3SIXTY INSIGHTS

Research Agenda 2021
Human Capital Management

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The future of work is forming quickly even as it is challenging to track. Exacting acute effects on the workplace, COVID-19's unprecedented disruptions have also quickened the inexorable march of long-term trends in human capital management. As 2020 promises to cast a long shadow over the future, the HCM practice at 3Sixty Insights plans to explore the following themes over the next 12 months.

Concrete vs. Abstract HCM: A New Way for Organizations to Look at HCM

There are two hemispheres to HCM and the technology for it. One is concrete, and the other is abstract. The concrete has to do with the nuts and bolts of employing people (e.g., time and attendance, payroll); the abstract has to do with the sentiments of employees (e.g., talent management, employee engagement). To practice good HCM, you need to appreciate and address both the concrete and the abstract. Each has markedly different stakeholders within the organization.

3Sixty Insights Hypothesis: Most organizations have a left brain and a right brain. Concrete HCM makes more sense to an employer's left brain, the part concerned with the quantifiable aspects of employing people (their pay, their hours, etc.) and their impact on the general ledger. Abstract HCM is the interest of a company's right brain: feelings and a focus on relationships between people—all challenging to quantify and account for in the bottom line. From the shop floor to the entire C-suite, the left and right brains of the organization focus on entirely different metrics to measure success. But employers must value these metrics similarly and synthesize them.

3Sixty Insights Assumption: In this research, 3Sixty Insights will explore how senior leaders synthesize concrete and abstract HCM to help reconcile their organizations' left and right brains. What are the business cases? What fundamental benefits, efficiencies, and ROI have they achieved as a result?

COVID-19, WFH, and the Long View: Can HCM Protect the Employee Experience?

What happens when HCM catches COVID-19? We saw acute symptoms. Employers that didn't have to shut down entirely transitioned by necessity to companywide work-from-home arrangements—and quickly learned they hadn't anticipated the now well-documented, related challenges—of which there are many.

3Sixty Insights Hypothesis: The employee experience is at stake, and no software can hope to account for all of WFH's long-term impacts on managing the employment of people. And we are at the cusp of experiencing those. But the pandemic just accelerated a phenomenon that was already in motion; WFH has been the undeniable future for at least a decade. Employers need technologies and more—and they need them stat—to address the many factors of their suddenly remote staff's employment in the most effective ways possible.

3Sixty Insights Assumption: What is the potential scope of HCM technology for WFH? At the same time, it's about more than technology. Organizations have been forced overnight into sweeping business transformation. 3Sixty Insights wants to speak with employers to learn the best-practices they've deployed to survive and thrive and how their technology vendors helped with software and other services.

The New Best-of-Breed Point Solutions: Workforce Management and Talent Experience Lead the Charge

Anyone who has followed HCM technology long enough understands: It's been an odyssean journey for point solutions. The definition and *raison d'être* of point solutions have changed. What's the next leg of the trip?

3Sixty Insights Hypothesis: Already developing modern thinking around the employee experience, as well as the disruptions of COVID-19, has inspired new point solutions under the newfangled category of talent experience. Meanwhile, the need for sophistication in WFM has created a demand for specialists in areas such as scheduling. The need for best-of-breed point solutions in HCM will endure.

3Sixty Insights Assumption: Who are these new players, and why are they considered best-of-breed? When is it advisable to use them, and when is it not? Through conversations with employers who've deployed best-of-breed point solutions or figured out they didn't need to do so, 3Sixty Insights aims to learn why the need for point solutions persists amidst end-to-end providers' innovation in the conventional silos of HCM.

Vying for Business: How Do Increasingly Similar HCM Vendor Suites Differentiate?

The functionality that the typical employer needs, the baseline capabilities in technology for HCM, have become table stakes for most providers of end-to-end suites. This leaves the question: How do they differentiate themselves? Where do they compete?

3Sixty Insights Hypothesis: A critical mass of vendors of end-to-end technology for HCM have indeed achieved parity in the baseline functionality they can provide customers. For the typical employer, this is enough, leaving these vendors to differentiate themselves in other ways—through the caliber of their professional and advisory services, their efforts in customer success, and innovation in functionality that employers consider desirable.

3Sixty Insights Assumption: What compels an employer to choose one vendor's solution over another's when their abilities are comparable? Does that sale even happen? Through conversations with users who have switched between seemingly comparable vendors, 3Sixty Insights wants to gain an understanding of what drove these decisions. And 3Sixty Insights is interested in learning how vendors such as these plan to differentiate themselves in the future, whether with technological innovation or something else.

Reskilling the Workforce: Making it Happen, and Making the Business Case

By offering their employees engaging, relevant, accessible ways to better themselves professionally, employers can lay the groundwork for greater innovation and, thus, improve their competitiveness. Furthermore, a stream of studies reveals that the workforce's youngest generations consider these prospects in career development to be a priority. If they think opportunities to reskill and upskill themselves are absent, these crucial workforce demographics will not hesitate to leave.

3Sixty Insights Hypothesis: As the industry has shown over several years, creating these conditions for retention and innovation at the intersection of career development requires efficient, modern learning management systems, essential to overseeing and tracking employees' learning. A valuable byproduct of these systems is their ability to help employers with their training for regulatory compliance. Employers must also have machine learning in their technology to curate and deliver the most relevant learning content at the most relevant times possible to each individual employee, and this learning content must come from as many sources as possible.

3Sixty Insights Assumption: Does all this really improve retention and competitiveness? Who are the employers who have seen the benefits? How much did cultural change play into the equation? Which came first, the technology or the organizational willingness and wherewithal? Did it happen all at once? 3Sixty Insights wants to explore this deeply with the companies who have deployed these solutions and learn all about the heavy lifting and how much they have been able to improve their standing against their competitors.

Moving from Cloud to Cloud: In Search of Future Value…

There will always be small businesses implementing something to replace no technology or barely any technology for HCM. Take vendor A, B or C, and the reward for that investment will probably be large for that SMB. As medium-size businesses and enterprise-grade organizations move away from on-premises solutions in favor of the cloud, however, the story becomes less compelling, even if the rationale remains strong. Gains are still large, but the business case is well-established and well-worn; a vast improvement is to be expected. And, besides, many of these employers have already done away with their on-premises deployments to embrace the cloud.

3Sixty Insights Hypothesis: How many more on-premises-to-cloud implementations are there left to do out there? The story seems to be getting old, and 3Sixty Insights is genuinely curious. Meanwhile, there is only so much in the way of direct-cost savings worth mentioning when a vendor moves from one cloud solution to another. To compete for business in these markets, vendors must show additional value.

3Sixty Insights Assumption: In the future, the value in choosing one vendor over another will be an ever deeper, dynamic discussion far exceeding the narrow purview of conventional accounting. We're just beginning to understand and quantify this value. 3Sixty Insights is in search of future value in HCM technology and hopes to identify it through conversations with employers who've already embraced the cloud.

Artificial Intelligence: Making Sense of it in HCM

Right now, artificial intelligence is either fundamentally changing the workplace or advancing much slower than the hype suggests. It depends on who has your ear. Whatever the pace of AI innovation, however, the eventual implications for business and society overall are massive. Where are we, exactly, with AI for HCM?

3Sixty Insights Hypothesis: Innovation in machine learning and natural language processing has reached a critical mass. Falling under the broad, branded category of AI, this

functionality helps automate complex, partially replicable tasks and enables employers to place lower-level, labor-intensive decision-making on autopilot. Meanwhile, NLP unearths data informing advanced predictive and prescriptive analytics. So-named AI is sophisticated, but AI in HCM still must live up to its science fiction bona fides.

3Sixty Insights Assumption: Are these solutions currently delivering on the value promised? How close are we to reaching the point in HCM technology where AI achieves the capabilities that science fiction promises? Have we already? Does it really matter for the impact to be massive anyway? Through discussion with employers who have deployed these solutions, 3Sixty Insights aims to learn whether vendors' AI-branded functionalities remain mere tools for HCM or agents today for transforming the role of HCM.

Other Topics for Consideration

Over the course of the coming year, 3Sixty Insights expects to touch on these additional subjects that are experiencing significant discussion in the HCM profession and HCM technology industry:

- **Replacing the Terms "HCM" and "Talent Management" with Alternative Semantics**
- **Blockchain: Where Does it Have Legs in HCM?**
- **Payroll, the Nuts and Bolts of WFM, and the General Ledger: Are They Already Merging?**
- **Employee Experience: Acknowledging the Importance, Identifying the Quantifiable Benefits**
- **Managing and Relying on Integrations: How Good are They in the Cloud?**
- **Beyond Automation: What's the Next Game-Changer for HCM Technology?**