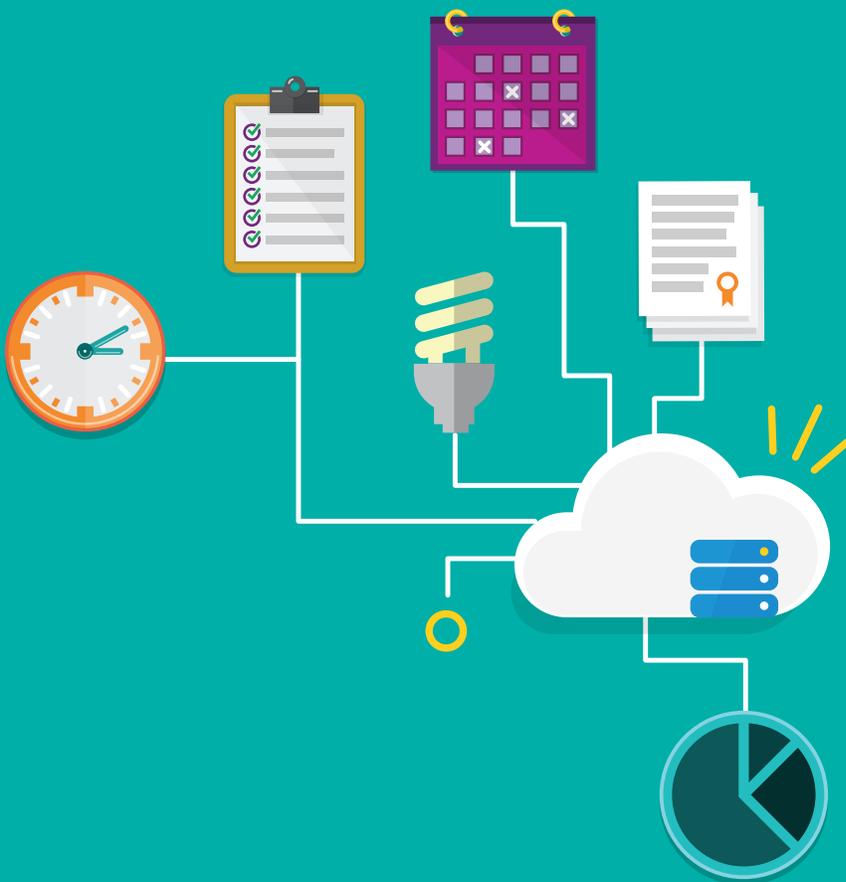




# 2016 HR Transformation Survey

## Summary report



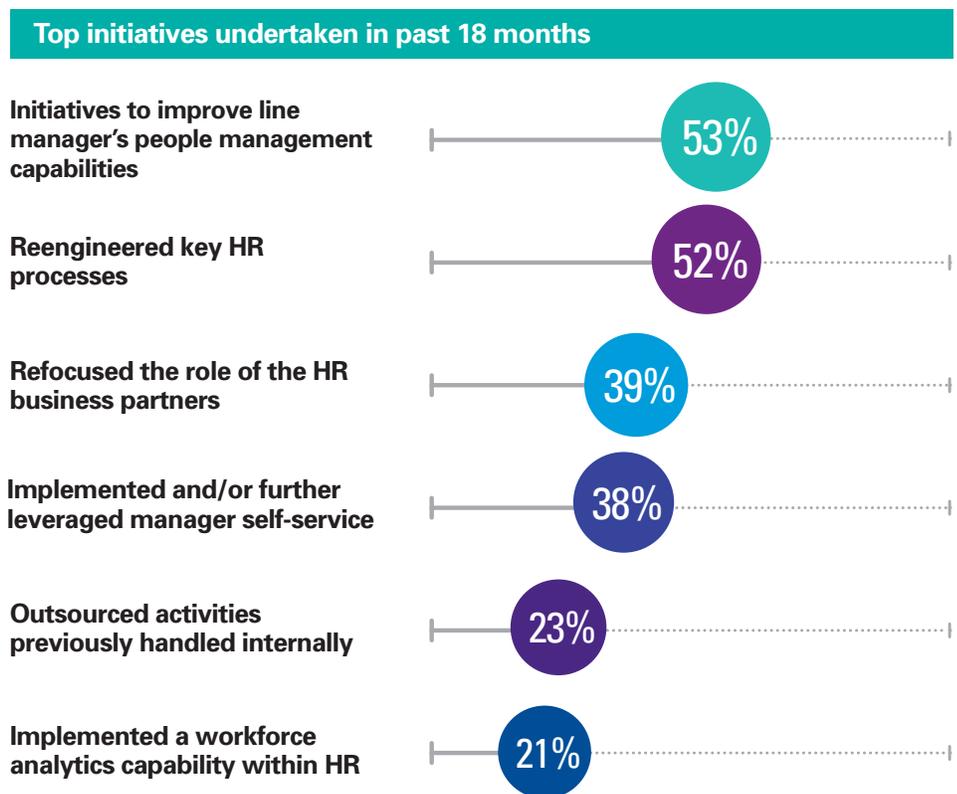
**B**usinesses today are battling an array of complex and often unprecedented challenges. **Digital disruption. Globalization. Redefined business models. Changing demographics. Growing talent wars. Regulatory compliance.**

KPMG's HR Transformation Survey, which gathers insights from more than 800 organizations, illustrates an uneven change in landscape. This landscape is dominated largely by unmet expectations among organizations pursuing cloud computing's revolutionary capabilities to redefine HR in order to respond competitively.

The need for much greater focus on strategic change management initiatives for human resources is apparent and becoming critical for organizations hoping to drive real transformation that supports organizational priorities and creates future value.

## Top HR Initiatives

HR groups globally are facing similar challenges. Results show that many are aligned in their actions to deliver more value and insights across the business.



## Meeting expectations & ROI

Companies need to adopt more strategic and integrated approaches to realize human capital management (HCM) investments. This, coupled with the expectation for HR to serve as a business partner, is putting pressure to demonstrate a return on their investments.

- 63%** Of those that took initiatives to **refocus the role of HR as a business partner**, 63% felt they met expectations
- 74%** More than 300 respondents set out to **reengineer key HR processes** in the past 18 months; 74% said it met expectations
- 20%** Of those that **implemented workforce analytics within HR**, 20% said it didn't meet expectations
- 65%** **Only 65% said they achieved the results** they set out to following the implementation of a new HR cloud based system

## HR Technology

Investments in cloud HR continues to grow at an exponential rate. The survey shows an increasing number of HR executives who have selected new HR management system technology are opting for cloud-based solutions, with others studying this option.

**42% plan to replace their existing HR system** with a cloud-based solution

**67% expect improved value add** from their HR cloud-based system to the business

24% report that **cloud HR brings the ability to reconfigure the HR function** to drive greater business value

**Cloud HR systems promise a number of significant benefits but they do not always match the reality. As revealed by the study, expectations are going unmet as firms choose to plug-and-play while ignoring change strategies.**

## Digital & HR Mobile

The immense impact of digital disruption is redefining business models and workplaces alike. Firms leveraging mobile technology to improve HR productivity report high satisfaction levels but most surveyed say they have yet to make a transition to mobile technology.

Employee and manager self-service, wage reviewing and supporting recruitment efforts are listed as **top reasons companies are implementing mobile**

Most companies still **do not have plans to use mobile for HR purposes** but are planning to leverage mobile

**96% of respondents are satisfied** with their mobile investments/capabilities, despite only 26% of respondents leveraging mobile technology for HR purposes

## HR Structure

HR organizations continue to reflect high levels of centralization and many do not anticipate changes to their HR structure anytime soon. However, many C-suite leaders, HR executives, and their organizations are struggling with serious questions about how to make their HR operations more agile and strategically relevant. Some businesses are making progress, but many are losing ground.

**High levels of centralization** – 47% of organizations have a single HR function for their entire enterprise with 59% indicating no changes are anticipated

**61% of respondents use HR shared services**, 20% have implemented HR shared services in past 18 months

**16% of respondents expect to move to a shared services environment** with HR centers of excellence (COEs) and HR business partner

## Best practices for successful HR transformation

- 1 Start with a solid vision:** The HR transformation journey needs to begin with a very clear vision of your desired destination.
- 2 Success is not automatic:** Do not expect the HCM technology, no matter how new or leading-edge, to automatically deliver the transformational benefits you are pursuing.
- 3 Change management is crucial:** The need for strategic change management is more critical with cloud HCM solutions than with traditional ERP programs.
- 4 Data insights demand expertise:** Even with embedded workforce analytics available at the touch of a button, delivering analytical insights that businesses can act upon requires new processes, roles, and skills.
- 5 Do not ignore HR skills:** Rethinking the operating model of HR often requires new skills and roles.
- 6 Collaboration is key:** Do not expect line managers to immediately adopt an enhanced role in relation to people management using the HCM solution.
- 7 Challenge the status quo:** Alignment to a standardized, simplified and global HR process model requires challenging the status quo.
- 8 Be bold:** Businesses typically want change to happen quickly, but effective transformation takes time and puts a strain on the HR function along the way.

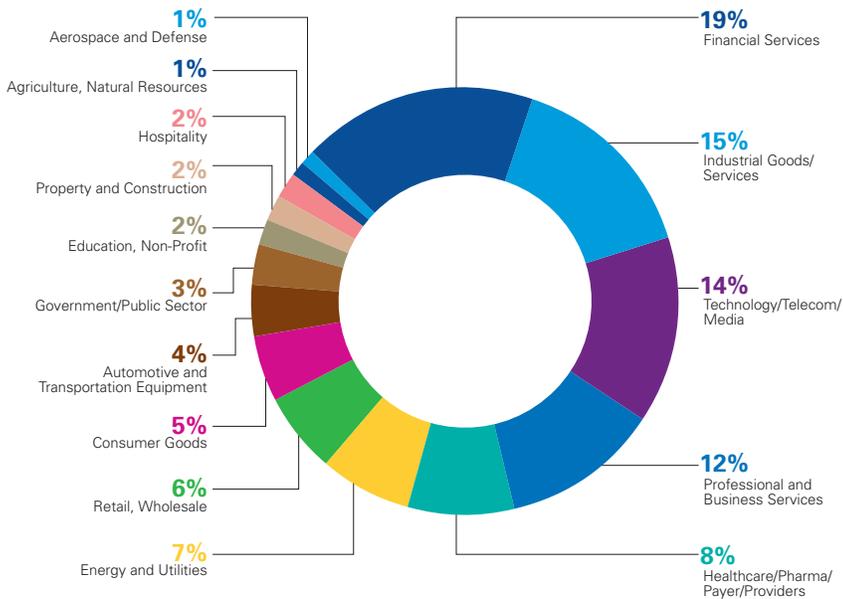
# About the survey

This year, 854 executives from 52 countries participated in the HR Transformation Survey. Respondents represented a wide cross-section of industry sectors, led by financial services, industrial goods and services, technology and telecommunications, and professional and business services.

Almost half of respondents were from organizations with more than 5,000 employees, and 40 percent of respondents were vice presidents and/or heads of their organization's HR function.

To download a copy of **Cloud HR: the future belongs to the bold**, visit [kpmg.com/us/HRTransformationSurvey](http://kpmg.com/us/HRTransformationSurvey)

## Survey respondents by industry



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