2017 HR Technology Conference & Exposition
Recap

HR Tech 2017 is now in the history books, but the Benefit Technology Resources (BTR) team is still reflecting on what we heard at the conference and what it means for our broker and employer clients. In our industry, the HR Technology Conference is the industry event of the year with four days of expert speakers, panels, product demos, networking sessions and a product exposition of more than 400 providers - all focusing on HR technology. This event is attended by every major provider in the industry and is the go-to place to learn about up and coming start-ups.

We sent our team to gather as much information as possible about new and existing applications, industry trends, and best practices. Our goal was both to learn and to connect with the leaders and teams of the solutions we work with to identify the right technology to address our clients' HR administration needs. We look forward to sharing detailed information with you in January. In the meantime, here are our big takeaways, which we've organized around three themes: 1) Industry Growth, 2) Digital Transformation and 3) Artificial Intelligence. We're also pleased to provide some quick product insights and updates from our meetings with providers.

Industry Growth

According to KPMG, over $5.5 billion has been invested in HR tech start-ups since 2014! Bret Starr, founder of the Starr Conspiracy, calculates that there has been more money invested in HR technology in the past three years than the previous 20 years combined. The numbers don't lie. The HR technology sector is growing and attracting serious money as investors see that HR technology is a competitive tool for growth across all industries. These technologies are disrupting traditional business models, and employers and employees must adapt to the changes. Providers in the HR tech marketplace are challenged to innovate to stay in the game.

During a presentation hosted by HR Hack Lab, attendees heard that innovation is an essential ingredient to drive improvement in HR tech and that every employee is surrounded by opportunities to innovate every day. Laszlo Block, CEO, and co-founder of Humu.com and former SVP of Google offered six steps to creating team and organizational innovation:

1. Connect people with a mission that matters
2. Tap into intrinsic motivators: team, pride, autonomy
3. Reduce fear and increase psychological safety

4. Build a portfolio of moonshots and roof shots
5. Know your enemy (and it's not in this room)
6. Be lucky and encourage "casual collisions"

The much-awaited 20th edition of the Sierra Cedar HR Systems Survey (2017-2018) was launched at HR Tech. We will cull through this 122-page report to provide more detail to our clients soon, but here are some quick-hit highlights.

- 40% increase in cloud adoption
- 5% increase in overall HCM satisfaction
- Users want more customization and better service
- Biggest growth areas include talent management, recruiting, and analytics

The mid-market is driving HR technology. Once "ruled" by the large- and jumbo-market, providers increasingly recognize the purchasing power of mid-size employers (defined here as less than 5,000 employees) and are responding with a greater focus on serving the needs of this market segment. HRWINS debuted its 2018 Future of HR Technology report, which revealed some interesting insights about the mid-market:

- The mid-market is on the rise. This is where employment happens in the U.S.
- Mid-market businesses are adopting HR technology at accelerating rates - significantly impacting the direction of HR technology innovation.
- More than 50% of the mid-market is considering a change in payroll systems this year.
- The biggest mid-market challenges are integration and ease of use.

The presence of women in HR technology is on the rise. As a female-owned company, we were pleased to see the conference recognize the growing presence of women in the industry with a newly-added segment dedicated to supporting women in HR technology. Statistics show that men still lead in executive positions and promotions by 82% in this industry. There should be a lot of support for change, as the industry knows that diversity drives innovation!

Digital Transformation

And on the topic of innovation... With all the market innovation underway, organizations are challenged to make a digital transformation. HR research analyst Josh Bersin, founder of Bersin by Deloitte, revealed some interesting data highlighting the relationship between organizational structure and HR technology. Bersin reported that "86% of companies say that their organizational structure is getting in the way of their digital transformation." Mike DiClaudio, principal, advisory at KPMG said, "65% of people view technological disruption as an opportunity rather than a threat." LeapGen's leader, Jason Averbook, offered four priorities to focus in on digital transformation:
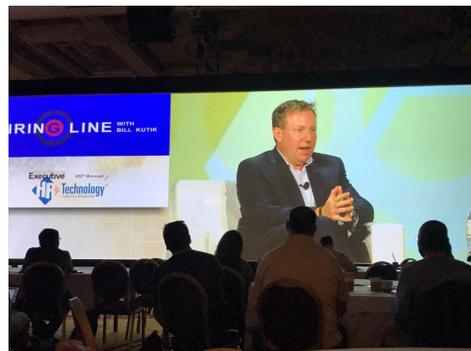
Jason Averbook, CEO, LeapGen

1. Foundation and Data - You can't build on an unstable foundation
2. Workforce Experience - Focus on how it will make them feel
3. Automation vs. Digitization - Stop thinking linear
4. Reskilling of HR - New skills may be required in your current team

An important concept of digital transformation is that HR technology isn't a destination, but is "intravenous" to the workforce, and should be running through the veins of all organizations, influencing every process. In short, these are not tools for HR, but tools for your employees. However, the true value of HR technology isn't revealed without first having a vision. Employers must set goals to see valuable returns.

Employees are critical to the digital transformation. There is a heavy emphasis on the power of the people in an organization and the importance of change management. Following are some comments we heard related to people and change management that we found insightful:

- "HR transformation requires change management." - Jeff Nelson, VP, HR technology, process & insights, Nordstrom

- "YOU have to create your vision for transformation and sell it for success." - Jason Averbook, CEO, LeapGen

- "Unlock the power of your people." - HR mission statement at Coca-Cola

- "Technology is an enabler of strategy." - Stacey Valy Panayiotou, SVP global talent & development, Coca-Cola

- "The difference between a company being OK and being awesome is their people." - Ray Wang, principal analyst, founder, and chairman, Constellation Research

- "If the rate of change on the outside exceeds the rate of change on the inside, the end is near." - Jack Welch, former chairman and CEO, General Electric

- "Workforce technology - it's no longer software for HR - it's for the employees." - Jason Averbook, CEO, co-founder, LeapGen

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Artificial Intelligence (AI)

Artificial Intelligence (AI) is taking the HR technology world by storm. Interest in AI first hit the HR tech industry nearly 20 years ago, but soon waned. AI is now experiencing a resurgence in popularity, along with machine learning and language processing. Everyone from big HCM providers to small start-ups showcased AI-enabled software. In their latest system upgrades, SAP SuccessFactors, ADP, Workday, Ceridian, and Oracle all showed hallmarks of AI.

Oracle's incorporation of AI is in the implementation of adaptive intelligence in its HCM modules and chatbot. LinkedIn revealed it will make a big investment in AI and reported on its newest development: a big data and analytics system built on AI intelligence. Ultimate made news by unveiling its new AI-based platform, Xander, a natural language processing tool that analyzes human emotions behind employee responses, i.e., Xander can determine how employees feel about their working conditions and overall well-being. Such systems can help reduce high turnover rate due to job dissatisfaction.

Although sales of AI tools are brisk, currently, there is no fully-realized AI system available. We counsel clients that there are still a lot of "warning labels" associated with AI tools, with much to be learned and improved upon. Client interpretation of data is still important, and there is sometimes latency in the information. AI needs time to learn and adapt just as we do. If you're buying AI, make sure you are really buying AI and not complex analytics!

Provider Meetings Highlights

In addition to attending various presentations during the Conference, we used our time to meet with many leading industry players and providers - including HCM software provider Ascentis, our newest strategic partner. Brian Provost, Ascentis CEO, and Joelle Vail, chief revenue officer, joined us to discuss our new partnership and marketing initiatives.

Following are some quick recaps of product and provider information we learned during our meetings:

- Vibe HCM - Vibe HCM CEO Todd Tyler and his team affirmed their commitment to customer support. Vibe HCM was formerly ECI, a talent management company purchased to make Vibe what it is today. We are excited about this strategic alignment.

- In our meeting with Ultimate Software and Mosaic Consulting (an official partner of UltiPro), we determined that Ultimate Benefits' administrative costs need to be isolated now that they

are more willing and accepting of a best-in-breed benefits administration module.

- We met with ADP to learn the details of their updated reporting module and user interface. Their new benchmarking capabilities look strong.

- eBenefits Solutions has just had a capital infusion from University of Pittsburg Medical Center, which has been their primary backer. Their new user interface (and their commitment to growth) is impressive. We will include them in our benefits administration opportunities where they are a fit.

- Similarly, we had a good catch-up with Josh Trent, chief growth officer at benefitsexpress, to learn about their growth plans. We will add them to our stable of benefits administration options for the mid-market.

- RFP365 hosted a networking event where it was good to connect with others using this platform and discuss the road map.

- Tim Cerimele, who heads up the national broker strategy at Zenefits, told us that while they are excited to partner with the broker marketplace, they know they have just one chance to get it right. They are not quite ready to go prime time but will let us know as soon as they are. We look to partner with them to access the Zenefits platform on behalf of our nearly 50 agencies. Stay tuned for more details.

- During our meeting with Benefitfocus, we learned that COBRA and FSA are now in-house and that Wage Works is no longer being used. Benefit Focus purports to have the only app on the market that supports the entire enrollment experience through a mobile app. We will confirm this through our own research.

- In our meeting with Businessolver, we discussed the launch of their new AI tool, named Sofia. Businessolver says that employee responses to Sofia's questions are fed back to their benchmarking engine, thereby enriching the data analytics.

- Saba shared with us their full talent suite, which has a very sophisticated user interface. The employee experience is available through their app, which also supports limited administrative functions. Saba's engagement tools incorporate webcam functionality, which we find to be a cool addition for the virtual workforce.

- Paychex announced the launch of their new time clock, which includes retina scan. Using this tool, employees can clock in or out in 1-2 seconds. Lease cost for this functionality is only about $10 more than their traditional bio scan clock (per clock, per month).

- Worxtime HR, largely known as an ACA provider, now offers benefits administration services. Currently, they have about a dozen clients on their platform.

- We met with Silkroad, an on-boarding platform specializing in healthcare and finance industries (talent suite is an add-on). We were told to keep an eye out for improved analytics and metrics in the near future. Their product road map includes a tiered pricing model to bring their solutions down market.

- We met Blue Marble Global Payroll, a payroll solution which partners with best-of-breed providers to offer payroll in 135 countries. We will schedule a demo soon.

- During our meeting with PeopleStrategy, they revealed that their winter release is planned for Q1. We will schedule a demo and keep you posted.

- We met with Troy Bagne, CEO, and co-founder of OnCore HCM, which partnered with the TeemWurk platform in 2016. They invested heavily in the enhancements during 2017 and have seen steady growth. Moreover, they have decided to work solely with brokers as their distribution model. OnCore's approach is not the "put all your clients on our platform." Rather, they want to provide services to their brokers' employers that are a good fit. We will schedule a demo to learn more about their latest updates.

- Asure Software (formerly known as Mangrove) appears to offer very interesting time keeping and workforce management options, including occupancy tools and real estate maximization.

- Maestro Health told us they are growing both the platform and expanding TPA partners. With a focus on self-funded clients and leveraging claims data, Maestro plans to expand its use of that data in future enhancements. Maestro currently uses data for decision support and improved analytics.

- In our meeting with the Hodges-Mace solutions engineer, we learned that the company invested heavily in the last year to develop the all-in-one app and improved employee experience. A new administration user interface is due to roll-out early 2018. Also look for improved app and billing capabilities sometime next year. Hodges-Mace is focused on growing its technology and focusing on service that supports benefit-related challenges.

- We stopped by the Workable booth and learned that they have had tremendous growth in one of the hottest sectors of the HCM market - recruiting solutions. They offer a quickly deployed solution that assists with recruitment marketing and applicant tracking.

- We met with HRCloud, an HRIS primarily dedicated to on-boarding that is linked with eVerify. Their software, similar to BambooHR, can plug into any payroll provider. Currently, they have established integration with ADP.

- Workday continues to work their way down market and to come down to $250K annual spending (not based on employee counts). Workday Launch is the company's pre-defined deployment model, which brings their implementation timelines down to 4 to 6 months. This platform is 70% pre-defined and 30% configurable. Their benchmarking tool is also new to the small market.

- We met with NetChex, an all-in-one service HCM solution provider. CEO and founder Will Boudreaux and director of operations Paul Schock told us they are focused on steady growth and right fit versus rapid acquisition growth.

- We stopped by the Click Boarding booth where we spoke with Cory Muir, lead product developer, and Christine Marino, chief revenue officer. They have created a non-linear on-boarding solution focused on a truly positive, culture-enriched employee experience. Moreover, they have many partners to pair their solution within the mid- and large-market.

- Workterra and CareerBuilder have introduced a new user interface. Their benefits administration module remains the same.

- During our meeting with Namely, they confirmed that they are still committed to being a broker and working with some brokers.

BTR Press Release

BTR has published a press release, that includes some of our top takeaways from this year's conference.

Haven't seen it yet? No worries! Click here.

Give us a Call!
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If you'd like to discuss what these takeaways and product updates might mean for your organization, give us a call.