



HR

Transformation Survey Results

10 October 2016

KPMG's 2016 Global HR Transformation Survey

HR Service Delivery and Technology Survey*



*2016 KPMG HR Transformation Survey, formerly Towers Watson HR Service Delivery and Technology Survey



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Highlights from our 2016 Global HR Transformation Survey

48% are looking to change the HR structure in 2016/17 in order to:

gain further efficiencies

58%

improve quality

45%

save costs

39%



80%

will spend the same or more on HR technology



34%

are adding scope to their HR Shared Services functions



72%

see better functionality as the primary benefit of implementing a new HRMS

42%

will replace their existing, on-premise HR system with a SaaS solution



Top 3 HR initiatives in 2016:

- #1** improving Line Manager effectiveness
- #2** re-engineering key HR processes
- #3** refocusing the role of HRBPs

57%

are using or planning to use mobile technology, 4% lower as compared to 2015 results



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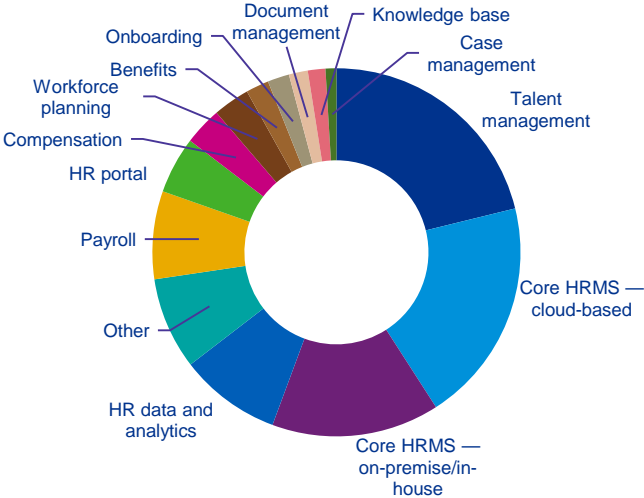
HR Transformation Survey trends and insights

Changing technology

- Investment in Cloud HR continues to grow at an exponential rate and the survey shows that a growing number of HR executives who have selected **new HRMS technology** are opting for **cloud-based solutions**.
- Among the benefits anticipated from cloud-based HR, 69 percent of respondents said they looked forward to **better functionality and 63 percent expected a greater ‘value-add’ to their business from HR**.
- **SAP Success factors Employee Central, Workday and Oracle HCM** are the preferred HR technology choice for large organizations.
- Increased use of manager and employee self-service (57 percent) and improved processes are some of the **tactical benefits** that are being realized from **Cloud HR**. Improved access to management information (53 percent) is one of the **strategic benefits** of Cloud HR.
- **81 percent** of the respondents are **either very satisfied or somewhat satisfied** with the **mobile HR application** and **82 percent** of respondents found mobile HR application to be **effective or very effective**.

55%
Large organizations* selecting SaaS solutions as their new HR management system

Biggest area of technology investment



Top 3 most challenging aspects of deploying SaaS

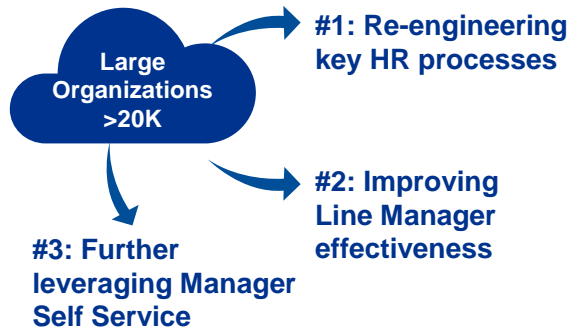


*Large Organization = >5K employees

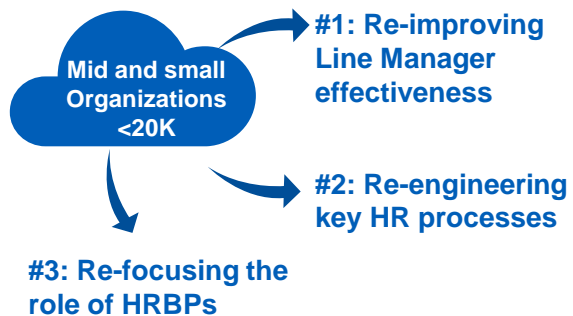


HR Transformation Survey trends and insights

HR initiatives in 2016 and expectation levels



90%	Brought back services previously outsourced to a vendor
86%	Deployed extended HR functionality on new HRIS
84%	Re-engineered key HR processes
84%	Changed the scope of the COEs within HR
83%	Implemented initiatives for improving line managers' people management capabilities
80%	Implemented and/or further leveraged manager self-service



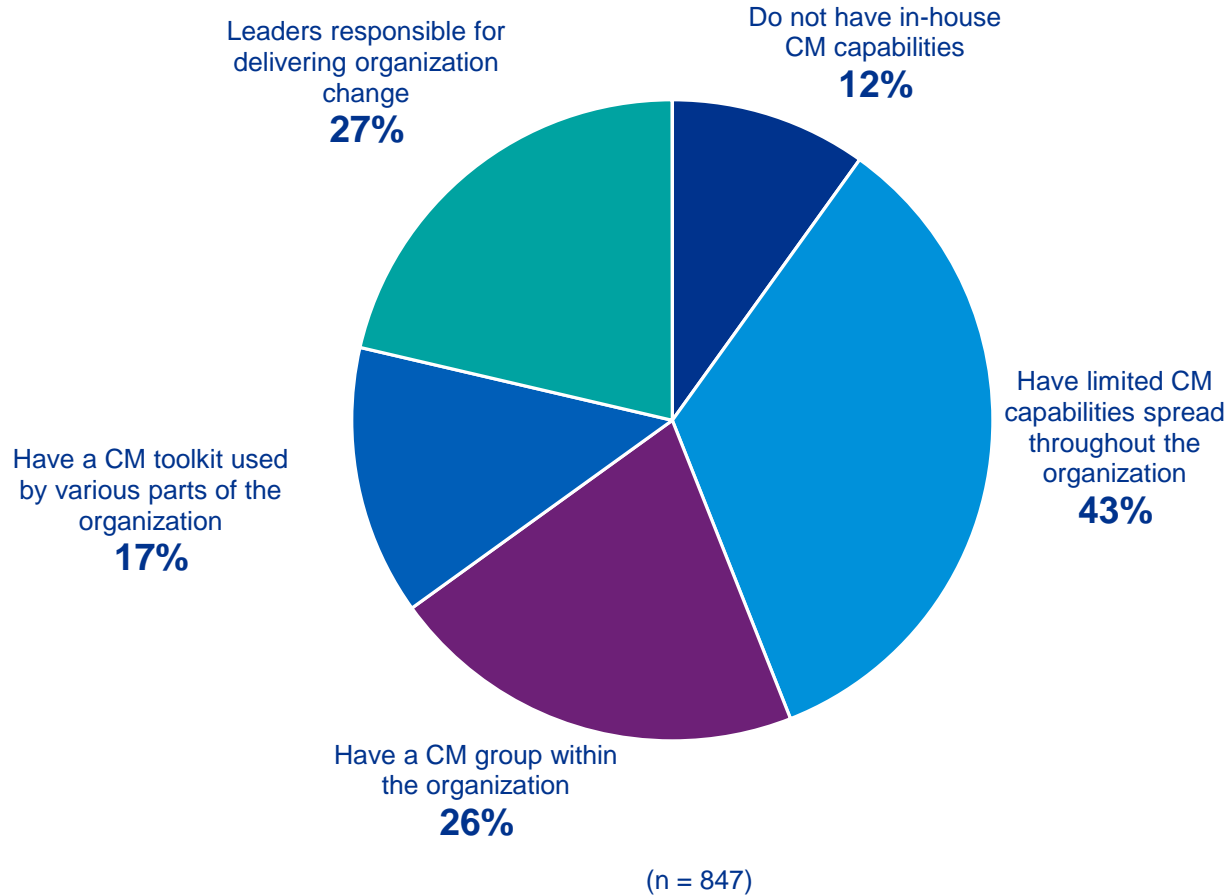
91%	Built or further invested in an HR project management office (PMO) function
90%	Changed the scope of the COEs within HR
89%	Implemented initiatives for improving line managers' people management capabilities
88%	Brought back services previously outsourced to a vendor
84%	Implemented a new core HR management system (HRMS) — cloud-based system
84%	Implemented a case management system
85%	Re-engineered key HR processes
82%	Deployed extended HR functionality on new HRIS
82%	Implemented a shared services model

Expectation levels = Met expectations % + Slightly above expectations % + Well above expectations % and in these percentages N of "too soon to tell" was excluded



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Change management capabilities



*Chart may not add up to 100% due to decimal point round off, participant could select multiple options.

*Source: HR Transformation Survey, KPMG International 2016.



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HR structure status in 2016

47%

Most of the organizations have a single HR function for the entire enterprise.

Organizations that are multinational or have global presences tend to decentralize their HR, either by business unit or by geography.

In smaller organizations most of the HR activities are done by an HR generalist including employee relations.

In medium and large organizations most of the HR activities are delivered by HR CoEs, in particular, learning administration and compensation administration.

Changes anticipated in HR structure

Will be combining our HRSS with other corp. functions such as F&A

Will be bringing additional services into our shared services environment

Will be decentralizing HR

Will be moving to a shared services environment with HR CoEs and HRBPs

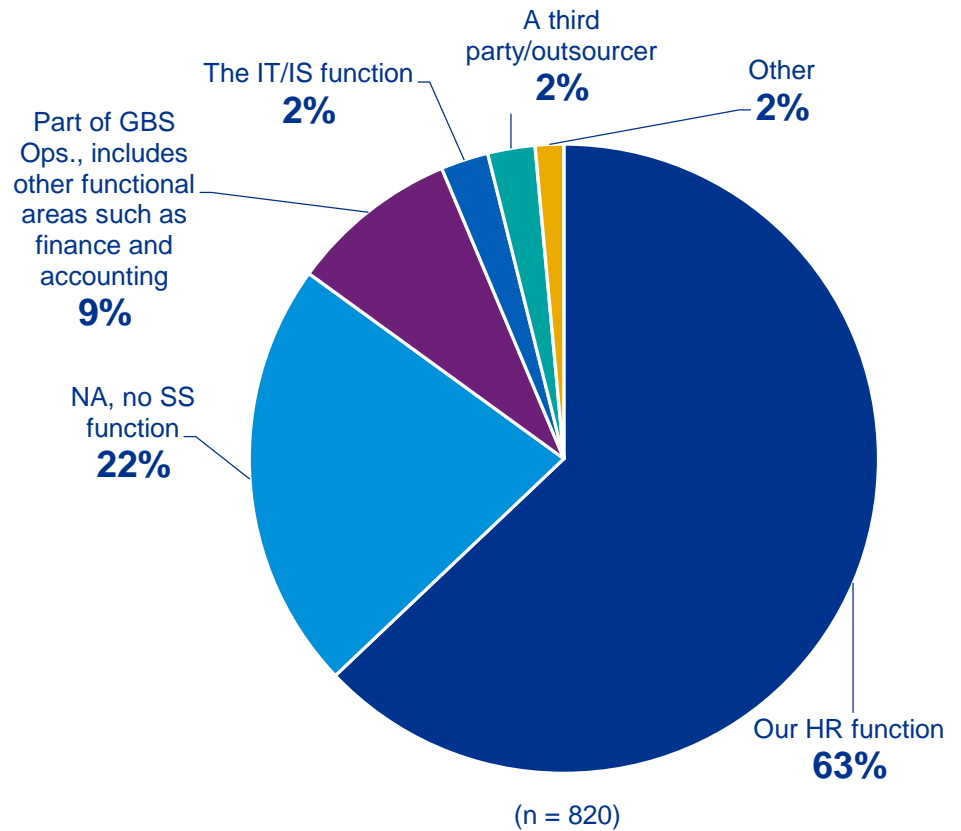
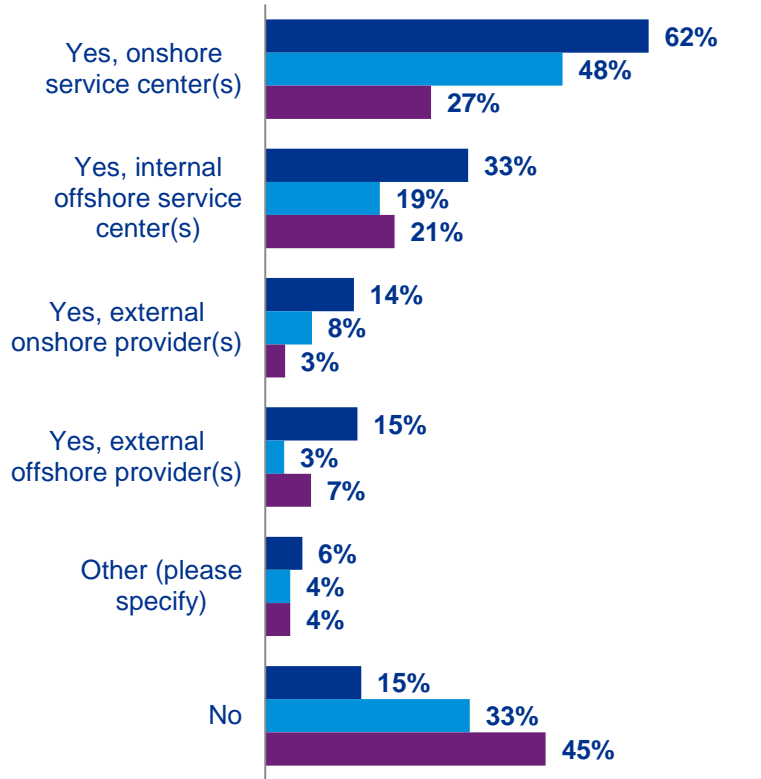
Will be outsourcing some/more functions

Will be moving to a single HR function for the entire enterprise

Will be bringing some/more outsourced functions back in-house.

HR Transformation Survey trends and insights

Does your HR function use HR shared services, who owns it?



- Large — Greater than 20,000 employees (n = 168)
- Medium — Between 5,000 and 20,000 employees (n = 200)
- Small — Less than 5,000 employees (n = 475)

*Chart may not add up to 100% due to decimal point round off, participant could select multiple options.

*Source: HR Transformation Survey, KPMG International 2016.





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