HFS | Research

Employee Experience Services 2020

HR Transformation and Strategy

October 2020

Excerpt for KPMG

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Whether forced or fluid, customers change—all of them. And companies must place people first, not only to change with them but also to unleash the enterprise. It's not about a framework per se, *but a mindset* to re-engage your culture and empower people to break silos, drive experimentation, and advance business delivery.

—Phil Fersht, CEO & Chief Analyst, HFS Research

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CONTENTS

Introduction

- The world of HR services has radically shifted from providing benefits, compliance, and payment processing to hosting a breadth of solutions, including HR modernization, workforce planning, and skilling. It's a tall order within a multigenerational and increasingly diverse global workforce and a growing imperative to do more with less.

- At the same time, companies have been putting customer experience (CX) at the forefront to stay relevant, fend off disruption, drive consistent improvement to their balance sheets, and, of course, delight customers.

- The rise of employee experience (EX) is the catalyst driving competitive advantage and deeper engagement across personal, social, and organizational domains. With an imperative for people, HR leaders are driving EX within the HR function and in concert with leadership across the organization.

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According to MIT Center for Information Systems Research, companies that score in the top 25% of employee experience achieve 2x the customer satisfaction, 2x the innovation in terms of percent of revenues from new products and services, and, ultimately, 25% greater profitability.[1]

"

According to a Gallup survey of 1.8 million employees, team members with higher levels of engagement
- produce substantially better outcomes
- treat customers better and attract new ones
- are more likely to remain with their organization than those who are less engaged.[2]

[1] EX needs to play catch-up with CX | Avenade Insights | June 3, 2019
[2] 4 Factors Driving Record-High Employee Engagement in U.S. | Gallup | Feb 4, 2020
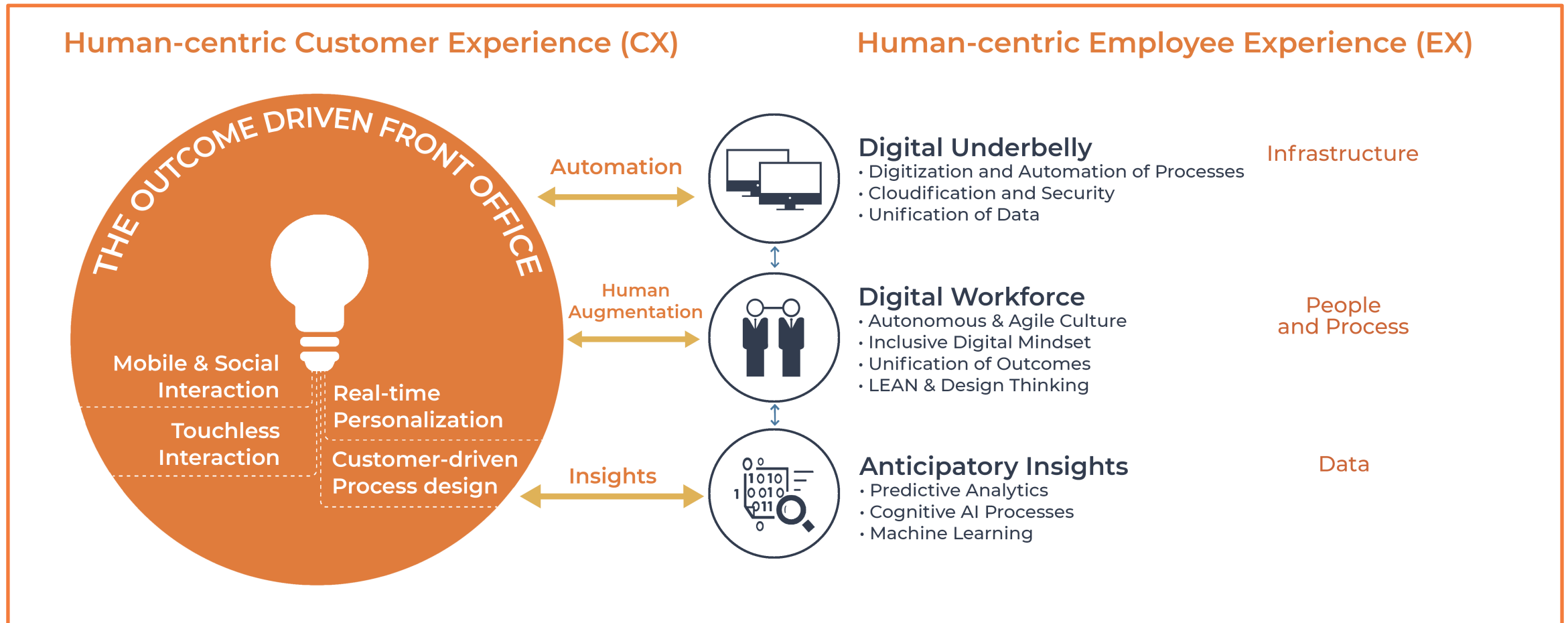
Introduction

- This research examines how consultants and service providers are evolving their practices to support the rapidly changing dynamics of employee experience and HR services within the context of a OneOffice organization.

- OneOffice is a vision for aligning business operations and workforce interactions across an adaptive, digital environment. **At its core, the OneOffice experience is about making customer, employee, and partner experiences the heart of the strategy** across the organization. This is our vision for the future of business operations.

HFS OneOffice™ Experience

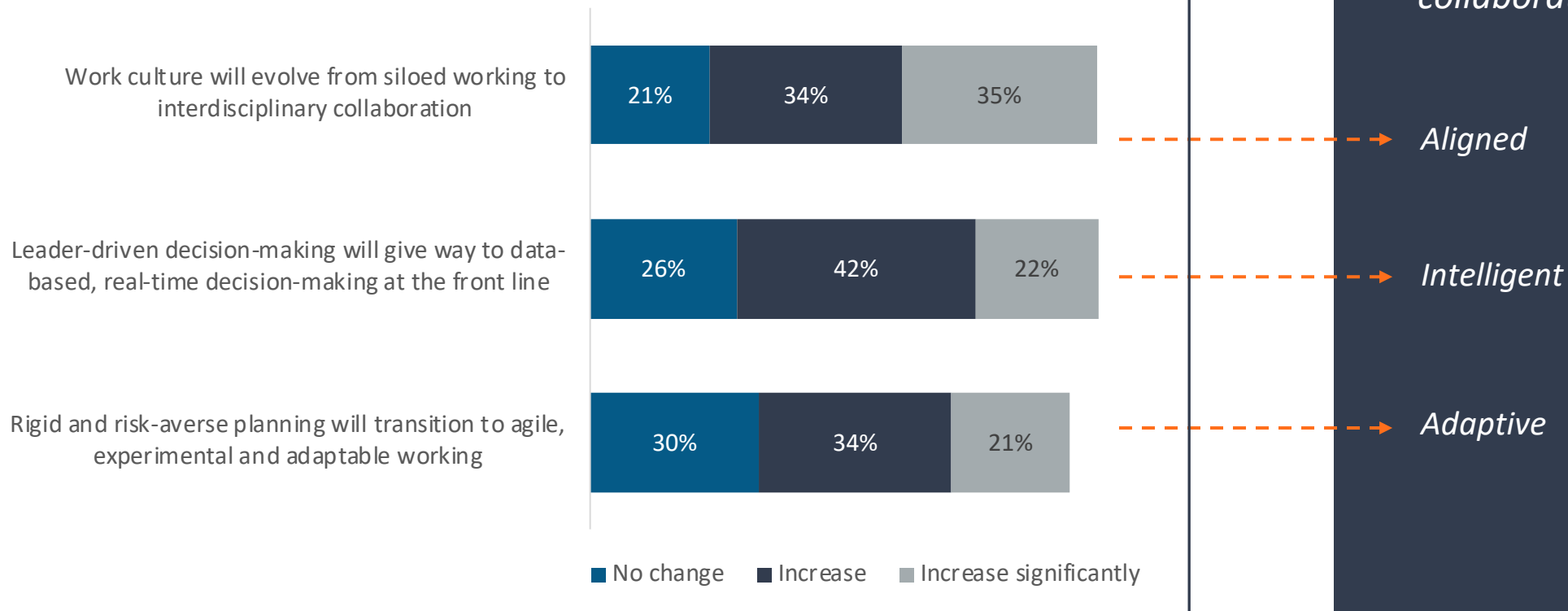*Our bodies are meant for vitality, and so is our business.*
The OneOffice™ experience occurs when the organization's infrastructure, people, processes, and intelligence mature into **one integrated system** to delight customers and deliver on its purpose.

Human-centric Customer Experience (CX)

Human-centric Employee Experience (EX)

THE OUTCOME DRIVEN FRONT OFFICE

Mobile & Social Interaction

Real-time Personalization

Touchless Interaction

Customer-driven Process design

Automation

Human Augmentation

Insights

Digital Underbelly
- Digitization and Automation of Processes
- Cloudification and Security
- Unification of Data

Infrastructure

Digital Workforce
- Autonomous & Agile Culture
- Inclusive Digital Mindset
- Unification of Outcomes
- LEAN & Design Thinking

People and Process

Anticipatory Insights
- Predictive Analytics
- Cognitive AI Processes
- Machine Learning

Data

HFS OneOffice Experience

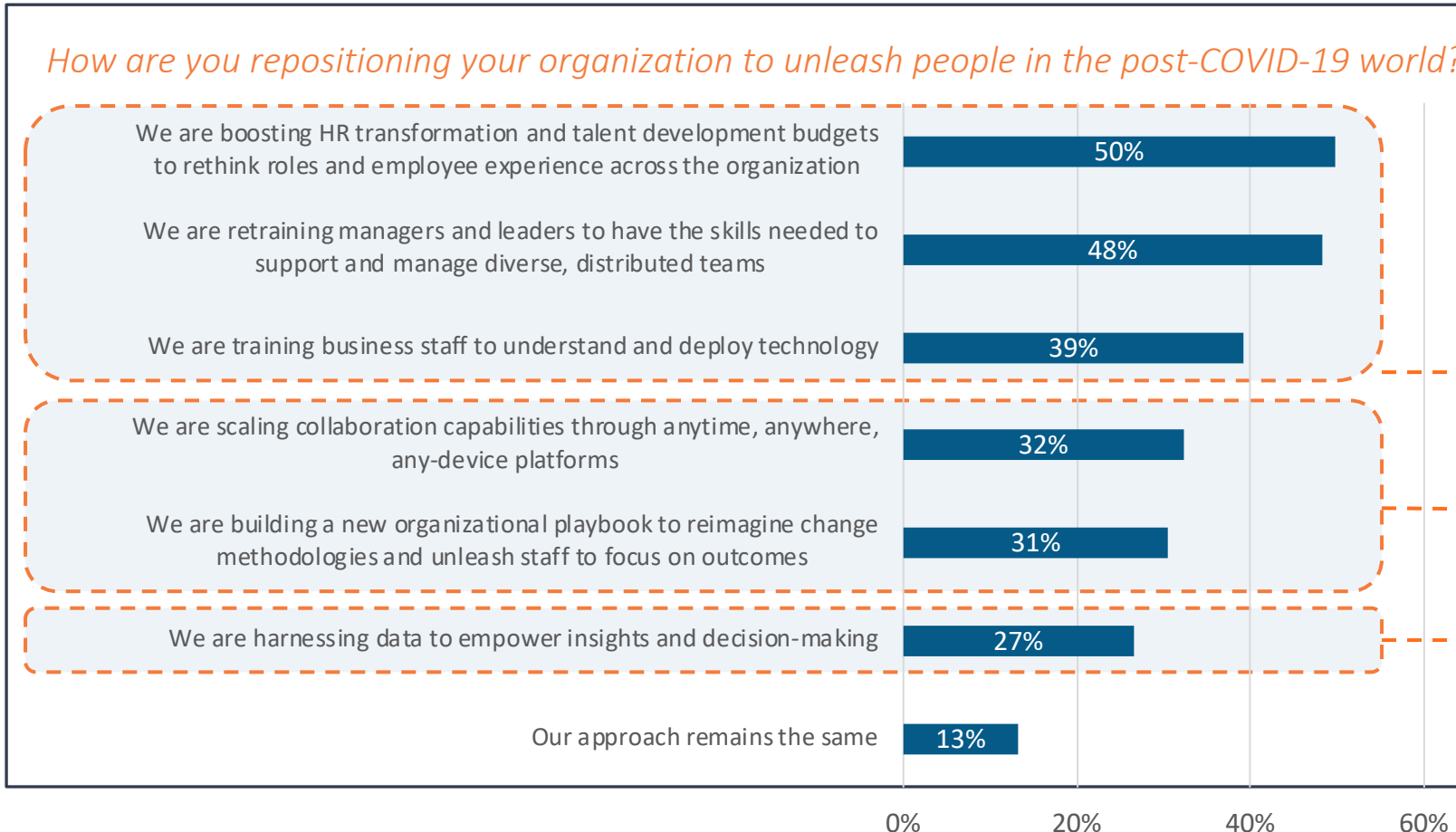A OneOffice organization aligns business operations and workforce interactions across an adaptive, digital environment.

Flattening the enterprise: 69% of executives believe work culture will evolve from siloed working to interdisciplinary collaboration.

To what extent will the following be accelerated as a result of COVID-19

	No change	Increase	Increase significantly	
Work culture will evolve from siloed working to interdisciplinary collaboration	21%	34%	35%	→ *Aligned*
Leader-driven decision-making will give way to data-based, real-time decision-making at the front line	26%	42%	22%	→ *Intelligent*
Rigid and risk-averse planning will transition to agile, experimental and adaptable working	30%	34%	21%	→ *Adaptive*

■ No change ■ Increase ■ Increase significantly

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HFS OneOffice Experience

A OneOffice organization aligns business operations and workforce interactions across an adaptive, digital environment.

How are you repositioning your organization to unleash people in the post-COVID-19 world?

We are boosting HR transformation and talent development budgets to rethink roles and employee experience across the organization	50%
We are retraining managers and leaders to have the skills needed to support and manage diverse, distributed teams	48%
We are training business staff to understand and deploy technology	39%

→ *Aligned*

We are scaling collaboration capabilities through anytime, anywhere, any-device platforms	32%
We are building a new organizational playbook to reimagine change methodologies and unleash staff to focus on outcomes	31%

→ *Adaptive*

We are harnessing data to empower insights and decision-making	27%

→ *Intelligent*

Our approach remains the same	13%

0%   20%   40%   60%

Sample: 400 executives across Global 2000 enterprises
Source: HFS Research, 2020

Placing bets on people:
50% of executives are boosting HR transformation and talent development budgets to rethink roles and employee experience across the organization.

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Definitions and Executive Summary

Employee experience services, defined

Business leaders are readily recognizing that successfully driving engagement, productivity, and change requires the ability to bring people, process, and technology together in a fluid and meaningful way.
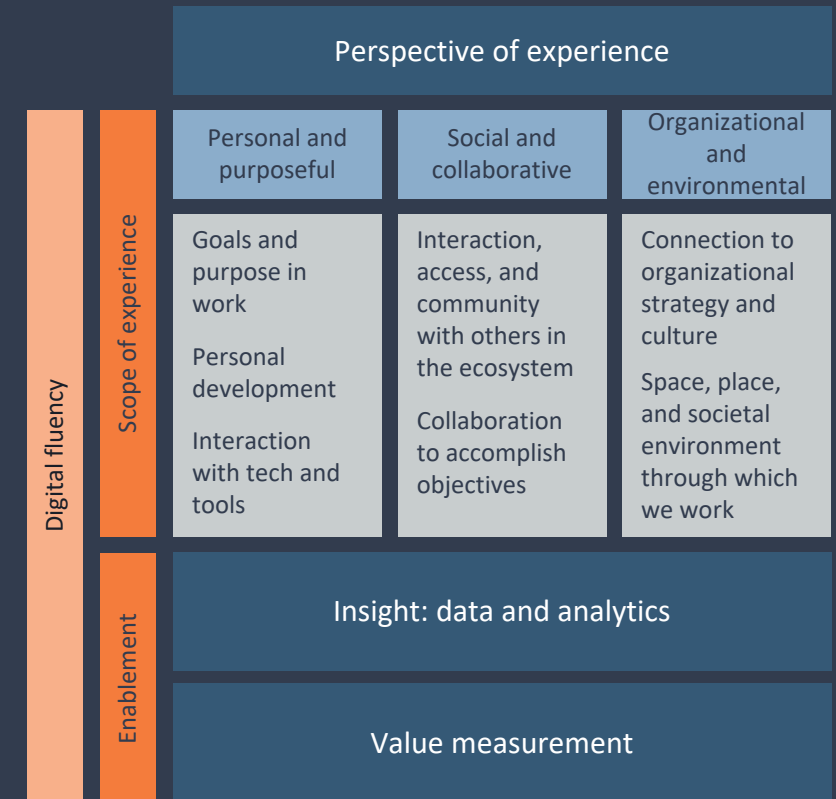
What are employee experience (EX) services?
In this research, we define employee experience services as the ability for a service provider to connect its clients' workforces to strategic initiatives across three perspectives:

- Personal and purposeful
- Social and collaborative
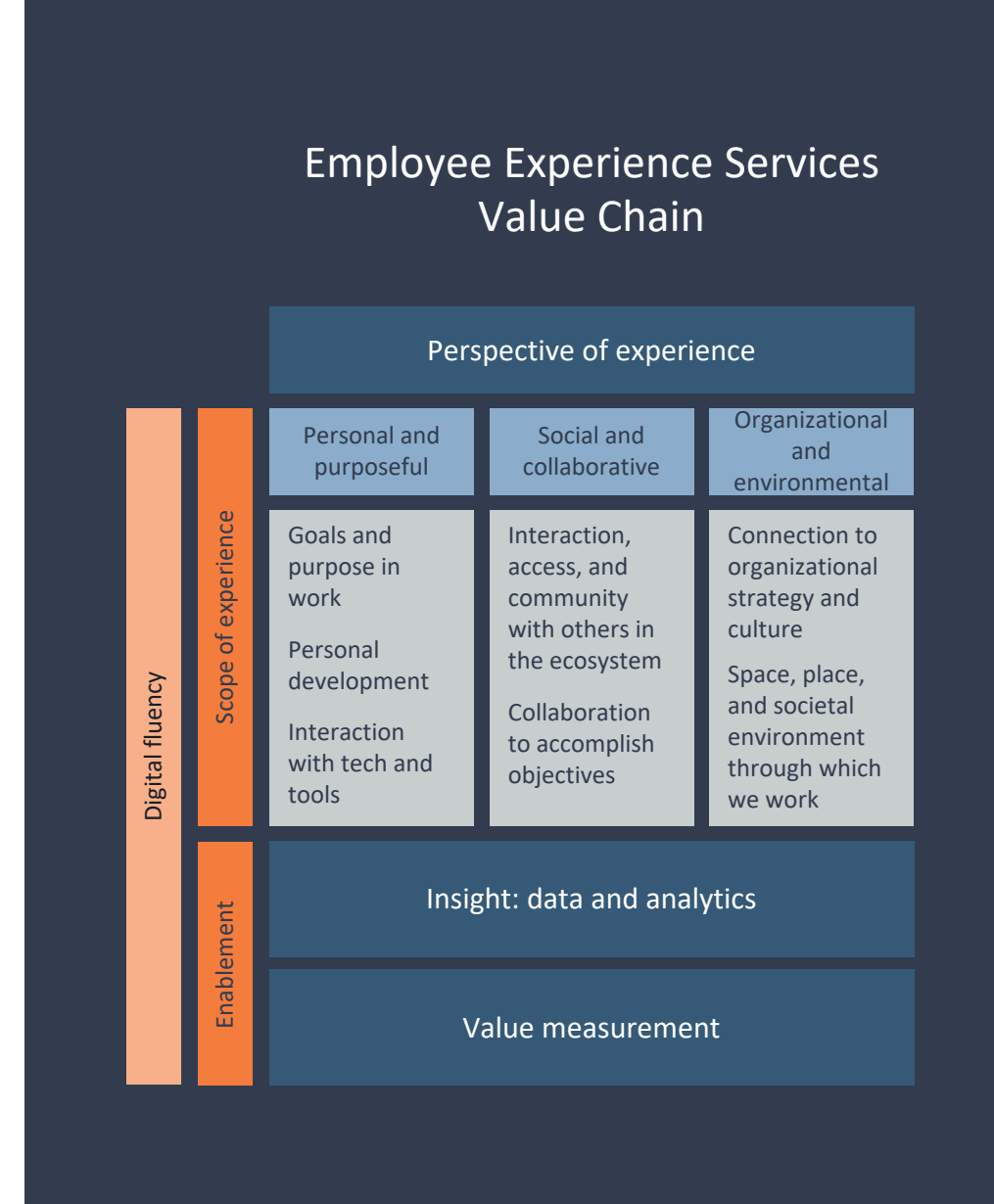- Organizational and environmental

Data-centric and measurable: Employee experience services are rooted with data and analytics to provide both insight and measurement—identifying levers to pull for impact and establishing quantifiable ROI.

Employee Experience Services Value Chain

Perspective of experience		
Personal and purposeful	Social and collaborative	Organizational and environmental
Goals and purpose in work Personal development Interaction with tech and tools	Interaction, access, and community with others in the ecosystem Collaboration to accomplish objectives	Connection to organizational strategy and culture Space, place, and societal environment through which we work

(Left vertical bands: Digital fluency; Scope of experience; Enablement)

Insight: data and analytics
Value measurement

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Executive summary

- **Value measurement and articulating ROI:** Providers are making great strides to articulate the value of investments in EX—at a time when cost management and doing-more-with-less are imperative. By targeting the right mix of services, organizations can achieve cost savings while expanding capabilities and improving experience. Experience data, or "X-data," provides a critical link between the three perspectives of experience and the ability to determine what levers to pull.

- **Digital fluency and the employee experience with technology:** Digital fluency is the ability to drive seamless interplay between business and technology. To date, technology has primarily been described as a *tool*, but technology is truly a functioning member of the *team*. Harnessing the power of digital and human talent is a prerequisite for future-forward organizations—directing the digital workforce to do the heavy lifting while enabling people to deliver on purpose through personal, collaborative, strategic, and environmental perspectives.

Employee Experience Services Value Chain

		Perspective of experience		
Digital fluency	Scope of experience	Personal and purposeful	Social and collaborative	Organizational and environmental
		Goals and purpose in work Personal development Interaction with tech and tools	Interaction, access, and community with others in the ecosystem Collaboration to accomplish objectives	Connection to organizational strategy and culture Space, place, and societal environment through which we work
	Enablement	Insight: data and analytics		
		Value measurement		

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Executive summary

2020 and the human experience: Driving the people agenda today requires organizations to embrace a much broader definition of employee experience to encompass the *human* experience. 2020 has unleashed two critical areas that have both solidified the intrinsic value in experience management and driven employee experience, human experience, and human *value* to the forefront:

Health and wellness: The pandemic has been the burning platform for digital transformation *and* a platform where the health, safety, and wellbeing of an organization's people cannot be underestimated or ignored. In addition, the mass mobilization of people to a work-from-anywhere environment has opened a new set of considerations for connectivity and experience across perspectives.

Diversity and inclusion: Black Lives Matter and the global demonstrations for social justice have awakened organizations and their people to root out racial bias and inequality—and take steps to open dialogue and to further actions that instill truly diverse and inclusive cultures.

If not us, then who?
If not now, then when?
John Lewis, American Civil Rights icon and former US Senator

Investing in human beings goes beyond paying them well and offering them a great place to work. It also means treating them like human beings. Understanding that they, like all people, have ambitions and fears, ideas and opinions and ultimately want to feel like they matter.

Simon Sinek, The Infinite Game

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Research and Methodology

Advisors and service providers covered in this report

Sources of data

This report relies on myriad data sources to support our methodology and help HFS obtain a well-rounded perspective on each of the participants in our study. Sources are as follows:

RFIs and briefings

- RFIs–Each participating provider completed a detailed RFI
- Vendor briefings–HFS conducted briefings with executives from each provider

Reference interviews and surveys

- HFS conducted reference interviews across current and former clients of participating providers for direct feedback on performance across execution and innovation
- Surveys were utilized by client references if preferred.

Other data sources

- Public information such as white papers, websites, and press releases
- Ongoing interactions, briefings, virtual events, etc., with participants and their clients and partners

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Research methodology

This Top 10 research is based on a comprehensive analysis of employee experience (EX) services and solutions. Participating organizations have been assessed on the following three dimensions: Voice of the Customer, Ability to Execute, and Innovation Capability.

33%

33%

33%

Voice of the Customer (VoC)
• Direct feedback from enterprise clients via reference interviews, surveys, and case studies critiquing provider performance and capabilities.

Ability to Execute	
• Capabilities across the Employee Experience Services value chain *(p.11)* *(30%)* • Breadth and depth (17.5%) • Methodology and approach (17.5%) • Growth (17.5%) and scale (17.5%)	*Associated client reference data applied*

Innovation Capability	
• Thought leadership (25%) • Strategy and vision (25%) • Internal IP and innovative solution combinations (25%) • Ability to deliver business transformation (25%)	*Associated client reference data applied*

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Market Summary—
Key Takeaways

Market summary—key takeaways

Employee experience breaks out of HR

Enterprise clients and services providers have made it clear that EX solutions must be embedded holistically across the entire organization. While CHROs are still key clients, providers are seeing a wide variety of other corporate leaders, including CFOs, CDOs, CIOs, and CEOs, who are at the table to drive workforce and transformation initiatives.

>> Notable providers for holistic EX solutions: EY, Deloitte

Providers must balance consulting, delivery, and managed services

Enterprise clients are reiterating one thing: They are looking for perspective and strong points of view to bring innovative ideas to the table. Clients want partners that help them think differently, present current best practices, and devise next-gen solutions with data solutions to identify the most pressing issues and opportunities.

- With too much focus on consulting, gaps may arise between advisory services and the realities of implementation.

- When provider services focus on consulting and implementation, gaps may arise between delivery and continuous modernization of services.

- As clients move away from managing multiple vendors to a sole-source environment, clients and providers should seek a balanced portfolio of consulting, delivery, and managed services to drive innovation and best practices throughout their partnerships.

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Market summary—key takeaways

Powering the remote workforce

Powering the remote workforce is a critical capability that drives a deep partnership between HR and IT. Organizations are seeking to harness the right practices, culture, and experiences to drive productivity, engagement, collaboration, and inclusion through remote and hybrid environments. Concurrently, data security runs paramount for enabling the remote environment.

The skills agenda is top-of-mind

According to most participating providers, one of the foremost areas of focus for HR and buy-side organizations is understanding employees' current skills, matching skills to work, mapping the future-forward workforce, and reskilling for the future of work.

>> Notable providers focused on skills: IBM, Accenture, Mercer
>> Notable providers for delivering learning solutions: KPMG

Platforms as a pane of experience

Several providers have developed platforms to engage employees via a shared, digital platform, tailored to individuals and their unique perspectives, motivations, and needs and nudging behaviors while also providing metrics to understand experience gaps.

>> Notable providers with experience platforms: Infosys, PwC

>> Notable providers developing experience platforms: Hexaware

Top 10 Results: Employee Experience Services 2020

Summary of employee experience services advisors and providers in this report

Providers
(alphabetical order)

HFS point of view

Accenture	Substantial technology-led advisory services to modernize HR and drive workforce experience
Capgemini	Noted provider for connecting strategy to technical solutions
Deloitte	Global transformation practice with embedded employee experience
EY	Holistic approach to extensive employee experience services, placing human value at the center
Hexaware	Provider with strong history and depth in HR services, now pushing into the experience arena
IBM	Skills ecosystem at the forefront of employee experience and digital transformation
Infosys	Tech-agnostic platform provides a single pane of experience tailored to the individual's unique needs
KPMG	Market depth and continued growth for managed employee learning services
Mercer	High growth in HR Transformation engagements since connecting HR advisory to growing digital practice
PwC	Leverages proprietary platform to link employee insight to return on experience

HFS Top 10 Rankings: Employee Experience Services 2020
Notable performances

HFS Podium Winners		
Top three providers overall across execution, innovation, and voice of the customer criteria		
#1. EY	#2. accenture	#3. KPMG

Execution powerhouses			Innovation champions			Outstanding voice of the customer		
Top three providers on execution criteria			Top three providers on innovation criteria			Top three providers on voice of the customer criteria		
#1 accenture	#2 EY	#3 pwc	#1 EY	#2 accenture	#3 IBM	#1 EY	#2 accenture	#3 HEXAWARE

Other notable top three performances

- **Mercer** ranked #1 for Growth: HR transformation-related consulting services generated record growth.
- **Infosys** ranked #2 for Thought Leadership, driven by strong client assessments of its ability to both provide future-forward insight and put it directly into practice.
- **Hexaware** ranked #3 for Voice of the Customer, Hexaware's client fan base will see it through its continued evolution of employee experience services.

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HFS Top 10 Rankings: Employee Experience Services 2020

Rank	Overall HFS Top 10 position	Execution						Innovation					Voice of the customer
		Capabilities	Depth and breadth	Methodology and approach	Scale	Growth	Overall execution	Thought leadership	Strategy and vision	Internal IP and innovative solution combinations	Ability to deliver transformation	Overall innovation	
#1	EY	accenture	IBM	KPMG	EY	MERCER	accenture	EY	EY	EY	accenture	EY	EY
#2	accenture	EY	EY	accenture	accenture	KPMG	EY	Infosys	accenture	KPMG	EY	accenture	accenture
#3	KPMG	IBM	Deloitte.	Deloitte.	pwc	accenture	pwc	accenture	IBM	accenture	IBM	IBM	HEXAWARE
#4	IBM	pwc	pwc	EY	MERCER	EY	KPMG	IBM	Infosys	Deloitte.	Capgemini	KPMG	Capgemini
#5	Infosys	Infosys	accenture	pwc	IBM	pwc	IBM	KPMG	KPMG	Infosys	pwc	Infosys	KPMG
#6	pwc	Deloitte.	KPMG	IBM	KPMG	Deloitte.	MERCER	Deloitte.	pwc	IBM	Deloitte.	pwc	IBM
#7	Deloitte.	KPMG	Capgemini	HEXAWARE	Deloitte.	Infosys	Deloitte.	MERCER	MERCER	pwc	KPMG	Deloitte.	Infosys
#8	HEXAWARE	MERCER	MERCER	MERCER	Infosys	Capgemini	Infosys	pwc	HEXAWARE	MERCER	Infosys	MERCER	pwc
#9	Capgemini	Capgemini	Infosys	Infosys	Capgemini	IBM	Capgemini	Capgemini	Capgemini	HEXAWARE	MERCER	Capgemini	Deloitte.
#10	MERCER	HEXAWARE	HEXAWARE	Capgemini	HEXAWARE	HEXAWARE	HEXAWARE	HEXAWARE	Deloitte.	Capgemini	HEXAWARE	HEXAWARE	MERCER

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Participant Profile

Market depth and continued growth for managed employee learning services

Dimension	Rank
HFS Top 10 position	#3
Overall Execution	**#4**
Capabilities	#7
Depth and breadth	#6
Methodology and approach	#1
Scale	#6
Growth	#2
Overall Innovation	**#4**
Thought leadership	#5
Strategy and vision	#5
Internal IP and innovative solution combinations	#2
Ability to deliver transformation	#7
Voice of the customer	**#5**

Strengths

● KPMG has demonstrated strong ability to harness data into meaningful and actionable insights. For example, **KPMG's proprietary Lighthouse "Signals" Predictive Workforce Analytics** solution draws from a range of data sources and science to sense employee sentiment, provide answers to workforce issues, and to support behaviors and competencies that lead to superior performance in any given role.

● **Future of HR program** works directly with CHROs and HR organizations to work through a six-part agenda to change and position HR for the future across four key building blocks: purpose and culture, workforce insights and analytics, workforce shaping, and employee experience.

● **Connected Learning:** KPMG is the second largest learning provider in Europe with over 40 alliance partners and consortium members; it collaborated with Microsoft to provide situationally relevant, bite-sized learning, pushed to individuals.

● **Global annual Future of HR POV:** The 2020 report utilizes feedback from 1,300 HR executives from 55 countries to create a Pathfinding model from organizations that are simultaneously focused on four key capabilities: workforce shaping, cultural initiatives, data-centricity, and bringing the CX lens into EX.

Opportunities

• **Integration of the KPMG Learning Platform with Microsoft Teams and Azure** has the potential to build upon leadership in learning solutions and learning technology transformation to enable iterative and progressive development of the workforce, such as via KPMG's Learning in the Flow of Work.

• **KPMG's DNA in governance and risk,** coupled with core HR expertise, will continue to serve clients well with "anywhere employee" models taking root and geopolitical considerations at play. Senior HR practitioners in the company managing high-level HR relationships dates back to the 2011 EquaTerra acquisition and is maintained at this level today.

• **Contextualizing thought leadership into the practice:** KPMG's ability to formulate a vision for a client organization, connect to an existing situation, and offer innovative solutions was highly regarded among some client references and considered inconsistent among others.

Partnerships, alliances, and IP

Partnerships and alliances:
Oracle and Workday, HR technology; ServiceNow, IT service management (ITSM) and enterprise service management (ESM); Faethm, workforce analytics; OrgVue organization design and analytics; Profinda, workforce analytics and capabilities mapping; Horsefly; IBM Watson; Workforce Shaping Visualization Tool; Microsoft, learning in the flow of work; Workshift, remote work; UDKU, Australia, experience design)

Internal IP:
Powered Enterprise and Powered HR, Connected Enterprise, Workforce Transformation, Workforce Shaping, Future Workforce Model, Organization Transformation, KPMG Learning Platform and Connected Learning, Powered Enterprise Service Management (ESM), KPMG Workforce IQ , KPMG Lighthouse "Signals" Predictive Workforce Analytics, TechPlay Executive Employee Learning Dashboard virtual reality and gamification, KPMG Ignition and Innovation Labs, Lead with Strengths, Change Frame, Strength Deployment Inventory (SDI), Performance Dimensions, Director's Chair, Virtual Talent Lab, Leadership 360 Capability Review Profile, KPMG Signals Repository, Graph Network Analysis, KPMG Workforce IQ, Change Leadership Index (CLI), Change Style Indicator (+360), Digital Mindset Framework and Assessment, Carewan-France, systemic coaching

Initiatives, solutions, and methodologies

• **Powered Enterprise and Powered HR:** Powered Enterprise is a functional transformation solution that utilizes pre-designed, leading practice Target Operating Models (TOM) for all front-, middle-, and back-office functions.

• **Powered ESM:** A solution for providing a consistent, streamlined experience from request to receipt of services. The framework spans design, delivery, and management of all corporate services and is based on ServiceNow as the connected, consumer-grade technology platform.

• **Workforce shaping:** Explores the shape, size, composition, and capabilities of the workforce, working from the future to the present. Analysis is enabled by KPMG's workforce shaping visualization tool to examine a "tools for tasks" impact that varying levels of intelligent automation will have on the workforce.

• **KPMG Six Pillars of Experience Excellence Solutions:** Six fundamental components to align employee experience to customer experience by putting employees in lockstep with their customers, equipping them to be agile, responsive, and thoughtful about how they can achieve more together.

Engagements, geography, and key clients

Percentage of HR transformation and strategy services engagements:
65%: Consulting only
35%: Consulting and implementation
0%: Managed services

Top three services for HR transformation and strategy (by revenue):
1: Learning
2: Digital HR
3: Organizational Transformation

Geographic footprint of clients:
29%: North America
32%: Europe
30%: Asia Pacific
7%: Middle East and Africa
2%: Latin America

Key clients include:
Global investment management firm, large US healthcare system, Canadian provincial electric power utility, global retailer, global high technology firm, large India national bank, large South Africa telecommunications company, leading UAE university, major government departments in US, UK, Canada, and Australia

About the Authors

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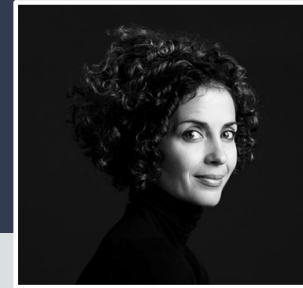sarah.little@hfsresearch.com

Phil Fersht is globally recognized as the world's leading independent analyst covering the alignment of business operations and technology, spanning two decades. He has a reputation for calling out the big trends, unafraid to share his honest views.

Fersht coined the terms the "OneOffice" and the "Hyperconnected Economy" which describe HFS Research's vision for future business operations amidst the impact of automation, AI and disruptive digital business models. In 2012, he authored the first analyst report on Robotic Process Automation (RPA), introducing this topic to the industry and is widely recognized as the pioneering analyst voice that has driven the evolution of the RPA industry.

Prior to founding HFS in 2010, Phil has held various analyst roles for Gartner (AMR) and IDC and was BPO Marketplace leader for Deloitte Consulting across the US, UK and Asia/Pac.

Sarah Little is Director, Content and Strategy, CEO's Office, focusing on big industry themes such as leadership, culture, employee experience, and skills for the future of work. Sarah joined HFS in 2012 and has worked across functions and roles, currently supporting the CEO on key projects for both HFS Research and clients.

Sarah holds a Bachelor of Arts degree in Digital Media Studies from the University of Denver, starting her career in programming and software development. She resides in Dallas, TX with her family.

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About HFS Research

The HFS mission is to provide visionary insight into major innovations impacting business operations, including: automation, artificial intelligence, blockchain, Internet of things, digital business models, and smart analytics. HFS defines and visualizes the future of business operations across key industries with our Digital OneOffice™ Framework.

HFS influences the strategies of enterprise customers to help them develop OneOffice backbones to be competitive and to partner with capable services providers, technology suppliers, and third-party advisors.

Read more about HFS and our initiatives on www.HFSresearch.com or follow @HFSResearch.

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