SAP SuccessFactors ♡

SAP White Paper
HR Digital Revolution

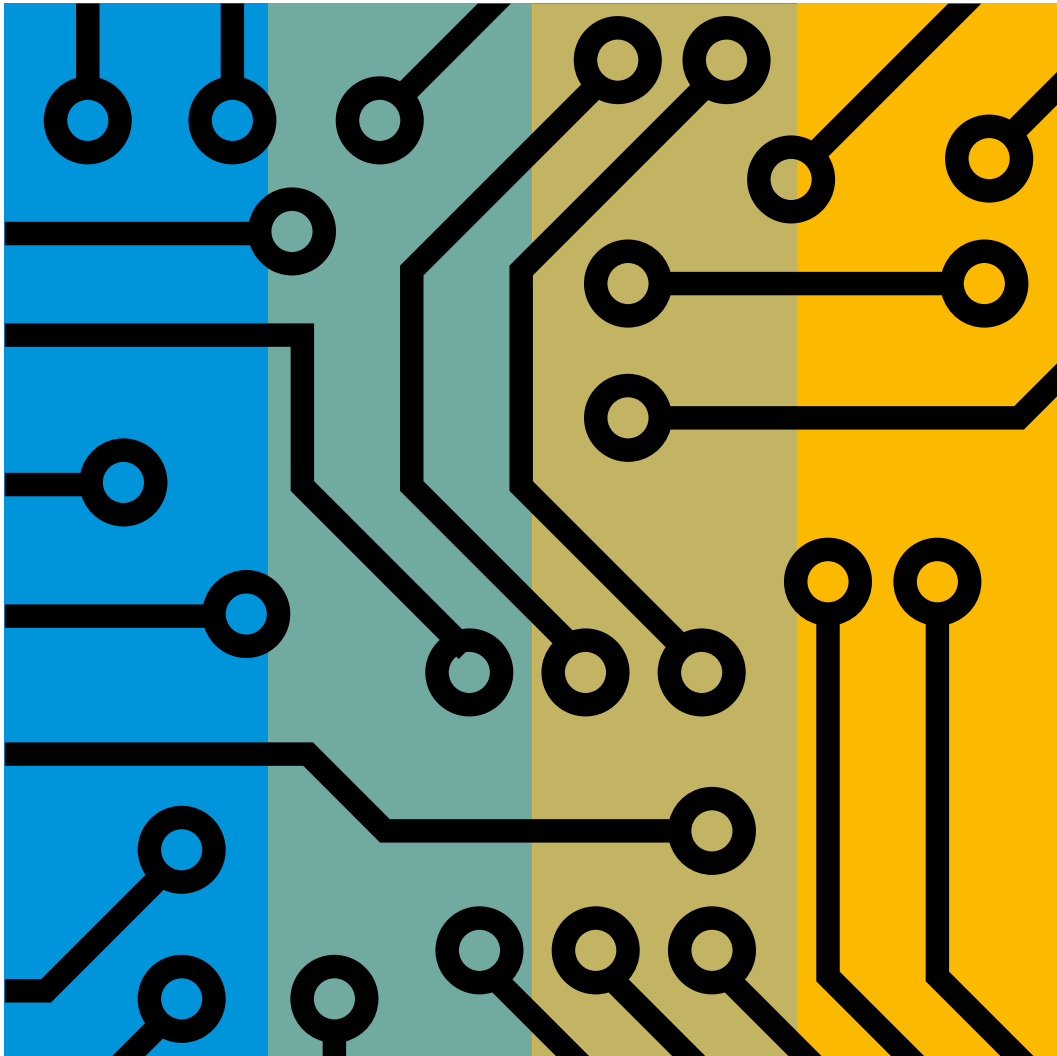# Translating the HR Digital Revolution to Everyday Work

SAP **Run Simple**

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ARE YOU ACTIVELY PLANNING FOR THE HR DIGITAL REVOLUTION?

The HR digital revolution is here and moving at rapid speed, and organizations are looking for new, effective, productive ways to meet the evolving demands of doing business – agility, 24x7 global access, speed, and accuracy. Leading organizations know they need to disrupt or be disrupted, so they have begun to create entirely new work environments that we now call the digital workplace revolution. It is changing the way we think and approach everyday work.

HOW IS BUSINESS DISRUPTION IMPACTING HR DIGITAL TRANSFORMATION?

Let's start with the big picture. The business world is changing faster than ever. You most likely have experienced companies transforming industries, such as Airbnb, Amazon, and the food delivery industry in Blue Apron and Home Chef. These are popular examples of organizations that have transformed their industries into something different – something more. Under Armour is not just selling shirts and shoes, they are connecting 38 million people on a digital health platform. Facebook is not just a social network, it is the largest media company even though it doesn't create content. Alibaba is not just the largest e-commerce company, it is a financial services and technology company blurring industry lines. **Transformed companies can create new industries.**

Think back five years to what your experience as a consumer was like. Hasn't it changed significantly? As consumers, we can now buy just about anything from our smartphones at any time, from anywhere in the world, and have it delivered to us wherever we happen to be, sometimes that same day or within 24 hours. We perform daily essential functions from our smartphones, such as banking, remotely regulating the heat in our homes, renting a vacation home anywhere in the world – directly from the owner, letting friends know we have checked into a restaurant, or ordering products to be replenished when they run out, and the list goes on.

This consumer digital experience is what we have become accustomed to in our daily lives. Can you imagine life without it now? It has significantly transformed and increased our level of engagement as consumers and completely changed our methods of shopping, allowing us to shop from the convenience of our own home. Imagine if HR had the same user-friendly, consumer digital user experience? How would that change our work world and the level of our engagement, performance, and contribution? **Imagine if employees were engaged to work like consumers are engaged to buy.**

Imagine if HR had the same consumer-friendly digital influence as Amazon or Under Armour. How would that change our work world engagement and performance?

HOW WILL HR BE IMPACTED BY DIGITAL TRANSFORMATION?

What is the correlation between employee engagement and digital transformation and how does it impact HR? Digitalizing HR will change everything about the way we work, including the nature of our work, career structures, knowledge, workers, workers' expectations, and the skills needed to do ones' job. Employees want an experience, not just a career, and they want to be engaged in their work and their company.

Culture is a key element of engagement and digital transformation. How does an organization's culture go digital? It does so by becoming intelligent, modern, and transparent. It uses social media; has consumer-grade tools ready to use; and is automated, faster, and dynamic. Most important, it is embedded in the daily work of employees – a way of life. The time to embrace digital transformation is here and now.

If we step back and look at HR's evolution over the past 10 years, the focus on automation has brought repeatable, often easier HR transactions, with "self-service," that was faster, but often felt outdated, fragmented, and disconnected. **Digital transformation doesn't equal automation.** Digital transformation creates an all-in workforce approach, beyond automation, with improved business agility, more comprehensive and effective use of intelligent services, and leveraging and upskilling a more diverse workforce.

Business transformation is disrupting HR and technology. Investors seeking the next big technology breakthrough plunged large amounts of money into HR technology systems and platforms in 2016. Deal activity in HR technology has grown consistently over the last few years, and is expected to increase more in the foreseeable future. Significant investment growth, with much of it on integrated HR platforms for midsize companies illustrates the industry's evolution. The new work culture is being driven by the shift from cloud to mobile, an explosion in analytics and artificial intelligence, and the emergence of video social recruiting and wearables in the workplace.

The long-term effect on HR should be positive. **The new HR mantra will be "HR is not HR."** New tools are being introduced that will force HR to shift its mindset from one of designing and rolling out programs to a more interactive, self-service-oriented feedback loop methodology with constant iterations to programs. This will increase employee buy in and adoption, and that will result in a new vision for what the employee experience could and should be. These changes will have impact from the boardroom to the front line, and certainly for HR.
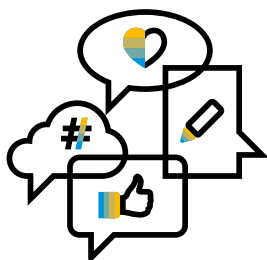
Digital transformation creates an all-in approach, beyond automation, with improved business agility, intelligent services, and skills of a diverse workforce.

An important reality with any digital transformation is that technology alone will not build culture or engage employees. Creating meaningful work will be even more important than in the past, especially with millennials who will be the majority demographic in the workforce of the future. Employees seek purpose to what they do at work, and will be reluctant to use new technology if the work itself or content on the apps they interact with is not interesting, relevant, and motivating. Employees must know they have room to create the future by being empowered to innovate.

WHAT DOES THE WORKFORCE OF THE FUTURE LOOK LIKE?

The workforce of the future will continue to diversify, with five different generations in the workforce, a sharp increase in contingent workers, and the creation of global talent pools. These changes increase the complexity of HR, and yet new technology is enabling better strategic planning and management of related HR work. **As the workforce continues to change, HR must continue to find new ways to achieve business results with greater simplicity, global relevance, and in a way that is appealing, not scary, for millennials, boomers, unions, contract workers, executives – everyone.**

Upskilling this diverse workforce during digital transformation is a must and leaders have a key stake in driving cultural change. Lennart Keil at SAP wrote "A Different Kind of Work" in August 2016, that defined six digital competencies for the future workforce, especially leaders, to learn.

1. **Use technology as an enabler** – Just as smart phones revolutionized us as people and employees, we must realize that new products will continue to change how we do most everything, at work as well as at home. When virtual-reality wearable glasses, avatars, and self-driving cars begin to sneak into the workplace, embrace it sooner rather than later.

2. **Embrace disruption** – The old quote "change is the only constant" is truer today than ever. Expect change. The nature of change is different now than in the past and the speed of change is faster than ever. This causes greater lack of predictability, introduces us to new variables which we do not readily understand, and causes unclear cause and effect relationships as many things are less linear than in the past. Things are messier. Embrace the mess and sort it out.

3. **Leverage information technology** – Use social media often and always for better and faster results. The Twitter campaign after the Paris attacks organized thousands of safe places for residents to stay in one hour – where it would have taken months to achieve the same results without social media. Use this capability.
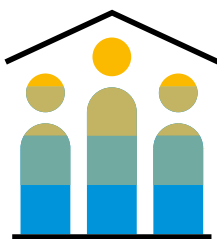
HR must find new ways to achieve business goals with more simplicity and global relevance that appeal to a workforce diverse in culture, age, and skills.

4. **Become excellent at iteration** – It used to be that most HR projects were slow to develop and created at the top of the organization, and eventually "rolled out" to employees. This was the norm. The new norm is that projects build along the way with constant input from others and moving quickly through the stages of development. Good project management is still very much needed, but iterating toward an acceptable launch is the new norm rather than waiting for the 100% perfect solution and then determining a roll-out plan which can take too much time in this fast-moving business era. Learn how to iterate, and get comfortable with small steps and incremental change.

5. **Use the crowd wisely** – For leaders, don't think you must do it all. As Steve Jobs once said, "It doesn't make sense to hire smart people and then tell them what to do; we hire smart people so they can tell us what to do." Enough said.

6. **Go beneath the surface** – There has always been a delicate balance between data and intuition and that has not and will not change. The new challenge in the digital age is determining how to use the science, the data, in tandem with the art – the human element. We will continue to be asked to balance these two elements in our daily work and expected to look deeper to make good decisions, given that we will have more data at our fingertips to analyze and yet still need to make decisions that impact employees.

These six digital competencies will help us as employees, leaders, and people in the digital future. Leaders must learn how to do these better.

HOW WILL WORK BE REIMAGINED?
Employee expectations of employers have evolved faster than organizations have evolved – consumer-grade tools are the minimum table stakes. Utilizing new systems is critical to attract and retain the best talent for the future. This is the time to reimagine and redesign work. Innovations will impact how we work in real time through better visibility across the organization, effective collaboration across teams and enterprises, and elimination of many manual tasks and repetitive processes.

We have already seen significant changes taking place in HR. Three areas of change include continuous performance management, social talent acquisition, and the rise of people analytics. **More big changes are coming.**

Continuous Performance Management
Current: Throwing out ratings, adding continuous feedback, enabling agile goal systems with robust data, measuring team performance, redefining calibration decision making methods – all in the cloud with digital capabilities.

Future: Incorporating development plans that are prepopulated, online personality assessments tied to role and annual performance, resources for difficult conversations, gamification features, team management tools – all integrated with daily work.

Social Talent Acquisition

Current: Recruitment and talent acquisition is difficult. There is still a war for talent – finding the best talent, employer branding, and application management.

Future: Fast, comprehensive recruitment systems will focus on the candidate experience with relationship management technology. Artificial intelligence will power artificial reality wearables to enable experiences such as touring office and factory locations to cultural elements. Driverless cars will pick up candidates for interviews, avatars will support onboarding, and assessments of potential will predict success of future roles up to retirement.

Rise of People Analytics

Current: Organizations have moved HR data warehouses to advanced analytics with reporting dashboards and predictive models.

Future: Innovation with cognitive processing and natural language systems will be woven into analytics to analyze patterns of e-mail, communication, performance. These patterns will predict employee behavior, match behavior and performance to succession, and predict potential safety issues and security breaches.

IS YOUR ORGANIZATION READY?

Many employees believe it is very important to work for a digitally enabled company or a digital leader. By integrating culture, engagement, and the technologies that employees use, the digital workplace breaks down communication barriers and transforms the employee experience by reinforcing efficiency and innovation. In essence, the new digital experience is driving transformation by putting new technology into daily work.

Companies that have digitally transformed their HR functions have found measured success and are more likely to report strong financial performance, invest in diversity at all levels, and have mature strategies for succession. The next wave of technology will drive more productivity, and that trend is too significant for HR leaders to ignore. **HR must now embrace the digital revolution, lead HR transformations, and engage their employees to reap the benefits.**

LEARN MORE

HR digital transformation is continuing to impact business processes and technology whether your company joins or not. Do you want your company to ride this wave of HR digitalization as it rises higher and spreads innovation into the future? Join the HR digital transformation ride. For more information, go to www.successfactors.com.

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