



Cloud HR: the future belongs to the bold

**KPMG's 2016 Global HR
Transformation Survey**

5 October 2016



Webcast participants



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KPMG's People and Change Advisory practice

KPMG's People and Change Advisory practice has the ability to help member firms' clients transform enterprise services to help improve value, increase agility, and create sustainable business performance.

Who we are

The People and Change Advisory practice brings a specialized global team of professionals within KPMG International global network of independent member firms operating in 156 countries. Our network of professionals help clients design, build, and manage change management and talent strategy initiatives.

What we do

The global People and Change practice transforms the performance of organizations across the world by changing the way people are led, managed and developed.

How we do it

We focus on two key areas of the change agenda — delivering the people agenda on large scale, complex, transformational change programs and transforming the HR function.

Key highlights of this year's survey

1. Our research reveals that while investment in the cloud is soaring, many firms are reporting unmet expectations as they pursue change but instead 'hit the wall' on true HR transformation.
2. HR leaders told us the majority of advantages being generated via cloud initiatives remain more 'tactical' than 'transformational' for their business.
3. Most firms admit that cloud HR benefits that add real value to businesses are largely failing to materialize for them.
4. Optimism over the cloud's game-changing potential is receding as many firms fail to take a strategic approach to change management that encompasses people, processes and technology.

2016 HRT Survey

Formerly the Towers Watson HR Service Delivery and Technology Survey



44% of participants are from organizations with more than **5,000** employees



40% of participants are vice presidents and/or head of their organization's HR function



One-half of participants are from companies operating at a global level



52 countries participated



19 consecutive years this **market study** has been conducted



Representation from **15** Industries and Sectors



854 Executives participated in the survey

To find out more:

 kpmg.com/HRT
 [#HRsurvey](https://twitter.com/#HRsurvey)

Source: HR Transformation Survey, KPMG International, 2016.










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Cloud computing capabilities are reshaping HR for the future

Benefits of cloud

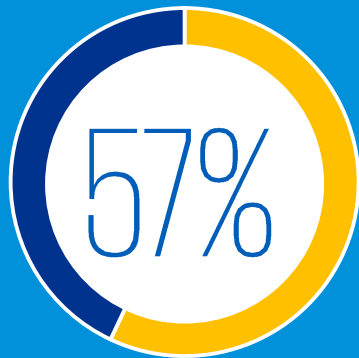
Connecting people, processes and technology is creating competitive advantages for organizations that are well down the road to revolutionary change in their HR function. Cloud-based HR delivers game-changing new capabilities that include:

-  Fast and affordable deployment compared to legacy HRMS
-  An intuitive user experience
-  New levels of accessibility to enable greater workforce mobility
-  Smarter decision-making via data and analytics and cognitive computing
-  Scalability, flexibility and continuous functionality upgrades
-  Cost and workforce efficiencies
-  Overall, a more strategic HR function delivering new value to the bottom line

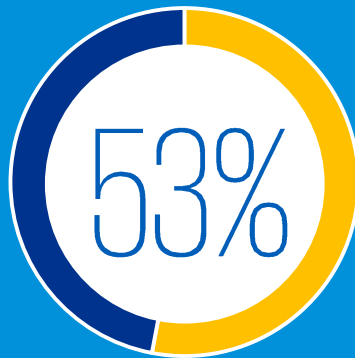
However optimistic, HR leaders are discovering a stark new reality

Plugging into the cloud is fast, easy and affordable but won't **automatically** deliver data-based insights, smarter decision-making, real value for the bottom line or true HR transformation.

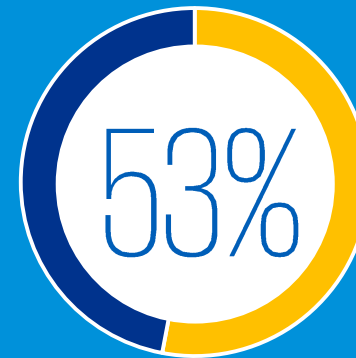
HR leaders say the majority of benefits realized with existing cloud HRMS initiatives are more tactical than transformational



have increased use of manager and employee self-service



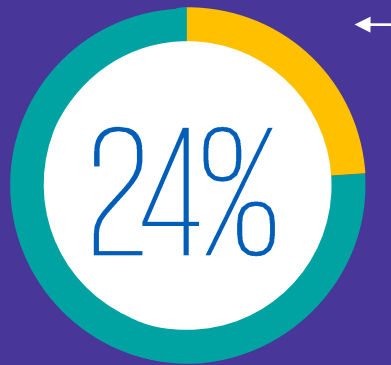
improved processes and process management including workflow



improved access to management information

Source: HR Transformation Survey, KPMG International, 2016.

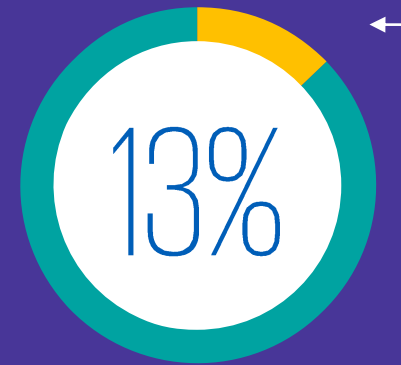
Cloud HR benefits that can add **real value** to businesses are largely failing to materialize



report an ability to reconfigure the HR function to drive greater value



say HR function is more evidence-based via workforce analytics



cite improved collaboration and feedback between employees

Source: HR Transformation Survey, KPMG International, 2016.

Where is today's HR function taking you?

Do you know where your organization stands today as cloud computing unleashes revolutionary changes that are transforming the traditional HR function? Cloud computing can forge new connections between people, processes and technology to deliver game-changing capabilities and unprecedented competitive advantages. But KPMG International's global research reveals that many firms are falling behind as the cloud redefines the HR function.


- Is your organization taking a precise, strategic approach to HR change management?
- Are you going beyond the common impulse to simply 'plug in' to cloud technology and hope for the best results?
- Will your HR function continue plodding along as an outdated cost center or break into the 21st century with data-driven insights, smarter decision-making and significant new value for your bottom line?
- Today's smart HR leaders know how critical it is to transcend the gap between *knowing* what's needed and *doing* what's needed to transform HR. Are you among them?

Time to be bold

Cloud HR is becoming a leading delivery model for HR technology.

42%

will replace their existing HR system with a Cloud based solution



Cloud HR systems promise a number of significant benefits but the benefits don't always match the reality.

63%

expect improved value add from HR to the business



Simply acquiring the latest **Cloud HR** system does not guarantee benefits.

Only 24%

report that Cloud HR brings the ability to reconfigure the HR function to drive greater business value

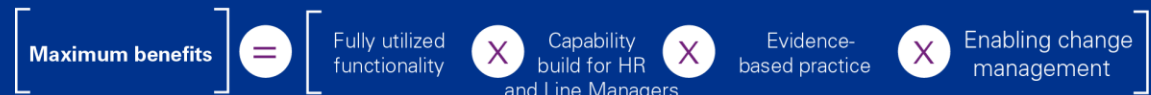
Cloud HR success demands the intelligent integration of:

Technology **People** **Processes**





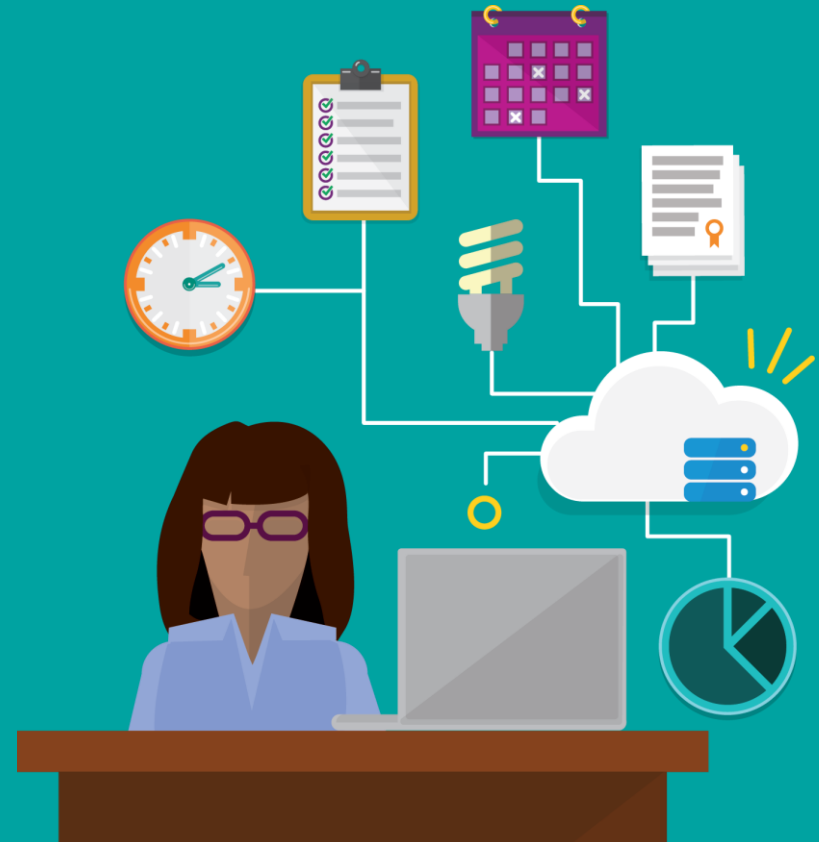
To achieve the greatest benefits from Cloud HR systems, leading organizations successfully integrate people, processes and technology to create a value-driving HR function.



Source: *Cloud HR: the future belongs to the bold report*, KPMG International, 2016.

Strategy = HR transformation

Firms meeting expectations for change are taking a strategic approach to change management.



Suggested best practices for successful HR transformation

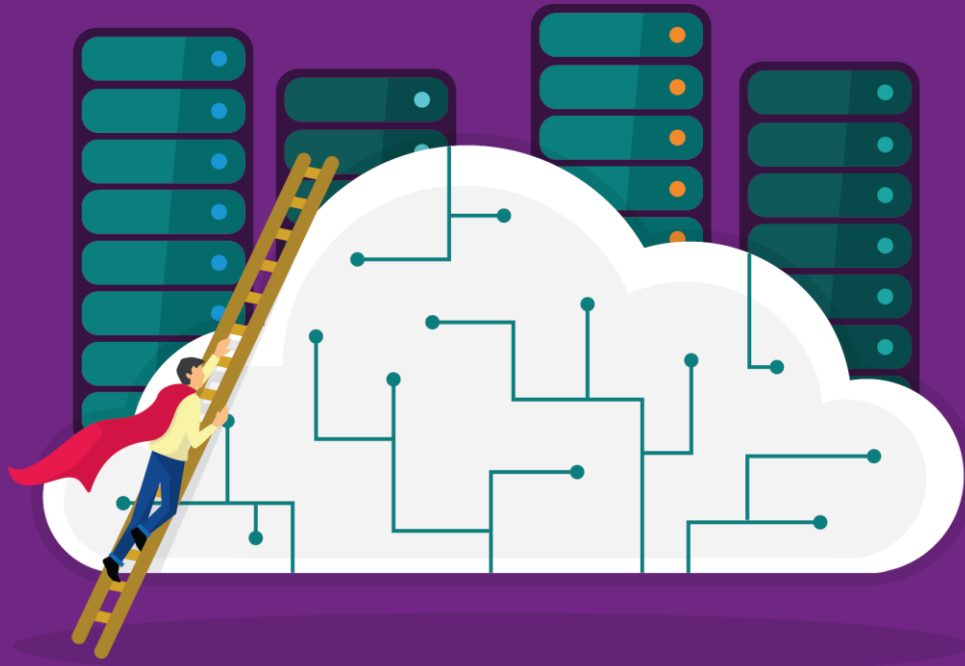
1. Start with a solid vision: The HR transformation journey needs to begin with a very clear vision of your desired destination.
2. Success is not automatic: Don't expect the HCM technology to automatically deliver the transformational benefits you are pursuing.
3. Change management is crucial: The need for strategic change management is more critical with cloud HCM solutions because changes via cloud can be fast and far-reaching.
4. Data insights demand expertise: Delivering analytical insights that businesses can act upon requires new processes, roles and skills.
5. Don't ignore HR skills: The role and skills of HR business partners should also be a key focus here.
6. Collaboration is key and requires strategic change management.
7. Challenge the status quo: Alignment to a standardized, simplified and global HR process model requires challenging the status quo.
8. Be bold: Effective transformation is not a sprint; it's a marathon.

The choice is clear

Today's HR function can continue on as an outdated cost center. . .



or it can break into the 21st century delivering data-driven insights, smarter decision-making and significant new value for the bottom line.



To complete the HR transformation journey, HR leaders must transcend the gap between **knowing** what's needed and **doing** what's needed for success.

The future
belongs to the

bold



Q & A



Learn more

Learn more

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<https://home.kpmg.com/xx/en/home/insights/2016/02/announcing-the-2016-hr-transformation-survey.html>

KPMG Anticipate: A History of HR

<https://home.kpmg.com/xx/en/home/insights/2016/07/a-history-of-hr.html>

KPMG Anticipate: Revolutionizing HR demands bold strategies for success

<https://home.kpmg.com/xx/en/home/insights/2016/07/revolutionizing-hr-demands-bold-strategies-for-success.html>

KPMG Powered Enterprise: <https://home.kpmg.com/xx/en/home/services/advisory/management-consulting/kpmg-powered-enterprise.html>

KPMG HR Executive Forum

Delivering in today's new world of work

February 20-22, 2017

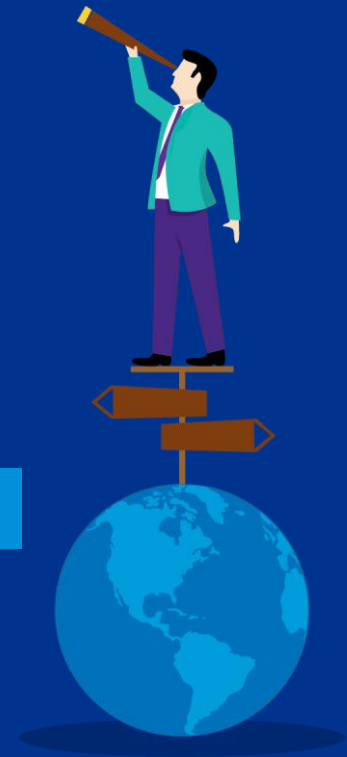
Arizona Biltmore, Phoenix, AZ

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www.kpmg.com/us/hrforum

3 keynotes 24 breakout sessions 200+ attendees

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Thank you



Speaker bios

Mike DiClaudio



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Background

Mike is a Principal in KPMG's Advisory Services practice with more than 15 years of business consulting experience. He has a specific background across the full HR value chain, including HR strategy development, organizational design, technology selection and implementation, and overall HR transformation.

Areas of focus expertise

- Automotive
- Change Management
- Management Consulting
- HR system implementation
- Healthcare
- IT Advisory in Management Consulting
- Pharmaceuticals
- Strategy and Talent

Robert Bolton



Robert Bolton
Partner, Global HR Center of Excellence

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Background

Robert is a Partner in our Global HR Transformation Centre of Excellence. This is a strategic investment for KPMG with the aim of bringing world class HR solutions to KPMG's global clients. In particular, this is about helping our clients develop strategically differentiated HR functions that can prove the value they bring to the business.

Areas of focus expertise

- He has also developed and successfully deployed methodologies designed to configure the HR function so that it drives and proves the added value it brings to an organization. Traditionally HR Transformation has tended to focus on efficiency and effectiveness only, Robert's approach introduces Strategic Value Add as well and this has been successfully applied in Telefonica O2, National Grid, Mubadala and BP.
- Robert has led HR Transformation assignments at a global oil major including designing a new HR operating model, developing a workforce analytics framework and building a lean HR capability and processes. These assignments achieved significant value for the client and led to repeat business for KPMG.
- Robert led the work at Telefonica O2 to establish a measurement framework for HR designed to illuminate the people agenda and move from transactional to predictive and insightful measures.
- Robert has over 20 years of experience in this area, working as Head of Corporate HR for Nationwide Building Society and then joining KPMG.
- He has worked across all industries focusing on people and change projects including:
 - Robert led an engagement to develop and implement a global HR operating model for a leading global hotel company. This assignment required that we understood the distinctive business challenges and developed an operating model that was uniquely configured to drive value from the people agenda including projection and development of global brands and associated people practices and supporting the drive for rapid growth.
 - Leading the HR Transformation across Europe for Telefonica O2. This included the development of a business case, the creation of a detailed HR Operating Model and associated blueprint for implementation, the introduction of SAP HR and optimized HR Processes, the creation of a People Services Centre in Dublin plus European Centers of Excellence and the development of HR Business Partnering based on a People Agenda insights mechanism. Robert won the MCA HR Consultant of the Year award for his work on this project.
 - Leading engagements with organisations across all industries focusing on optimising the performance of HR functions.
 - Leading organisation development projects for multi nationals across all industries aimed at increasing efficiencies and effectiveness.

Stan Lepeak



Stan Lepeak
Director Management
Consulting Research

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Background

Leads market research and thought leadership efforts for KPMG International, focused on trends, issues and futures in enterprise services transformation and optimization, the threats and opportunities from market and technology disruptions and industry best practices in responding to and capitalizing on these market trends.

Areas of focus expertise

- The tactical and strategic organizational opportunities, challenges and ramifications from:
 - technology disrupters and enablers such as cloud, big data and analytics, mobile, Internet of Things, social media, consumerization of IT and robotics process automation.
 - business disrupters such as globalization, increased regulatory and compliance complexity, talent and skills shortages, shifting global economic and competitive dynamics and geopolitical risks.
- Global business services usage and models including shared services, process outsourcing and automation, and cloud, and their leading practices and maturity models across major back- (F&A, HR, IT, procurement, supply chain), middle- and front-office functions.
- Use of data and analytics, process automation and related technologies to create and exploit 'intelligent' business functions to enable organizational innovation and transformation.
- Vertical industry and geographic trends and variations relative to disruptive market trends and technologies and their impact on enterprise transformation and innovation efforts.

Professional experience

- 25 years' experience in the business and IT services markets. Led global research for leading boutique sourcing advisory firm EquaTerra (acquired by KPMG in 2011) for seven years. Previous to that, worked for the META Group (acquired by Gartner in 2004) as VP and Research Director. He has had executive roles on the vendor and provider side in the software and services industries as well as positions in finance, accounting and operations across several industries.
- Noted commentator and frequent speaker on global business services and globalization, and business and IT enablers and disrupters.



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