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Josh Bersin
Independent Global Analyst
Dean, *Josh Bersin Academy*

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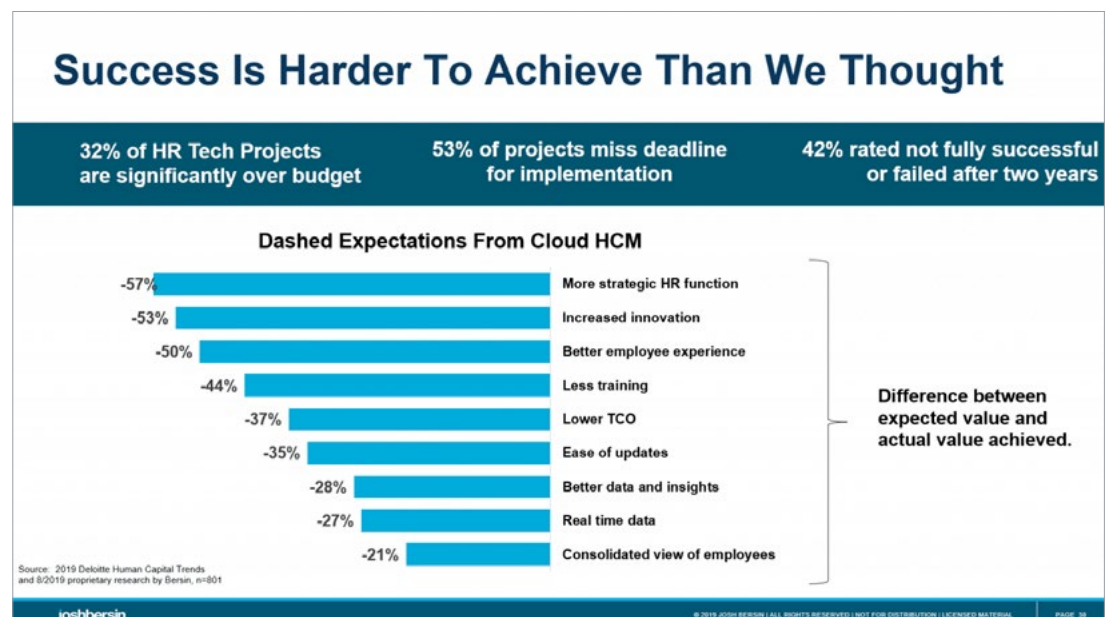
HR Technology: The Dirty Little Secret

BY [JOSH BERSIN](#) · PUBLISHED 5 NOVEMBER 21, 2019 · UPDATED NOVEMBER 22, 2019

I've spent the last few weeks flying around the world talking with HR organizations about their various HR tech strategies and there's a lot going on. Almost every major company I talk with is in the middle of an implementation of a major new cloud platform, while they are rationalizing, fixing, and improving a variety of other systems. And the proliferation of tools is staggering: Sierra-Cedar believes the average company has 11 systems of record: my research shows that if you include learning and talent tools it's almost twice that number.

As we prepare to launch the big HR Technology 2020 study soon, I want to give you a dirty little secret. Despite all the innovation, excitement, and growth in this market, HR Technology is harder to implement than ever.

Consider the data from a study we are going to launch next year:



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Despite the promises that cloud-based technology would increase innovation, reduce cost of ownership, provide better data, and create a better employee experience, most companies find these outcomes less than expected. So the big dirty secret is that “yes, the cloud has its benefits,” but the overwhelming improvements are still hard to achieve.

As we dug into this data we found many things to consider.

First, it’s no longer prudent to select a system based on its features and RFP response. You have to select a technology based on the “[employee experience](#)” you desire, which is quite different from looking for processes and capabilities. Yes of course you need a platform that meets your company’s business needs, but in most cases the HR process you want to automate is far too complicated in the first place, so it’s the ability for the system to meet user needs that matters.

This all goes back to the topic of “experiences” vs. “processes” in software. As the chart below shows, the new breed of HR tools are “designed for employees” not for HR, and this has set the vendors off on a very new and different design. Many of the most successful systems are very simple and built for purpose; complex suites may seem like a good idea, but you rarely use all the features anyway.

Why? The Big Redesign: From Process to Experience

	The 2000s	Today
Focus	Talent Management	Work Experience
Goal	Integrated HR transactions	Improved employee experience
Systems	Single platform	Ecosystem of apps
Platforms	ATS, LMS, TMS	Team and work management
Work Model	Job models, competencies	People, projects, goals, feedback
Technology	Integrated data models	Microservices, chatbot, AI
Design	Processes	Experiences (Interactions)

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As I like to put it, today's core HCM platforms are more like an iPhone and less like an ERP system. They are open, plug-and-play platforms that let you add new apps (and delete them) as needed. [ADP's Next-Gen HCM system](#), for example, lets different teams use different third party applications without sacrificing security or data privacy. [Workday's Cloud Platform](#) is designed to operate the same way. Products like Fuel 50, Glint, BetterWorks, Gloat, NovoEd and others are "walk up and use" types of systems that attract users through their design. That's what you need to seek out.

We'll publish much more on this soon, but you'll see that the "nirvana" of HR tech success is harder than you think. Finding the right tool is part of the problem, but the bigger issue is making sure employees are ready to use it and you design the system for the future, not the past.

The second "Secret" I want to share is that your job architecture will make or break the system. If you buy a talent or core HCM system you'll be forced to add job roles, job families, and a variety of data about levels, competencies, and details for each job. Many companies just take what they have and load it into the new system to help get the system up and running fast.

This is a mistake. In today's "future of work" we need to redesign jobs so they can be more flexible and people can change job roles as needed. Automation is changing every job in business, and nobody can predict what the next role will be. So we need job families that are flexible and don't prescribe too much detail at the granular job level. We're going to publish a whole program on this in the [Josh Bersin Academy](#) next year, but call us if you want more help. Lots of people are discussing it in the Academy so join us to learn more.

The third "Secret" to share is that HR Tech is more expensive than you thought. In the early days of HR systems we bought a licensed product, customized it for many months, and then turned it over to IT to operate and maintain. The IT department often pulled their hair out to keep it up to date, but the cost of ownership went down over time

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– to the degree that after five or so years, the system became very cost-effective to run.

In the cloud model your costs are high at the start, and they only seem to go up. When you buy a cloud-based system you're not only paying for the software engineering and maintenance, you're paying for the vendor's IT systems, their databases, their servers, and their entire cloud infrastructure. And if you're a big company, their cost of IT is likely much higher than yours.

So we're spending more on HR Tech than ever before. Yes we have no maintenance to worry about, but you still have to do lots of systems integration, you have to maintain and manage updates (and the vendor tells you when they arrive), you have to do a fair amount of validation testing of new features, and you have to maintain internal security, change, and operational support.

Is the cloud cheaper than before? Probably not. What we're really doing is shifting capital budget (your own IT infrastructure) to expense, which may or may not be good. You still need to fund systems integration, consulting fees, and lots of ongoing costs to make sure the system stays relevant. And as you add more apps to the environment, you wind up with lots of [architecture and analytics](#) work to do as well.

What are we getting for this extra expense? Innovation I would hope. So when organizations find that the user experience is not what they hoped, I think they will push back on annual fees from cloud vendors. And since these systems are not installed behind the firewall, it's actually easier to switch than before. (Still not easy.)

HR Technology is a critical and strategic part of running a global company, so I'm not saying you have much choice. But go into this market with your eyes wide open, and make sure you're being careful what you buy. There's a lot of innovation in the market: just remember you don't need it all, and if it doesn't improve employee productivity and their internal career growth, maybe you can hold off for a while. And the research shows that consultants are more important than ever: they've found

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a lot of the pitfalls and can often help you stay on track.

One more thing, and maybe this is secret number four: you cannot run HR Tech successfully without a partnership with IT. There was a belief that cloud-based systems removed your dependence on IT. This is no longer true. Today's cloud platforms need systems integration, configuration, security and identity management, and integration with your analytics team. And more and more companies want to integrate HR Tech with their "systems of productivity," whether that is Microsoft Teams, Salesforce, or your industry banking, finance, and other applications. All this requires IT.

I just finished a series of workshops on the Employee Experience in Asia and every company I talked with brought up the need to integrate employee services and journeys with their front-office systems. This is the new world of HR Tech, and you'll need IT to help. Especially when you start to focus on onboarding applications, career management portals, and [learning in the flow of work](#).

We are going to publish the big [HR Tech 2020](#) report this month (stay tuned), and you can learn much more about all this in the Josh Bersin Academy course [The HR Tech Workshop](#). This course is filled with tips and you'll see lots of your peers there to learn from.

Next year I'm excited to introduce new research on the adoption of HR Tech, and I think you'll even better understand the specific practices that drive success. The ROI of great HR Tech can be very high: just go into the market with your eyes wide open and you'll be happier with your result.