KPMG’s 2016 Global HR Transformation Survey

HR Service Delivery and Technology Survey*

854 participants for the HR Service Delivery and Technology Survey

15 Key sectors

52 countries

50% are global organizations

44% Respondents with more than 5K employees

*2016 KPMG HR Transformation Survey, formerly Towers Watson HR Service Delivery and Technology Survey
Highlights from our
2016 Global HR Transformation Survey

48% are looking to change the HR structure in 2016/17 in order to:
- gain further efficiencies
- improve quality
- save costs

80% will spend the same or more on HR technology

34% are adding scope to their HR Shared Services functions

72% see better functionality as the primary benefit of implementing a new HRMS

42% will replace their existing, on-premise HR system with a SaaS solution

57% are using or planning to use mobile technology, 4% lower as compared to 2015 results

Top 3 HR initiatives in 2016:
1. improving Line Manager effectiveness
2. re-engineering key HR processes
3. refocusing the role of HRBPs

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Changing technology

— Investment in Cloud HR continues to grow at an exponential rate and the survey shows that a growing number of HR executives who have selected new HRMS technology are opting for cloud-based solutions.

— Among the benefits anticipated from cloud-based HR, 69 percent of respondents said they looked forward to better functionality and 63 percent expected a greater ‘value-add’ to their business from HR.

— SAP Success factors Employee Central, Workday and Oracle HCM are the preferred HR technology choice for large organizations.

— Increased use of manager and employee self-service (57 percent) and improved processes are some of the tactical benefits that are being realized from Cloud HR. Improved access to management information (53 percent) is one of the strategic benefits of Cloud HR.

— 81 percent of the respondents are either very satisfied or somewhat satisfied with the mobile HR application and 82 percent of respondents found mobile HR application to be effective or very effective.

*Large Organization = >5K employees

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HR Transformation Survey trends and insights

HR initiatives in 2016 and expectation levels

<table>
<thead>
<tr>
<th>Large Organizations (&gt;20K)</th>
<th>Mid and small Organizations (&lt;20K)</th>
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<tbody>
<tr>
<td><strong>#1: Re-engineering key HR processes</strong></td>
<td><strong>#1: Re-improving Line Manager effectiveness</strong></td>
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<tr>
<td>90% Brought back services previously outsourced to a vendor</td>
<td>91% Built or further invested in an HR project management office (PMO) function</td>
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<td>86% Deployed extended HR functionality on new HRIS</td>
<td>90% Changed the scope of the COEs within HR</td>
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<tr>
<td>84% Re-engineered key HR processes</td>
<td>89% Implemented initiatives for improving line managers’ people management capabilities</td>
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<tr>
<td>84% Changed the scope of the COEs within HR</td>
<td>88% Brought back services previously outsourced to a vendor</td>
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<tr>
<td>83% Implemented initiatives for improving line managers’ people management capabilities</td>
<td>84% Implemented a new core HR management system (HRMS) — cloud-based system</td>
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<td>80% Implemented and/or further leveraged manager self-service</td>
<td>84% Implemented a case management system</td>
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<tr>
<td>89% Re-engineered key HR processes</td>
<td>85% Re-engineered key HR processes</td>
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<tr>
<td>88% Brought back services previously outsourced to a vendor</td>
<td>82% Deployed extended HR functionality on new HRIS</td>
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<tr>
<td>85% Re-engineered key HR processes</td>
<td>82% Implemented a shared services model</td>
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<td>84% Implemented a new core HR management system (HRMS) — cloud-based system</td>
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Expectation levels = Met expectations % + Slightly above expectations % + Well above expectations % and in these percentages N of “too soon to tell” was excluded.

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Change management capabilities

- Leaders responsible for delivering organization change: 27%
- Do not have in-house CM capabilities: 12%
- Have limited CM capabilities spread throughout the organization: 43%
- Have a CM group within the organization: 26%
- Have a CM toolkit used by various parts of the organization: 17%

(n = 847)

*Chart may not add up to 100% due to decimal point round off, participant could select multiple options.
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HR structure status in 2016

Most of the organizations have a single HR function for the entire enterprise. Organizations that are multinational or have global presences tend to decentralize their HR, either by business unit or by geography.

In smaller organizations most of the HR activities are done by an HR generalist including employee relations.

In medium and large organizations most of the HR activities are delivered by HR CoEs, in particular, learning administration and compensation administration.

Changes anticipated in HR structure:
- Will be combining our HRSS with other corp. functions such as F&A
- Will be bringing additional services into our shared services environment
- Will be decentralizing HR
- Will be moving to a shared services environment with HR CoEs and HRBPs
- Will be outsourcing some/more functions
- Will be moving to a single HR function for the entire enterprise
- Will be bringing some/more outsourced functions back in-house.
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Does your HR function use HR shared services, who owns it?

- Yes, onshore service center(s): 48%
- Yes, internal offshore service center(s): 33%
- Yes, external onshore provider(s): 14%
- Yes, external offshore provider(s): 15%
- Other (please specify): 6%
- No: 15%
- Our HR function: 63%
- The IT/IS function: 19%
- A third party/outsourcer: 2%
- Part of GBS Ops., includes other functional areas such as finance and accounting: 9%
- NA, no SS function: 22%
- Other: 2%

[n = 820]

- Large — Greater than 20,000 employees (n = 168)
- Medium — Between 5,000 and 20,000 employees (n = 200)
- Small — Less than 5,000 employees (n = 475)

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