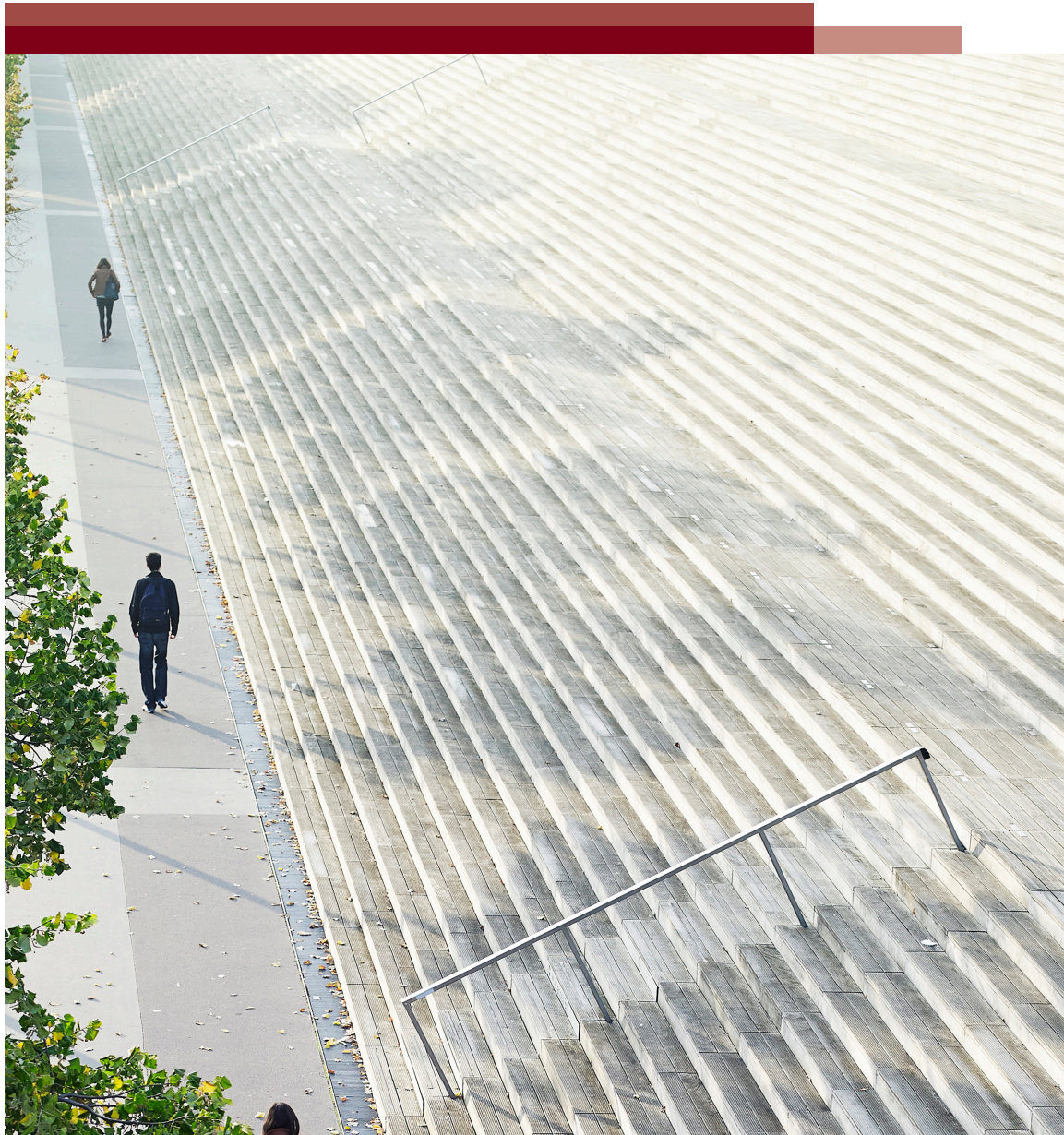


Moving HR to the Cloud?

Navigate key barriers to boost success

PwC's 2014
HR Technology Survey



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Executive Summary

It's no surprise that more and more companies are moving their HR applications to the cloud to boost innovation, increase flexibility and control costs. The shift, now at a frenzied pace, is fueling tremendous growth in the HR technology space. It is also creating uncertainty for HR business and technology leaders who are struggling with important questions such as:

- Is the cloud right for my organization?
- Does it make sense to move everything to the cloud or just certain process areas?
- Is the move paying off for the early adopters?
- What challenges are organizations facing with their migrations to cloud?

PwC's 2014 HR Technology Survey of nearly 270 US-based companies, including a range of industries and company sizes, provides insight into these and other important issues facing today's HR business and technology leaders. Clearly, the shift from on-premise Human Capital Management (HCM) to cloud-based HCM applications is a significant trend that cannot be ignored. Yet, despite high levels of satisfaction, HR business and technology leaders are finding that moving to the cloud requires a transformational mindset—one that many seem to undervalue and oversimplify.

The HR technology options to enable today's business and people strategies can be overwhelming. In this paper, we'll first look at the industry landscape, including the types of organizations moving to the cloud, top HR technology investments, and major trends driving HR cloud adoption. Next, we'll look at primary challenges that HR business and technology leaders are encountering along the way. We'll also provide key considerations to help smooth the transition and help make the journey worthwhile.



Small and medium sized businesses comprise early adopters, for now

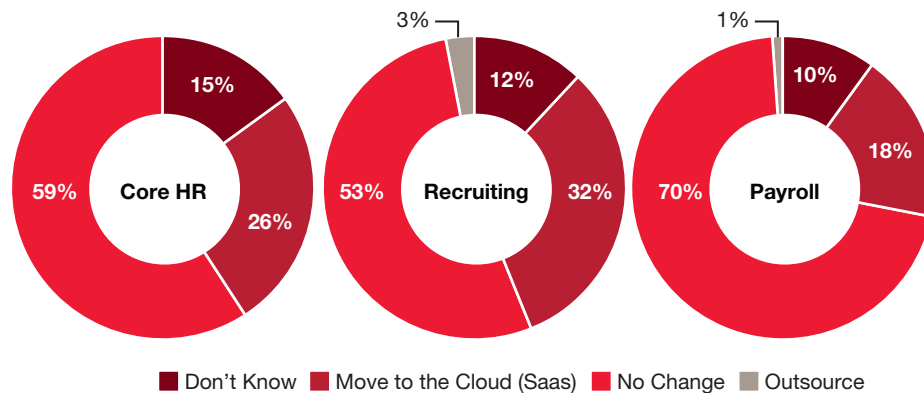
While the cloud holds promise for organizations of any size, our survey shows that small and mid-market organizations currently comprise the bulk of those moving core transactional processes, such as HR and payroll, to the cloud. For example, more than 70 percent of our survey respondents

with core HR and payroll in the cloud have less than 5,000 employees. Larger organizations remain encouraged by cloud options, yet appear more cautious in the near term. For instance, less than 10 percent of respondents with core HR and payroll in the cloud have more than 10,000 employees.

Meanwhile, nearly 60 percent of respondents with core HR “on-premise” selected “no change” when asked about future deployment plans—opting to take a wait and see approach while making incremental improvements or upgrades to their HR technology platforms.

On-premise future plans

When on-premise customers were asked about future deployment, what was their general response?



Note: Due to rounding, numbers reported may not reconcile precisely with raw data.

This is not to say that larger organizations aren't moving certain HR-related processes—like recruiting and performance management—to the cloud. In fact, cloud deployment continues to be the most popular approach for these two processes. For instance, 57 percent of respondents with more than 5,000 employees enable their performance management processes via cloud software; 61 percent of these larger organizations use cloud software for recruiting. Of the larger organizations that don't leverage cloud software for recruiting today—32 percent plan to do so within the next three years.

The take-away is that larger organizations are currently more inclined to mix on-premise and cloud applications—or “co-exist”—while smaller organizations are opting to migrate applications in more of an end-to-end fashion. While integration, in the case of a co-exist strategy, becomes more of an issue, larger organizations have opted for this over the larger transformational effort of moving everything to the cloud. Organizations that are slower to change often take this approach because of risk and change aspects that go along with any major transformation. Moving

to the cloud requires a willingness to change business processes and adopt software as delivered. The larger an organization, the more complex change management becomes in order to ensure user adoption. The pace of the change also depends on the type of process being moved. For example, if you have a unique or highly customized process today, odds are that it will require a greater transformational effort to fit into today's cloud software.

More than

70%

of respondents with core HR and payroll in the cloud have less than 5,000 employees.

¹ “On-premise” refers to hosting software on site versus remotely in the cloud.

HR technology investments and vendor consolidation goals similar to last year

HR technology investments

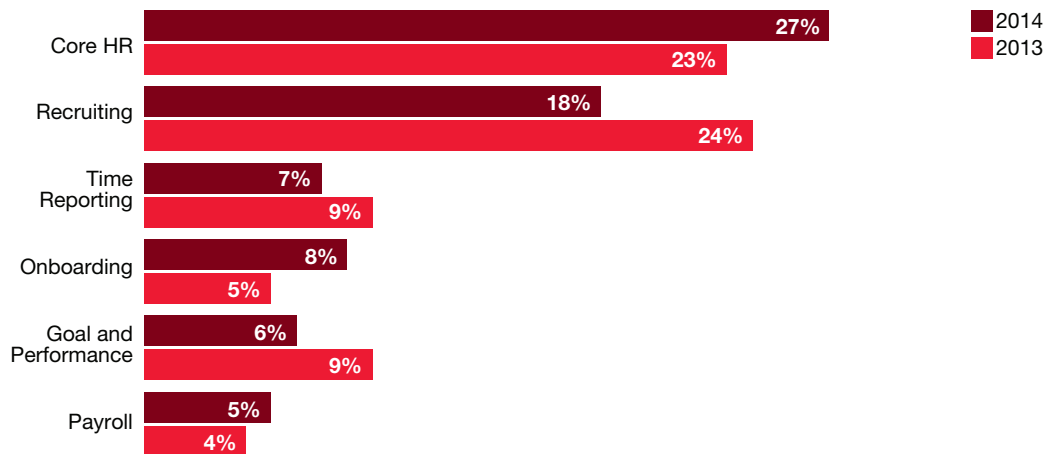
The top HR technology investment priorities remain relatively consistent with last year's findings, with core HR and recruiting still dominating. Time reporting, onboarding, goal/performance, and payroll round out the top six technology

priorities for HR organizations. These areas make sense given the focus on acquiring, onboarding and developing talent, as well as the opportunity to move core transactional processes to the cloud or to newer releases of on-premise software.

93%

In PwC's 17th Annual CEO Survey, 93% of CEOs said they recognize the need to change their strategies for talent.

What are your top priorities for implementation or upgrade in the next two years?



The chart shows the number of times a process was listed as #1. Base: 227

34%

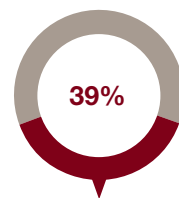
Only 34%, however, feel that HR is well prepared for the challenges ahead.

Source: PwC's 17th Annual CEO Survey

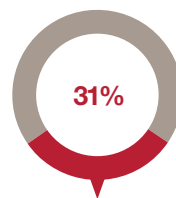
Vendor consolidation

These technology priorities are underpinned by a key guiding principle—in that a large percentage of respondents, nearly 40 percent, would like to use fewer vendors, which we recommend when possible. Standardizing on either a single or fewer vendors can enable better integration, provide a more consistent user experience for the workforce, and enable better economies of scale when purchasing or paying software subscriptions. Standardizing on fewer vendors can also reduce the types of support skills needed in the organization.

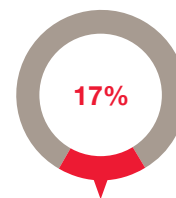
How do you see the number of software vendors in your HR technology portfolio changing?



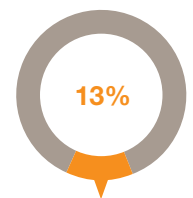
We plan on using fewer software vendors (e.g., consolidating our portfolio)



No change; we plan to have about the same number of software vendors



Unknown



We plan to use even more software vendors (e.g., we favor a "best of breed" approach)

However, standardizing also requires compromise as well as a mindset shift. Selected vendors will likely not be equally strong in every process area. HR organizations will likely find that they prefer the compensation solution from vendor A, recruiting solution from vendor B, and payroll solution from vendor C. This is to be expected. HR organizations can benefit

from prioritizing requirements and understanding that—especially with cloud HR vendors—new releases are pushed to customers two to three times a year. Organizations need to “place a bet” on the software vendor’s strategy, since these products are evolving rapidly. While critical functional requirements need to be met, it is worthwhile to investigate

when certain functional gaps are scheduled to be closed by the vendor who meets most of the organization’s needs. Many are not doing this—as only four percent listed “vendor roadmap” as a consideration in their cloud software evaluation. Selecting a single vendor, or taking a best of breed approach, typically depends on the size and complexity of the organization.

Innovation and lower cost of ownership top the list of key HR cloud drivers

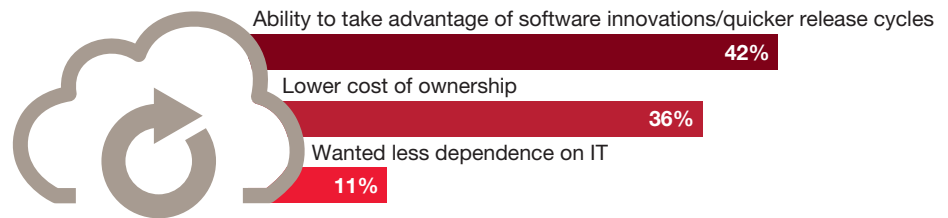
Innovation

While it’s clear that the cloud trend is picking up steam, it’s important to understand the key trends that are driving organizations to make the journey. Over 40 percent of our respondents who have moved to the cloud say a primary motivator was the ability to take advantage of software innovations more quickly. Often, organizations are looking for greater innovation in areas including user experience, and employee

engagement—particularly talent management. This isn’t surprising, as more companies are adopting agile

frameworks to shorten cycles, increase collaboration, and enhance quality.

What were your primary motivators for moving to the cloud?



Note: Not all factors shown. Totals do not add up to 100 percent.

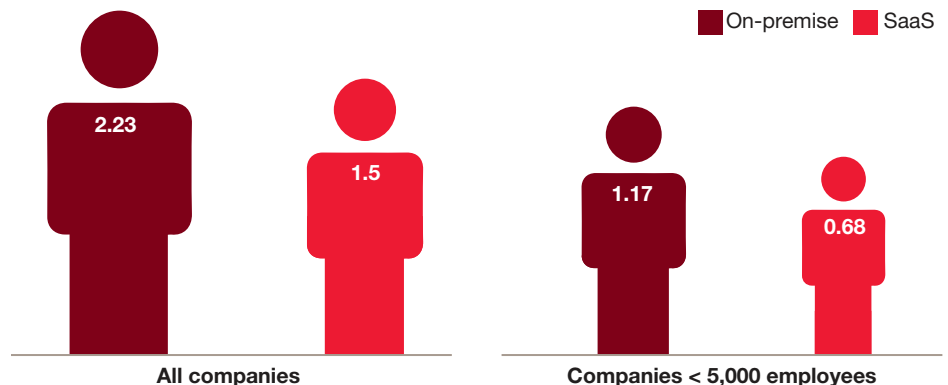
Lower cost of ownership

Lower cost of ownership, cited by nearly 40 percent of respondents, was the second most common motivator in the move to the cloud. While migrating to the cloud doesn’t guarantee lower costs in and of itself, our survey results did yield one particular area of savings: A clear reduction in Human Resource Information Systems (HRIS) and Human Resource Information Technology (HRIT) support staffing

levels, when comparing companies with on-premise solutions with those using cloud solutions. The need for technical development and technical

management/oversight roles were the most heavily impacted when companies moved from on-premise to cloud solutions.

Average support FTEs per automated process area



Less dependence on IT

A desire to minimize dependency on IT for operational needs was another key motivator, cited by 11 percent of respondents. We expect this trend to increase as more organizations move to the [New IT Platform](#)² of the future, where IT will evolve from a centralized authority into orchestrator of

business services that helps empower professionals across the entire organization with technology.

Mobility

We also see mobility as another key driver of HR processes to the cloud, particularly as organizations work to support employees and customers

anywhere, anytime, across any device. For instance, nearly 85 percent of survey respondents with core HR in the cloud use mobile technology to support the HR function. By contrast, of those without core HR in the cloud, only 64 percent use mobile technologies to support their HR processes.

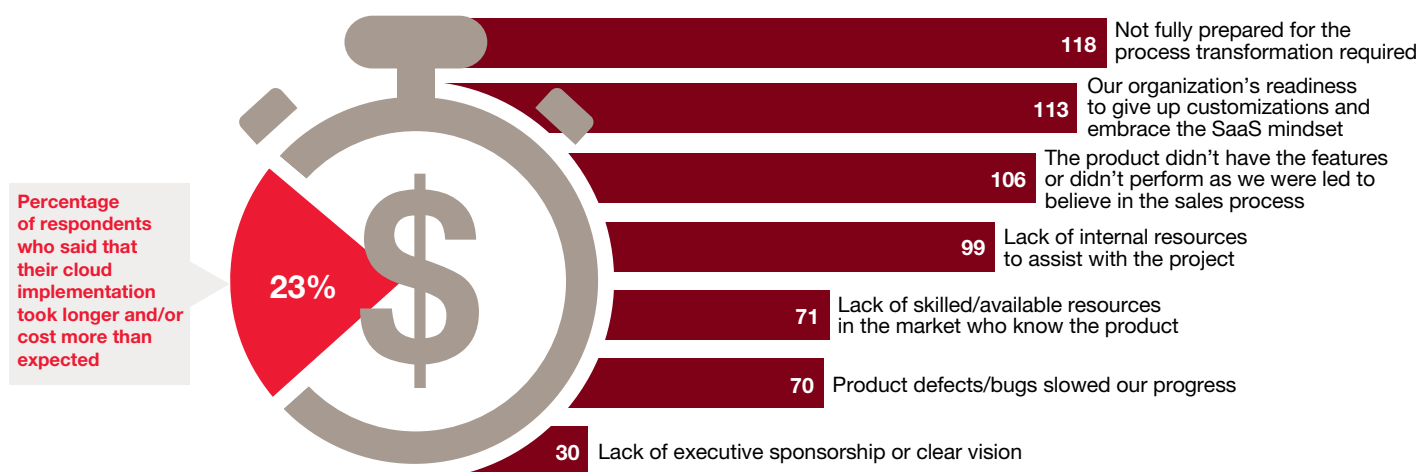
Organizational readiness and process transformation among top HR cloud barriers

The decision to move HR to the cloud is positive for many. More than half of our respondents cite high satisfaction with their cloud offerings for core HR, payroll and recruiting, to name just a few process areas. We consistently hear from our clients the advantages of moving to the cloud in areas like greater agility and innovation, potential cost savings, and greater workforce mobility.

However, many are experiencing unexpected challenges along the way—indicating that leaders need to give greater consideration to the move. Nearly a quarter (over 30 percent for core HR) of our respondents overall said their implementation took longer or cost more than they anticipated. Many organizations are simply

underestimating the cultural and mindset shifts required, the need for new business processes, and the overall organizational impact. Product issues and skills are also key considerations. We expect these issues to only increase as larger and more complex organizations move to cloud.

What were your biggest challenges during your cloud (SaaS) implementation?



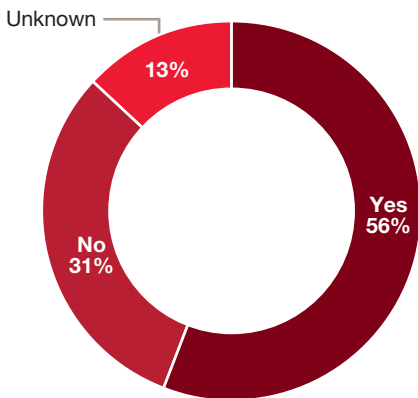
The numbers in the bars reflect how often the answer was selected by participants; participants had the option of selecting multiple answers regarding their implementation challenges.

² Source: PwC's Reinventing Information Technology in the Digital Enterprise: Introducing PwC's New IT Platform

Strategy and measurement

Many barriers can be alleviated by developing a thorough strategy at the outset of the transformation, with input from the entire C-suite and other business and technology leaders. However, many organizations are falling short here with inadequate planning. Nearly one third of our respondents said they do not have

Do you have a formal HR Technology roadmap/strategy?



Organizational readiness and SaaS mindset

Overall organizational readiness and a SaaS mindset are often major challenges in the HR technology journey to the cloud. In our survey, 113 respondents cited a “readiness to give up customizations and embrace a SaaS mindset” as an implementation challenge.

an HR technology roadmap. Only 49 percent of those who do have one refresh it every year. An up front strategy is a important step that should not be ignored.

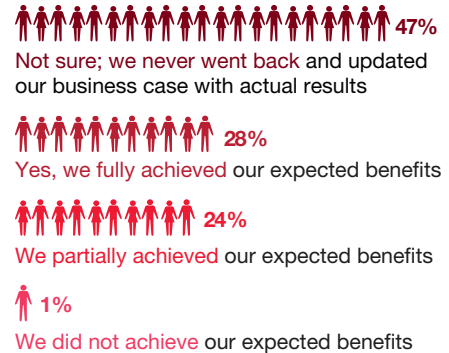
HR measurement is just as important as up front strategy, yet many organizations are falling short here as well. While cost savings is a primary motivator for moving to the cloud, more than 55 percent of respondents either didn't create a business case, or weren't sure if they had one to support their migration to the cloud. Of those that did create one, 47 percent never validated that they achieved the anticipated benefits.

According to PwC's 6th Annual Digital IQ Survey, CEOs need a digital strategy that considers multiple business dimensions—its growth and cost goals, products and services, partnerships, marketing and customer engagement, talent acquisition and retention, operations, and more. CEOs can best position themselves for the impact of technology by forging a strong HR partnership. Collaboration between HR and the C-suite can help ensure that HR strategy and investments align to top-line business goals and are backed by the entire C-suite.

What does it mean to be “organizationally ready” or to have a “SaaS mindset”? First, those who want to move HR to the cloud need to be *willing* to change their business practices and be *ready* to embrace delivered processes. For larger organizations in particular, old behaviors of “have it your way and customize” are hard to change. With more traditional on-premise solutions, if you could dream it—you could have it through custom

Without measurement processes, it's hard to assess the benefits of moving to the cloud, which makes it difficult to strategically move forward or demonstrate value after the fact.

Business case achieved?



development. This is not the case with cloud solutions. While configuration flexibility is inherent in the cloud and can accommodate the majority of requirements, there will be limitations, especially if your organization has many unique requirements.

With the superior usability offered by the cloud, organizations are also becoming more ambitious in deploying employee and manager self-service (ESS and MSS).

However, this better user interface offered in the cloud does not guarantee that the shift in responsibilities now required for employees and managers will be welcomed with open arms. Organizations need to have a plan to help their employees embrace a SaaS

mindset and to work in new ways. Managers and employees need to be engaged up front so that they are part of the process. They also need frequent messaging about how the cloud can make their jobs easier and how actionable analytics can help them

leverage better ways of doing business. This takes time and effort during an implementation. It's important, however, to make the investment during the implementation to achieve your desired business case; it really is a pay now or pay later proposition.

A solid organizational readiness and change management approach should be woven in to the overall strategy from the outset, and measured along the way. These assessments should go beyond HR to leverage input from key stakeholders to help target areas within the organization that might resist change.

Business process transformation

In our survey, 118 respondents said they were “not fully prepared for the process transformation required.”

When moving HR to the cloud, many, if not all, HR business processes will likely need to change. The impact of new processes can be far reaching across the enterprise, and often, business and technology leaders don't fully consider the full organizational impact. Certainly, the required changes to business processes depend on the specific functionality being implemented.

For instance, take the succession planning process. If today your organization uses spreadsheets to manage the effort, then a move to the cloud may be quick, painless and highly beneficial. Most succession planning processes are fairly straight forward and the number of users is typically low. However, take another process with relatively few users — payroll — and it may be significantly more complex and require more business transformation in the cloud if it is highly customized due to, for instance, unusual company

pay policy calculation requirements. A process such as performance management touches everyone in the organization. So, while not typically a complex process, even a small functionality gap or process change will be noticed by everyone, requiring a much higher degree of change management.

Marketing hype within the industry doesn't help. HR business and technology leaders are often told that cloud migrations can be achieved within several weeks or a few months. While this is sometimes true for smaller organizations that have moved off of spreadsheets or manual processes, it is not quite that easy for larger, more complex or global organizations. Moving to the cloud typically means more process change — not less. Cloud solutions are not customizable. So while technical development time is reduced, the time to challenge old processes and policies, gain consensus for new business practices or develop workarounds increases.

Even during follow up interviews to our survey, we heard similar comments regarding the importance

of process transformation and change management. For instance, one interviewee whose company deployed ESS and MSS in the cloud admitted that they needed to “*generate more buy-in from business leaders and employees alike from the beginning. The whole change management concept deserved more attention.*”

Another stated, “*What we heard about the product was great — easy to use/configure — then reality hit with implementation. It quickly became obvious we were going to have process challenges.*”

This is a transformational effort that many are short changing.

113 respondents cited a readiness to give up customizations and embrace a SaaS mindset as an implementation challenge.

118 respondents said they were not fully prepared for the process transformation required.

Product features and skills

Many of our respondents cite challenges with their cloud products as a barrier to implementation. While about 40 percent of respondents cited high satisfaction in terms of product(s) being able to handle 75 percent to 100 percent of their requirements, one of top three challenges identified by the survey related to product features and overall fit with business needs. Specifically, 106 respondents said that the “product didn’t have the features or perform as well as we were led to believe in the sales process.” And 70 respondents said that “product defects/bugs slowed our progress.”

Some degree of “feature gap” is to be expected with any software—especially in the cloud, where gaps cannot be closed with a customization, as they could be with on-premise software.

Doing homework in advance, therefore, is essential to avoid functionality gap surprises. Yet, some organizations are not thoroughly assessing their most critical requirements against the software’s capabilities. While it is a good practice to ask, “Why can’t I adapt my processes to what the delivered software can do?,” it is best to learn about the capabilities and any *critical* limitations—before signing the contract. The good news is that cloud software is evolving rapidly, so even if gaps exist, they may be closed shortly.

Skills are another area on respondents’ minds. In our survey, 99 respondents note “a lack of internal resources to assist with the project.” And 71 respondents say that “a lack of available/skilled resources in the market who know the product” is an implementation challenge. Looking ahead, new digital keystone skills will become increasingly essential. The project team will need strong business acumen in addition to technical expertise, as well as the ability to collaborate and understand the priorities of the larger organization.

While software defects are a noted concern, it is important to remember that overall our respondents are happy with their cloud products. While vendors work hard to limit issues, leaders are wise to plan for some contingency in their project timelines to allow identified bugs to be fixed or to implement workarounds. With the greater frequency and compression of cloud software release cycles, and new innovative functionality continuously being added, it only stands to reason that accounting for defect resolution should be more heavily considered than with on-premise products.

Conclusion

HR business and technology leaders are making significant strides in transforming their organizations to meet the changing needs inherent in today’s extraordinarily complex global business environment. The cloud can offer tremendous advantages

including more innovation, greater IT independence and empowerment, mobility in a digital world, and potential cost advantages. Getting there successfully, however, requires a solid strategy and significant change across many aspects of the

organization—well beyond technology alone. Organizations that take the time to plan their journey from strategy through execution will be better positioned for sustainable competitive advantage well into the future.

About the authors



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Dan helps organizations better connect and engage with their workforces by leveraging today's leading HR technologies. With more than 25 years of experience in human capital transformation and technology, Dan serves as PwC's HR technology leader and oversees the firm's annual HR Technology survey. Dan's passion for helping clients better leverage HR technologies helps them achieve their business goals and associated people strategies. He frequently publishes articles on the topic, and is often invited to speak at major conferences to discuss how organizations can better plan for, deploy and support technologies that enable their people processes.



Murali Gandhi, Director

With more than 17 years of consulting experience, Murali is a Director within PwC's HR Technology practice. Murali specializes in HR technology strategy and roadmap development, software selection, process re-engineering and ERP implementations. He has led more than 30 HR technology strategy, software selection, process improvement, and systems implementation projects during his career. Murali speaks frequently on HR technologies and trends at major industry conferences.



***Appendix:
PwC HR Technology
Survey Results***

December 2014

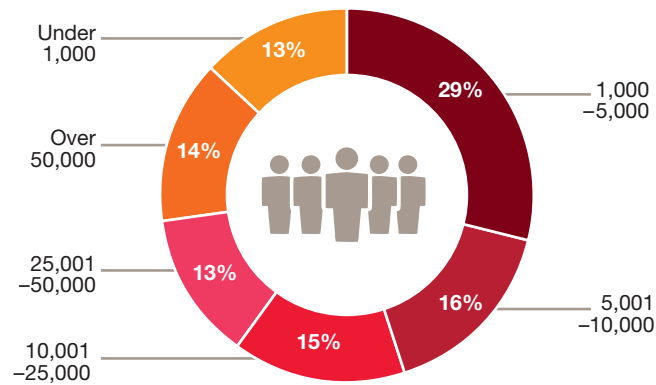
Methodology

The 2014 HR Technology Survey was designed and administered by the PwC HR Technology team in the summer of 2014. In total, we received 268 distinct company responses to the survey, a 14 percent increase over last year. The survey was sent to past and present clients, PwC Saratoga benchmark participants, and attendees from multiple HR technology vendor conferences.

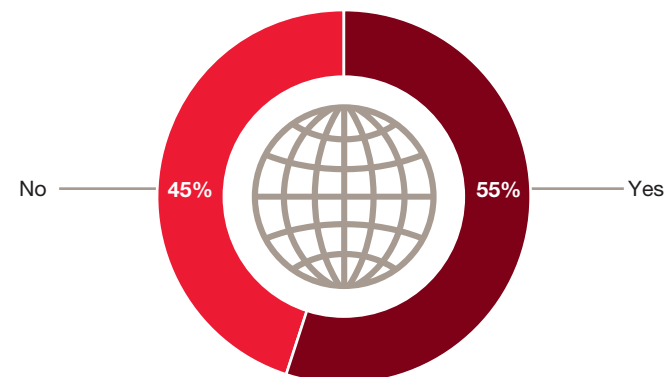
Q1. Respondent information

Name, title, and company.

Q2. What is the employee headcount at your company?

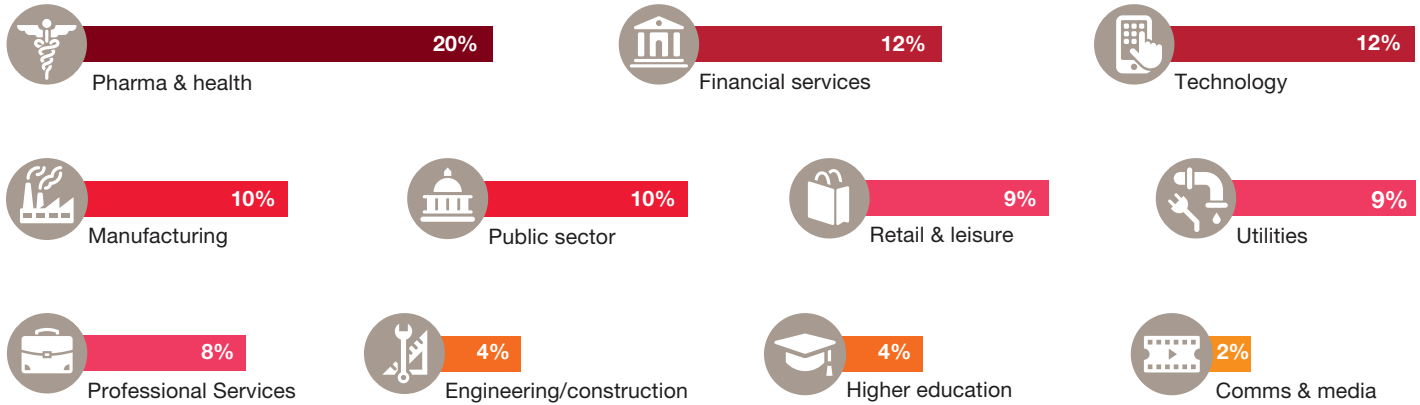


Q3. Do you have employees in more than one country?

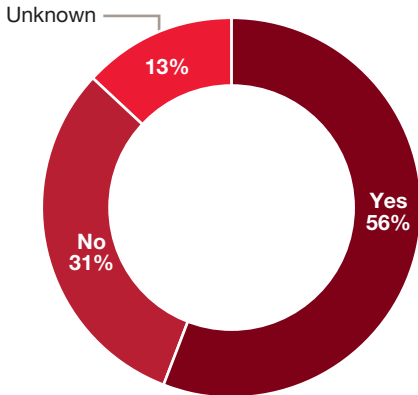


Base: 235

Q4. What is your company's industry focus?



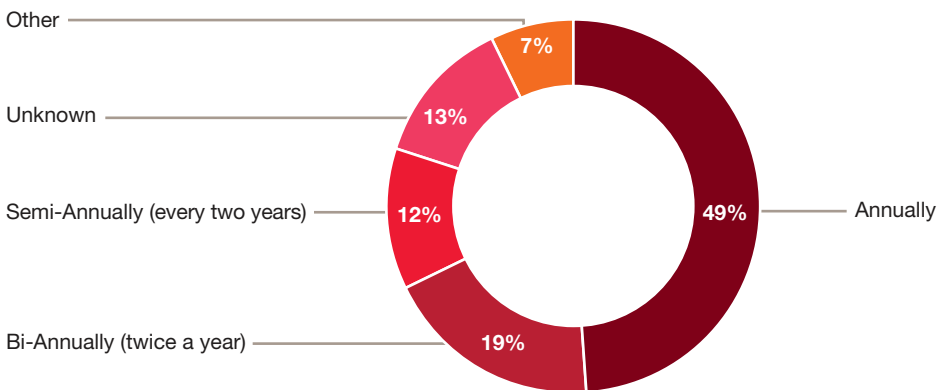
Q5. Do you have a formal HR Technology roadmap/strategy?



The number of organizations with a formal HR technology roadmap increased to 56 percent this year, compared to only 45 percent of respondents answered “yes” last year.

84% of companies with more than 50,000 employees had a formal HR technology roadmap.

Q6. How often is your HR technology roadmap updated?



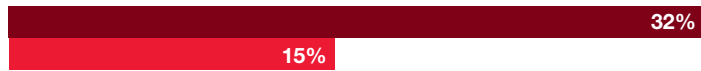
Base: 139

Organizations can benefit from updating their HR technology roadmaps at least annually.

Q7. In which ways do your employees/managers currently use mobile technology for HR processes?

When we compared the overall survey answers against the subset of those respondents that have their core HR in the cloud (via SaaS), we found that organizations with SaaS core HR are far more likely to leverage mobile technologies.

Not Applicable—We do not use mobile technology for anything HR related (115)



Company directory lookups (63)



Workflow approvals (e.g., hiring approval, time report approvals, etc) (80)



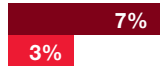
Viewing information about myself or my team (60)



Any transactions that I perform on my desktop can be performed on my mobile device (16)



Other (22)



■ Average
■ Core HR delivered via SaaS

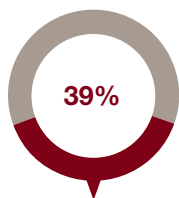
Base for each response shown individually in parentheses.

Companies with their core HR in the cloud are far more likely to deploy associated mobile HR capabilities.

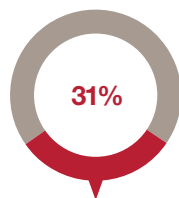
Use of mobile in managing HR processes is increasing rapidly. Last year, 70% of respondents did not use mobile for HR. That number fell to 32% this year.

Q8. Do you plan on increasing the number of software vendors that you use to support HR?

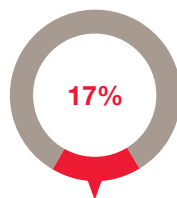
Nearly 40 percent of respondents plan to consolidate and use fewer software vendors; 13 percent of respondents, however, plan to use even more.



We plan on using fewer software vendors (e.g., consolidating our portfolio)



No change; we plan to have about the same number of software vendors



Unknown

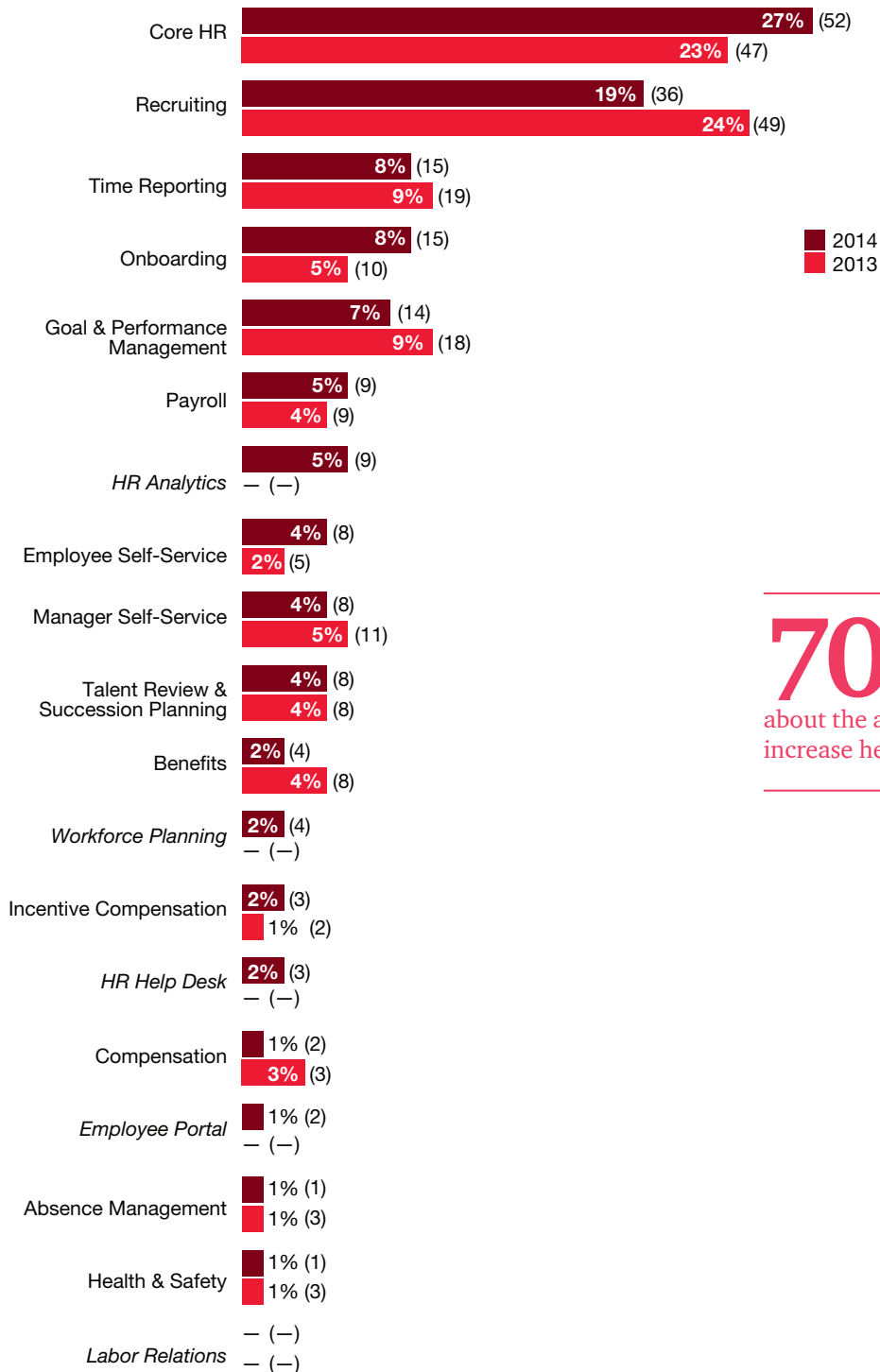


We plan to use even more software vendors (e.g., we favor a “best of breed” approach)

We continue to see vendor consolidation in the HR technology market.

Q9. Over the next 24 months, what are your top priorities for implementation or upgrade?

The top priorities for HR technology investments remained relatively consistent with last year's results. HR and recruiting still dominate. The chart shows how often (in percentages) a process was listed as a #1 priority.



70% According to PwC's 17th Annual CEO Survey, 70% of US CEOs are very concerned about the availability of key skills, and 62% plan to increase headcount in 2014.

Process areas show in italic text were not asked about in last year's (2013) survey. Base for each response shown individually in parentheses.

Q10. Where does the HRIS (HR) function report in your organization?

The largest percentage of HRIS departments – 34 percent – report directly to the head of HR.

Reports directly to the head of HR (CHRO) (68)



Reports to HR, but is aligned with another HR function (e.g., Comp and Benefits) (60)



Reports to HR via an HR Shared Service Center (30)



Reports to IT (28)



Reports to a shared service center outside of HR (7)



Reports to Finance (5)



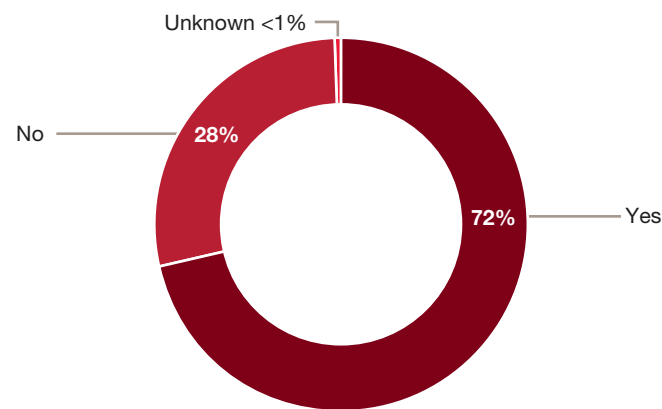
Other (3)



Note: Not all factors shown. Totals do not add up to 100 percent.
Base for each response shown individually in parentheses.

Q11. Do you have separate teams in HR and in IT that both support HR technology?

While the vast majority of organizations – 72 percent – have separate HRIS and HRIT teams, this number is down from last year, when 85 percent reported separate functions.



Base: 201

For the purposes of this year's survey, the following definitions were provided:

- HRIS: HR technology resources that traditionally sit in HR
- HRIT: IT resources reporting to IT that support HR

Q12. How many and what types of full-time equivalent (FTE) resources make up the HRIS and HRIT functions?

Business analysts and reporting/analytics staff reside largely in HRIS while project management is shared. Averages are shown below.



For the purposes of this year's survey, the following definitions were provided:

- HRIS: HR technology resources that traditionally sit in HR
- HRIT: IT resources reporting to IT that support HR

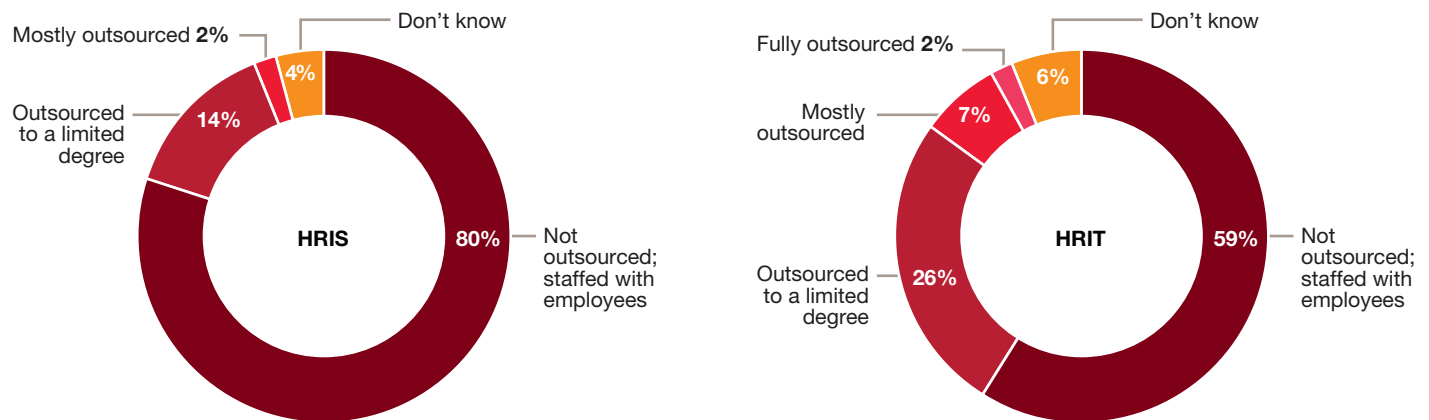
Q13. Using same FTEs from prior question, how are the resources allocated across the process areas below?

We found that the HRIS overall average is 0.39 and the HRIT overall average is 0.21 per automated process area (or module).

Module	AVERAGE		Combined
	HRIS	HRIT	
Core HR	1.89	1.11	3.00
Payroll	0.58	0.71	1.30
HR Analytics-HRIS (HR)	0.90	0.17	1.06
HR Help Desk	0.64	0.23	0.87
Recruiting	0.63	0.21	0.84
Benefits	0.41	0.25	0.66
Manager Self Service	0.30	0.22	0.52
Goal & Performance Management	0.37	0.14	0.51
Employee Self Service	0.26	0.22	0.48
Time Reporting	0.22	0.23	0.45
Onboarding	0.26	0.11	0.37
Compensation	0.20	0.10	0.29
Incentive Comp	0.20	0.10	0.29
Talent Review & Succession Planning	0.16	0.09	0.25
Employee Portal	0.14	0.10	0.24
Workforce Planning	0.10	0.02	0.13
Absence Management	0.05	0.04	0.10
Labor Relations	0.03	0.02	0.04
Health & Safety	0.03	0.01	0.04

Q14. To what extent is your HRIS or HRIT organization outsourced to a 3rd party provider?

Most organizations do not outsource their HRIS or HRIT support functions. However, when outsourcing does occur, it is more likely to take place in the IT function, with 35 percent of organizations noting some degree of HRIT outsourcing compared to 16 percent in HRIS.

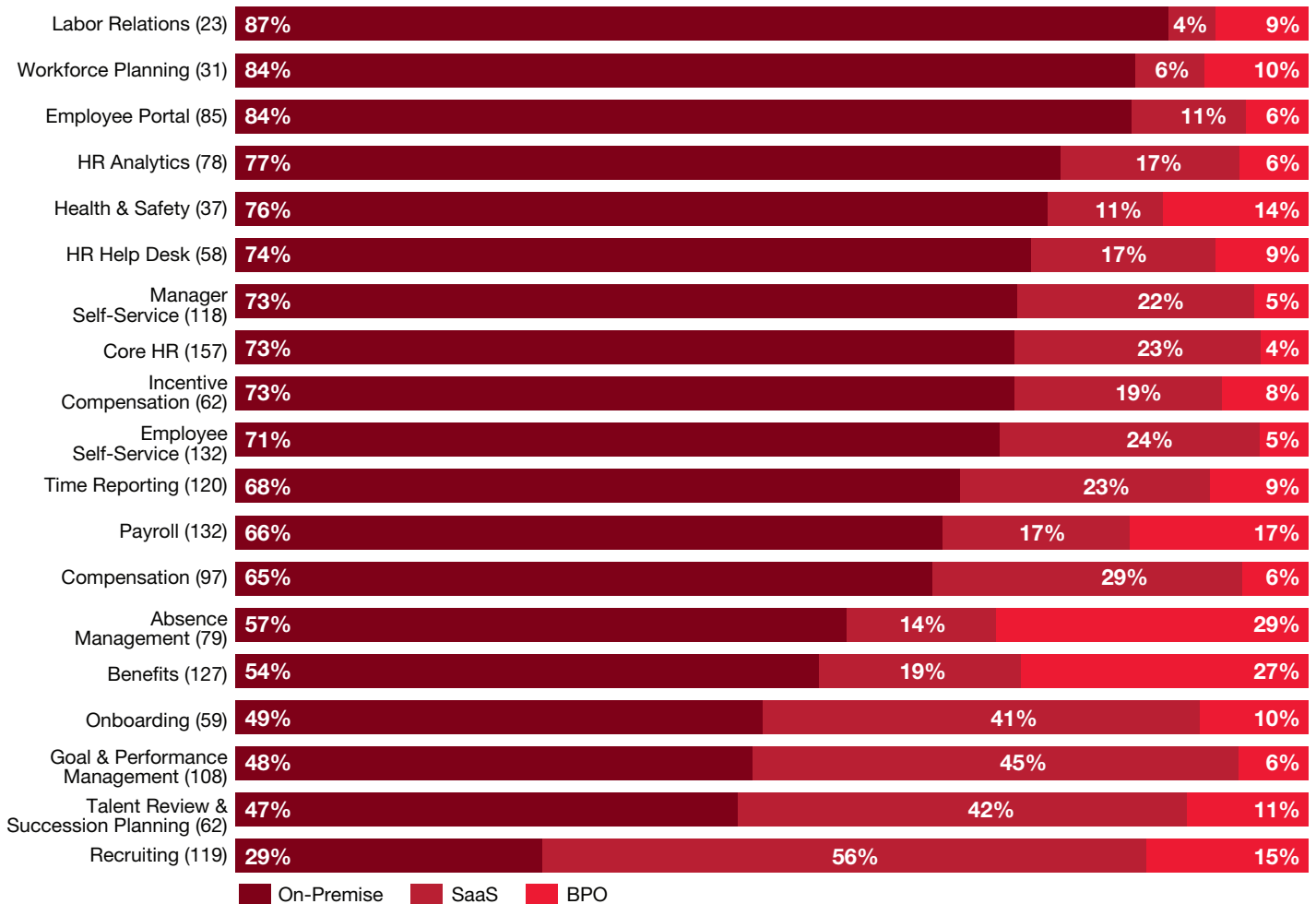


For the purposes of this year's survey, the following definitions were provided:

- HRIS: HR technology resources that traditionally sit in HR
- HRIT: IT resources reporting to IT that support HR

Q15. How are your applications deployed?

We still see the majority of core transactional processes — like core HR and payroll — on-premise. However, the move to the cloud is growing and is already the predominant method to deploy recruiting.



Base for each response shown individually in parentheses.

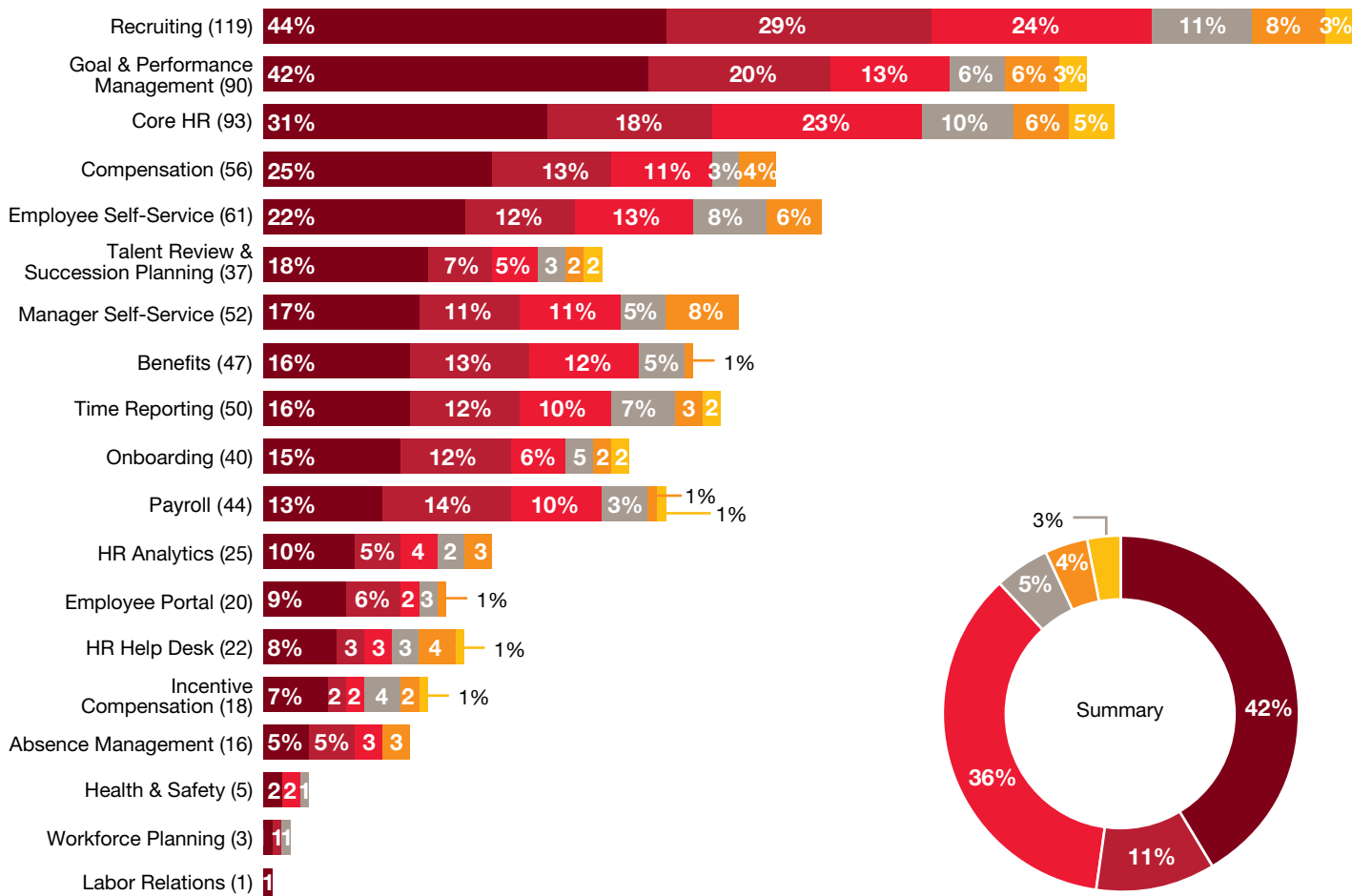
The shift of applications into the cloud has largely been focused around those processes that are ever evolving (in terms of innovation), with a wider population of users demanding greater ease of use.

Process/Function	User Count	User Interface Expectations	Innovation Index*	On-Premise	SaaS/ Cloud	BPO/ Outsourced
Core HR (Base: 157)	Low	Low	Low	73%	23%	4%
Payroll (Base: 132)	Low	Low	Low	66%	17%	17%
Benefits (Base: 127)	Low	Low	Low	54%	19%	27%
Time Reporting (Base: 120)	Medium–High	Low–Medium	Low	68%	23%	9%
Comp (Base: 97)	Low–Medium	Medium	Medium	65%	29%	6%
Onboarding (Base: 59)	High	High	High	49%	41%	10%
Goals & Performance (Base: 108)	High	High	High	48%	45%	6%
Talent & Succession Planning (Base: 62)	Medium	High	High	47%	42%	11%
Recruiting (Base: 119)	High	High	High	29%	56%	15%

* Innovation Index indicates the frequency of process innovations over the last decade.

Q16. If your application is deployed in the cloud, what were your motivators?

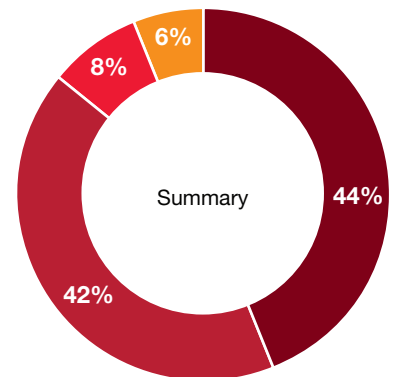
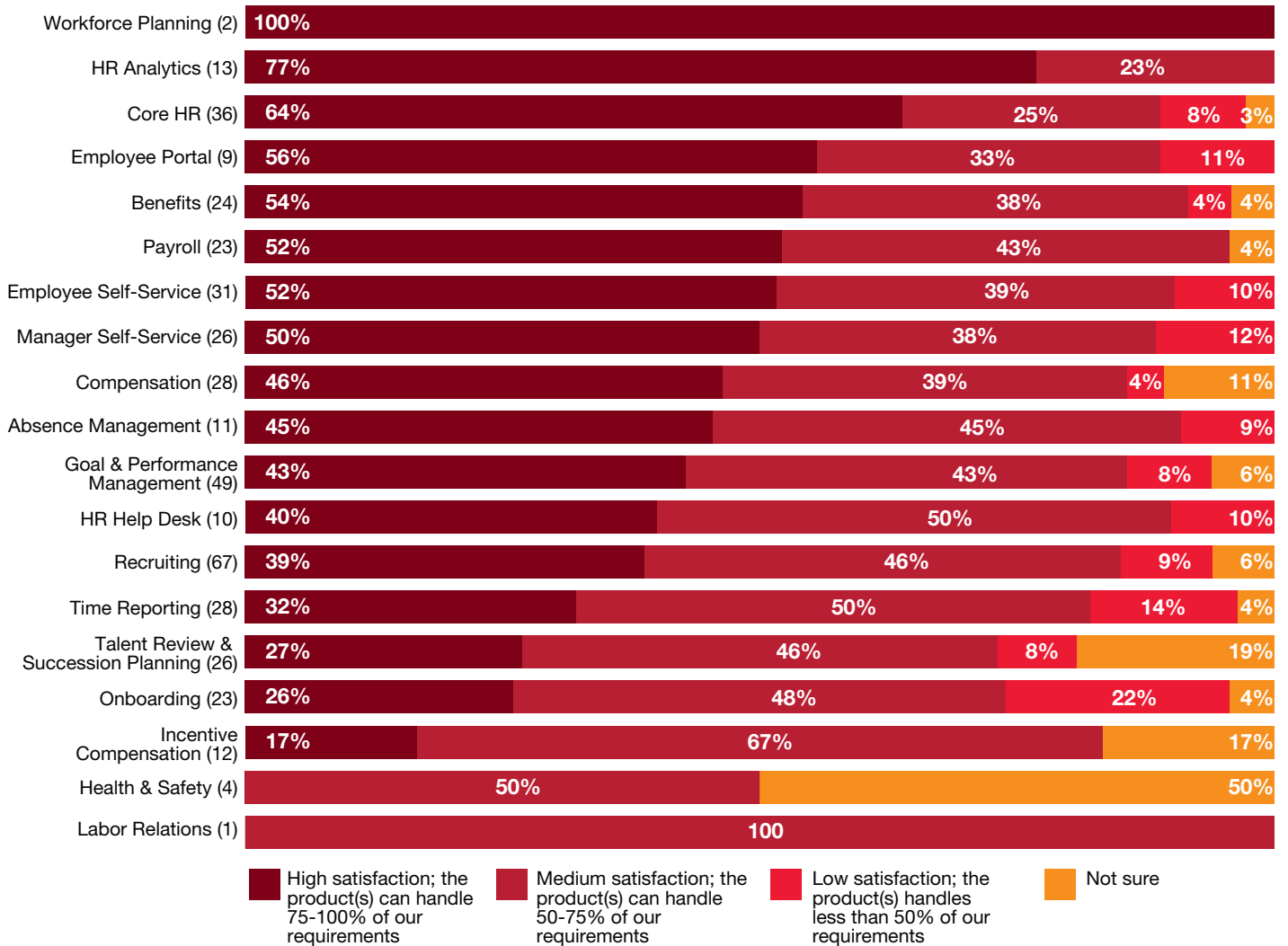
Cloud (or SaaS) helps organizations efficiently leverage new technology and innovations. This appears to be the biggest motivator for our survey respondents.



Note: Not all factors shown. Totals do not add up to 100 percent. Base for each response shown individually in parentheses. All numbers shown are percentages.

Q17. If your application is deployed in the cloud, how satisfied are you with your configuration options?

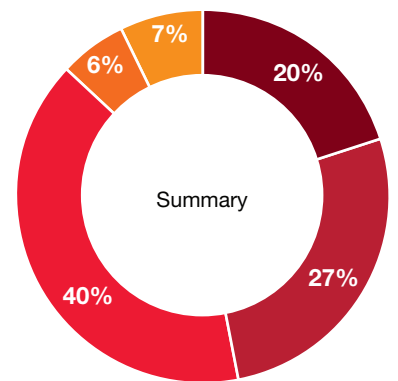
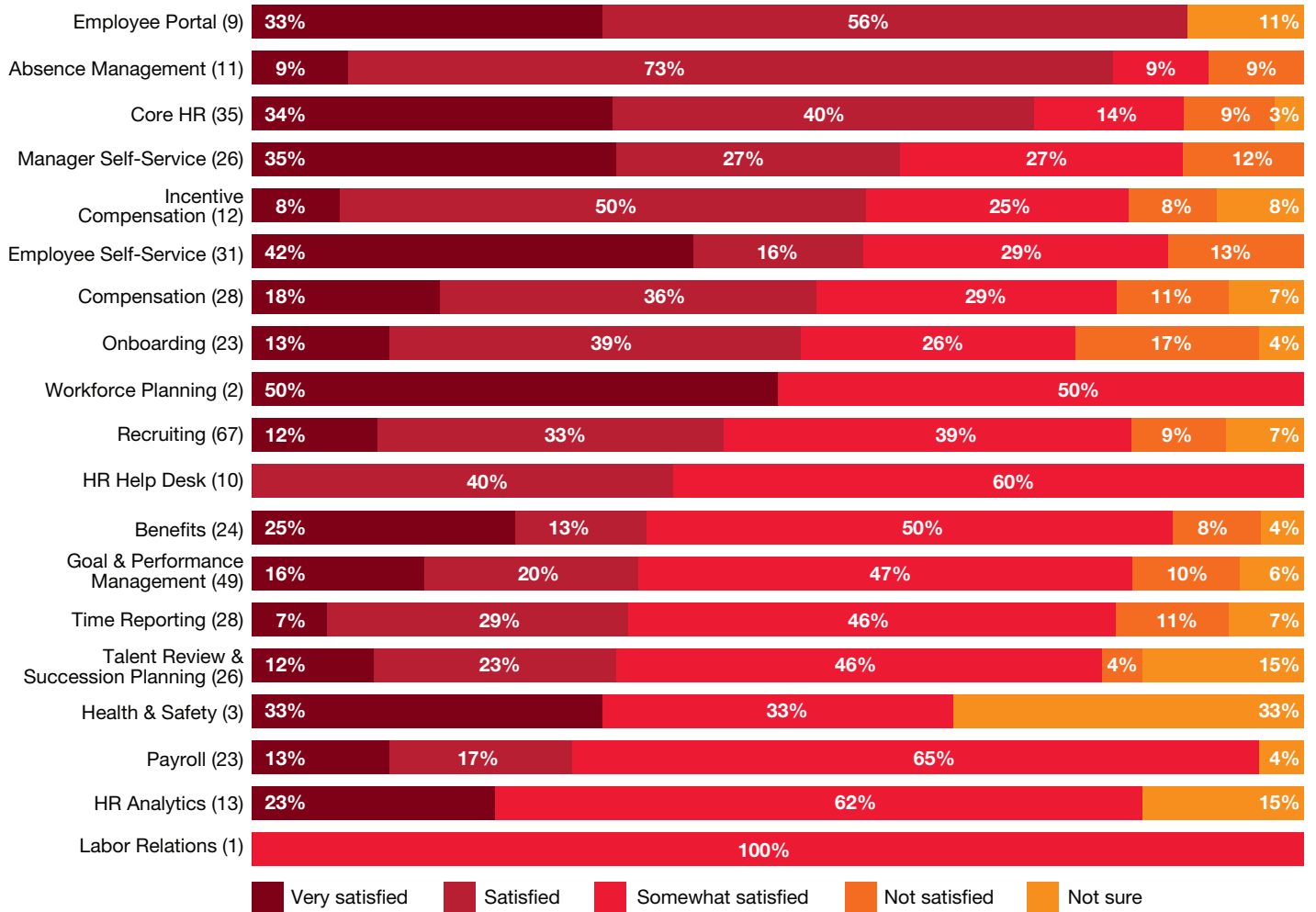
The level of configuration satisfaction is relatively high, especially for some of the newer cloud processes, such as core HR. A word of caution, however: a 25 percent–50 percent miss on requirements could have a significant impact. This is further justification for a proper fit/gap exercise to be completed before signing up for the software subscription or planning the implementation effort.



Base for each response shown individually in parentheses.

Q18. If your application is deployed in the cloud, how satisfied are you with your vendor support?

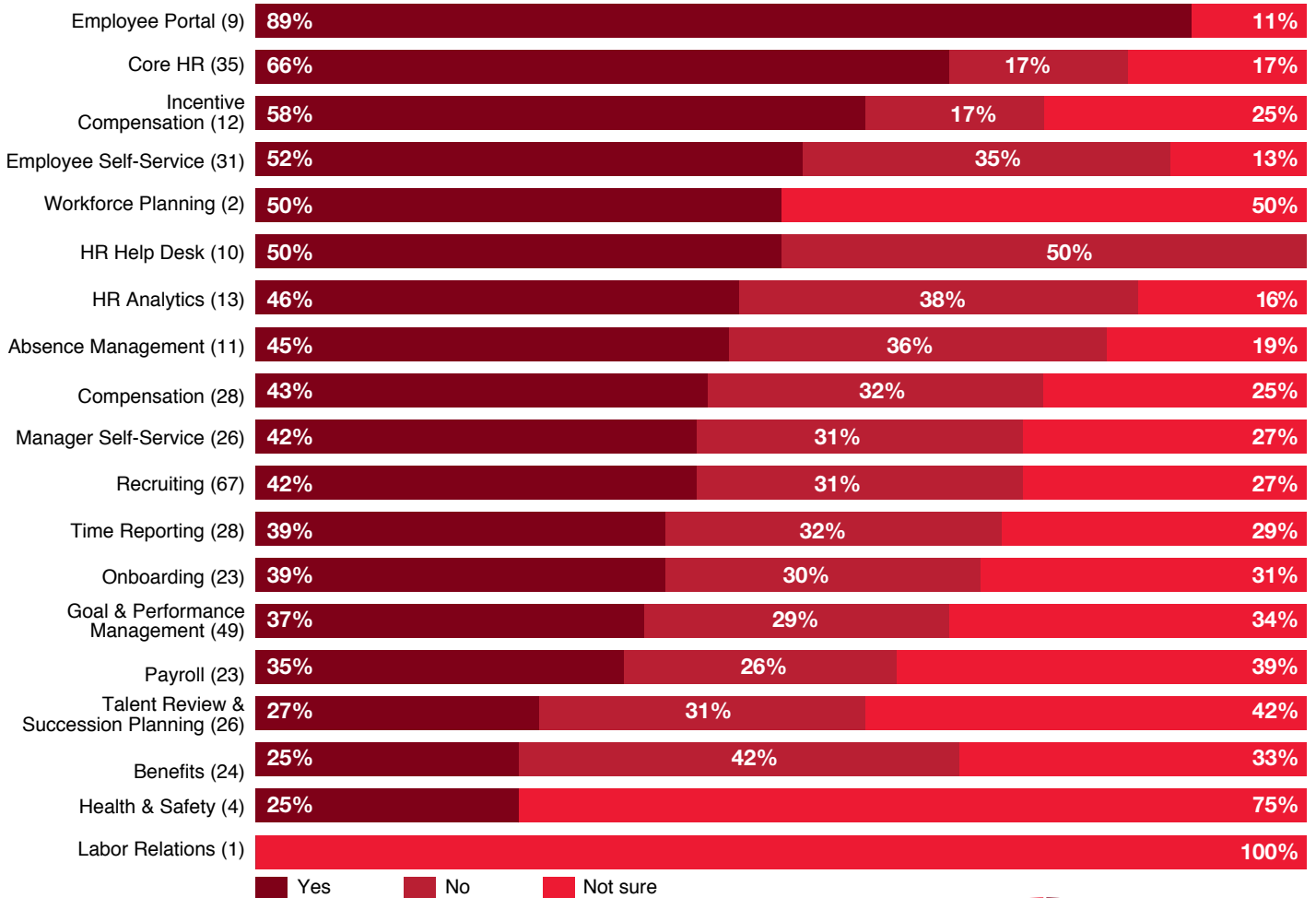
Vendor support satisfaction is hit or miss depending on the process and the vendor. Reference checks and proper vendor expectation setting discussions are key based on PwC's experience.



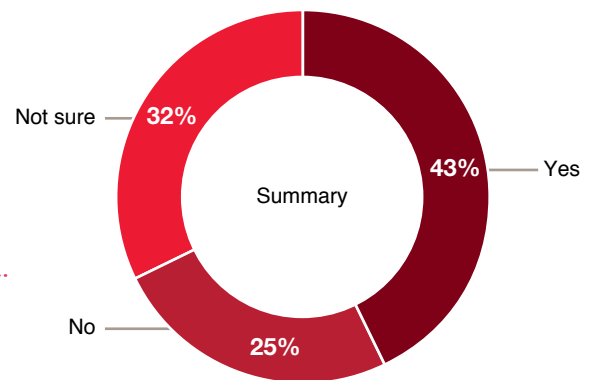
Base for each response shown individually in parentheses.

Q19. To support your move to the cloud, did you create a formal business case or ROI?

The creation of business cases to support migrations to the cloud appears to be inconsistent among companies and their various business processes. PwC recommends the creation of a business case so that value expectations can be aligned and managed during and after the migration and transformation.



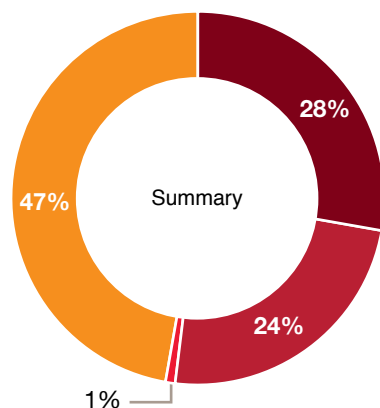
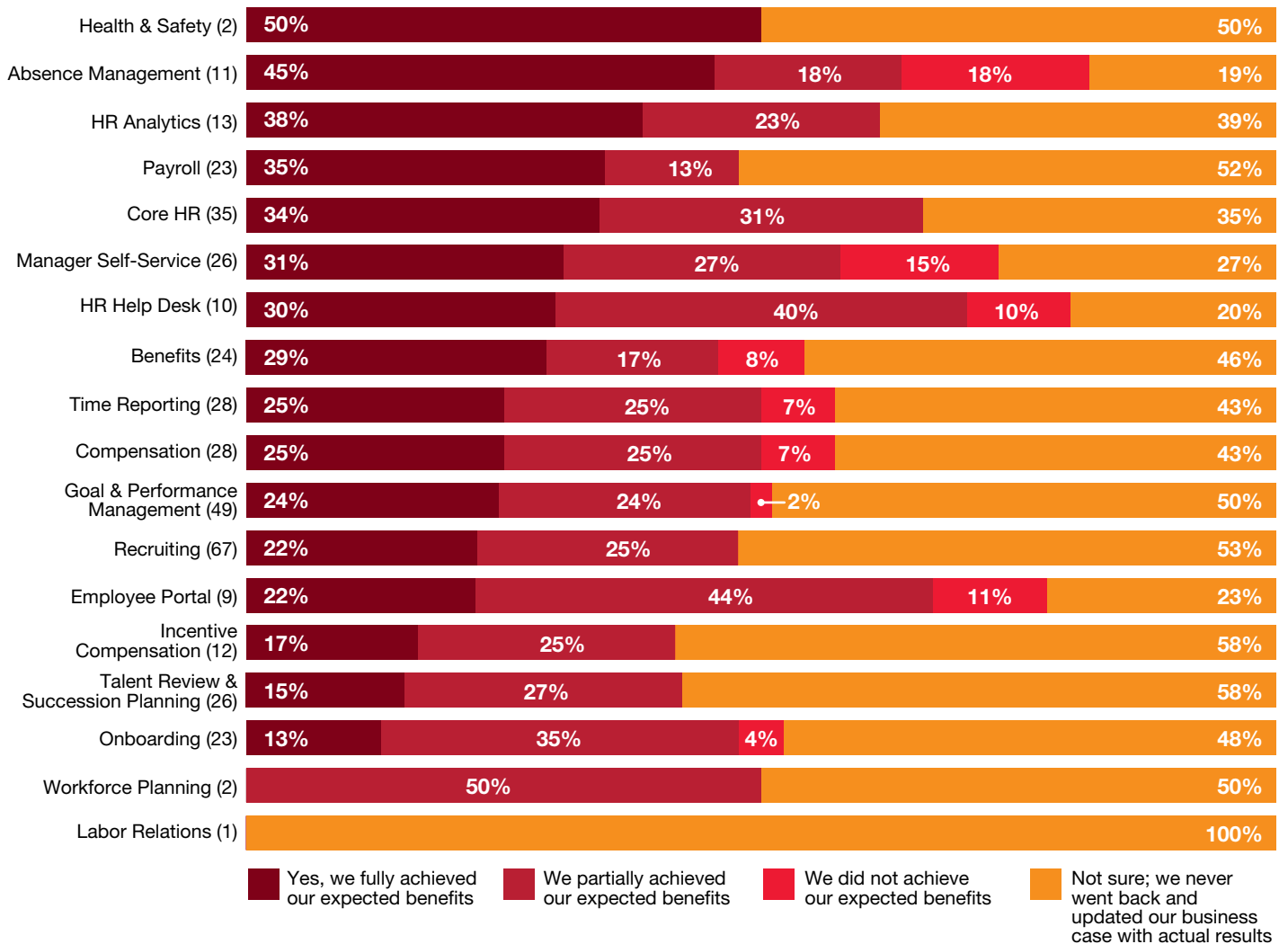
Base for each response shown individually in parentheses.



Less than half of organizations created a formal business case to rationalize their move to the cloud.

Q20. After your cloud implementation, did you achieve your ROI?

Nearly half did not measure their ROI after moving to the cloud; measurement is key to help boost results.

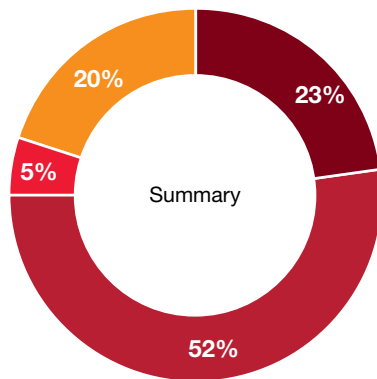
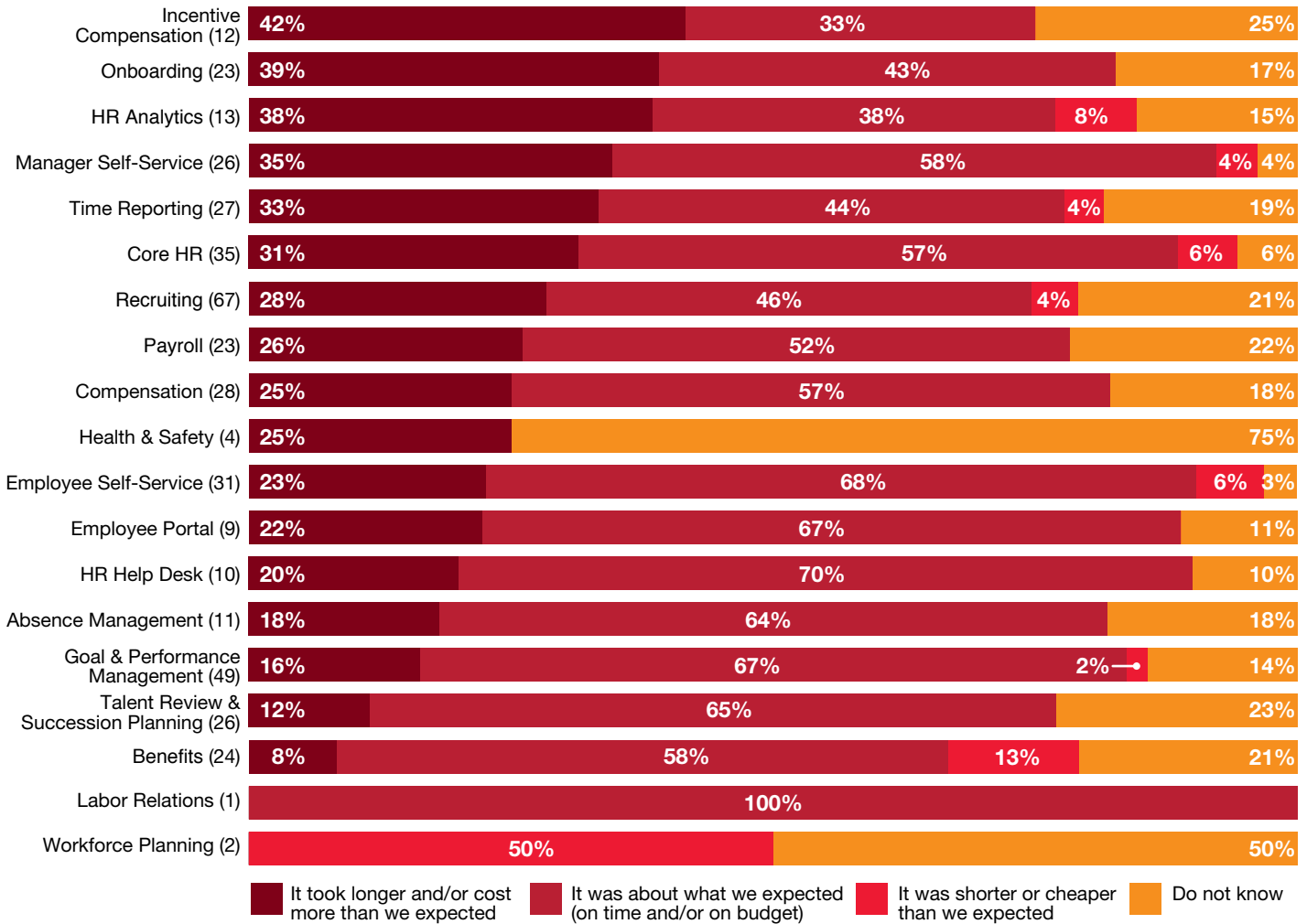


Base for each response shown individually in parentheses.

While 36% cite lower Total Cost of Ownership as a driver for moving to the cloud, the results show that half of those that have moved are not certain of their actual ROI.

Q21. Describe your cloud implementation

More than half said the implementation was smooth – completed on time, on budget, with no surprises. However, nearly one quarter of respondents said the implementation took longer and cost more than expected. An up front strategy and clear guidelines are important to help boost success. Also keep in mind that most of the organizations that have moved processes to the cloud range from a few hundred employees to a few thousand employees. The number of hurdles increases proportionally based on an organization’s size, complexity and global breadth.



Base for each response shown individually in parentheses.

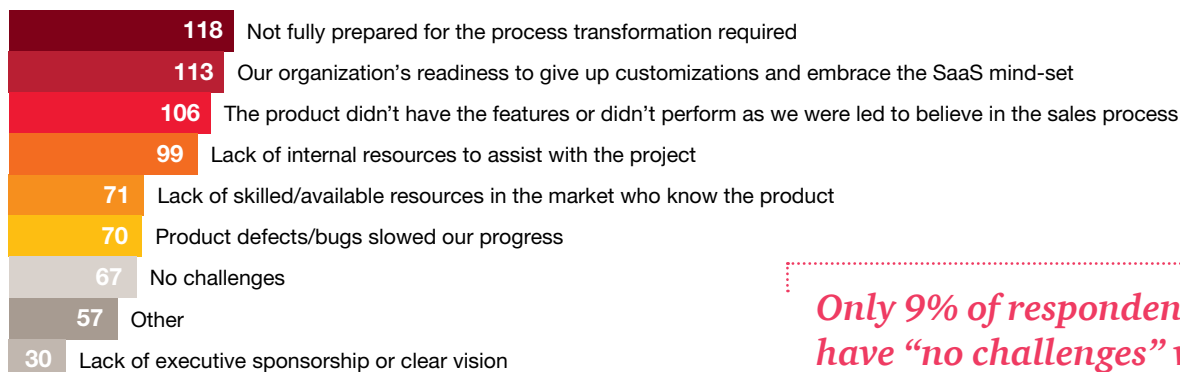
Nearly a quarter of respondents experienced unexpected challenges along the way in their migration to the cloud.

Q22. What were your biggest implementation challenges when moving to the cloud?

Nearly one third of respondents said their business was not fully prepared for the move to the cloud. Understanding and planning for the level of transformation required is important. Data in the table below is sorted by the number of times we heard each answer.

	Recruiting	Goal & Performance Management	Core HR	Manager Self-Service	Compensation	Employee Self-Service	Payroll	Onboarding	Incentive Compensation	Time Reporting	Talent Review & Succession Planning	HR Analytics	HR Help Desk	Benefits	Absence Management	Workforce Planning	Employee Portal	Health & Safety	Labor Relations
Not fully prepared for the process transformation required	21	15	12	11	9	8	7	7	6	5	5	4	3	2	2	0	0	1	0
Our organization's readiness to give up customizations and embrace the SaaS mind-set	19	12	19	7	6	11	6	6	3	3	9	1	2	3	4	0	2	0	0
The product didn't have the features or didn't perform as we were led to believe in the sales process	23	13	12	5	5	7	5	8	1	10	4	1	4	2	2	0	3	1	0
Lack of internal resources to assist with the project	14	7	15	8	4	10	7	5	4	2	4	7	1	5	4	0	2	0	0
Lack of skilled/available resources in the market who know the product	7	7	8	5	5	2	5	5	3	7	1	4	4	2	4	0	1	1	0
Product defects/bugs slowed our progress	13	10	6	2	7	2	1	10	4	4	3	1	2	4	0	0	0	1	0
No challenges	9	8	1	1	4	3	5	3	0	5	6	3	3	9	2	1	2	1	1
Other	11	7	4	1	5	0	3	4	2	5	6	0	0	3	1	1	2	2	0
Lack of executive sponsorship or clear vision	7	4	1	1	3	2	3	1	3	1	1	0	0	0	2	0	1	0	0

Summary

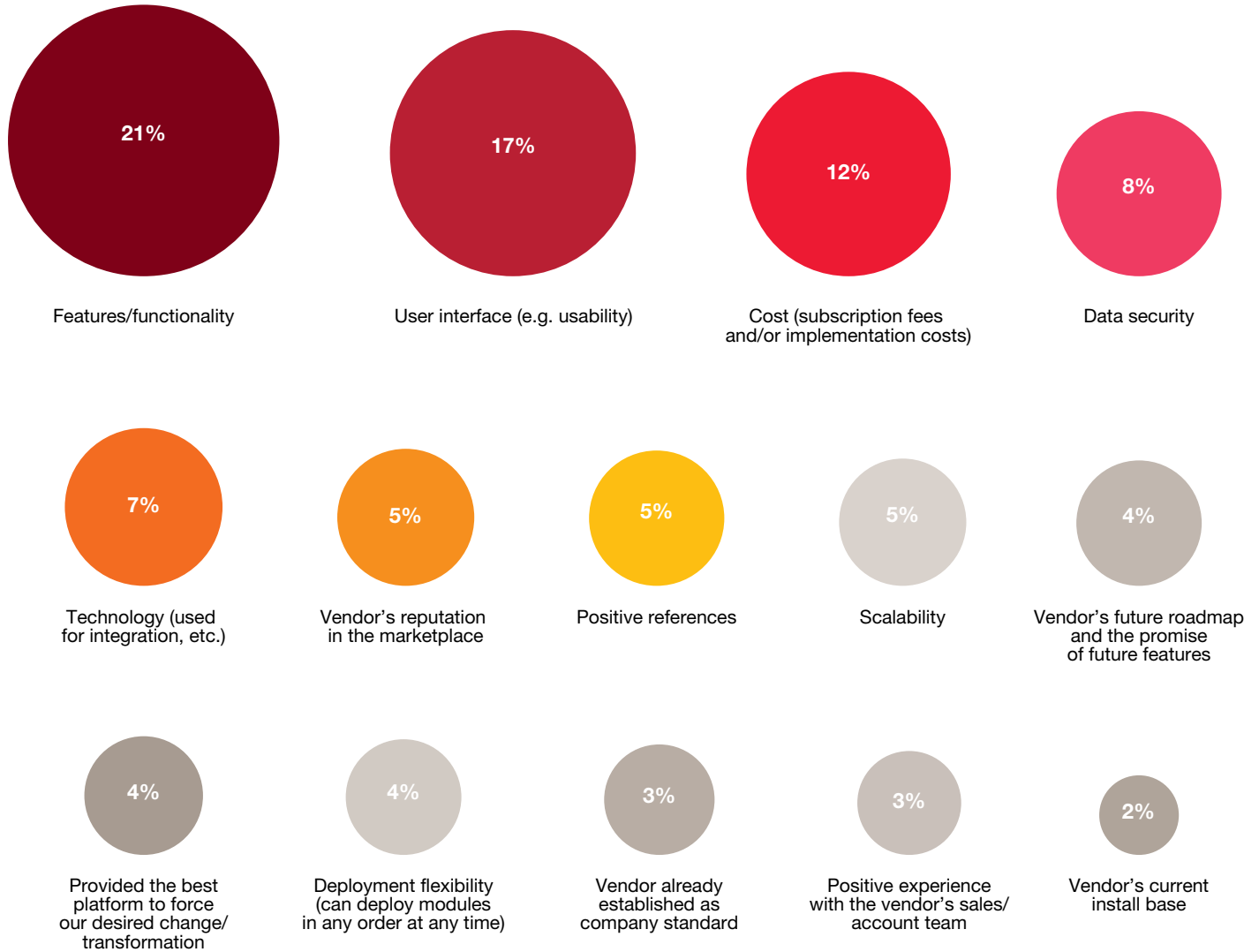


Only 9% of respondents claimed to have “no challenges” when moving a process to the cloud.

The numbers in the bars reflect how often the answer was selected by participants; participants had the option of selecting multiple answers regarding their implementation challenges.

Q23. What were your product selection criteria for choosing cloud software?

Product alignment with business requirements and usability seem to be among the most important considerations in moving HR to the cloud. Data security and integration with internal systems are also important when selecting Cloud HCM products. The graphic below shows how often each answer was chosen.



Q24. What product do you use today?

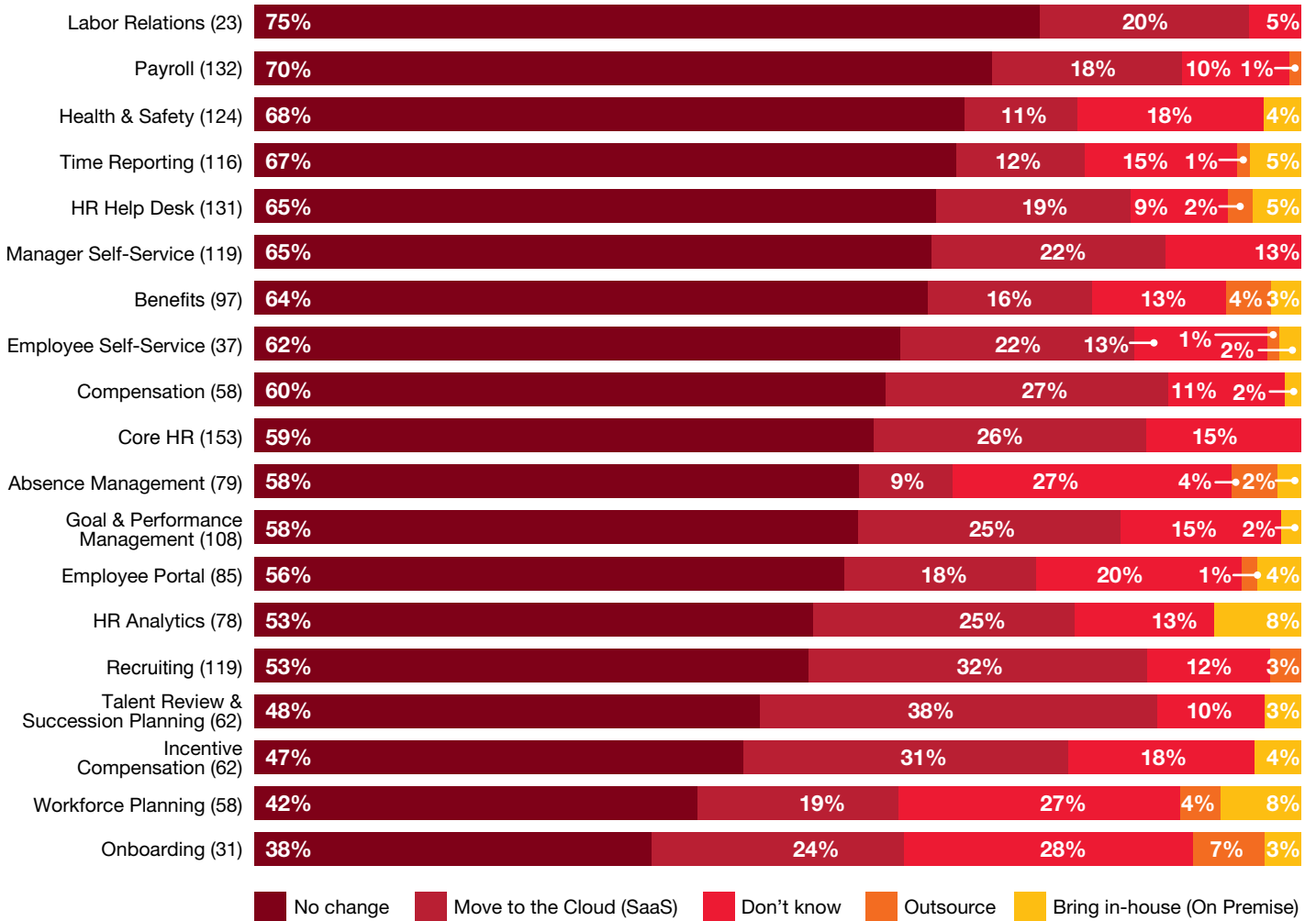
The HR solutions among respondents vary, depending on the particular process/function. The selection of “other” continues to demonstrate the fragmentation of the HR technology vendor landscape: 38 percent are planning a major upgrade or implementation of their core HR.

	Core HR	Employee Self-Service	Manager Self-Service	Benefits	Time Reporting	Payroll	Recruiting	Onboarding	Absence Management	Compensation	Incentive Compensation	Goal & Performance Management	Talent Review & Succession Planning	Workforce Planning	Employee Portal	HR Help Desk	Health & Safety	Labor Relations	HR Analytics
Oracle: PeopleSoft	54	46	46	35	16	44	17	8	13	25	14	27	10	4	18	9	5	6	6
Oracle: e-Business Suite (EBS)	37	34	29	22	18	21	10	3	14	20	5	7	3	4	10	2	2	4	8
Other	9	8	4	22	22	10	17	7	20	8	16	10	7	6	19	25	19	5	17
Manual/No Technology	5	3	3	6	3	-	4	8	5	3	7	5	12	9	2	9	4	4	11
Workday	14	13	12	2	3	3	-	3	3	6	3	7	5	1	-	-	-	-	5
ADP	6	6	5	5	13	32	2	-	5	1	-	-	-	-	2	-	-	-	-
Oracle Cloud	4	2	2	1	-	-	33	7	-	3	1	10	4	-	-	-	-	-	-
SAP: SuccessFactors	-	-	-	-	-	-	7	3	-	14	2	22	10	1	1	-	-	-	1
Ultipro	6	6	5	5	3	4	4	1	3	1	-	3	1	-	2	-	-	-	1
Internally Developed	-	1	3	2	1	-	-	4	1	5	5	4	1	2	4	2	4	1	3
SAP: On-Premise	7	4	1	1	5	6	-	3	4	1	1	2	-	1	3	-	-	-	-
Kronos	2	1	-	2	27	4	-	1	-	1	-	-	-	-	-	-	-	-	-
Microsoft Sharepoint	1	-	-	1	1	-	-	1	-	-	-	-	-	-	11	3	1	-	1
Oracle: OBIEE	-	-	-	-	-	-	-	-	-	-	-	-	1	1	-	-	-	-	14
Towers Watson	-	-	-	1	-	-	-	-	-	3	1	2	2	1	2	1	-	1	2
Xerox	1	1	1	5	1	1	-	1	1	-	-	-	-	-	2	2	-	-	-
Kenexa	-	-	-	2	-	-	9	-	-	2	-	1	1	-	-	-	-	-	-
Kronos	-	1	1	-	-	-	-	-	8	-	-	-	-	1	1	-	-	-	1
IBM	-	-	-	-	1	-	-	-	-	-	3	-	-	-	3	-	-	-	5
SilkRoad	1	-	-	-	-	-	3	7	-	-	-	1	-	-	-	-	-	-	-
Aon	-	-	-	8	-	-	-	-	1	-	-	-	-	-	1	-	-	1	-
Infor: Lawson	2	2	1	-	-	1	-	1	-	-	1	1	-	-	-	-	1	1	-
SAP: NetWeaver	1	2	2	2	1	-	1	-	1	-	-	-	-	-	1	-	-	-	-
Ceridian	1	1	-	2	2	2	1	-	-	1	-	-	-	-	-	-	-	-	-
Peoplefluent	-	-	1	-	-	-	4	-	-	2	-	1	2	-	-	-	-	-	-
iCIMS	-	-	-	-	-	-	7	-	-	-	-	-	-	-	-	1	-	-	-
CornerStone	-	-	-	-	-	-	-	-	-	1	-	2	2	-	-	-	-	-	-
SAP: BusinessObjects	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	3
Sage	1	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	1	-	-
Sumtotal	1	1	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-
Callidus	-	-	-	-	-	-	-	-	-	-	2	-	-	-	-	-	-	-	-
Halogen	-	-	-	-	-	-	-	-	-	-	-	2	-	-	-	-	-	-	-
Infor: Workbrain	-	-	-	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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Salesforce.com	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	1	-	-	-
Great Plains	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-
Jive	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-
Oracle: Web Center	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-
Service Now	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-

● Highest ● Second highest

Q25. What are your future deployment plans over the next 1–3 years?

Many on-premise customers are opting to either continue with or upgrade their current technology. However, many are considering moving their talent management processes to cloud. Innovation and ease of use are the primary drivers for this move.



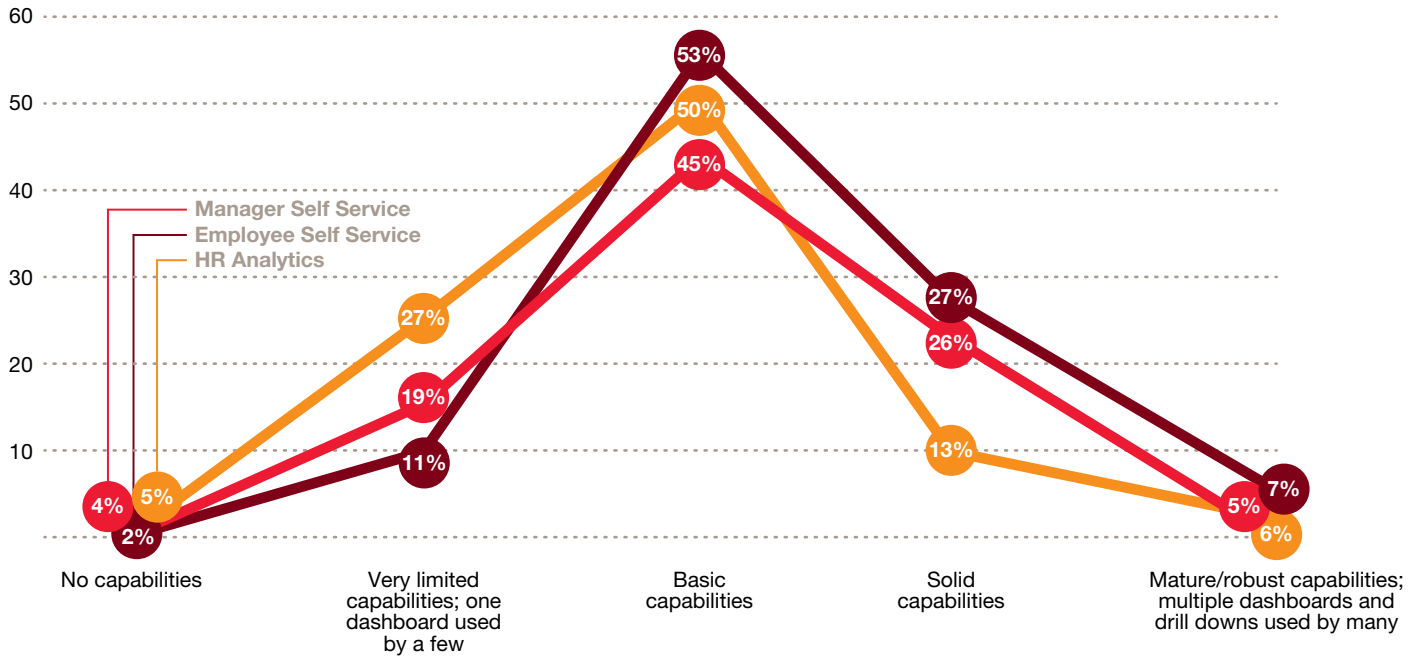
Base for each response shown individually in parentheses.

The shift is occurring.

In 2013, 66% noted that they would keep core HR on-premise and 21% said they would move it to the cloud. This is compared to 59% and 26%, respectively this year.

Q26. How would you describe your organization's use of employee self-service, manager self-service and HR analytics?

The use of ESS and MSS to empower employees and managers while lowering the cost of HR service delivery has become more commonplace. More than half of our surveyed organizations have, at least, basic capabilities. Likewise, HR analytic capabilities are becoming more common for HR departments and people leaders to gain critical insights for real-time decision making. We anticipate that these capabilities will continue to trend toward the mature end of the scale, with cloud technologies becoming more prevalent.



To have a deeper conversation about how this subject may affect your business, please contact:

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Bruce Turner
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