

# THE TERRITORY AHEAD

## HCM Tech Focus Areas 2021-2022





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## 2021 Tech Focus Areas

- Focus on Accessibility Increases Inclusion for Employees with Disabilities
- HR Will Automate Its Own Workflows Leveraging Low-Code/No-Code Technology
- ESG Reporting Requirements From the SEC Will Drive Innovation in HR and Work Tech Analytics
- Mental Health Solutions and Support
- User Content to Power Learning
- CRM/Recruitment Marketing Platforms
- AI Matching



You are invited on a journey. It is a journey highlighting the most important focus areas for businesses in the next eighteen months. Technology, talent, performance and learning will experience unparalleled growth and advancement.

Through the monumental cultural, societal, economic and medical changes that impact us on a global level, people strive to be better. The unforeseen COVID pandemic caused anxiety for workers who had to worry about and made adaptations around health, childcare, educating from home, eldercare and scarcity of goods and services. Racism, sexism, pay equity, equality and politics dominated our thoughts and prompted people to confront some of their darkest thoughts and behaviors.

These forces came together in results from our qualitative and quantitative research. We heard about people feeling pain and being marginalized. At H3 HR Advisors, WorkTech, and Aptitude Research, we set out to explore these topics, challenge old assumptions, and find ways to build toward a better, more inclusive future.

This report is not only about trends. Our approach is to think ahead and provide actionable direction to organizations ready to elevate. We will arm you with information on the HCM landscape. We share data and insights that will set you on a path for the next 18 months. We will cite examples of organizations doing great things you may want to emulate.

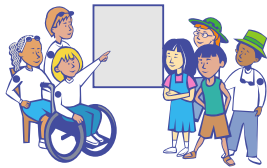
Our goal is making this report the beginning of an ongoing conversation about work and the opportunities we all have to impact the future. We invite you to connect with each of us and share your insights and observations.



# Focus on Accessibility Increases Inclusion for Employees with Disabilities

For several decades, organizations have been talking about their lack of diversity and inclusion. And while improving had been a check-the-box program for many of them, today real change is happening. We are now deconstructing our organizational culture in order to understand inclusion on a different level.

Diversity in our workforce goes beyond hiring for race, ethnicity, gender or sexual orientation. It also includes actively pursuing candidates and employees who have mental or physical disabilities. According to the UN Convention on Rights of Persons with Disabilities, it defines disabled as, “people who have long-term physical, mental, intellectual or sensory impairments which in interaction with various barriers may hinder their full and effective participation in society on an equal basis with others.”



"Creating a strategy for improved accessibility for disabled candidates and hires is a “must” in 2021. The key is being proactive when it comes to your approach to inclusion of all candidates and employees who have a disability, whether known or perceived."

– Trish McFarlane

Ignoring this population has been a way of life for numerous organizations. Instead of finding ways to incorporate the unique perspectives of the disabled, they have hired without making much effort in seeking out these candidates. But times have changed. Creating a strategy for improved accessibility for disabled candidates and hires is a “must” in 2021.

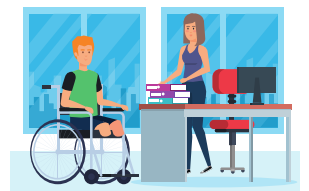
The key is being proactive when it comes to your approach to inclusion of all candidates and employees who have a disability, whether known or perceived. There’s good reason to make it a priority. As we come out of the pandemic, we are still in a war for talent.

# Focus on Accessibility Increases Inclusion for Employees with Disabilities

According to recently published research from the Bureau of Labor Statistics, in 2020, “17.9% of persons with a disability were employed. This is down from 19.3% in 2019.” As the percent employed falls, it increases the need to do even more when recruiting and attracting diverse candidates with disabilities. This decline means organizations are leaving too many qualified candidates out of the hiring process. And there is good reason to change.

According to Accenture’s report *Getting to Equal: The Disability Inclusion Advantage*, companies that do so are outperforming their competition. “Of the 140 companies in the Disability Equality Index (DEI)—a benchmarking tool that gives US businesses an objective score on their disability inclusion policies and practices—the 45 companies that stand out for their leadership in areas specific to disability employment and inclusion had, on average over a four-year period, 28 percent higher revenue, double the net income and 30 percent higher economic profit margins than the other companies.” It’s clearly an advantage to be inclusive.

So, where should you begin? The good news is there are numerous companies making strides in proactively including candidates and employees with disabilities of all types. They are achieving this by making process and technology changes needed to support a more inclusive workplace.



Improvements may include adding imagery of disabled workers to your marketing materials. Adding alternative text to images on your website or other materials can help visually impaired candidates. Providing closed captioning in your videos will include hearing impaired candidates. Offering alternative interviewing options beyond face-to-face or video will help make Autistic candidates more comfortable. These are just a few ways you can begin to ensure that you’re extending a welcoming environment to potential employees.

# Focus on Accessibility Increases Inclusion for Employees with Disabilities

**Here are a few to inspire your future strategies in 2021 and beyond.**

## **SAP SuccessFactors**

In 2013, SAP SuccessFactors launched a groundbreaking Autism at Work program. They sought out candidates on the spectrum to bring their unique abilities to help increase innovation. They made significant changes to their interviewing process, training process, and onboarding process. You can learn more from a conversation Trish McFarlane and Steve Boese had with Anka Wittenberg on the HR Happy Hour podcast.

SAP SuccessFactors also created product design changes to better support diversity and inclusion. One effort is their job analyzer tool that is part of their Business Beyond Bias umbrella. This tool makes job postings gender neutral. They also created an accessibility guide for their employees. This guide includes legal information, how to make communications more accessible, etc.

## **Oracle**

Oracle actively pursues diversity through accessibility. Their Oracle Cloud Applications are accessible for visually impaired. The work they do with Industries for the Blind and Visually Impaired (IBVI), a company that hires 80% of its workforce who are blind or visually impaired, helps them continue development of these key features.

The solution allows visually impaired employees greater independence and better job growth opportunities. Trish McFarlane and Steve Boese spoke with Emmanuel Vouvakis, CIO of IBVI on the HR Happy Hour podcast. Listen in for some amazing ideas.

# Focus on Accessibility Increases Inclusion for Employees with Disabilities

Oracle also actively hires and supports people with disabilities. By partnering with organizations like Tech Inclusion and the National Federation of the Blind, they seek out disabled employees who can bring their unique experiences to innovate for customers. They also reach out to hire US veterans who are dealing with PTSD. It's a win for Oracle and a win for their customers. But most of all, it's a win for the many employees they hire and give opportunity to.

## **UKG**

Even before becoming UKG, both Ultimate Software and Kronos were taking steps to enhance their product offerings. Since becoming UKG in 2020, they have been awarded a perfect score on the Disability Equality Index. They continue to innovate and add enhancements to support accessibility across their solutions. Both companies held accessible solutions as a high priority and we're seeing the combined company of UKG continuing that progress.

## **IBM**

IBM is a good example of a company that led in disability awareness. They made their first disabled hire in 1914 and in the following hundred years, have been committed to workforce diversity, and technology innovation for disabled workers. Having over 100 years of proof that accessibility is important positions them as a leader in how to succeed with diversity.

## **Cisco**

As a leading networking, cloud and cybersecurity provider, Cisco understands the importance of hiring a diverse employee population. They embrace the principles of being inclusive and creating the least restrictive work environment possible. Cisco leaders achieve this by seeking out opportunities for inclusion. One example is their use of technology in Project LifeChanger. This program uses retired Cisco video collaboration technology to better connect remote workers who may have mobility challenges.

# Focus on Accessibility Increases Inclusion for Employees with Disabilities

According to their website, Project LifeChanger enables disabled support engineers in their Technical Assistance Centers to connect with customers remotely while still being able to access audio and video enhancing tools, or other assistive technologies, from their desktops. This creative use of technology is just one reason Cisco is succeeding at inclusive behavior.

## **Cigna**

Cigna, a global health services company, promotes greater awareness and inclusion of the disabled by holding Disability Awareness Days during the year. The purpose of the event is to bring awareness of support the company offers to employees with disabilities. Cigna also engages all employees in learning more about working more inclusively. Cigna also has a number of support groups. One that is notable is their People with Different Abilities group. They volunteer to work with disabled students. This helps feed the pipeline for future recruiting and inclusion of candidates with disabilities.



# HR Will Automate Its Own Workflows Leveraging LowCode/No-Code Technology

There's been a shift in HR's perspective on automation. The mystique has faded for AI and other technologies used to automate workflows. HR leaders are no longer fearful of the technology but looking for ways to leverage it. A Deloitte study reported that 72% of companies use automation tech like robotics, machine learning, and NLP. And HR is right on track. Sierra Cedar said that HR's adoption increased by 50% in 2020. The momentum is real.



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- George LaRocque

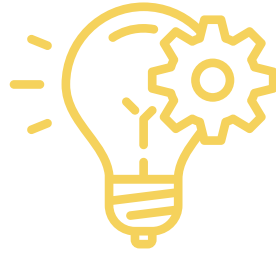
Along with the emergence and adoption of tech, the HR leader has evolved. Gone are the days of the technology-averse HR leader. Through the global COVID pandemic, we watched HR step up and lead the adoption or, in some cases, the recasting of HR technologies to support distributed and remote work, remote hiring and onboarding, mental wellness, and more.

The market is ripe for new low-code/no-code (LCNC) solutions emerging in work tech.

LCNC is a set of capabilities that promise to deliver "what's written on the tin." Low-code solutions are for individuals with coding skills to develop applications used across the enterprise's existing tech stack. Low-code solutions have been shown to increase developer productivity from 4x to 6x.

# HR Will Automate Its Own Workflows Leveraging LowCode/No-Code Technology

No-code solutions are put in the business user's hands and promise to render automating workflows as easy as dragging a file across an interface or selecting it from a list. If users understand the action that should trigger automation and what other systems and data are needed to complete it, they can quickly implement automation.



The model is emerging in stand-alone B2B LCNC platforms like AirTable or BRYTER, HR-specific LCNC solutions like Sora, experience platforms like ServiceNow, digital adoption platforms like WalkMe, HR suites like Oracle's Low-Code Journeys for HR, and even in targeted applications like Meet&Engage or Sapling.

Investors have jumped on the bandwagon. LCNC solutions are one of the fastest-growing categories tracked in our WorkTech global VC reports.

# ESG Reporting Requirements From the SEC Will Drive Innovation in HR and Work Tech Analytics

On August 26, 2020, the Securities and Exchange Commission (SEC) introduced a new mandate regarding Human Capital disclosure requirements for all public companies in the U.S. The order directly responds to increasing requests from investors to evaluate a firm's Environmental, Social, and Governance (ESG) practices.



Companies will be required to have a fact/data-based narrative disclosing "information about their human capital management policies, practices." The SEC hasn't provided any specific guidance yet. After reviewing the current memorandum, most industry experts feel that companies will be required to provide a breakdown of their workforces by employment type, demographics, etc. They will need to substantiate claims made in their annual, 5K, and 10K reports concerning human capital resources.

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This new order puts HR at the center of the ESG discussion, as it is the "S" in ESG. The impact will extend from recruiting through talent management, compensation, workforce management, pay, benefits, and indeed every facet of the employee experience.

# ESG Reporting Requirements From the SEC Will Drive Innovation in HR and Work Tech Analytics

Based on previous experience with mandates like the Dodd-Frank Wall Street Reform and Consumer Protection Act we might expect there to be one to two years before guidance from the SEC gets explicit. During this time frame, employers would be well served to look at their current ability to deliver a fact/data-based narrative about its Human Capital resources, or lack thereof, and begin to analyze the story. This will drive the selection and adoption of tools that provide data and insights in support of diversity, inclusion, pay equity, and management and hiring practices not only in charts and reports but most notably in the flow of work.

We expect to see developments from across the work tech stack:



- recruitment advertising solutions like Pandologic that can provide data regarding increasing success in diversity recruiting,
- hiring platforms like Greenhouse that have invested heavily in inclusive hiring capabilities,
- core HR and payroll providers will make acquisitions and investments in the product roadmap to support better reporting,
- and in HCM "ecosystem" players like Charthop providing live insights to pay equity, diversity, and workforce management and from analytics platforms that have been working in the ESG environment like Talmetrix.

We expect to see increased investment in these areas from HR/work tech buyers and investors, alike.

# Mental Health Solutions and Support

The ongoing global pandemic and its impact on work and workplaces has been unprecedented in recent history. And as the fallout from the pandemic continues to settle, HR and business leaders have to



confront a growing set of problems and challenges facing their employees - primarily dramatic and sustained increases in stress, anxiety, and depression levels caused by the pandemic and the raft of its impacts on our work and in our personal lives.

According to the recently published from the 3rd Annual AI @Work Research from Oracle, workers of all types have been negatively affected by the global pandemic, with 70 percent of people reporting more stress and anxiety at work this year than any other previous year. Additionally, 85 percent of people say mental health issues at work (i.e. stress, anxiety, and depression) affect their home life.



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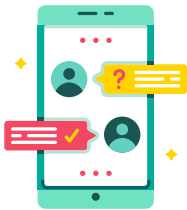
- Steve Boese

And as we enter the later stages of the pandemic, with work from home policies largely continuing into the new year, many of the drivers of increased stress and anxiety remain in place. As employee's boundaries have increasingly become unclear between personal and professional worlds, 35 percent of people are working 40+ more hours each month and 25 percent of people have been burned out from overwork. Additionally, according to a Pew Research report published in December 2020, 26 percent of workers said it was harder to balance work and family duties even when working from home.

# Mental Health Solutions and Support

All too often workplace technology is a source of frustration, which leads to stress, which causes anxiety, and can lead to even worse outcomes. According to research recently shared by Paycom, nearly 80 percent of employees get frustrated with outdated technologies at work and 67 percent would even be willing to take a pay cut in order to have access to better workplace technology.

But the research also suggests there are some available and even relatively simple remedies or interventions that HR and business leaders can leverage in order to better support their employees through these difficult times. Modern technology can make inroads towards helping employees manage their mental health and reduce stress. Some of the ways technology can help include:



Deployment of “Smart” chat bots or digital assistants to automate and remove the stress away from simple, routine tasks for employees, which are a high cause of employee frustration with HR tech. For example, the Oracle Digital Assistant helps streamline employee inquiries and important updates



Implementing purpose-built platforms that support employees with their mental health as part of a comprehensive benefit offering. Examples of these types of solutions include Unmind, Ginger, and Joyable



Subsidizing employee access to consumer mental health apps like Headspace or Calm, which provide self-directed support for employee mental health and wellbeing

# Mental Health Solutions and Support



There are also steps HR can take to support employee mental health in “direct” ways which could include expansion of existing mental health benefits to cover additional counseling sessions or access to virtual therapists. These virtual therapy options allow people to seek treatment in the comfort of their own home, without having to travel to see a therapist in person.

Many fairly routine ways workplace technology can have an impact on mental health and wellbeing already exist. According to the Oracle study, fully 75 percent of employees say AI technology has helped their mental health at work. Respondents to the survey reported the top benefits seen were providing the information needed to do their job more effectively (31 percent), automating tasks and decreasing workload to prevent burnout (27 percent), and reducing stress by helping to prioritize tasks (27 percent). Finally, over half of respondents say AI technology increases employee productivity (63 percent), improves job satisfaction (54 percent), and improves overall well-being (52 percent).



The opportunity for HR and business leaders is clear - smart, relevant, and impactful applications of modern technologies like digital assistance, mental health and wellbeing apps, and even AI can play a significant role in improving overall and individual mental health in the workplace. The time is now to begin a deeper conversation about technology in the workplace, and its ability to support employees.

It has been said that the events of 2020 and 2021 have been a global crisis of unbelievable scope and scale, let's challenge ourselves as HR and business leaders to use what we have learned to create better, healthier, and more supportive workplaces for all our employees.

# User Content to Power Learning

With virtual learning now the norm in schools and the workplace, generating the most useful learning content is the focus for 2021. While organizations traditionally seek out external content providers to provide learning journeys, additional options are now available. The increased popularity of social media platforms like YouTube and TikTok are examples of not only the strong desire for user-created content but also how helpful it can be.

Benefits of user-generated content for organizations:

- Meets employees where they are
- Provides authentic content that engages emotion
- Creates an agile learning environment
- Generates continually evolving content



User-generated content offers employees a more flexible learning environment by offering a reference center of employee talent that can be broken down into small blasts of attention-grabbing content. This microlearning is not only easier to digest for information retention, but it is also easier to create when and where it's needed. Planned training journeys provide a sound foundation, but they must be met with creative options of learning in the moment to be beneficial.

According to DataReportal 2021 Statshot Report, YouTube has the second largest user base in the world; almost 2.3 billion users per month! TikTok is also growing steadily, adding at least 40 million new users since August 2020. This isn't a surprise, knowing that user-generated content is preferred by the latest generations of employees.





# User Content to Power Learning

The benefit of utilizing this approach is the ability to offer a more comprehensive learning experience. True learning can only occur when you meet the learner where they are, providing information that is relevant and engaging. User-generated content relates directly to what the learner needs to know in the moment.



Organizations have already begun providing more opportunities to create new types of learning content. In 2019, Skillsoft announced that their learning platform, Percipio, had begun hosting custom content as a part of their larger offerings. This was a huge step for organizations that wanted the ability to provide a more personalized learning experience. While the world is consistently evolving, the way we learn new information remains the same. In the following years, adding user-generated content into an organization's existing program will further an employee's learning capabilities by providing relevant content in ways that promote engagement.

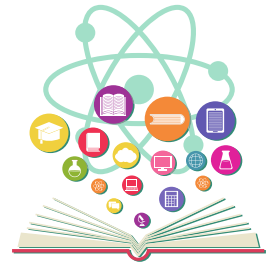


When organizations invite new content creation by their employees, the learning areas that need to be focused on more will become evident. Allowing user generated content provides an opportunity for organizations to get ahold of the some of the extensive hours people spend on social media, some 3.7 trillion hours worldwide last year! (Datareportal Global Overview 2021)

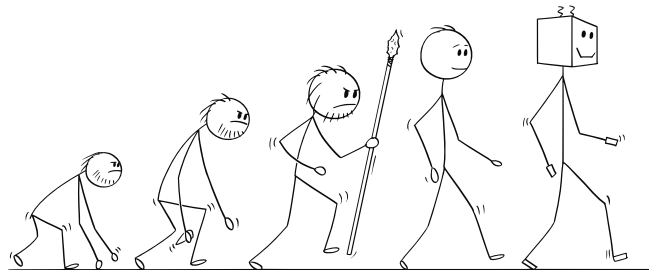
# User Content to Power Learning

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- Karen Hunter



So, how does this work for organizations when inspiring learners? Simple! When given the choice, employees will choose to learn directly from their peers. What once was talked about around the water cooler, has now evolved into social learning in the digital era. Organizations can now provide a much needed, agile learning environment to promote engagement across their employee pool.



Where will we go from here? The possibilities are endless and the movement of technology in learning expands daily. My prediction is that organizations will find new ways of providing skills and knowledge in more agile ways. User-generated content will account for a larger percentage of that learning, with more options than we have currently. Ultimately, all training and learning opportunities will be completely personalized not only to the job position but will also take into account the employee's learning style and ability.

A CRM system has become a critical component of any successful talent acquisition strategy. Seventy-four percent (74%) of enterprise organizations plan to invest in pre-applicant capabilities over the next year. These organizations recognize the importance of attracting, nurturing, and converting leads into applicants – particularly in a time when the competition for talent is on the rise, availability of skilled talent is low, and candidate expectations are continuing to mature.

"Enterprise organizations cited analytics, campaign management, and communication as the key requirements in a CRM solution."  
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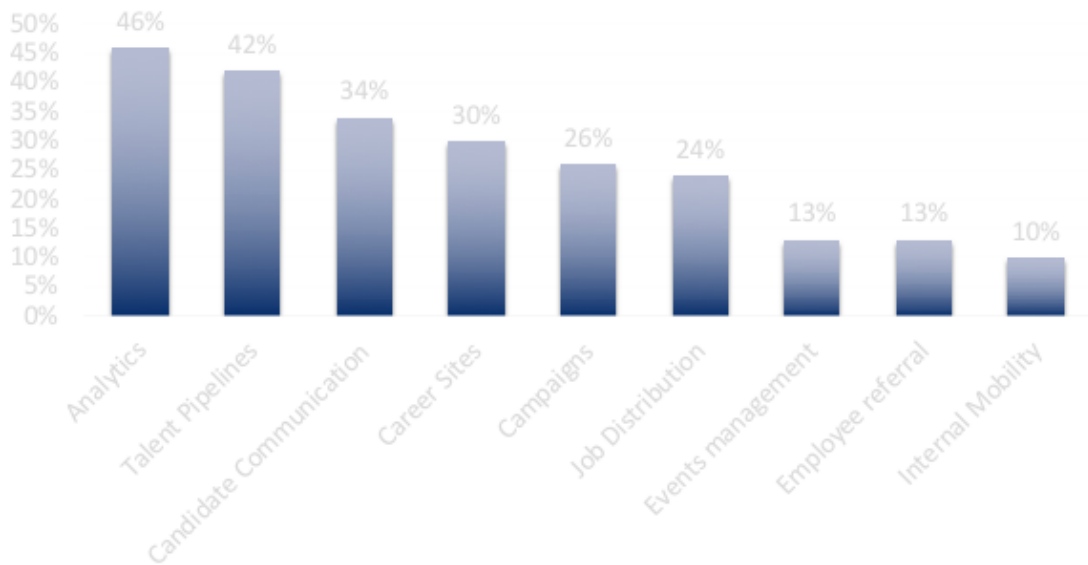
As talent acquisition professionals are being held more accountable, a recruitment marketing platform is a necessary investment. Despite this increased momentum around recruitment marketing, organizations are still confused about where to look for a partner and if that partner should be their ATS.



- Sixty-four percent (64%) of companies spend more on their CRM/recruitment marketing platform than their ATS
- Forty-six percent (46%) of companies stated that analytics is the most critical capability in CRM

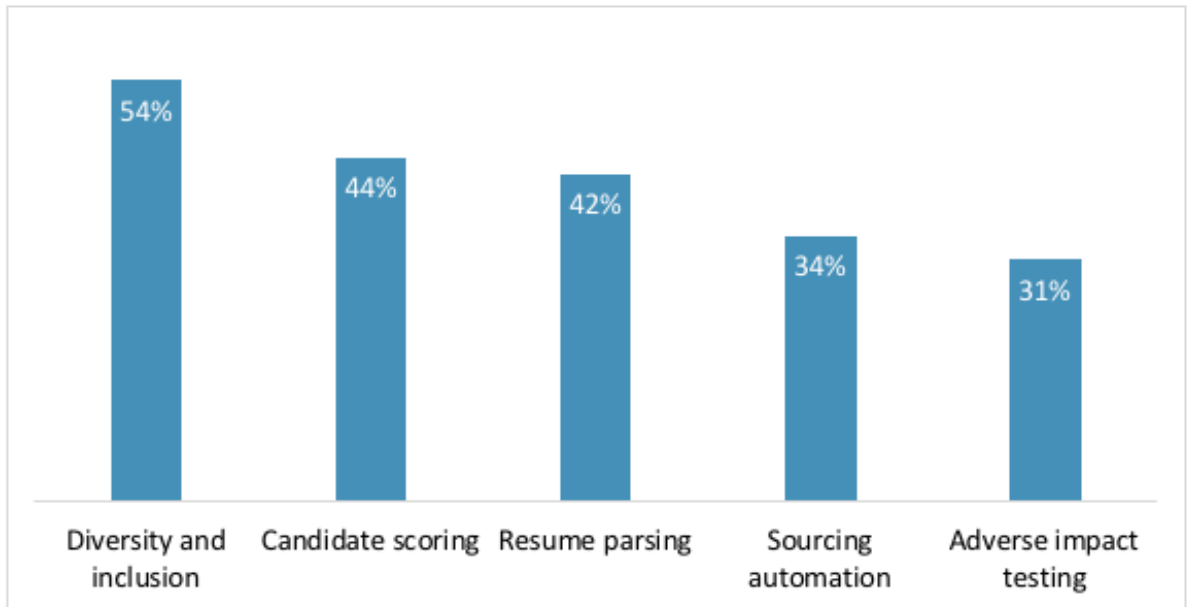
When considering CRM, companies are looking for a provider that can help them engage and nurture with talent before they apply. Enterprise organizations cited analytics, campaign management, and communication as the key requirements in a CRM solution.

## Key Benefits of CRM



Companies evaluating Recruitment Marketing and CRM providers are considering if they want to use their ATS providers or stand-alone providers. Many of the ATS providers have expanded their capabilities in CRM, while others have acquired leading stand-alone providers.

## AI Matching Capabilities



It's hard to find a conversation in TA tech that does not include AI matching. ATS providers are enhancing their capabilities to connect jobs to candidates and candidates to jobs. Providers like HiredScore and Eightfold have gained momentum in the past year while SeekOut, a search and sourcing provider, announced that it raised \$65 million in Series B funding, expanding its matching capabilities. All eyes are on AI matching. In our latest study, 34% of companies stated that they are using some type of matching, and they are two times more likely to improve diverse sources and three times more likely to improve quality of hire.

"Companies and buyers that are committed to ethical AI are looking at stand-alone providers, while companies focused on efficiency AI are looking at their ATS providers."

- Madeline Laurano

# AI Matching

The biggest trend in AI matching is ATS vs. stand-alone provider. Companies and buyers that are committed to ethical AI are looking at stand-alone providers, while companies focused on efficiency AI are looking at their ATS providers. Companies have to consider what data they are using to match and what skills are available on candidate profiles.

## Characteristics of Ethical AI and Efficiency AI

Ethical AI	Efficiency AI
Data Transparency	Recruiter Productivity
Candidate Consent	Candidate Scoring
Published Methodologies	ATS Workflow Integration
Reduced Bias	Reduced Bias

Thank you for reading the HCM Tech Focus  
Areas 2021-2022 report.

We invite you to connect with us and share your  
insights and observations.

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