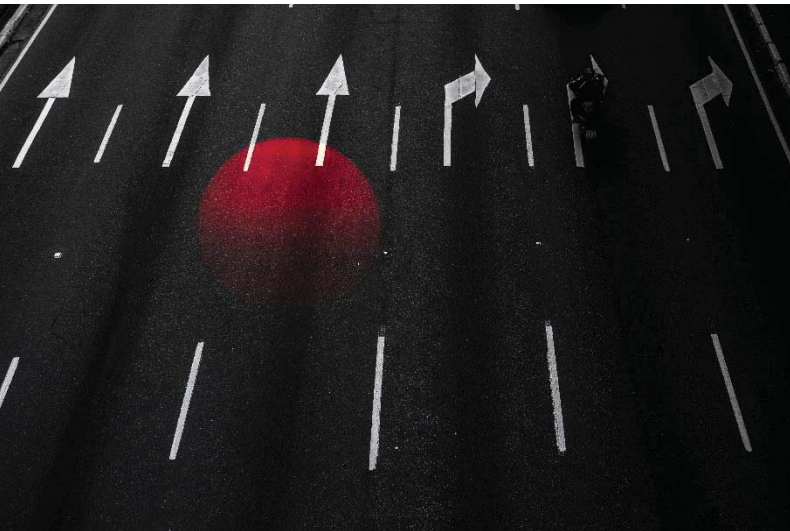




# Riding the HR Tech Wave

BIPO Service

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## Is HR Tech Trending?

HR Tech has been the buzz word for the HR profession in recent years. Every organization is looking at how technology could enable and grow their business in every aspect of their business and HR is no exception.

HR Tech is a US\$400b business, as estimated by **Bersin by Deloitte** in 2017 and investment into HR Tech firms by VCs has already surpassed US\$2.83b YTD in 2018 Q3 as registered by **leading market analyst, George Larocque**, including some Chinese players such as Moseeker.



## Why HR Tech?

Through the years BIPO engaged with clients, we observe that they jumped onto the bandwagon of HR Tech because they have some genuine business problems to solve, not because it is the trendy thing to do. The motivation to address their pain points can be:

1. To automate & streamline HR processes
2. To improve workforce planning & productivity
3. To have visibility on accurate, consistent & real-time HR data
4. To attract & retain the best talents by creating better candidate & employee experience
5. To create insights into making better hiring & staff development decisions

Though the business case for HR Tech is apparent to many, the organizational buy-in is nonetheless vital to the success of any HR digital innovation and the protection of your ROI. The level of adoption and the extent of successful implementation as well as the employee experience as a result of the technology roll-out all depend on a culture of innovation, the right digital talents as well as a good choice of vendors and solutions. The CHRO plays a crucial role to contribute to these factors.



## First Steps

Every journey has a starting point. The starting point for HR digital transformation must be that organizational data are made digital and structured and processes are automated by a digital workflow. Without organized digital data, transformation is impossible. It means converting all data on paper forms, in folders, Excel files, data files on local computers and networks and data in various disconnected systems into structured, smart and integrated data that are available to anyone when they need it and who have the right to access.

Data and process conversion is also an excellent opportunity for organizations to review, optimize and streamline how data is organized and workflows are designed. Organizations may find themselves asking these questions: Do we need all the data on hand? How do we optimize the amount of data, the way it is organized and how it is presented? How do we control who has the right to access what data, who and how to approve data access, leave, overtime & performance evaluations? In **KPMG's HR Transformation Survey 2017**, changes to operating models are commonly found (72%) amongst those surveyed alongside their implementation of change.



## Transformation

One of our clients, a leading architectural firm with 500+ staff in Hong Kong & China, in the implementation process of HRMS, have eliminated 43% of allowance types in payroll inherited from decades of practice, reviewed and re-signed some of the outdated employment contracts, re-designed and simplified approval & notification workflows, unified HR policies and practices across 5 major cities in which it operates and automated 20+ manual letter templates into electronic forms, and allowed office & site staff to apply leave, overtime and view payslips on their mobile phones.

The transformation has proven to save time on the part of HR, employees, in report generation, to simplify workflows, to automate processes and to keep all data in one place. Most important of all is the improvement in employee experience.



## Moving to Cloud

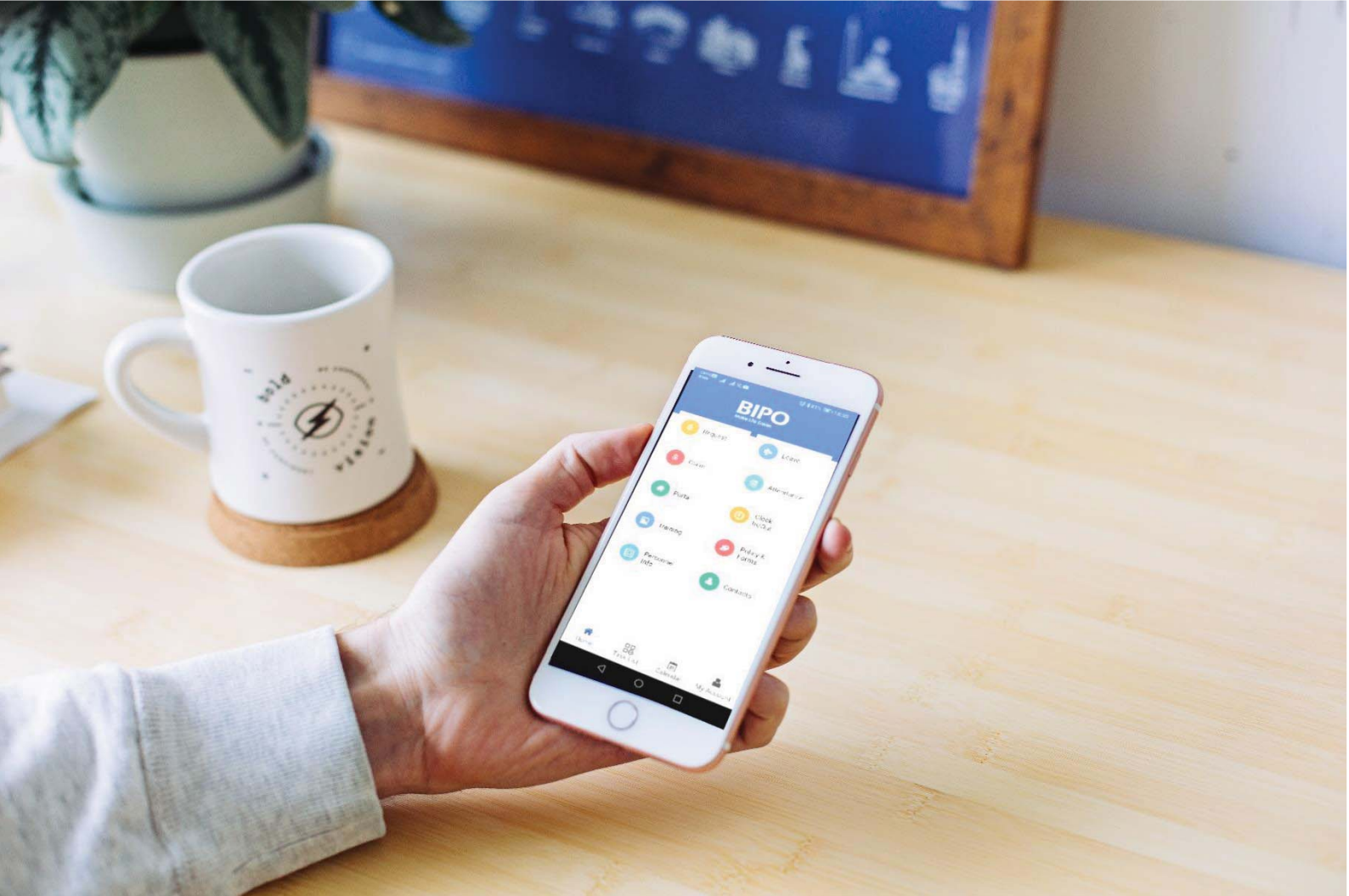
One other important step to the digital transformation for organizations is moving to the cloud. In a [recent survey done by Gartner](#), it predicts that 34% enterprise application spending will shift from on-premise to the cloud by the end of 2018 and that shift will continue to rise to 40% by 2022.

The benefits of moving to the cloud are many-fold. At the application level, the cloud deployment model means that updates to the application are applied to the cloud instance directly and thus reducing the costs of software upgrades, improving the timeliness of upgrades and allowing more frequent upgrades as may be needed due to statutory changes, security patches or functional enhancements. It also means a single piece and version of source code that allows for customer variation by way of settings and configuration, rather than keeping multiple copies and versions of the application. It makes software development and deployment more manageable.

At the infrastructure level, the cloud infrastructure allows for dynamic resource allocation based on performance loading of the application. On-premise applications run on a physical server owned and maintained by the customer's IT department and require extra capacity to cater for loading spikes, redundancy, data backup & recovery, etc. whereas a SaaS (Software-as-a-service) application running in the cloud will take care of all the resource tuning in the background which is dynamically managed by the SaaS vendor. Since any extra resources are allocated dynamically, the costs are charged to the vendor on a pay-as-you-go basis and thus making the costs to the customer much lower than owning a permanent physical stack of equipment. Because of the "outsourcing" of the infrastructure to the vendor, 69% of respondents from HR in an [MIT review](#) say that the relationship between IT and HR has improved as a result of the move to the cloud.

Cloud applications allow for a single source of truth. HR administrators, executives, managers and the average employee all interact with a single database in the cloud. They may use any device anywhere at any time to retrieve and update data in the same database in the cloud, making sure all data are up-to-date at every minute. Whether it is employees applying for leave and overtime on their mobile phones, managers approving them or executives viewing the latest headcount and turnover analytics, the data all come from one single source and one can rest assured that those data are up-to-date all the time.

In the same [MIT review](#), 70 percent of respondents from HR report that the quality of data has improved as a result of the move to the cloud.



## Employee Self Service

Once data has become digital, organized and residing in the cloud, it opens up a whole space for organizations to reassign tasks traditionally done by HR to employees themselves. Employees may now update their personal information, apply leave & overtime, view their leave & benefits balance and rosters and manage training, performance evaluation, etc. by themselves. It cuts down on the time for data entry, processing requests and coordinating processes on the part of HR because these tasks can all be done by employees via the cloud platform and mobile apps.

It gives the employees the autonomy to do these tasks at a time in a place convenient to them and get results instantly. This helps improve overall employee experience and the perception of the employer brand, particularly for new joiners. In an **Aberdeen Group study**, more than 80% of organizations think that HR service delivery is important to employee satisfaction and engagement. Employee self-service is considered one of the important tools to improve employee satisfaction.



## Big Data & Decision Making

Many clients we met are grappling with the ever-changing analytics needs from their executives, be it retention rate, cost of recruitment, productivity analysis, absenteeism & overtime analysis, competency analysis, etc. Data are often scattered, out-dated, un-structured and not ready for presentation. For organizations that have already gone through the above steps of digital transformation, data has become accurate, structured, up-to-date and readily accessible.

With advanced HR technologies, organizations may obtain so much more information via social networks, team messaging, emails, job boards and company review boards to find out about employees' sentiment, to predict risks of staff turnover, to understand effectiveness of employer branding, reasons to absenteeism and how to improve it, etc. These data provide useful insights for employers to make better hiring, sourcing, workforce planning and talent management decisions.





## Big Data & Privacy

The arrival of the Big Data era to employers is not without accompanying risks. In collecting, storing, analyzing and transmitting data about employees and candidates, employers need to strike a balance between potential gains of the organization through HR analytics and the individual's right to privacy. Organizations must put in place a data protection policy to govern the entire life cycle of employees' data, to set out the legitimate purpose for use of their personal data as well as to narrowly tailor what is collected corresponding to what is needed. An overarching range of collected data and lack of governance of the processing and transmission of employees' data often pose risks to an organization's compliance to privacy laws, both local (such as PDPO) and abroad (such as GDPR).

A general direction towards managing risks will be to rely on aggregate data rather than individuals' data that can be used to identify an individual employee. For example, while it is acceptable to compile attendance data to shed light on absenteeism within a certain rank / designation, it will be questionable to analyze an individual's sick leave data with detailed prognosis on medical certificates.

# AI

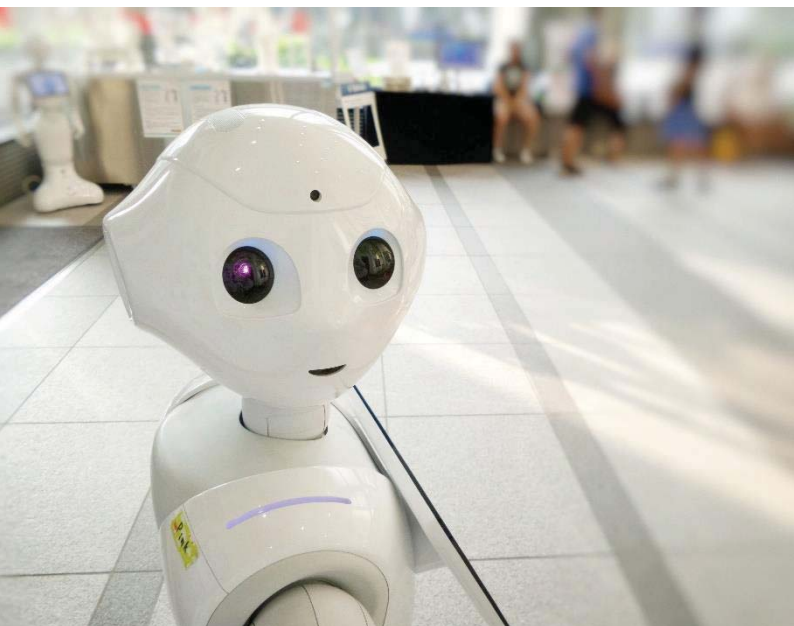
5 years ago, AI might have still carried the connotation of being fictional. AI today however has become more real, not just for tech companies, but for businesses to consider imminent adoption. This is a common view amongst technology analysts and business leaders and has been consistently agreed in major studies such as a recent **McKinsey report**. Not only have we seen major investment by big players such as Google, IBM, Amazon, Apple, Facebook & Salesforce into AI products and commercialization, the number of tech start-ups that focus on AI together form a multi-billion sector whose potential is beyond estimation. For example, China alone has 14 unicorns with a combined estimated worth of US\$40b focussing on AI technologies, including SenseTime (a face recognition technology) and Cambricon (a processor maker for intelligent cloud servers and robots).

How these AI technologies may be applied in managing human capital is manifesting in real-life situations such as these:

**AI Chatbots** - to answer service enquiries from employees such as leave balance, HR policy enquiries, to assist in onboarding, to schedule candidates for interviews, etc.

**AI in Recruitment** - to provide unbiased screening of candidates based on skills and competencies measured via AI-powered tests and assessments, to analyze and match candidates to the right jobs through machine learning of the relevance of education, qualifications, experience, skills and competencies to jobs, to apply AI in analyzing and screening CVs and to apply facial recognition technology in gauging candidates' social skills & other soft skills.

**AI in Training** - to use machine learning technology to help create and deliver learner-centric custom contents and assessments, to deliver micro-learning to learners in context-sensitive situations on the job.





## HR to Lead Innovation

In today's rapidly changing landscape of business, innovation is at the core of every business. Technology is no longer a utility but a core element in every business. HR is no longer expected to take a back seat in this transformation as an end-user. Instead, innovation has everything to do with the people aspect of organizations. Thus, HR needs to take the lead in digital innovation.

First, talent is the essential factor for innovation. Without the right talents, innovation does not happen by itself. Innovation is not about buying a solution or a technology. It is about re-designing the business, expanding value proposition, disrupting conventional wisdom of revenue generation and putting the right technology to use in supporting these changes. The business needs to have not only the right tech talents but also talents in every function who are conversant with the latest technologies in their own professional domain and possess the design thinking mentality to innovate. HR owns the function of finding and developing talents to ready the organization for innovation.

# Culture of Innovation



Second, a culture of innovation is needed. HR, as the captain and facilitator of company culture, has a crucial role to play. A culture of innovation means that people in an organization must feel free to think out of the box, to experiment, to learn from failures and to speak their minds. It also means the attitude of embracing diversity and learning from people from all sorts of backgrounds. It means cross-discipline learning, people stepping out of their comfort zone to pick up new ideas, skills and knowledge. For example, marketing traditionally a discipline about language and communication skills has just transformed itself into a discipline of science where campaign success is instantaneously measured in terms of click-throughs, conversion ratios and quantified effectiveness of campaign messaging. In this case, HR must facilitate marketing professionals to acquire new skillsets and to learn from tech talents from other disciplines. HR is there to lead the cultivation of innovative thinking.

Third, HR must support and facilitate the training and knowledge transfer required for innovation. Digital transformation requires everyone to acquire knowledge about technology that may not be everyone's forte. In this time and age, capability to grasp abstract and complex concepts about disruptive technologies is crucial to success and the capability to beat competition. HR plays a vital role in bridging the knowledge gap, designing the right form and contents of training as well as facilitating cross-team exchanges and knowledge sharing within the organization.

Today's learning & training environment has transformed a lot in recent years. Not only is the form of training different, e.g. micro-training, videos, webinars, etc., the way of delivery has also changed - via micro-courses, via mobile phones, through automated quizzes and custom assessments, etc.

## Conclusion

Technology and innovation are a tool as much as the core of today's business. HR plays an indispensable role in leading the transformation of both the organization and the business. One must take the first steps right while accepting experimentation along the way. Innovation is a journey with no finishing line. Whether it is digitizing data, workflow automation, big data, AI, cloud & mobile technologies or ESS, any transformative initiatives need to create better employee experience, increase productivity, create insights for better decision making as well as build a better employer brand for the organization so that only the smartest and the most innovative minds come together to build the future of the business.

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