

2014 HR Service Delivery and Technology Survey

Highlights Report — Key Global Findings

Empowering the Organization — HR in 2014

We are pleased to present key findings from the 2014 HR Service Delivery and Technology Survey, our most comprehensive global survey to date. This report highlights several key insights on HR transformation plans, goals and progress at 1,048 organizations around the world, along with Towers Watson’s perspectives on HR service delivery success.

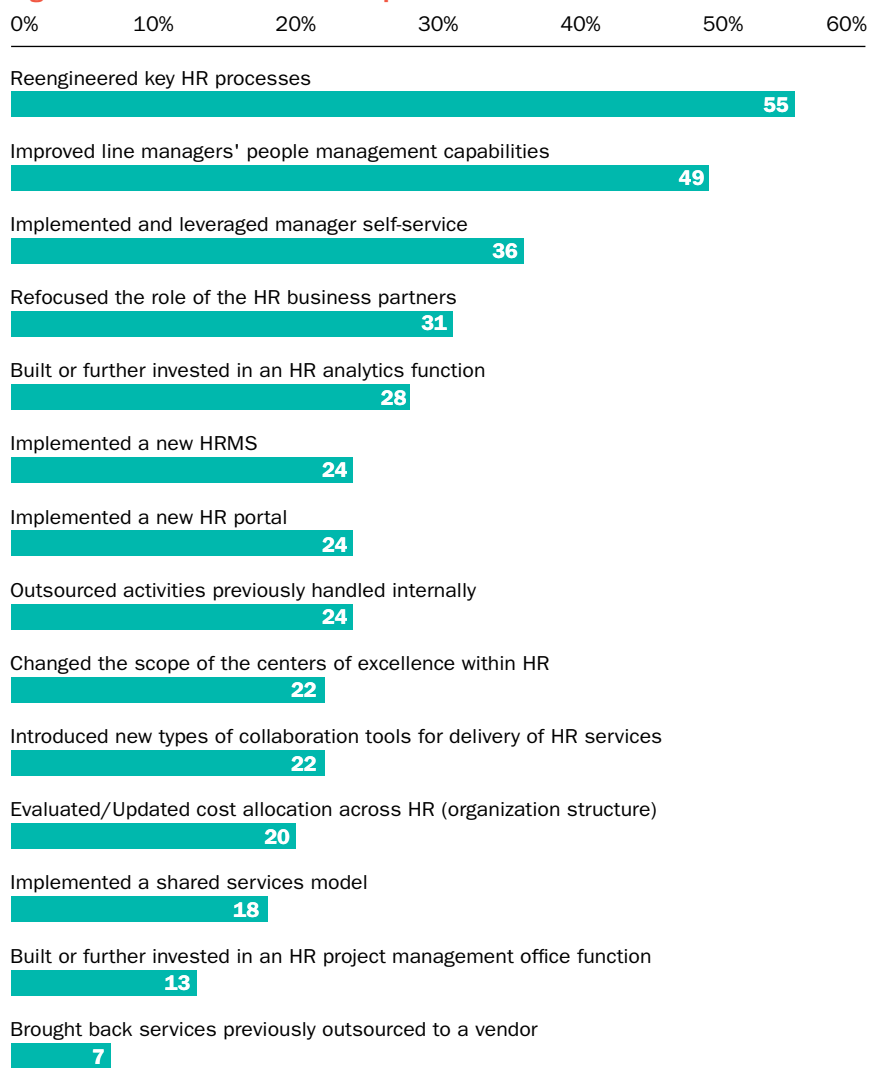
Realizing the Full Potential of HR

For the first time in our survey research, key HR initiatives appear to strike a balance between people, process and technology. We attribute this shift to smart HR investments in initiatives that matter, like streamlining business process and implementing manager self-service, and to a commitment to running the HR function like a business, with an effective mix of strategic perspective and operational discipline.

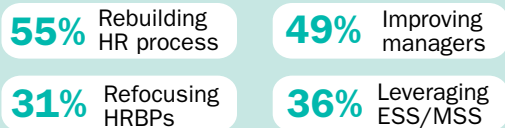
For the second year in a row, streamlining business processes was the number one initiative for HR functions. As in years past, there remains a continued emphasis on talent management. We expect to see business process reengineering and strategic decision

making figure prominently in HR transformation efforts aiming to keep the HR function focused, efficient and effective. This is supported by data points that reveal HR’s ambitious plans involving structural changes, continued investment in technology and the alignment of the function with business goals (*Figure 1*).

Figure 1. Initiatives undertaken in previous 18 months



HR is finding Balance.



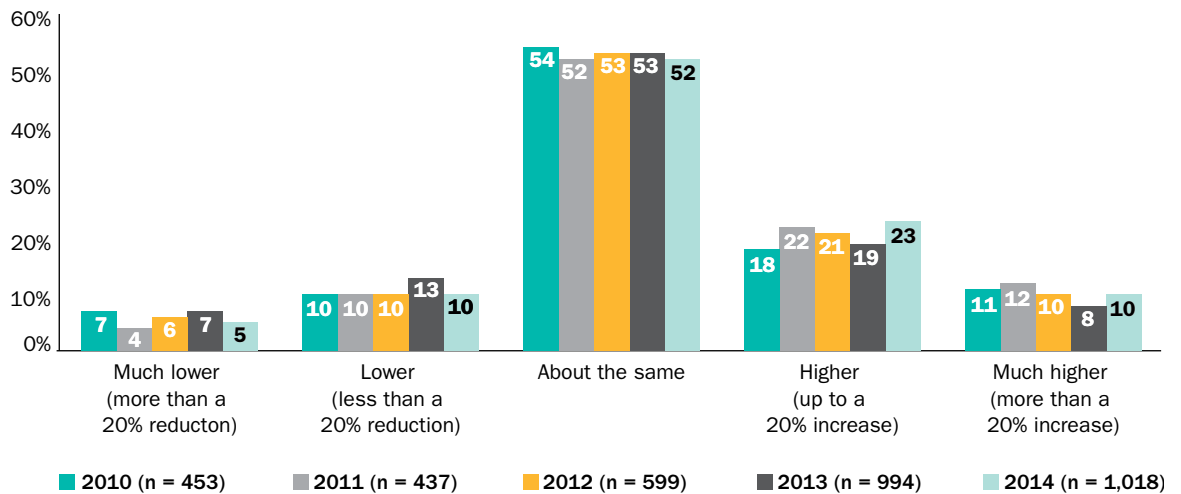
2014/2015 initiatives will address HR function and organization capabilities.

HR Technology Spending

HR technology spending continues to be strong, in spite of some cost reductions in other areas of HR. We believe this reflects an understanding that technology is a large and increasingly important driver of HR effectiveness and efficiency. These investments are directed mostly toward the implementation of new technology and new functionality, including HR

portals, talent management solutions, mobile access services and leading software-as-a-service systems such as Workday. The trend toward reviewing and replacing the core HR system certainly continues, but we also see a trend toward greater investment in HR data and analytics, portals, and payroll. About one-third of our respondents reported they plan to spend more in the coming year (*Figure 2*), and 29% of them will be moving to a new core HRMS.

Figure 2. HR technology spending versus prior years



Spending is on the rise for the first time since 2011.



Splitting their dime

Shoring up the basics — A combination of baseline (talent management, portals and payrolls) and investing in the next generation (integrated talent management, and HR data and analytics)

Top 3 areas for HR technology spending

Talent management

HR data and analytics

Integrated talent management and compensation

We expanded our research into HR portals for the second year in a row. We found that 60% of respondents have an HR portal (Figure 3), up from last year's figure of 53%. There is also a continued and quick adoption of mobile technologies, with 71% of respondents reporting satisfaction with their mobile HR applications.

Employee Engagement Surveys

In order to maintain a strategic advantage, HR organizations are continuing to create insights using numerous data sources. One of the most critical of these sources, and new to our study this year, is the employee engagement survey. Over half of the respondents survey their employees every two years or more frequently, and of those, 33% report they use the results to influence transformation within their organization (Figure 4), while 30% feel they could do more.

33% of companies are using data from engagement surveys to **direct people investments** and **impact** their business.

“Successful HR leaders prioritize opportunities to make their organizations more agile and flexible by addressing technology, structural and process challenges.”

Figure 3. HR portal utilization and deployment

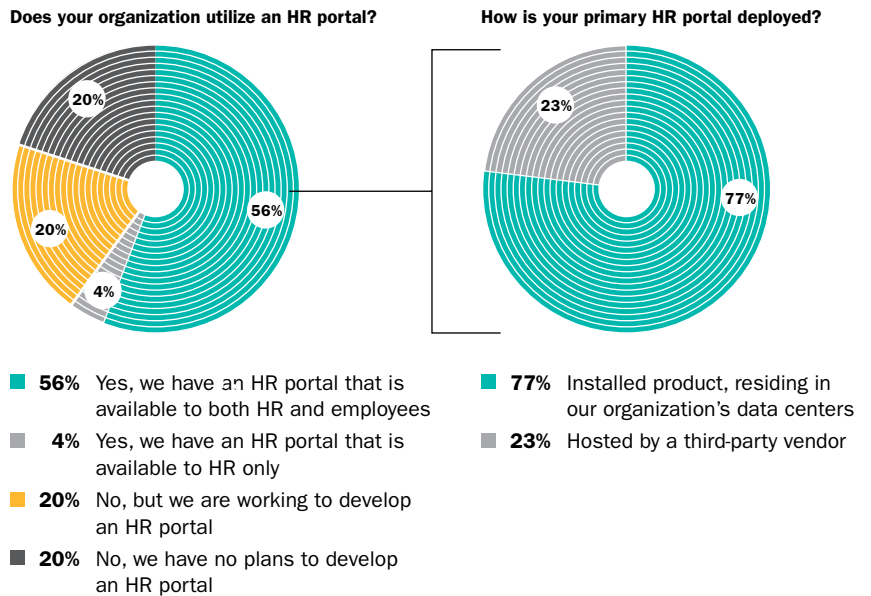
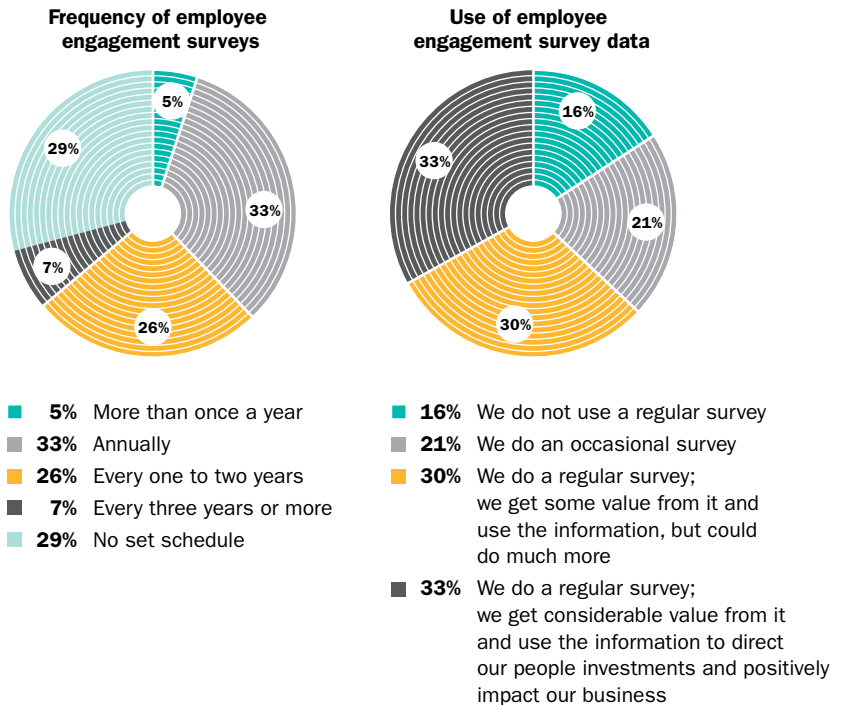
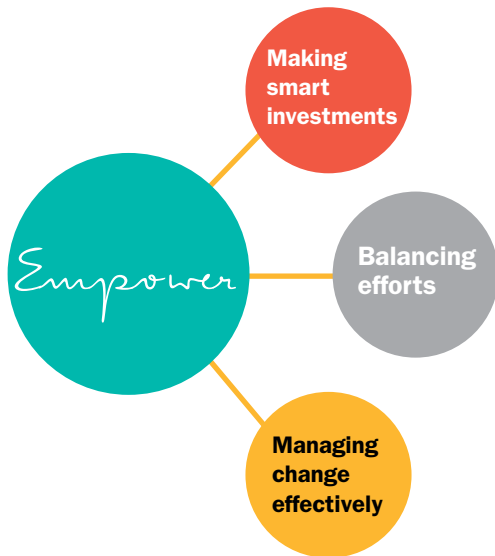


Figure 4. Employee engagement surveys



In Conclusion

Our daily work as HR professionals has tangible and immediate implications for the workforce and the organization as a whole. Successful HR leaders prioritize opportunities to make their organizations more agile and flexible by addressing technology, structural and process challenges. The key to making the right choices is to prioritize strategic needs and match them with the right service delivery solutions.



About the Survey

Towers Watson's 2014 HR Service Delivery and Technology Survey, our 17th annual, was fielded between the first week of January and the first week of March 2014. In total, 1,048 respondents from across 45 countries participated. Roughly 40% of the survey sample was from the Asia Pacific region, including a large sample from China. The Americas accounted for 38% of the survey respondents, and Europe, the Middle East and Africa accounted for the remaining 22%.

- About half of the responses came from global organizations, with sites/operations around the world.
- 52% of the responses came from organizations with more than 5,000 employees.
- The survey responses came from a broad cross section of industries, with the largest number concentrated in financial services, including insurance, followed by high technology, manufacturing, professional services and retail.

About Towers Watson

Towers Watson is a leading global professional services company that helps organizations improve performance through effective people, risk and financial management. With more than 14,000 associates around the world, we offer consulting, technology and solutions in the areas of benefits, talent management, rewards, and risk and capital management.