



# LIGHTHOUSE

research & advisory



## EXECUTIVE SUMMARY:

### 2016/2017 Strategic Workforce Planning and Analytics Technology Trends Report

By: Ben Eubanks, Principal Analyst

# Research Overview

It seems we can't turn around today with hearing about "big data" and "predictive analytics." But who is really offering these tools, and what are their capabilities for supporting strategic workforce initiatives? In addition, how can companies make the most use of these systems for improving business outcomes?

This executive summary looks at some of the trends that are funneling attention towards analytics, the functionalities that executives should expect to see in their provider of choice, as well as a glimpse at what the future holds for this slice of the HR technology industry. This report is part of a larger initiative at Lighthouse Research to explore, understand, and categorize the key players in workforce planning and talent analytics.

The full report includes proprietary research from Lighthouse Research in addition to data from IBM, Aptitude Research, Sierra-Cedar, Bersin by Deloitte, ExcelHRate Research, and more than a dozen interviews with business leaders. In addition, the full report includes an overview of relevant systems, including Workday, SAP Successfactors, Oracle, Ultimate Software, IBM, Visier, 3D Results, and Swoop Talent.

## Trends in Analytics and Planning

From hundreds of conversations with business executives and HR technology providers, we at Lighthouse have seen several interesting developments and trends emerge.

**Business and talent leaders know that measuring indicators and outcomes are important, but they often don't have the process in place to measure, analyze, and leverage their data. Most measurement and analysis is still manual.**

Data, in itself, has little value. However, the analysis of the data for improving decision-making is incredibly powerful at an enterprise level. Despite the tools and technology available today, many companies are still performing manual analyses of

**Most measurement and analysis is still manual.**

One employer with more than 300,000 employees told us, *"We have so much data and we're unsure what to do with it... We're trying to use visual tools to help make an impact and increase utilization of the data we already have."*



information in an attempt to understand internal trends.

**This measurement and analysis problem is not confined to any particular practice of learning, talent management, or recruiting. It is widespread and severely limits the impact and value HR can offer the business.**

Without being able to translate people data to business impact, many HR teams are floundering at the executive level. While some are advanced enough to have a grasp on this problem, the vast majority of firms are not yet to that level of measurement maturity.

**Use cases are one of the most valuable tools for helping in-the-trenches leaders convey the value and opportunities associated with implementing analytics technology, especially when it comes to strategic workforce planning.**

One of the most common challenges brought up by corporate leaders around analytics and measurement is not knowing how to properly use the tools for business impact. Having a unique, specific use case is the starting point for success, especially when partnering with one of the analytics vendors like those featured in the full report.

## Functionality and Capabilities

As far as functionality is concerned, we’re seeing a shift from descriptive analytics to more predictive and prescriptive types. This table helps to outline what value each option can provide:

Analytics Type	Purpose	Use Case/Data Types
Descriptive	Show historical data. Help describe things as they are or were.	Attendance, turnover, source of hire, time to fill, training completion, employee satisfaction, etc.
Predictive	Help companies predict what can be or what will be.	Answer questions such as “What is the source of hire most likely to bring us high-performing candidates,” or “What turnover should we expect for senior electricians hired in our German facility?”
Prescriptive	Help companies determine which predictive path is best out of multiple options.	Two examples: <u>Talent acquisition</u> . Helps point out specific sources of hire companies should invest in <u>Turnover</u> . Identifies internal levers and processes that contribute most to employee retention



It's important to note that none of these is possible without the others. Descriptive data feeds predictive, and it takes multiple predictive options to determine which one to prescribe for the most benefit.

In terms of features and functionality, some of the common themes that business leaders are seeking include:

- **Ease of use:** systems are starting to mirror consumer technology in terms of intuitive design, often one of the most important selection criteria when companies are choosing a new provider.
- **Futuring/scenarios:** there is incredible value in companies asking “what if” questions and being able to see potential scenarios play out within the software.
- **Confidence indicators:** instead of being stuck with a “maybe” or “possibly,” business leaders can now draw a line in the sand when it comes to being confident about a particular outcome.
- **External benchmarking:** while sifting through internal data is valuable, being able to explore and examine external sources and how they interrelate with existing data is powerful for companies at the enterprise level.

In addition, the number of players entering this space is rapidly increasing. While there are a few large firms that hold sway due to an existing customer base (Oracle, SAP Successfactors, Workday, Ultimate Software, etc.), there are other niche providers that more specifically focus on solving the challenges associated with workforce analytics (Visier, OrgVue, etc.)

In addition, newer firms are disrupting even this fairly young technology segment, including bringing other approaches to data integration (Swoop Talent), augmenting the speed and clarity of the analysis at some of the larger providers (3D Results), or even making pricing dependent on the validity of predictions (SMDHR). This diverse variety of firms makes for an intriguing landscape.

## Future Opportunities

The future of this technology segment is incredibly bright as new providers enter the space and disrupt the status quo. In addition, talent leaders in general are becoming more adept at building a business case for the tools and technology they need to support business objectives. Instead of trying to sell the business on time savings for HR or another inward-looking outcome, these leaders are looking at organizational value, translating workforce planning and analytics technology into enhanced business performance.



The challenge, which is an opportunity for improvement, is finding the right methodology and approach to implementing analytics that ensures success not only within the talent function, but across the enterprise. It's one thing to create a model and try to predict employee churn. It's another to leverage predictive tools for workforce planning, skills acquisition, and business growth.

Plus, with the advent of prescriptive analytics, we can finally help talent and business leaders accelerate the transition from data gathering to analysis to action, shortening time to value realization. When combined with some of the other large-scale trends we see in the workplace, including the gig economy and machine learning technologies, the value of strategic workforce planning and analytics has never been higher.

This combination of factors makes these technologies incredibly valuable for businesses seeking to improve results in the coming years.

## 3 Action Items for Business Leaders

**Increase measurement maturity:** the starting point is to collect, aggregate, and analyze data. Nobody begins with a fully predictive model without first gathering and cleaning a data set. Begin by finding available internal data from a variety of sources and do basic analyses to determine common descriptive analytics. It begins with a simple step, but each successive step builds upon this foundation.

**Determine a specific use case for analytics.** Don't pursue a vendor without a specific question or plan for the analytics. Find a problem to solve—preferably a business problem that will make it easy to gain buy-in and support. Connect your talent analytics strategies to specific business outcomes.

**Break old models of thinking.** Don't just try to apply analytics to the same ways your business has always operated. Instead, consider some of the trends affecting the workplace and incorporate them into your strategy. For instance, with the gig economy impacting the workplace, more employers are hiring for skills, not headcount. Can you find ways to break down your employee competencies and skills into measurable units you can seek out, procure, and manage?



## About the Research

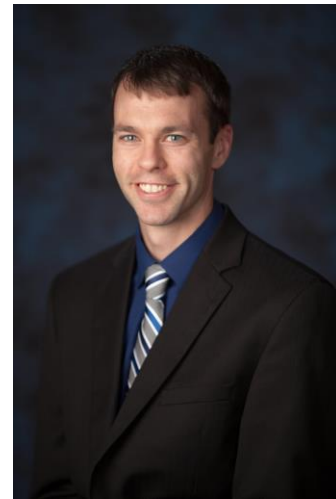
This report was written by [Ben Eubanks](#), Owner and Principal Analyst at [Lighthouse Research & Advisory](#). The research interviews for this report took place from June to December 2016. Vendor information was gathered from web resources, personal interviews, and other materials to provide a well-rounded view of each provider.

Secondary research sources were identified throughout this report and all attempts have been made to provide credit to the originating author or firm where applicable.

## About the Author

Ben Eubanks is the Principal Analyst at Lighthouse, developing research and insights for today's talent leaders and vendor partners. Ben works with vendors from areas across the HCM spectrum, delivering high-quality research, assets, and advisory to support demand generation, sales enablement, customer success, and more.

Prior to joining Lighthouse, Ben worked as a research analyst for Brandon Hall Group, focusing on learning, talent acquisition, and talent management. During his tenure, he published more than 100 pieces of research and delivered presentations to executives from some of the largest and most respected organizations in the world. He also has hands-on experience working as an HR executive, leading both strategic and tactical talent practices. He has worked in nonprofit, government contracting, and startup environments. In addition, he runs [upstartHR.com](#), a website serving HR and talent leaders that has reached more than 600,000 readers since its inception.



[Contact Ben](#)

[Connect on LinkedIn](#)

## About Lighthouse

Lighthouse Research & Advisory is a modern analyst firm dedicated to setting the standard for excellence in talent, learning, and HR. By providing compelling research and actionable insights for business leaders, our mission is to navigate the rapidly changing tides of human capital management in order to support today's talent function. From establishing frameworks and defining competitive talent practices, to illuminating the strategic impact and ROI of the employee experience, our goal is to chart a new course for talent and HR.

