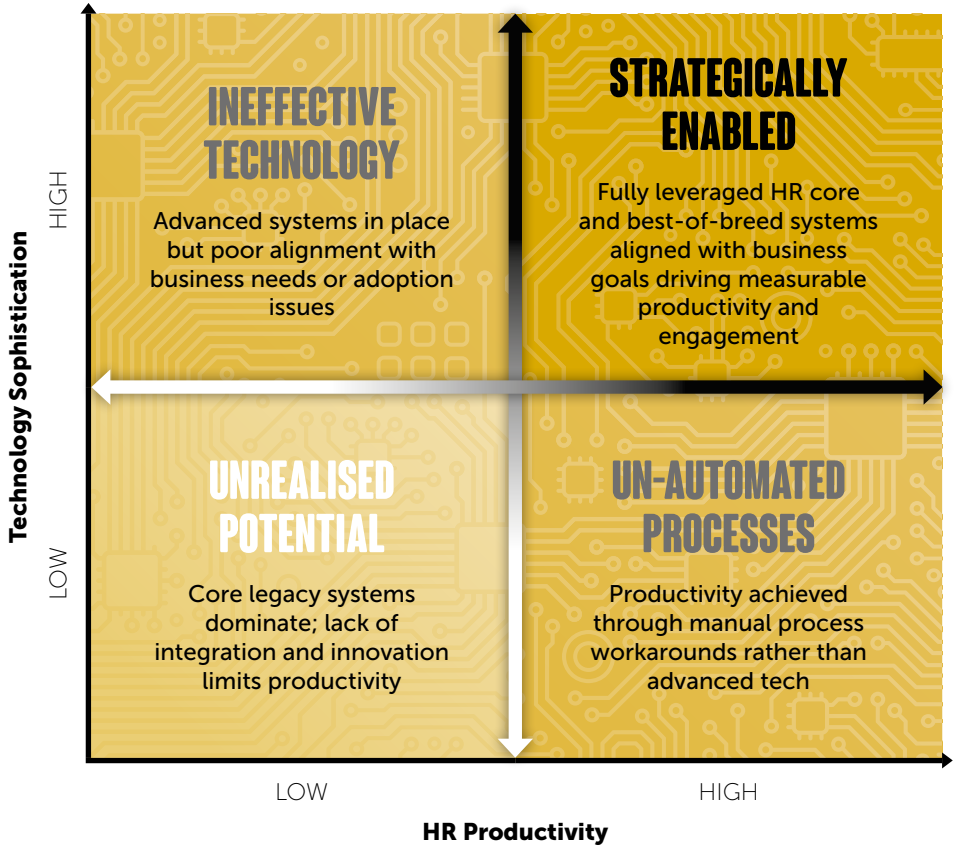
1.5
CROSSING TECH SOPHISTICATION AND PRODUCTIVITY

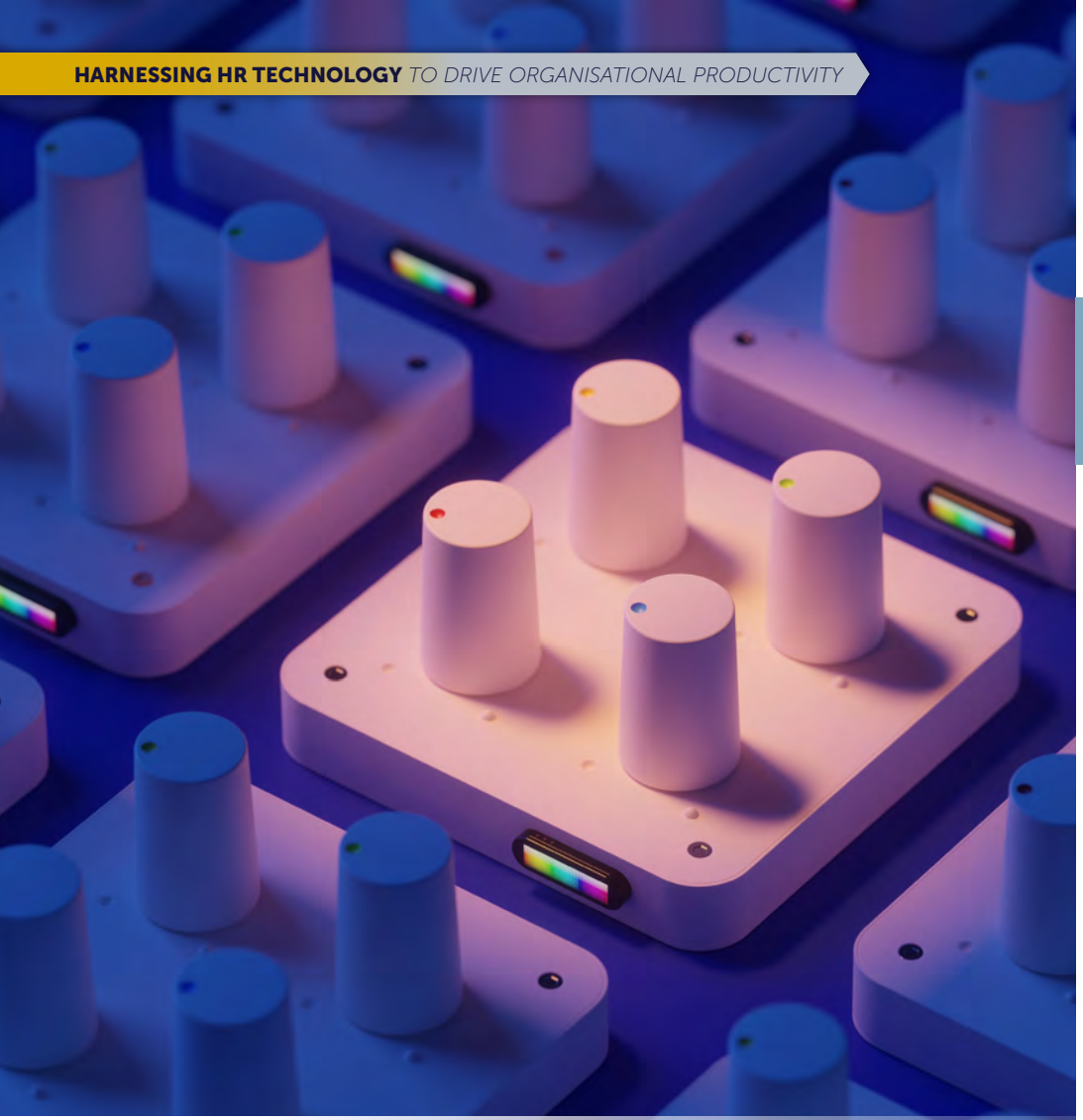
Looking across our exploration of productivity and technology, we can identify **four organisational types**.

The first type of organisation has low HR contributions to productivity and a low level of technological sophistication. The second type has low technological sophistication but still manages to generate productivity gains through manual processes. The third organisational type has highly sophisticated technology but cannot achieve productivity gains, either because it has made poor technological choices or due to adoption issues. Finally, the strategically enabled organisation has the right HR technology for its business objectives and achieves high levels of HR and organisational productivity from its use. The aim of most organisations is to move to, or remain in, the high sophistication high productivity quadrant. In this report, we discuss the ways that organisations can achieve this objective.

FIGURE 4

CRF Technology Productivity Matrix





2.0 DEFINING AN HR TECH STRATEGY FOR PRODUCTIVITY

2.1 MAXIMISE VALUE FROM EXISTING HR TECH

A key decision-making principle with regard to HR technology that emerged from our research is that decisions to move to a new system should be based on clear and compelling use cases where current capabilities genuinely fall short. Adopting new technology too soon often leads to regrets, with organisations realising sometimes years later that the new technology wasn't the right fit. Maximising value from existing systems requires balance. Organisations should fully explore current capabilities while being prepared to invest in new solutions when a proven need arises.

Maximising value from existing technology can sometimes mean addressing tension between Centres of Excellence (COEs) and HRIS teams. COEs often push for new tools, believing they are essential for progress, while HRIS teams advocate leveraging the capabilities of existing systems. This dynamic can create an impasse where COEs focus on perceived gaps, while HRIS teams emphasise untapped potential. To break this stalemate, organisations should start by fully utilising their current technology and driving the necessary behavioural changes to allow the technology to reach full potential.

A key consideration should always be the cost versus benefit. If the existing system can meet 80% of the needs, ask yourself, is the remaining 20% worth the expense of purchasing, integrating and maintaining a new tool? Specialists often overlook this point, focusing instead on functionality alone. Organisations must approach technology realistically – not just assessing what it can do, but considering whether employees will actually adopt and use it as intended.

Roni Koopelman, Managing Director, Human Capital Advisory at KPMG, says that he regularly has conversations with clients looking to increase the value the get from their HR technology. While this sometimes requires a new technology system, he says that there are also cases where this is not feasible or there is reluctance to change. In these cases, he says there are often productivity benefits to be gained by process re-engineering that can be accommodated within current systems.

2.2
HR TECH AND TRANSFORMATION

The purpose of a major HR transformation is to fundamentally enhance the HR function's ability to serve the business effectively. Today, such transformations invariably involve a strong technology component because of the need to re-evaluate and redesign operating models, processes and strategy to ensure they align with the organisation's goals and evolving needs – all of which are influenced by technology.

While the transformation goals may be framed in different ways – such as reducing costs, improving employee experiences, or delivering greater value – the overarching goal, according to Kate Mathias, is to make HR more relevant and capable of supporting the business in meaningful ways. However, achieving this objective is often more challenging than anticipated. Transformations sometimes fall short of their aims due to a lack of clarity or focus on the ultimate purpose. A key point to remember, she says, is that technology, while a powerful tool, is not the transformation itself.

Technology instead serves as an enabler of HR transformation, providing the infrastructure and capabilities to support required changes in strategy, processes and models. Without a strong foundation in these areas, technology alone cannot drive meaningful or sustainable change. Ultimately the success of a major HR transformation lies in its ability to balance ambition with practicality. It requires a clear understanding of business needs, a commitment to aligning HR's role to those needs and an acknowledgment that true transformation comes from people and processes working in harmony with technology, rather than relying on technology itself to define the change.

2.3
KEY DECISIONS IN TECH TRANSFORMATION

The key decisions in technology transformation are usually shaped by a discovery phase that evaluates the current state of HR functions using a maturity matrix. This approach assesses how effective areas like recruitment and Learning and Development (L&D) currently are in meeting the organisation's needs. By identifying gaps between the current state and desired outcomes, organisations can conduct a gap analysis that incorporates benchmarks that inform the change required. These benchmarks often consider factors such as functional efficiency, technology requirements and staffing levels to determine if existing resources are sufficient or need enhancement. Cost-efficiency is frequently a driving factor in these evaluations.

To support this analysis, many consulting organisations, including the 'Big Four', use proprietary maturity assessment models. These are often tailored to the client's needs. However, these frameworks are not exclusive to large firms. Benchmarking data can also be sourced from other specialist organisations, providing flexibility in choosing a model that fits your organisation's context and goals. The goal of this process is to create a shared understanding among stakeholders of where investments or changes are most needed. In turn, this allows informed decisions on technology and process improvements.

The challenge lies in making sure that insights from these 'best' practices and maturity assessments translate into actionable outcomes. A large-scale tech implementation may fail to address needs if it isn't aligned with the actual requirements identified during the discovery phase. Moreover, remember that implementing advanced systems won't inherently change the capabilities or behaviours of HR professionals. Individuals who lack the inclination or skills to be strong business advisors will not develop these qualities solely through new technology. The key is to complement technological investments with strategies that address the people and process dimensions of transformation, ensuring that the tools facilitate the intended improvements.

2.4
TECH BLUEPRINTS

Professional services firms have digital blueprints for HR that are designed to help organisations reshape their workforce strategies by integrating leading practices and technologies. The blueprints can be used to map HR processes, workflows, controls, roles and automation opportunities and identify where processes can be technology-enabled. The digital blueprints of HR functions enable the creation of an HR function from scratch, identifying where human involvement is required in HR processes. The blueprints allow analysis at multiple levels, from high-level overviews to step-by-step implementation plans. This supports role and organisational structure implementation.

Askaniusz Sawicki and Amber Prestidge from Ricoh described to us how they made effective use of such a blueprint. The process framework they purchased played a pivotal role in achieving their HR productivity goals by providing a detailed, technology-agnostic roadmap for redesigning HR operations. While their implementation had substantial upfront costs, the outcomes – enhanced efficiency, stronger HR capabilities and increased employee satisfaction – justified the investment. It also supported the creation of a superior HR product to meet the needs of both the firm and external organisations.

The returns realised also included a stronger HR business partnering model and access to HR information, resources and support, a need addressed in the global engagement survey. Without this structured process, achieving these outcomes and delivering on the business case would have been far more challenging. Instead of gathering input from everyone and creating compromises that left no one fully satisfied, Askaniusz and Amber describe how they implemented a standard, industry-leading approach with the clear message: *"This is the plan – align with it."* This meant there was no need to conduct a traditional 'as-is' and 'to-be' mapping, they took a bold approach by moving straight to the 'to-be' model. This involved adapting only where necessary for local legal requirements.

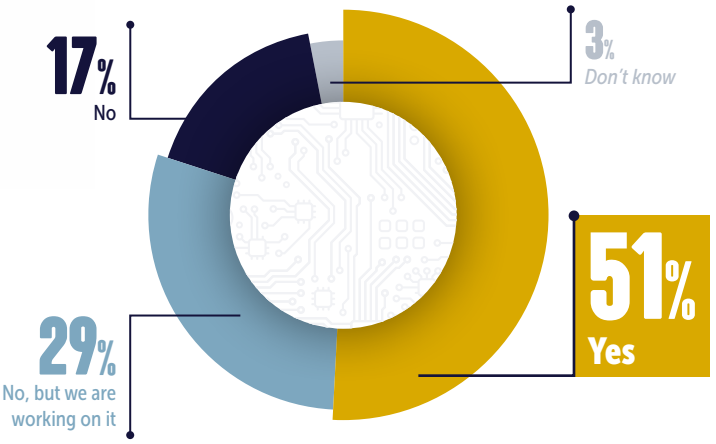
By adopting the predefined processes directly, they suggest that there can be some feeling from operating companies that they are excluded from the decision-making processes. This can be managed by helping everyone see that the best practices are industry wide and the implementation team itself did not influence design either. This perspective exchange is important and can happen in workshops to explain the rationale for what is happening. Askaniusz and Amber note that keeping in mind they were dealing with numerous entities across Europe – even though they grouped these into three clusters – wide consultation would have delayed the project by at least months, potentially years. To address any outstanding issues, they gathered feedback and ideas for improvement post-implementation. This ensured that there is an ongoing refinement of the system and engagement moving forward.

2.5
TECH ROADMAPS

Once you have implemented an HR technology system it is important that you keep it current, which best practice would suggest involves having a clear roadmap for what is coming next. Here it is important to differentiate between the roadmap of your provider for the technology system you are using, which may or may not speak to your organisation's priorities and the roadmap for functionality required to deliver on your HR priorities. If these two diverge you may need to look at solutions that bridge gaps, such as point technology solutions (i.e, specific technologies to take care of specific tasks) Despite the availability of HR technology roadmaps, the CRF survey indicated only half of organisations followed a formal HR technology roadmap.

FIGURE 5

Does your organisation have an HR tech roadmap?



Source: CRF Member Survey: Harnessing HR Technology, 2024

KEYLOOP CASE

NAVIGATING THE IMPLEMENTATION OF HR TECHNOLOGY

Keyloop is a global company that develops technology platforms for the automotive industry. In the journey of implementing HR Technology, Arfan Younus, Head of HR Systems & Analytics, says that aligning diverse stakeholders is important for smooth implementation of HR Technology as well as ensuring compliance with legal regulations. Key stakeholders would include HR Leadership, Finance, IT, Legal, and core user groups impacted by deployment of the technology.

During an implementation, Arfan recommends having in-house expertise to provide continuous knowledge throughout the project. He says while hiring internal expertise is still likely to be paired with implementor support for larger-scale projects, it will significantly reduce reliance on external partners and provide greater flexibility throughout the project.

When it comes to productivity that follows from HR Technology implementation, Arfan notes that specific metrics on productivity gains are often elusive and challenging to measure, but the qualitative benefits (e.g., time savings and streamlined processes) are more obvious.

HOWDENS CASE

SIMILAR TECHNOLOGY REQUIREMENTS, DIFFERENT CULTURES

Justin Davies, Director of HR Services at **Howdens**, the kitchen joinery company, sees a significant role for HR technology in simplifying and standardising organisational processes. While the core HR lifecycle tends to be consistent across different companies, he says, complexities tend to arise from internal factors such as structure, culture, and unique aspects to technology setups.

These differences are often more perceptions than realities but nonetheless can lead to unnecessary complications in processes that, at their core, follow universal steps. Addressing these complexities to allow standardisation is essential for reducing operational inefficiencies. For instance, aligning terms, conditions and policies across the organisation eliminates variation, which often causes inefficiencies and the need for manual workarounds.

This alignment allows technology to function as intended, supporting streamlined workflows rather than adding to the complexity. He notes that different systems provide similar functionalities but often with unique strengths and challenges. Selecting the right system involves aligning technology with organisational priorities, such as user experience, self-service capabilities and process consistency.

2.6 COSTS OF MAJOR HR TECH TRANSFORMATION

The costs involved in implementing HR systems vary significantly based on the organisation's size and the complexity of the project. For a large-scale implementation, such as introducing an HRIS for a workforce of 100,000 people, costs can reach the high tens of millions of pounds. This includes robust features like portals and extensive functionality. In contrast, smaller implementations for a 5,000-person organisation, might cost single digit millions. The choice of platform and project scope greatly influences these expenses, and opting for simpler, less comprehensive products can help reduce costs.

However, financial cost isn't the only factor to consider in vendor selection. The market is crowded with HR systems, ranging from established players to emerging, smaller vendors. While the smaller vendors may offer competitive pricing and niche solutions, organisations must evaluate whether these smaller vendors will continue to develop and improve their products or fail to develop, leaving the business with outdated or unsupported technology.

Selecting a vendor requires balancing immediate cost savings with long-term value and sustainability. Organisations should assess not only the vendor's current offerings but also their track record, commitment to innovation and ability to meet evolving business needs. Several of the experts we interviewed highlighted that making the right choice involves looking beyond the upfront price to ensure the selected solution remains relevant and effective in the future.

2.7
BUILDING A BUSINESS CASE FOR NEW HR TECH

Despite the often-elaborate rationales provided in initial business cases, the benefits of HR tech transformation are often not fully realised according to David Pacifico, Global Director Talent Management at Securitas Group, who has led HR technology programmes across several organisations. This can be because HR does not do a very good job of articulating value in commercial terms, or because some technologies are necessary but provide benefits that are intangible, such as with investment in learning platforms. Learning return-on-investment (ROI) is often harder to quantify relative to investments in talent acquisition systems, for example, where you can identify improvements in the candidate experience, recruiter productivity and highlight a range of metrics around average time to hire and cost per hire.

In cases where there is not a commercial business case or where the potential benefits are intangible, he says, you may need to make the investment in certain core technologies anyway. You may be required to take decisions based on common sense – a learning system is a requirement in most modern organisations and if the old system is inadequate a new one is required. The business case is often around skills. We are seeing business transform from low margin low skill to high margin high skill due to rapid technological advances. In such cases, the business needs to know what skills it has and what skills can be retrained and re-deployed and technology is one effective way to do this.

> *Despite the often-elaborate rationales provided in initial business cases, the benefits of HR tech transformation are often not fully realised.*
>
> **DAVID PACIFICO,** GLOBAL DIRECTOR TALENT MANAGEMENT, SECURITAS

Bev Cunningham notes that the journey from idea to contract is a lengthy process. In the first stage, you define the problem and objectives and identify potential solutions. This may involve discussing industry specific challenges that HR technology can solve. Then an analysis of the current state is required to identify the gaps that the new technology will resolve. Bev notes that the mistake many make is not considering budget implications beyond the technology and implementation costs. For example, business cases should address whether there are any cost implications associated with restructuring due to the technology. From here, likely solutions with pros and cons can be prepared, which is followed by closely working with finance business partners. Most importantly, business cases should also be evaluated following the implementation to check that they achieved what was expected.

HP CASE

TECHNOLOGY ENABLES A SKILLS-BASED APPROACH TO TALENT

Olga Martens-Stuurman, Director Future-Ready Work Experiences, discussed how **HP** is transitioning to a skills-based organisation, which raises the importance of understanding existing skills, gaps and future requirements. Early efforts were manual (e.g. Excel and Power BI), but implementing tools like a talent marketplace have streamlined and automated this process and provided an enhanced user experience through better localisation, intuitive interfaces, and accessibility that ensures higher adoption and engagement.

Having HR technology operate under a separate HR technology team within the HR organisation allowed confidentiality and speed of implementation. Importantly, productivity in HP was redefined beyond outputs and volumes to outcomes, including quality, engagement and innovation. Internal experiments have revealed that people (team dynamics and meaningful connections) have an even greater impact on productivity than technology. Successful system implementation depends, she says, on a well-thought-out change experience, not just change management. Understanding the emotional and practical impacts on employees is vital to gaining acceptance and ensuring use of new systems.

3.0 PRACTICAL CHALLENGES AROUND IMPLEMENTATION/ ACTIONS THAT MAKE A DIFFERENCE

3.1 BEHAVIOURAL CHANGE IN TECH ADOPTION

The success of HR technology implementations hinges not just on the technology itself but on the broader context of organisational culture, leadership commitment and user behaviour. Key insights include the following points.

- **Executive buy-in.** Executive buy-in is important for driving adoption and sustaining the momentum of technology initiatives. David Pacifico reports that on projects he has supported, the CEO and Chief People Officer significantly influenced the adoption of a new learning platform, resulting in 70% user engagement within six months. Long-term leadership commitment and alignment ensures that the technology's value is understood and communicated across the organisation. It also helps drive sustainable adoption as well as creating a cultural shift in the organisation towards new ways of working.
- **Cultural Change is a Prerequisite.** The implementation of HR technology is not a standalone effort; it requires cultural shifts to embed new behaviours and practices. For instance, managers and employees need to view learning and performance management as central to their roles. Without cultural alignment, even the best technology fails to deliver meaningful change, as employees might resist adoption or revert to old ways.
- **Unrecognised requirements.** Beyond the initial investment, there are often significant under-recognised requirements for successful implementation. These include efforts to sustain user engagement, such as encouraging employees to update skills data or continuously use the platform. This requires ongoing communication, training and support to ensure that users understand and derive value from the technology.
- **Adoption challenges.** Adoption is influenced by many factors. Tools must solve clear, immediate problems for employees to adopt them willingly. It is also influenced by ease of use: Complex interfaces or cumbersome processes, for example, expecting employees to manually complete and maintain their skills profile, deter regular use. Finally, adoption is impacted by trust in technology. Concerns about how data will be used, especially during restructuring or downsizing, can inhibit participation (e.g. if I share my skills, will the organisation hold it against me if they are not what it is looking for?). Any misalignment between user expectations and actual functionality can derail adoption efforts. Jason Averbook recommends tracking user abandonment as well as adoption.

3.2 STRATEGIES THAT DRIVE ADOPTION

Realising the full benefits of HR technology requires sustained efforts to integrate these tools into the fabric of the organisation. This can take years, as seen in companies aiming to develop skills-based systems or comprehensive workforce analytics. To quicken the process, organisations often engage in experimentation to achieve success.

- **Minimum Viable Products (MVPs).** Rolling MVPs and quick-turnaround tools (like real-time performance management apps) can demonstrate value and build momentum without requiring massive upfront investments.
- **Nudges.** Small, consistent reminders or incentives (e.g. notifications prompting weekly goal updates) can reinforce usage and habits. These nudges can range from formal requirements (e.g. PDR completions) to informal insights (e.g. worker anniversaries).
- **Continuous improvement.** Lastly, ensure iterative improvement occurs. This can be achieved by adopting continuous feedback loops from users to help fine-tune systems to meet real needs over time. This feedback loop could take the form of working sessions with user groups, for example.

In summary, the secret to HR technology adoption lies in blending technical solutions with cultural and behavioural strategies, ensuring that employees not only use the systems but also perceive them as important to their work and career growth.

> *Effective HR transformation involves more than technology. It must address organisational structures, operating models, processes, policies and culture to create sustainable change, and balance global consistency with local flexibility.*
>
> **ALASTAIR PROCTER,** SVP STRATEGIC HR OPERATIONS, INTERPUBLIC GROUP

3.3 CONFIGURE POLICY BEFORE TECHNOLOGY

When thinking about HR transformation, Alastair Procter, SVP of Strategic HR Operations at Interpublic Group, says it is important to align processes and policies before starting on technology. Not doing so is a common mistake with significant consequences. Misalignment can cause inefficiencies and delays, making the implementation process far more complex. Even with this realisation in mind, he says, HR must recognise the significant effort required for configuring policies, e.g. you may find on a global HCM implementation that you have hundreds of absence/leave plans that first need to be fully understood and then second need to be configured within the absence module of the new HCM (if your organisation has traditionally been more decentralised, then multiply that number). So some degree of standardisation and alignment of those plans prior to implementation will reduce complexity and save significant labour downstream.

Alastair also discussed how transitioning from a decentralised to a centralised HR tech ecosystem (e.g. consolidating multiple applicant tracking systems and performance management systems) can reduce duplication and inefficiencies, lowering costs and improving data accessibility. Overall, he says, remember that effective HR transformation involves more than technology. It must address organisational structures, operating models, processes, policies, and culture to create sustainable change, balancing global consistency with local flexibility. Organisations also need to plan for continuous evolution of HR tech and process to adapt to emerging challenges and technologies.

3.4
ALIGNING TECH INVESTMENTS WITH BUSINESS STRATEGY

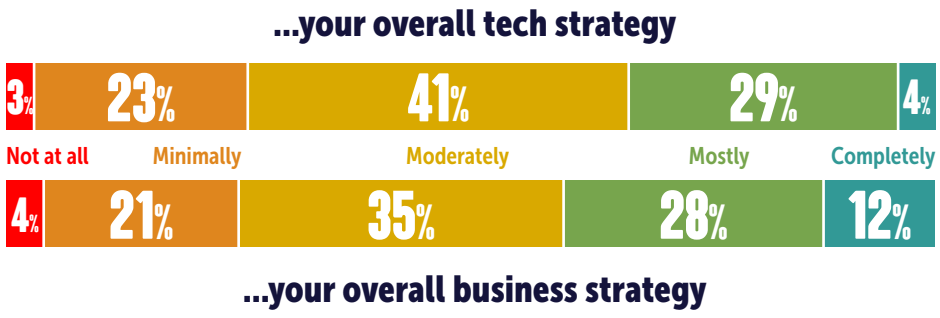
David Pacifico, Global Director Talent Management, described to us why decisions regarding HR technology investments must align closely with the broader business and IT strategy. They must also reflect the organisation's business philosophy, growth drivers, priorities and organisational structure. Some businesses, he says, have decentralised structures and slim corporate centres, especially if they are in low-margin industries. Here investment priorities often lean toward immediate operational needs over core, long-term technology upgrades.

This approach can result in fragmented HR technology systems with diverse platforms that reflect the amount of local decision-making autonomy rather than centralised coherence. More centralised structures with higher margins are likely to be able to prioritise major, organisation wide technology implementations including in HR. The CRF survey revealed the majority of organisations' HR technology strategies were only moderately aligned with overall business and technology strategies.

> *Ultimately, all tech investments are shaped by the broader planning cycle and budget competition across functions. Prioritisation depends on what drives growth, addresses pain points and supports the business's stage.*
>
> **DAVID PACIFICO,** GLOBAL DIRECTOR TALENT MANAGEMENT, SECURITAS

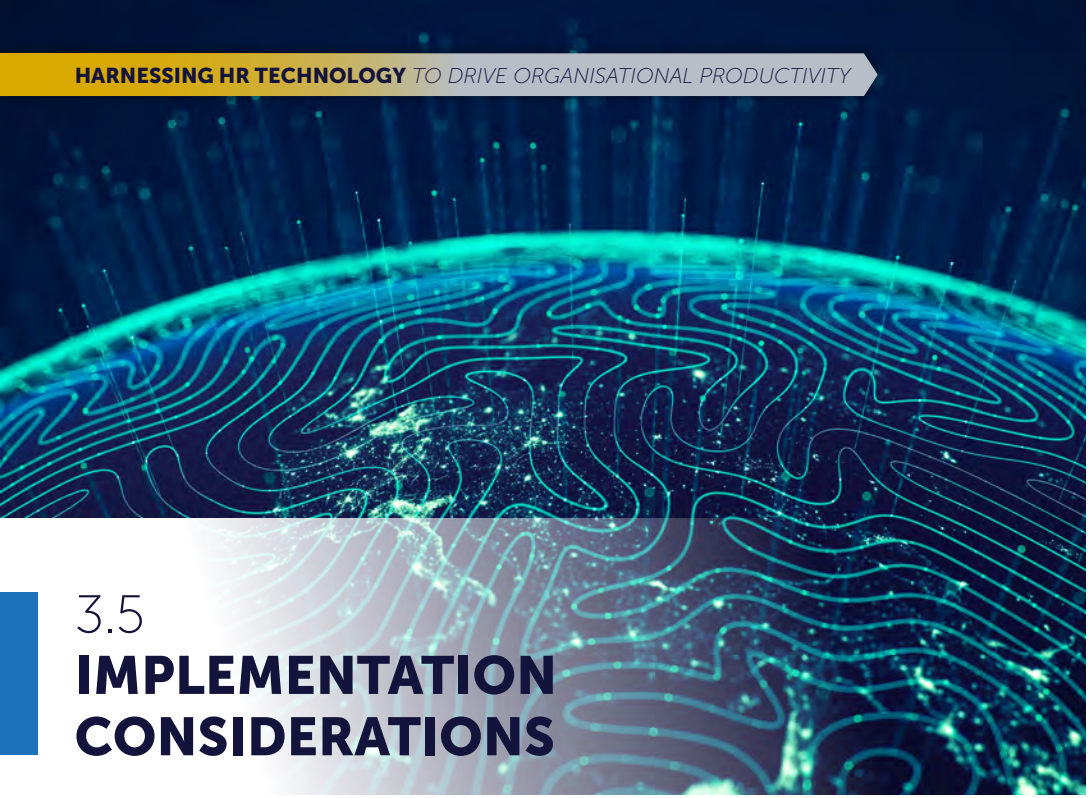
FIGURE 6

To what extent is your HR tech strategy aligned with...



Source: CRF Member Survey: Harnessing HR Technology, 2024

Ultimately, all tech investments are shaped by the broader planning cycle and budget competition across functions, he says. Prioritisation depends on what drives growth, addresses pain points and supports the business's stage – whether building foundational infrastructure for a hyper-growth company or optimising and integrating existing systems in a more mature environment. To align HR tech investments with the business strategy, companies should assess their transformation goals and identify business pain points. For instance, a company might need to consolidate HR platforms post-acquisition to streamline operations, even if it requires significant upfront change management. Once these broad business objectives are identified, the way technology impacts their achievement can be analysed to help make informed HR technology decisions.



3.5 IMPLEMENTATION CONSIDERATIONS

> *The approach to how you govern and spend on HR technology needs to include an emphasis on experience-led design at the beginning and adoption-led deployment at the end of the implementation process.*
>
> **KATE MATHIAS,** CPO, CLYDE & CO

Implementation success requires realistic goals, executive support and a focus on behavioural change and adoption. Firstly, it is important to ensure leaders appreciate the value of getting the basics right first and for their involvement in championing the transformation.

Experts recommended starting with minimum viable products and quick wins for immediate results. It is also important to realise that internal IT teams and vendors may need guidance, as not all have deep HR technology implementation expertise. The recommendations we heard involve prioritising the core functionality of technology to simplify processes and enhance foundational experiences before pursuing advanced features. Emphasise the cultural change and adoption to sustain momentum.

EXPERIENCE-LED DESIGN AND ADOPTION-LED DEPLOYMENT

Kate Mathias, CPO at Clyde & Co says that the approach to how you govern and spend on HR technology needs to include an emphasis on experience-led design at the beginning and adoption-led deployment at the end of the implementation process. Experience-led design means thinking about the experience you are delivering and make it as easy as possible for the user rather than thinking primarily about the HR process. It is about making the technology user centric by putting user experience (UX) upfront. It can be simple things like making the most common drop-down field automatically selected.

Adoption-led deployment recognises that the technology programme itself is not the change you are usually after. The change happens after the phases typically considered as implementation, i.e. testing, go-live, turning off the old system and hyper-care. Do not spend all of your budget before you have supported people in the period after go-live, she says, as that's just the start of the journey. This approach is a recognition that day 1 won't be perfect and you may need resources and energy in reserve to respond to the organisation.

CONFIGURATION AND CUSTOMISATION

When deciding how much to configure an HR system, the right balance must be struck. No single product can meet all your organisational needs, so while a core HR platform might excel at managing foundational HR tasks and even some advanced functions like compensation, it may fall short in areas like ticketing, query management, or visa processing. In such cases, complementary tools for workflow management may be better suited to address specific gaps. Starting with the right combination of products is essential, but over-configuring any one system can lead to long-term challenges. It is also important to consider the broader organisational style, culture and structure. Highly centralised organisations will require consistent systems and processes, while looser, holding structures may need only basic connectivity.

Excessive customisation often becomes unmanageable over time. Trying to force a single platform to handle every use case not only complicates data structures but also risks undermining the functionality the system was designed to provide. This can lead to difficulties in maintaining and upgrading the system, as heavy configurations can lock you into outdated processes or make future enhancements cumbersome. Partnering with organisations that specialise in working with your chosen provider can help, but caution is needed to avoid creating a system so tailored that it becomes counterproductive.

It is common to see implementations with too many custom fields, which can dilute the platform's core promise of simplicity and standardisation and can also reduce productivity gains. Over-configuration not only confuses users but it complicates the system's ability to adapt to the business' evolving needs. Avoid the temptation to 'sweat the asset' by extracting every possible output or feature from the system. This approach can lead to an inflexible and unsustainable structure. The goal is to ensure the system remains flexible, upgradeable and aligned with your organisation's long-term objectives.

PMI CASE

GLOBAL STANDARDISATION AND TECHNOLOGY ADOPTION

The strategy of adopting simple, standard, global processes to drive a consistent experience across markets has worked at **PMI**, according to Andrew Hall. Andrew's role is shaping the technology roadmap, delivering it and building the capability to scale beyond initial implementation. He recounted examples where other companies either went too slowly or not fast enough due to wanting to be inclusive or lack of understanding of the need for progress. He emphasises the importance of having clear principles and design at the outset of a project. Standardisation rather than customisation ensures a positive, consistent employee experience.

Andrew says that minimal involvement of specialist HR functions in the design stage ensured quick adoption and learning from real users once the system was live. He emphasises the value of adopting out-of-the-box processes and systems to prepare for future disruptions in HR technology. *"Get people to use it in the way best practices recommend",* he says. Most importantly, you shouldn't just take what do you do now and automate it (e.g. if you require many approvals in a process but the blueprint recommends 1, adjust your process, not the technology).

In recommending this approach, he acknowledges culture matters, e.g. the culture and decision-making process at PMI was very open to exploring and bringing in external HR technology trends and following Andrew's recommendations. In organisations where there is lower trust in HR to provide the right advice, greater challenges to technology and implementation choices can be expected.

> *Don't just take what you do now and automate it. Adjust your process, not the technology.*
>
> **ANDREW HALL,** GLOBAL HEAD OF P&C PRODUCT MANAGEMENT, PMI

3.6 HOW TO EFFECTIVELY DELIVER TRAINING FOR NEW HR TECH

Employees value simplicity and accessibility, so it is important not to overload them with extensive training requirements, as this usually backfires. Instead, implementers should focus on designing intuitive systems and leveraging 'Just-In-Time' tools to create effective experiences that achieve intended tasks.

Because most employees don't engage with training until the system goes live, their training should be considered separately from core HR users, who rely on the tool to manage day-to-day work. Core users will benefit from earlier training (e.g. 6 months before go-live). Casual users, on the other hand, typically engage only when they need to perform tasks, such as booking leave.

- **Just-In-Time (JIT) Training.** Provide on-demand, in-the-moment access to guidance. Tools exist now that can act as co-pilots as employees use technology, offering step-by-step assistance such as auto-filling fields as appropriate.
- **Offer Resources, Not Burdens.** Avoid long classroom-based training sessions (e.g. 6 months in advance) as this is impractical and learning is likely to be forgotten by the time the system is deployed. Employees are busy and unlikely to commit to extensive sessions. Make training materials readily available for those who want them but prioritise a system so simple that formal training isn't essential.

In summary, understand the difference between core users and casual end users, tailoring support and training to their needs. Data shows these groups require distinct approaches. Ensure the system is intuitive and simple, minimising the need for training. Take inspiration from mobile banking and platforms like Amazon, where minimal instruction is required.

3.7 MANAGING LEGACY ARCHITECTURES IN HR TECH

Legacy architectures are a common technology feature in HR systems. This may happen because companies grew by acquisition, although the CRF survey indicated that most companies' HR technology systems reached their current state based on making decisions to meet technology needs rather than developing organically.

They may also develop because decentralised business models in large organisations mean power and budgets lie with divisions and countries rather than a central core and this leads to fragmented systems. Nonetheless, there are challenges with having multiple HR systems and a core single source of truth has many benefits. Harriet Hounsell, Chief People Officer at Nomad Foods, offered the following advice for how this can be achieved in the context of legacy HR architectures.

MAP YOUR TECHNOLOGY LANDSCAPE

Understand your existing technology landscape by mapping out all components, even if it involves hundreds of elements that don't seamlessly integrate. Recognise that knowledge gaps may exist – even within the IT team – so start with what you know and prepare to uncover hidden complexities along the way.

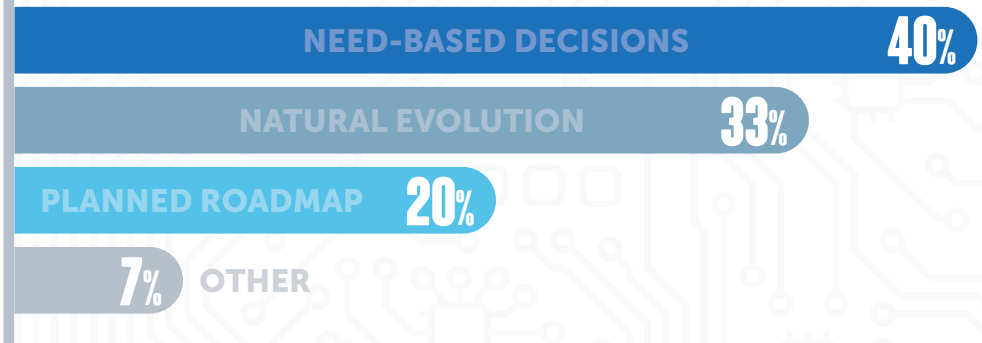
Focus on 'no regrets' moves, such as establishing a common master data standard. In federated businesses, individual units often view themselves as unique, but challenging these assumptions and striving for data consistency can deliver substantial advantages.

AVOIDING COSTLY TECHNOLOGY DECISIONS

- **Avoid committing to systems that are overly rigid or come with escalating costs.** When integrating new solutions, adopt a broader perspective: what works for one division may not align with the overall business strategy when scaled across the organisation. Evaluate new technology in the context of its impact on the entire company.
- **Involve stakeholders in change by actively engaging the teams responsible for managing systems in decision-making.** This requires leadership, time and a genuine commitment to understanding the complexities of daily operations.
- **Strive for a common operating framework that promotes standardisation while accommodating regional or divisional variations only when absolutely necessary.** Foster discussions among stakeholders to determine where consistency can be achieved and where exceptions are justified.
- **Consider a federated approach if required.** This model – where one provider supports multiple tailored setups – can balance flexibility with consistency, ensuring the system aligns with diverse needs while maintaining coherence.

FIGURE 7

How did your organisation arrive at its HR tech setup?



Source: CRF Member Survey: Harnessing HR Technology, 2024

> *By putting people and collaboration at the forefront, you can create a transformation that is both practical and widely-embraced.*
> *AUTHOR:* **DR. NIGEL GUENOLE**

BE REALISTIC ABOUT CAPABILITIES

Avoid chasing trends like AI until you've established a solid foundation. If parts of your business still rely on spreadsheets, focus first on fundamental improvements like adopting cloud-based systems to build a stronger technological base and robust data. Remember, modernisation is as much about people as it is about technology. Teams have built careers and habits around existing processes, so it's essential to respect their expertise while carefully guiding them toward new systems. Engage these teams early and meaningfully, ensuring their voices are heard and their insights are valued.

Take a collaborative approach by involving system integrators, design teams and region-specific groups. Diverse perspectives matter – different regions may handle contingent workers or interpret absence policies uniquely and these nuances can't be overlooked. Approach change management with a people-first mindset. Use workshops and discussions to uncover surprising insights and challenge existing assumptions. Embrace these moments as opportunities to refine your strategy and align with regional customs, legal frameworks and organisational realities. By putting people and collaboration at the forefront, you can create a transformation that is both practical and widely embraced.

crf learning ON DEMAND COURSE
Artificial Intelligence: Implications and Applications

Embracing AI can enable your organisation to achieve greater efficiencies and enhance employee experience. This course will equip you with the knowledge and skills necessary to integrate AI into your HR workflows, enabling you to make better informed decisions, drive organisational growth and seize the competitive edge.

3.8 THE NEED FOR SPEED AND ENERGY

> *If you are too slow and too consultative you will struggle to receive the benefits of HR technology.*
> *AUTHOR:* **DR. NIGEL GUENOLE**

Many interviewees discussed the importance of speed and energy in implementing HR technology. They emphasise treating technology implementation as a discipline rather than a hobby to ensure strategic success. Part of the discipline is adopting a roadmap for technology improvements and staying ahead of industry trends. If you are too slow and too consultative you will struggle to receive the benefits of HR technology.

For instance, one organisation chose to deploy an HRIS country by country across the globe meaning it could take over a decade to complete the process, by which time the technology is likely to be outdated. Many of these technologies can now be switched on quickly due to cloud technology meaning the technology can be deployed in a matter of months rather than years, which frees up time and energy to tackle behaviour change which is often the hardest part.

4.0 BROADER CONSIDERATIONS

PRIVACY AND SECURITY

As HR technology continues to evolve, several risks need careful consideration. For instance, a big question is whether HR technology management is often managed separately from IT due to the unique requirements of handling sensitive employee data. While there may be collaboration between the two functions, the scope is typically limited to ensure data privacy and compliance. In some cases, HR tech operates as an entirely distinct function, though it remains connected to IT for system integration and support. This approach allows HR to focus on its specific needs while maintaining robust data security.

LEGISLATIVE COMPLIANCE

As technology becomes more sophisticated, ensuring compliance with regional and global labour laws becomes more complex. Organisations must stay abreast of regulatory changes to mitigate potential legal risks. This requires HR and legal teams to work closely with technology decision makers to understand the implications of deploying new technologies and to ensure that all practices remain compliant with evolving regulations.

FAIRNESS AND BIAS

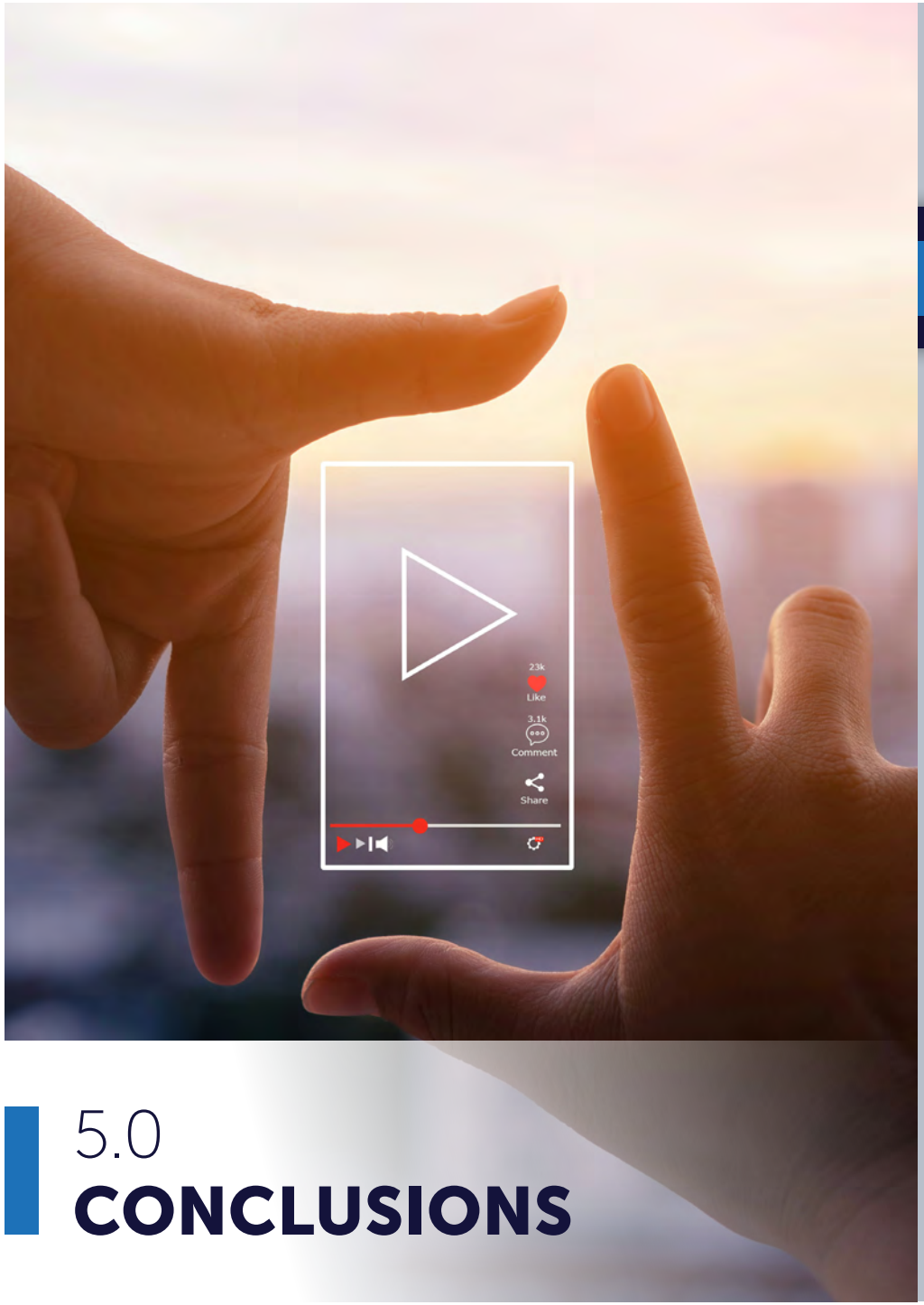
AI systems must be carefully monitored to avoid bias. There is a risk of replicating existing human biases within algorithms, which could lead to unfair treatment of candidates or employees. Regular independent audits of AI algorithms should be conducted to ensure fairness and mitigate any unintended discriminatory practices.

DATA PRIVACY AND SECURITY

The increased use of technology in HR necessitates a strong focus on data privacy and security, particularly as sensitive employee information is handled by these systems. Compliance with data protection regulations, such as GDPR, is vital. Organisations should implement robust encryption, access controls and data anonymisation techniques to protect employee data from breaches and unauthorised access.

SURVEILLANCE AND ETHICAL CONCERNS

There are ethical considerations regarding the use of technology for employee surveillance, such as tracking productivity or monitoring communications. Clear guidelines and transparent policies need to be established to ensure that technology use respects employee privacy. Surveillance technologies should be implemented in ways that balance organisational interests with employee rights, avoiding overreach and ensuring that monitoring practices are justifiable and well-communicated. For example, if I share my skills, will you use it against me in downsizing activities?



5.0 CONCLUSIONS

HARNESSING HR TECHNOLOGY *TO DRIVE ORGANISATIONAL PRODUCTIVITY*

- The future of HR technology will be characterised by integration, artificial intelligence, and enabling strategic partnering. Beamery's Sultan Saidov described to us how it will move beyond standalone systems to unified platforms and experiences – with fewer point solutions, and an increased focus on AI providers that embed data, intelligence and AI governance into existing solutions in core enterprise tools: HCMs like SAP and core systems like Microsoft. HR Technology should allow managers and employees to make data-driven decisions without leaving the technology tools they use day-to-day, such as Slack or Microsoft Teams.
- AI will play a central role in enabling optimised workforce planning, predicting skills gaps, and aligning talent decisions with business-critical goals before projects commence. This will see HR technology move the HR function from a cost-management centre to a strategic partner that guides business strategy and helps manage risks, by embedding critical talent and market insights directly into everyday decisions and workflows. Organisations will acquire capabilities like personalised training pathways, AI-driven nudges, and continuous talent planning to navigate complex, fast-changing business landscapes.
- The productivity impact of emerging technology will vary – from having immediate, tangible effects, to affecting businesses in less self-evident ways. As an example, alleviating system switching by integrating HR tech solutions with core communications tools for managers and recruiters could allow teams to make faster hiring decisions, as well as speed up response times across the process. This is a tangible, measurable productivity benefit. Harder to measure is how having more accurate information about hiring needs, (thanks to predictive data about skill gaps) or better hiring plan alignment (from a connected technology ecosystem) can impact productivity. Yet, there will clearly be downstream benefits, and HR will be able to support on meeting business objectives in a more efficient, data-driven manner.

- The broader productivity benefits of technology can be hard to unequivocally prove, but there are steps organisations can make to show them. This is most true with respect to headcount reduction, somewhat true when it comes to time savings that free HR to be more strategic, and less true when it comes to intangibles like employee experience, which are only loosely associated with conventional interpretations or the term productivity.
- There are considerable differences between organisations in terms of what they expect to see in return for technology investments. Some organisations require a very firm business case built around headcount, while others are satisfied with a business case around intangible outcomes or even showing that the existing system is no longer fit for purpose. The lack of discussion of productivity that results from HR technology is at least partly due to the lack of clarity about how productivity is defined, and how readily productivity benefits can be demonstrated.
- While novel technology offers opportunities for productivity gains, it's also important to focus attention on how to maximise existing technology and manage legacy systems. Here the message is to map your existing technology needs and capabilities, while at the same time recognising that this map will be continuously evolving. From this point, organisations should assess the alignment between the roadmap of your organisation needs and the roadmap of vendors. These are not the same thing, they can and often do pivot away from one another.
- Implementation can be thought of as technical and social. The big questions on the technical side relate to single systems versus best of breed configurations and the amount of customisation that should be permitted. With organisations of any significant size, it is rare to find one single system and there will be a requirement for point-solutions to cover capabilities that the core system does not address. As much as possible, avoiding customisation means systems can be more easily maintained over time. Whether you use multiple systems or customise is an 80:20 type consideration. We recommend aiming to meet as many of your needs as possible via core systems. For that remaining 20%, make sure customisation is focused on elements that strategically differentiate your business.
- The social side of implementation focuses on getting people to accomplish old tasks in new ways. Invariably this process will go more smoothly when the new way is easier than the old way. This is one of the reasons behind the push behind the experience layer and where generative AI is making breakthroughs. Being able to resolve a query effectively in the manner I choose (e.g., by sending an email, chatting with an AI agent, making a phone call) is fundamental to a strong technology experience. Without it, transformation efforts struggle. Training must be similarly thoughtful, light and in the flow of work for irregular users, in depth and in advance for core users.
- Our last reflection relates to the opportunity at stake for HR. We are today faced with remarkable claims about the capabilities of generative artificial intelligence and AI agents. We heard most about this from the vendors and less from organisations, perhaps suggesting we are on the precipice of a changing tide where AI will revolutionise HR. The difference between now and ten years ago is not in the imagined use cases or benefits, it is in the belief that this is now possible, and growing comfort that bias, security and privacy concerns can be managed. Irrespective of these new capabilities, we expect their productivity benefits will need to be framed in the ways we describe in this report.

6.0 APPENDIX

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