

COVID-19 Puts Spotlight on Organizational Investments in Human Capital Technology

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Over the last decade, organizations around the world have debated the strategic merits and pace of investments in technology focused on the challenge of attracting, engaging and retaining talent. During a period of substantial economic expansion and low unemployment, companies were faced with a smaller available labor pool who had elevated expectations of their employers. Accordingly, organizational strategies about human capital shifted from purely administrative in nature to a focus on engaging and optimizing talent to drive productivity. Leveraging investments in technology, data and analytics has allowed organizations to more effectively address this strategic challenge.

In addition to the profound societal and economic disruption of COVID-19 which is still rippling around the world, unemployment in the US is nearing 20 million and management and HR professionals have been forced into crisis mode. Ensuring the health and wellbeing of employees while constructing a viable, frequent communication strategy was paramount. Focus was put on transitioning to remote work while ensuring employees remained engaged. Effectively dealing with employee concerns and uncertainty while maintaining the viable continuity of business operations became a juggling act. These dynamics are still playing out within organizations globally, but strategic investments in technology have allowed some to respond more proficiently than others.

The length and magnitude of the current global pandemic still needs to play out before any return to employment normalcy can be determined. Regardless, the trend towards digital transformation in managing an organization's human capital has been accelerated as a result. Leadership will be more acutely focused on how technology can allow their businesses to adapt and be more resilient as the current crisis recedes while allowing them to be better prepared for "black swan" organizational disruptions in the future.

RAPID TRANSITION TO REMOTE WORK

Aside from the massive displacement of the workforce created by the COVID-19 pandemic and virtual shut down of some parts of the economy, the most pronounced impact the current pandemic is having on organizations is the shift, in most cases, to a fully remote workforce. Despite remote work becoming more prevalent in recent years, the current crisis has positioned it as an integral part of life essentially overnight and companies have had to develop policies and invest in technology on the fly. Those that weren't prepared are rolling out new tools, rules and training programs, in some instances from scratch. The sheer speed and scale of these changes has been especially challenging as instead of having the luxury of small scale test runs with time and resources to perfect, management teams are upgrading across divisions and geographies concurrently, amidst daily changes in government guidelines across every jurisdiction in which they operate.

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One key takeaway for organizations from the pandemic will be to reevaluate their disaster and crisis recovery plans. Strategic investments in HR technology that more efficiently facilitate remote meetings, communication and collaboration will be a priority. In addition to popular solutions from Zoom, Slack and Microsoft Teams, companies that facilitate remote employee collaboration and learning experiences such as Absorb Software, InKling, Mersive, SocialChorus and others can stand to benefit from these shifting workforce dynamics.

Lastly, the continued adoption of mobile-enabled technology and applications across the spectrum of human capital use cases will continue to rise as value is placed on flexibility and connectivity across organizations globally.

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ADAPTIVE TALENT ACQUISITION STRATEGIES

Attracting highly qualified talent has posed a challenge for organizations during the recent high growth, low unemployment economic environment. Companies have had to get creative with employee-focused perks and additional non-pay related benefits to attract top talent with multiple employment options. The current crisis has caused massive unemployment virtually overnight and provides for a unique situation for businesses to revamp their current hiring roadmaps. However, for those organizations that are still hiring during this period of uncertainty, effective recruitment and evaluation of talent remotely has posed challenges.

Rather than conducting in-person interviews, businesses are investing in and more heavily relying on intelligent technology that provides a virtual screening and interviewing experience, such as solutions from businesses like HireVue and Spark Hire. In some instances, organizations are shifting their entire recruitment strategy online and depending on data-driven talent evaluation tools to source a broader depth of talent than has been available in recent years. Programmatic employee recruitment platforms, such as offerings from Appcast, Joveo, Pandologic and Perengo, had already been gaining significant traction in the market prior to the COVID-19 outbreak. This trend will likely continue as a result of the current crisis and result in businesses being more open to an agile, modern and technology-driven approach to talent evaluation and recruiting going forward.

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LASTING IMPACT ON WORKFORCE HEALTH & WELLNESS

The lasting impact of the COVID-19 pandemic on organizations and employees will be myriad, but one long-term consequence will be a greater focus on employee health and wellness, and the utilization of technology to deliver benefits and assistance. A multitude of mobile apps and online programs have been developed in recent years to facilitate benefits for employees ranging from telehealth / virtual healthcare, mental health support and nutrition / fitness, to financial counseling and assistance in facilitating charitable / community giving. Employers will continue to invest in technology that efficiently promotes employee well-being as a key aspect of driving motivation and the overall employee experience.

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ANTICIPATED INVESTMENT IN HUMAN CAPITAL TECHNOLOGY TO DRIVE INNOVATION AND M&A

As anyone that has attended the HR Tech conference over the last few years can attest to, the amount of investment money that has flowed from growth equity and venture capital firms into technology and software businesses focused on the human capital sector has risen dramatically. Advances in emerging technologies such as artificial intelligence and machine learning and utilization of big data and sentiment analysis are allowing organizations to better understand employee experiences and perspectives. Adoption of social media, mobile and other networking and collaboration tools have been at the forefront of deploying relevant, dynamic methods of connecting with employees. These organizational trends have permitted considerable innovation and attracted an influx of capital not seen in the sector before.

The COVID-19 pandemic will cause organizations across all sectors of the economy to reevaluate their strategies as it relates to the degree of investment in human capital technology adoption and timelines. While there are several global players with scale that dominate the headlines, the HR technology landscape is comprised of private point solution providers that stand to capitalize on these sector tailwinds. Knowledgeable technology investors with an interest in the sector will be able to identify attractive opportunities and look to partner to drive innovation and growth as the human capital landscape continues to shift.

ADOPTION OF EMERGING TECHNOLOGIES DRIVING EFFICIENCY AND PRODUCTIVITY

Social HR (~70%)

Social media technology is becoming a necessary tool in HR, with organizations particularly relying on collaboration and networking applications such as LinkedIn and Facebook

Social tools as relevant, dynamic methods of employee communication continue to become more popular, particularly with younger, more dispersed talent pools

AI / Machine Learning (~10%)

Artificial intelligence and machine learning are being adopted by organizations in order to allow technology to perform tasks without specific instructions

Early adoption in human resource functions include recruiting, performance management and the development of benefits and wellness programs

Sentiment Analysis (~10%)

The explosion of natural language processing, as well as similar text-based technology tools, are allowing for the determination of attitudes and opinions from large unstructured data sets

Organizations are utilizing this new technology in order to understand employee experiences and perspectives on decisions more generally

Source: Sierra-Cedar

Mobile HR (~60%)

Mobile-enabled HR is so pervasive that it has now essentially become table stakes

Evolution moving beyond core workforce communication to other functions including time and attendance, payroll and benefits, and in some instances performance management and learning

Benchmarking Databases (~30%)

Cloud platforms are allowing the aggregation of employee data from systems, interviews, surveys, etc. at levels never experienced before

Broader, more accurate benchmarking efforts are unfolding across all aspects of the organization given the ability to analyze large volumes of structured and unstructured data more efficiently



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