HR
2020

Key predictions and guide to successful
BPO best practices and solutions.

Research & Insights | ZALARIS

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About This Report

Zalaris research, content and knowledge are the basis of HR 2020. The company has an 18-year history exclusively in HR and payroll solutions and services. This expertise includes proven strategies and software innovations relevant to the opinions, predictions and recommendations contained in this report. For additional background or other questions, please email info@zalaris.com.

HR 2020: The 'People Vision' Comes into Focus

Get ready for a comprehensive look at where human resources is today and what to expect over the next two years.

We developed this HR 2020 report because we're at a pivotal juncture for enterprises worldwide. Employee and management expectations have changed so rapidly that many companies are already behind or stuck in neutral, unsure what direction to take and when.

The "when" question is entirely clear-cut.

There's literally no sense in delaying the types of advances today's technologies enable in conjunction with proven HR best practices. IT breakthroughs, including extraordinary "in-memory" processing speeds and cloud innovations, combine with end-to-end insight on the overall people function — from recruiting and onboarding to ongoing development and performance management through to alumni stages.

"What" to do now versus later is the far bigger question.

Zalaris provides a unique vantage point on the trends affecting human resources and how best to proceed for top performance and value. Since 2000, we've been developing and delivering local-language-based HR, payroll and related outsourcing services powered by one common IT solution with harmonized processes. Our 20th anniversary also happens to be around the corner in 2020.

HR modernization will continue at an accelerated pace in the months ahead. Greater strategic value is at hand, with routine administrative tasks increasingly turned into automated cost savings. The economic advantages are undeniable, including unprecedented time to value in deploying and managing the world's best HR management and payroll solutions.

HR 2020 covers the game-changing realities that are here now — and what to do about them today.

Hans-Petter Mellerud
CEO, Zalaris

Shared Services will catapult to extraordinary new levels of efficiency and cost savings in the cloud

Of all the areas within today's corporate enterprises, HR will continue to be at the top in terms of tangible ROI from cloud-based platforms. Much of it correlates to inherent efficiencies associated with Shared Services, such as faster streamlined response to employee and manager needs, including secure "self-serve" on-demand portals with seamless connectivity to other systems. HR resources can provide personal assistance, as needed, complemented by the deeper online capabilities the cloud enables.

Advances in data and analytics will radically improve recruiting, onboarding, training and regulatory compliance

HR stands at the crossroads of data and analytics … the yin and yang behind a growing range of disciplines and practices centered on greatly improving everything from talent search, cultural fit assessment and training to productivity measurement, performance management and professional development. Gig-economy trends will continue along with other workforce dynamics, from remote offices to social media — all just as data protection and compliance demands reach exponential levels.

Automation of administrative or routine tasks will create more strategic HR functions — not fewer overall jobs

Jobs are essentially being redesigned across all industries, companies and functions. When automation works well, the value is indisputable, and has always been a factor in commerce and business operations. Some traditional HR roles have become obsolete or less necessary given the innovations already shaping the 2020 horizon. Continued automation of administrative tasks will create new opportunities for more strategic HR contributions relative to people, processes and performance.

BPO value, design thinking, mobile access and security considerations will drive enterprise-wide HR decision making

Business process outsourcing drives more than cost savings on the HR front. The value, standards, scalability and other benefits speak for themselves across international borders. Security takes precedence, especially given the sensitive nature of HR information. Payroll has already been widely adopted as an outsourced function. Human Capital Management (HCM) platforms will become entrenched – and more powerful – through design-thinking methodologies in conjunction with BPO partnerships.
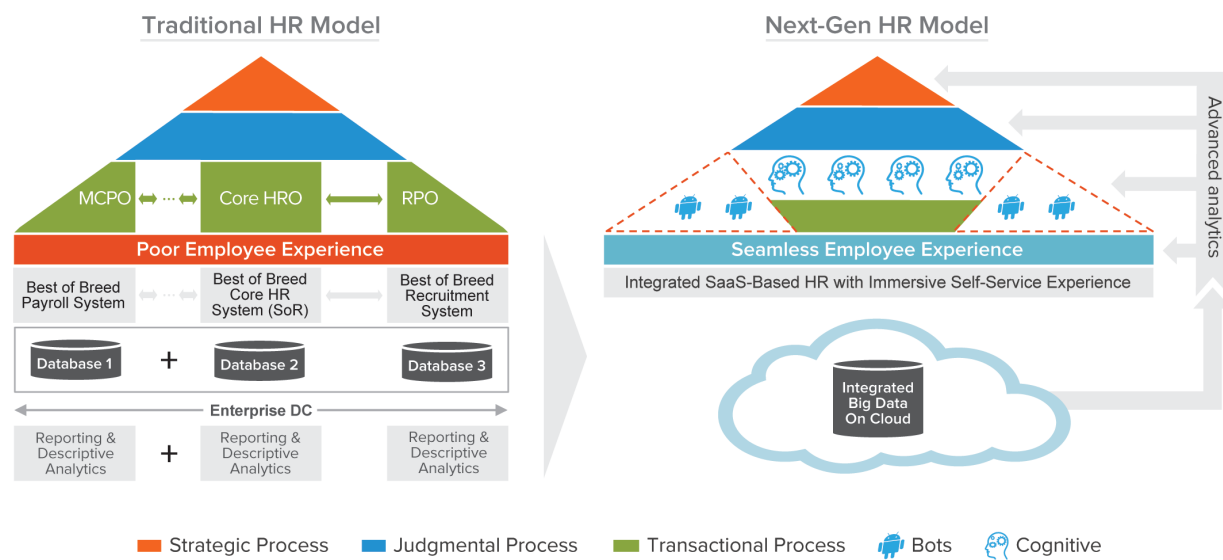
HR Services Delivery Enters Modern Age

The realities have changed. Employee expectations are higher, regulatory demands continue to escalate, and cost reduction remains a top priority. Shared Services are becoming the norm for addressing all aspects of this complex equation, including faster response to employees through secure self-service portals that also simplify human resource functions.

One seamless integrated HR help desk and ticketing solution can be used to support an entire organization while reducing time dispatching and handling requests. Process controls contribute to the highest standards for General Data Protection Regulation (GDPR) compliance. Employee experience improves markedly, as shown in the Evolving HR Model diagram. As illustrated, movement from independent databases facilitates self-service in a unified cloud approach that also yields deeper overall "cognitive" value due to the Big Data foundation.

Evolving HR Model

Traditional HR Model

MCPO ⟷ Core HRO ⟷ RPO

Poor Employee Experience

| Best of Breed Payroll System | Best of Breed Core HR System (SoR) | Best of Breed Recruitment System |

Database 1 + Database 2 + Database 3

Enterprise DC

Reporting & Descriptive Analytics + Reporting & Descriptive Analytics + Reporting & Descriptive Analytics

Next-Gen HR Model

Advanced analytics

Seamless Employee Experience

Integrated SaaS-Based HR with Immersive Self-Service Experience

Integrated Big Data On Cloud

■ Strategic Process ■ Judgmental Process ■ Transactional Process 🤖 Bots 🧠 Cognitive

Source: The Everest Group, 2018

HCM Advantages at a Glance

- Strengthen overall handling of increased HR demands throughout large complex organizations
- Improve global HR master data quality and security as well as end-to-end processes supporting entire employee life cycle – from onboarding to alumni phase
- Enhance in-house Shared Services and self-service options while putting HR in position to elevate strategic value
- Manage HR dynamics and dialogues with an integrated help desk and ticketing system that securely and effectively supports management of all interactions
- Identify bottlenecks and breakdowns with built-in categorization and Service Level Agreement (SLA) reporting that tracks response times and resolutions
- Solidify ability to meet stringent compliance standards associated with the Global Data Protection Regulation (GDPR) and commensurate "right to be forgotten."

HCM Solutions a Foremost Consideration

It's natural for employees to turn to HR with questions on a daily basis. Meeting related expectations, however, is far from easy to do or reliably track – particularly when companies don't have powerful systems and proven processes in place. Shared Services are optimized in conjunction with Human Capital Management (HCM) suites to modernize experiences from all standpoints.

Response times are critical, and the caliber of results rises to even greater importance in today's digital era. Phone calls, emails and written notes are no longer the answer. When it comes to quick questions or longer-term employee development and career planning as well as performance, HR innovations now make a profound difference. Not just technologically.
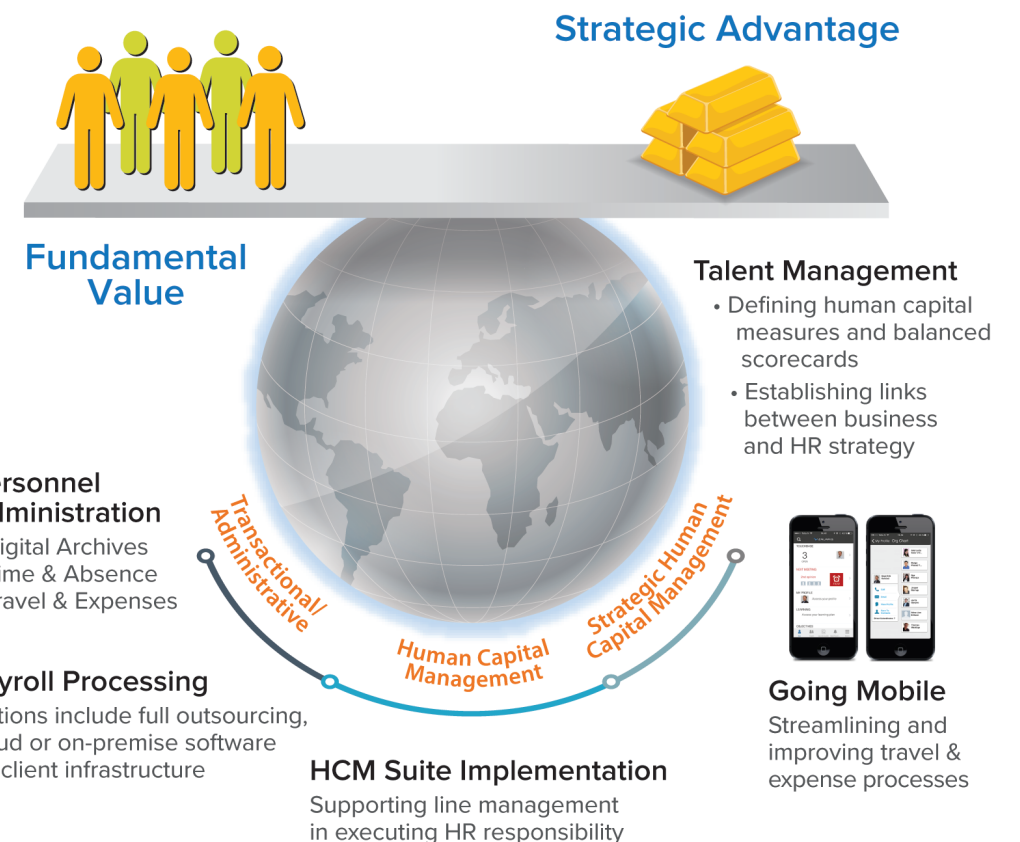
Best practices are instrumental, especially in tandem with process optimization.

Employees and HR operations should be able to count on "contextually relevant" data and an intuitive experience that greatly simplifies navigation and response to questions, issues and legal compliance demands. In-depth analytics and reporting should ensure accurate measurement of service delivery and outcomes.

HCM cloud solutions are the answer to these and many other HR challenges enterprises face throughout the world. HCM, payroll processing and mobile solutions deployment are increasingly outsourced to certified BPO service providers who can adeptly handle the heavy lifting, concepting and deployment – ideally in a highly collaborative manner with clients.

Enterprises should strive to harmonize and address all HR needs in a balanced manner. HCM Suite advantages are essential to optimized outcomes.

Inside the HR Looking Glass

Strategic Advantage

Fundamental Value

Talent Management
- Defining human capital measures and balanced scorecards
- Establishing links between business and HR strategy

Personnel Administration
- Digital Archives
- Time & Absence
- Travel & Expenses

Transactional/ Administrative

Human Capital Management

Strategic Human Capital Management

Payroll Processing
Options include full outsourcing, cloud or on-premise software via client infrastructure

HCM Suite Implementation
Supporting line management in executing HR responsibility

Going Mobile
Streamlining and improving travel & expense processes

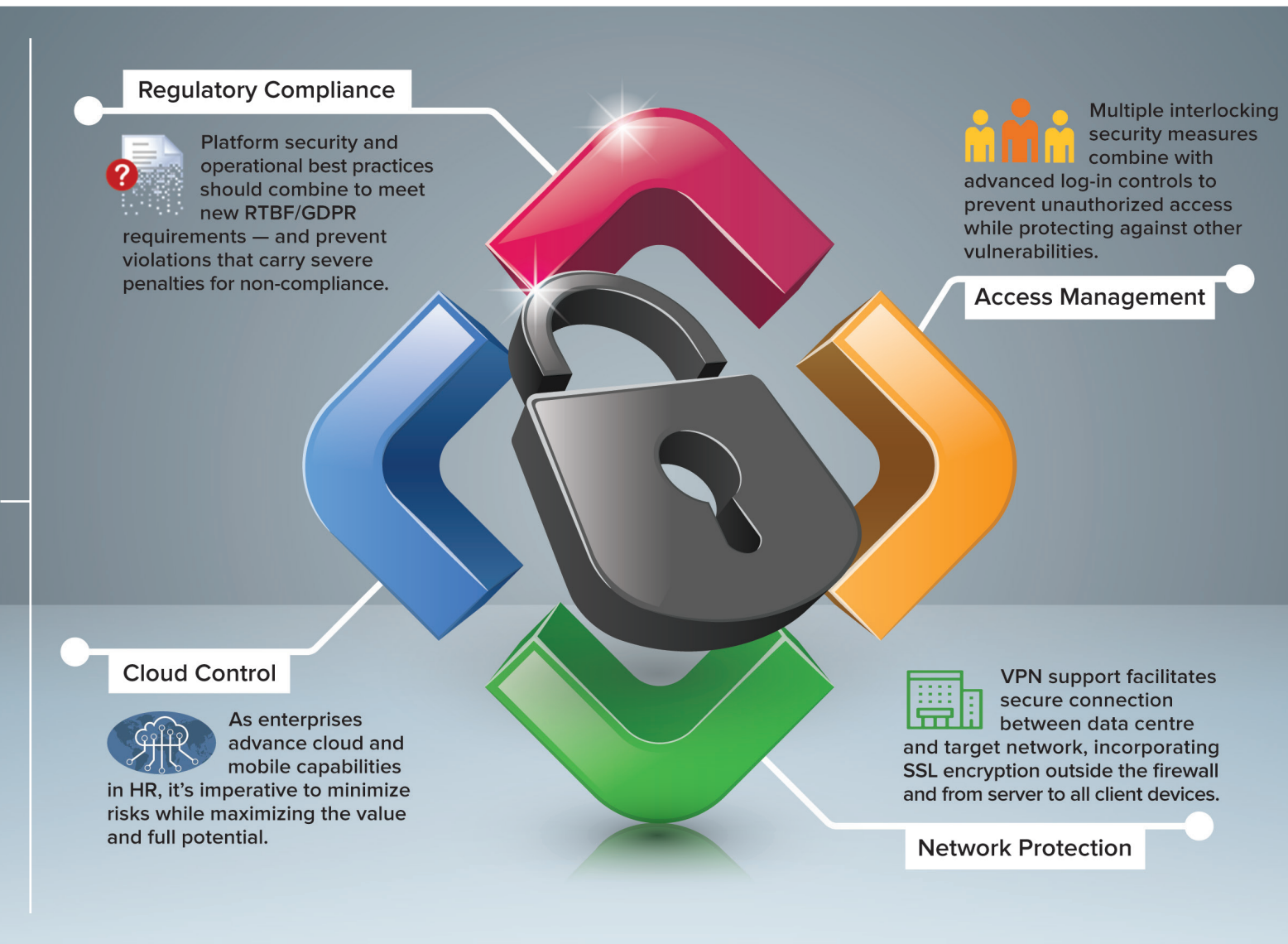## Where Regulatory Compliance and Data Privacy Converge

As companies evaluate HCM solutions, it's likely that personnel data security and privacy protection rank among top priorities. When operating in multiple countries, related risks escalate, of course, while adding complexity to the equation in conjunction with cloud and mobile access expectations. Factor in the potential for severe penalties if measures fail to meet GDPR stipulations associated with Personally Identifiable Information and the "Right to Be Forgotten" (RTBF). Integrated security is essential to end-to-end controls as threats continue to mount worldwide.

A fully integrated approach to security means:
- A common system platform to enable and support centralized compliance control and management
- Secure and redundant IT infrastructure with date and role-based security and access control including 24/7/365 monitoring of access and use
- Enabling common processes for archiving and deletion of data based on defined customer life events including hiring/termination

- Enabling employees and managers to see own stored data
- Supporting RTBF and GDPR regulatory requirements related to accounting and documentation compliance down to individual information elements
- Control and auditing process to document regulatory compliance
- Advanced document encryption and tamper-proof archiving

Seamless integration with other IT solutions is imperative for effective process design as well as error-free information exchange between various systems involved in HCM deployment and daily operations. Many companies require dozens and even hundreds of securely integrated in/outbound applications as well as ongoing interfaces to payroll and transactional HR solutions. These connections contribute to non-disruptive business performance and the ability to flawlessly process payroll, for example.

Regulatory Compliance

Platform security and operational best practices should combine to meet new RTBF/GDPR requirements — and prevent violations that carry severe penalties for non-compliance.

Multiple interlocking security measures combine with advanced log-in controls to prevent unauthorized access while protecting against other vulnerabilities.

Access Management

Cloud Control

As enterprises advance cloud and mobile capabilities in HR, it's imperative to minimize risks while maximizing the value and full potential.

VPN support facilitates secure connection between data centre and target network, incorporating SSL encryption outside the firewall and from server to all client devices.

Network Protection

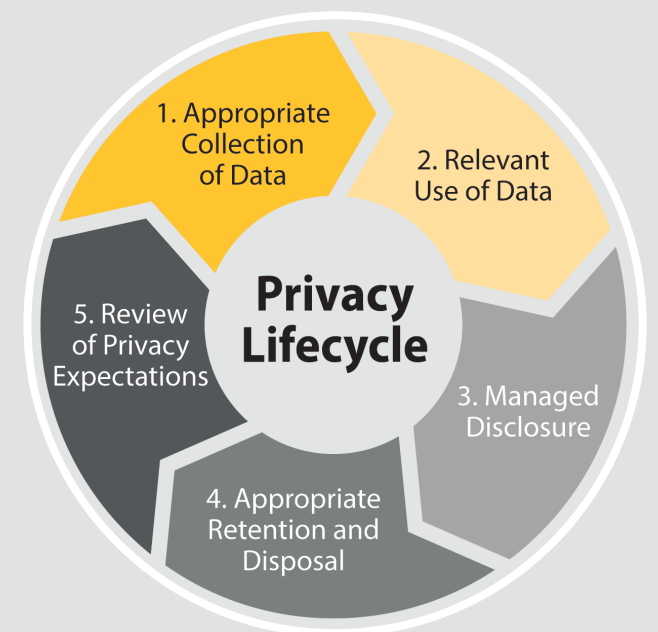## Penalties are Here. Protections Need to be Fully in Place...

✓ **Gap Assessment** - A holistic and thorough approach is employed to find and close any data privacy gaps that may exist or emerge relative to GDPR.

✓ **Governance Structure** - Data privacy policy is in place and closely adhered to with a Data Protection Officer (DPO) appointed in independent oversight role.

✓ **Personal Data Inventory** - Personal data descriptions and flow charts are established and maintained for where data is held and processed, including between systems and countries.

✓ **Information Security** - Appropriate technical and organizational measures yield protections that are proportionate to risks internally and externally.

✓ **Operationalizing Data Privacy** - Strong policies and processes are fully in place, communicated, updated as needed, and enforced across the enterprise.

✓ **Training and Awareness** - Privacy training and awareness events are conducted as part of comprehensive overall GDPR compliance management program.

✓ **Third-party Engagement** - Effective controls and reporting validate IT and information security associated with external data processing, storage and disposal.

✓ **Monitoring and Reporting** - Integrated teams and tools support ongoing analysis and detection of possible or actual breaches as well as potential non-compliance issues.

GDPR

GDPR Enforcement Ups the Security Ante

Protecting the right to privacy is not new. What constitutes personal data, however, has expanded with the General Data Protection Regulation, and the rights of data subjects are broader. These changes in scope are among the new considerations critical from a human resources standpoint today — now that GDPR penalties are enforceable — and going forward with continually enhanced solutions and best practices.

The new regulation also unifies aspects of existing Data Protection Act regulations. European Union member states now have more consistent standards, although individual countries can still impose their own unique data privacy conditions — all of which warrant increasingly tighter controls and management.

Privacy Lifecycle
1. Appropriate Collection of Data
2. Relevant Use of Data
3. Managed Disclosure
4. Appropriate Retention and Disposal
5. Review of Privacy Expectations

Better Payroll and Personnel Data Management
All Part of the 'People Vision' Going Forward

Payroll has been a primary outsourced function for decades, while the adoption of comprehensive Human Capital Management solutions is a more recent trend that's rapidly accelerating. It's all part of the "people vision" companies are now establishing — cultures literally designed to find, retain and develop the best talent as they increasingly devote more internal resources toward strengthening core competencies and providing best-in-class products and services.

Not everything is fit for outsourcing, although HR services are easily the largest cloud BPO segment worldwide, comprising more than a third of the market at $12.4 billion, according to a recent study by market research firm The Insight Partners. They project the HR segment to increase at a 22.4% CAGR and reach $37.6 billion by 2025 — and by then account for nearly 40% of the total cloud BPO market.

HR services are easily the largest cloud BPO segment worldwide

Source: The Insight Partners, 2018

Payroll will remain on course as a predominantly outsourced function as HCM solutions gain momentum in the cloud and on premise, with top focus areas ranging from recruiting and hiring to personnel data management and employee benefits processing.

Here are some of the keys to unlocking greater value on the payroll solutions front:

• Pre-defined wage types and accounting concepts for rapid implementation

• Flexible deployment: full outsourcing, cloud or hybrid with on-premise infrastructure

• Localized multi-client "shared services" methodologies with HCM integration

• Improvements in processes associated with salary and bonus reviews

• Functionality that ensures proper employee taxes based on recorded benefits

• Support for government and insurance company standards

Multi-country payroll outsourcing is especially complex to handle internally, considering the breadth of legal, tax and regulatory factors involved. The right MCPO (multi-country payroll outsourcing) solution and partner, however, can help turn the challenges into a proficient, error-free experience. Standardized templates can support best practices while providing the flexibility to seamlessly expand beyond the fundamentals into adjacent aspects of human capital management.

Shared services-based payroll centers average 20-40% greater efficiency compared to traditional solutions

Source: Zalaris, 2018

The future calls for increasingly sophisticated, yet proven, payroll solutions backed by respective experts with cross-border knowledge and guidance. HR leaders recognize their value should continue to center on other more strategic aspects of enterprise success. Zalaris' findings include that shared services-based payroll centers, in combination with self-service options, can be 20-40 percent more cost efficient than traditional payroll solutions — and provide a higher quality of service.

Mobile Solutions Increasing Workforce Engagement

Smartphones and tablets are entrenched in society as well as the workplace — and human resources is where these mobile roads connect. Whether company-issued or personal devices with business applications, HR should continue to pave the way in conjunction with stringent security measures due to inherently higher risks associated with mobile solutions.

Mobile advantages are too great to be ignored, although companies will need to proceed with utmost caution given the proliferation of security threats from numerous perspectives. Addressing vulnerabilities must take precedence in conjunction with appropriate IT resources, both internal and external from knowledgeable advisors with corresponding experience.

Today's proven mobile capabilities include access to essential HR information from virtually anywhere. Mobile apps let users efficiently register time off, view pay slips and personal data in addition to registering and approving time and travel expenses, for example. Pictures can be easily taken of receipts for reimbursable expenses, then quickly submitted for more seamless, accurate and timely processing.

• Spend time more wisely with remote access to key HR info

• Streamline expense management / reimbursement

• Register and approve hours on demand

• Ensure proper time accounting and billing

• Eliminate common issues such as lost receipts

• Speed up HR processes & reduce related costs

The value of mobile solutions will undoubtedly reach new heights in the future, yet balanced with ever-evolving security controls. Paperless travel is essentially here now. It will be fascinating to see how these and other trends unfold — with HR at the crossroads.

Archiving & Administration...More Dynamic Than It Sounds

Companies in the midst of advancing their HR and payroll solutions as well as services should not lose sight of what certainly ranks among the least glamorous aspects of these vital functions: archiving and administration.

How enterprises and their people store, access and manage HR content has never been more critical, and that reality will become even more pronounced in the years ahead. This sensitive data must be properly set up and protected for many reasons, including GDPR compliance.

Modern archiving solutions incorporate powerful security controls with vital digital advantages. Flexible templates can ease corresponding transformations while eliminating redundancies. Workflow standards and integration should be part of the inherent mix when choosing a long-term archiving solution – one that facilitates secure self-service by managers as well as employees.

It may seem dull, but enterprises need to carefully choose their archiving solution as part of overall HR transformation planning. This chart illustrates what a modern approach to archiving enables and addresses.

ESS/MSS
Employee and management self-service options should be fundamental advantages of archiving. This includes portal access via multiple browsers and mobile devices — using PDF security and DRM to suppress printing, saving, or copying personnel files to local devices or desktops.

Scan
For simplified document capture and management, archiving solutions can integrate with other systems, while providing scanning hardware support. In addition, OCR integration enables full-text search, and bar codes can be utilized for asynchronous document processing.

Comparisons
Reporting and functionality needs to yield sharp insight into data/content trends across the enterprise, as well as records processing for documentation and custom comparisons.

Display
Securely control how information is shared remotely and in the office via intuitive web-based interface that prompts for role/group-based authorizations with indexing and notes capabilities.

Create
MS Office integration enables bi-directional content synchronization between system data and Microsoft documents, as well as email archiving and functions for indexing and notes.

Modern Archiving Solution — SELF SERVICE, SHARING, ACCESS, ADMINISTRATION, EFFICIENCY

HR 2020: Digital Levers and Their Benefits

As companies evaluate ways to transform their HR function, it's important to keep in mind all available and emerging options. That sounds like a tall order, because it is! The chart at left sheds light on how different technologies yield varying benefits in terms of efficiency, experience and insights. From Cloud, Mobility and Analytics to Natural Language Processing, Robotic Process Automation and Machine Learning, all these innovations have dramatic implications and value for the HR function.

Technology	Efficiency	Experience	Insights
Cloud			
Mobility			
Analytics			
NLP			
RPA			
ML			

● High   ○ Low

Source: The Everest Group, 2018

Contact Us

Zalaris ASA

Postal address:
PO Box 1053 Hoff
NO-0218 Oslo, Norway

Visiting address:
Hovfaret 4b
NO-0275 Oslo
Telephone: +47 4000 3300
Telefax: +47 2202 6001

Website:
www.zalaris.com

Email:
info@zalaris.com

Switzerland Ireland UK Germany Norway Sweden Denmark Finland Estonia Latvia Lithuania Poland India

ZALARIS