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Trends 2010: HRM Processes And Applications

Reconstruct Human Capital Strategies To Get Business Back On Track

This is the first document in the "2010 Trends For Business Process And Applications Professionals" series.

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EXECUTIVE SUMMARY

After a horrendous 2009, human resources management (HRM) business process and applications professionals will gradually see opportunities emerge to rebuild and reinvent HR processes and analytics using advanced technology. Economic recovery will not happen quickly, nor will it be without challenges. As hiring constraints loosen, applicant volumes will be at all-time highs, and more creative recruiting and onboarding strategies will be needed. Software-as-a-service (SaaS), already widely available in HRM, will be advantageous to organizations looking to achieve rapid results in replacing existing homegrown or legacy HR systems.

ROAD TO RECOVERY SHIFTS FOCUS TO THE CHANGING WORKFORCE

The HR business unit became a corporate focal point in the first half of 2009, as companies went through excruciating layoffs, salary freezes, and other cost-cutting measures to keep businesses afloat. As the remaining employees hunkered down for the remainder of the year, workloads increased and morale suffered. Although high unemployment will linger well into 2010, opportunities for workforce reinvestment will appear. As companies look to reinvigorate HRM strategies in 2010, the following drivers will be evident:

- **Hiring activity will grow.** The consensus among economists is that we will see an uneven economic recovery without job creation. Nevertheless, many businesses will see opportunities to restaff, and others will see opportunities for growth. Increased hiring activity will shift HR's focus from cost-cutting to talent onboarding and development.
- **Workforce diversity will increase.** A lingering impact of the recession is that older workers are delaying retirement. Age disparity between these workers and recent graduates will increase, creating new challenges for assimilating and managing talent. Complicating matters further, companies will need to accommodate flexible work schedules and remote workers, as well as collaborating with coworkers in other parts of the globe.¹
- **The extended virtual workforce includes those not on the company's payroll.** As companies continually reassess talent needs, non-core jobs are often outsourced to contractors, consultants, and temporary workers. This virtual workforce is likely to increase in 2010, due to labor cost arbitrage opportunities and variable staffing needs where permanent staff hiring and layoffs can be avoided.

WHAT TO WATCH FOR: 2010 HUMAN RESOURCE MANAGEMENT TRENDS

The following trends in HRM processes and technology will play out in 2010 and beyond:

- **SaaS will become the default model for HR technology deployment.** SaaS is already seeing mainstream levels of adoption for HRM applications, including recruitment, performance management, and core HR management systems (HRMS). In fact, SaaS is already the default model for recruitment applications. In 2010, more and more customers will enter into HR application vendor selections with SaaS as a prerequisite. Forrester inquiries indicate that key factors in this movement include upgrade fatigue with licensed systems, as well as needs for rapid deployment of HRM solutions.
- **Performance and talent management will become better aligned with the business.** One of the lessons learned from the recession is that employee performance and talent strategies are inseparable from the overall business strategy. Companies are increasingly aware of which talent resources are most closely correlated with business expansion and contraction, just as they are of which performance measures are critical to the success of the business. In 2010, many companies will take decisive steps to align HR performance and talent processes with business performance expectations, resulting in more aligned performance measures, rewards mechanisms, and hiring practices.
- **Social networks enrich internal and external HRM processes.** Significant progress is being made by companies to use social networks to identify and qualify (or disqualify) external hiring candidates. As 2010 plays out, corporate use of social networks will become more legitimized and accepted as the social media providers themselves achieve business viability. Internal use of networking tools will also materialize for improving talent utilization, expertise, and mentoring.² Using this technology effectively brings some challenges, however, potentially accelerating employee turnover and raising corporate policy, compliance, privacy, and other issues.
- **HR outsourcers will become more proactive as technology suppliers.** HR outsourcing is an important part of the solution continuum for a variety of processes, particularly those with heavy compliance implications (e.g., payroll, healthcare, and retirement benefits). Yet these providers have typically not been viewed as first-tier suppliers of comprehensive HR technology platforms. In 2010, we expect major outsourcers to invest more resources in providing enhanced, acquired, or partner-based technology platforms as SaaS offerings in addition to value-added services based on compliance. Traditional HR BPOs offering dedicated hosting of client-owned platforms will find it more difficult to compete.
- **HR data integration and analytics will get more attention.** HR processes have had more emphasis in recent years than data strategies, but data is also vital to the business of HR in two ways: integration and analytics.³ In 2010, data integration will be modernized from traditional batch interfaces to take full advantage of Web services/SOA technology as well as

data aggregation tools, including extract, transfer, and load (ETL). This will enable more timely process integration, as well as updates to analytic data marts. In addition, HR will benefit from increased adoption of analytical reporting tools as well as prepackaged metrics and dashboards, enabling better insight and visibility over workforce characteristics, trends, and costs.

- **Onboarding and learning will reach new heights.** Onboarding new workers will take on more importance as the economy recovers, enabling companies to streamline the red tape of the hiring process and ramp employees up to full productivity more quickly. Technology will help employees assimilate learning faster, collaborate more effectively, and keep their skills and knowledge in sync with rapidly evolving products and markets.⁴

WHAT IT MEANS

HR THRIVES ON TECHNOLOGY CHANGE

Although HR often draws the short straw in technology funding, it has been known to take matters into its own hands in technology adoption. Forrester has been following the IT to BT transformation, and the HR domain shows clear evidence of proactive technology ownership, and sometimes leadership.⁵ Over the past decade, HR has been on the forefront of the adoption of self-service, online learning, SaaS, and process outsourcing. Going forward, HR will continue to proactively advance the use of technology, expanding SaaS adoption, integrating seamlessly with outsourced service providers, and incorporating social and collaborative technologies. The role of IT in HRM processes and data will evolve away from managing core systems and processes that are becoming increasingly virtualized, but it will remain essential in coordinating data integration, synchronization, and data quality.

ENDNOTES

- ¹ For more information on the increasing diversity of the workforce and the challenges presented by a new generation of workers, see the October 8, 2009, "[The Millennials Are Here! Are You Prepared?](#)" report.
- ² Several examples of early adoption of social networking technologies in HRM processes are discussed in a previous report. See the April 25, 2008, "[Corporate Social Networks Will Augment Strategic HR Initiatives](#) report.
- ³ Information management and delivery is a key building block in HRM application strategies. See the December 19, 2008, "[Building Your HRM Applications Strategy](#)" report.
- ⁴ For a case study on effective onboarding practices, please see the October 22, 2009, "[How Kelly Services Implemented Onboarding To Retain Quality Workers](#)" report.
- ⁵ The absorption of traditional IT roles and skills into business organizations, and the taking of ownership of IT decisions by these units, is the shift that Forrester calls "IT to BT". See the March 6, 2009, "[BT Changes IT's Operating Model](#)" report.

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