



VENTANA RESEARCH



# Human Capital Analytics

Using Insights to Optimize HR and People  
across Business Processes

White Paper



**October 2013**

Ventana Research performed this research to determine attitudes toward and utilization of human capital analytics. This document is based on our research and analysis of information provided by organizations that we deemed qualified to participate in this benchmark research.

This research was designed to investigate human capital analytics practices and needs and potential benefits. It is not intended for use outside of this context and does not imply that organizations are guaranteed success by relying on these results to improve human capital management. Moreover, gaining the most benefit from human capital analytics requires an assessment of your organization's unique needs to identify gaps and priorities for improvement.

The full report with detailed analysis is available for purchase. We can provide detailed insights on this benchmark research and advice on its relevance through the Ventana On-Demand research and advisory service. Assessment Services based on this benchmark research also are available.

We certify that Ventana Research wrote and edited this report independently, that the analysis contained herein is a faithful representation of our evaluation based on our experience with and knowledge of analytics and human capital management, and that the analysis and conclusions are entirely our own.

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## Executive Summary

As the linkages between employee productivity and performance and company success become increasingly clear, human capital analytics is emerging as an important means to maximize that success. This interest coincides with major changes in the processes of hiring, engaging, retaining and optimizing talent in the enterprise. It also intersects with the rapidly expanding business use of technology innovations such as big data, mobile devices, collaboration and social media.

To compete successfully in today's challenging business environment, organizations need to maximize their return on the investments they make in human capital.

Many other components of the business already use analytics to generate metrics and key indicators to improve the assessment of performance, processes, operational status and even governance and compliance. Our previous benchmark research in this area showed that some companies had applied analytics to help manage the performance of their workforces, but recently we have observed an intensifying demand for the kind of information and guidance human capital analytics can provide. This is

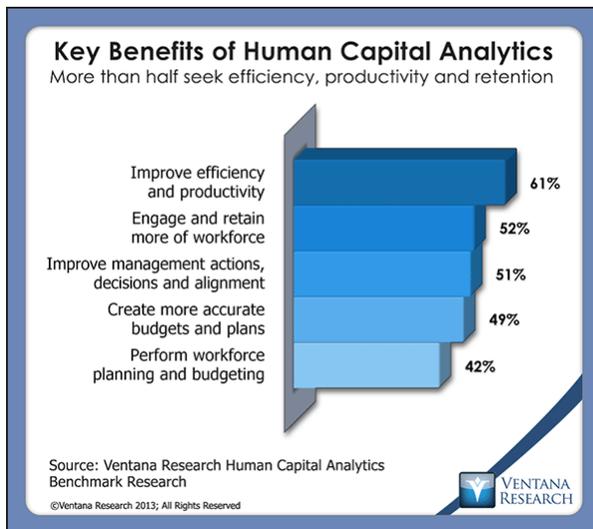
being driven by the awareness that to compete successfully in today's challenging business environment, organizations of all kinds need to maximize their return on the investments they make in human capital, from contingent and hourly workers to salaried staff and management. Collecting all the necessary information and using analytics to gain insights from it can increase the value of efforts in recruiting, engaging and retaining talent.

Ventana Research undertook this benchmark research to determine the attitudes, requirements, current practices and future plans of organizations using or evaluating human capital analytics. We set out to investigate changes in market trends, business drivers, technical requirements, barriers to adoption and timelines for implementing human capital analytics.



Human capital analytics is a major concern of the participants in this research; two-thirds of them consider it important or very important. In particular, participants said human capital analytics is critical for talent management (management of salaried talent, 74%) more than for management of core HR processes (54%) or workforce management (management of the hourly workforce, 52%). We surmise the greater interest in analytics is because competition is likely to be most intense for the higher-level first group and therefore organizations more needs tools to help understand their dynamics.

The human capital management metrics used by the most executives and managers focus on compensation (75%), goal setting and achievement (55%) and succession planning (53%). Correspondingly, the types of analytics the research finds are most important for talent management are related to evaluating and keeping the best people: performance, retention and compensation. On the other hand, the



most widely used metric for workforce management is operational: time and attendance. Overall, though, the most frequently cited motivator for organizations investing in human capital analytics is the demand for higher productivity, cited by 63 percent of all participants; this yardstick obviously applies to human capital at all levels of the organization.

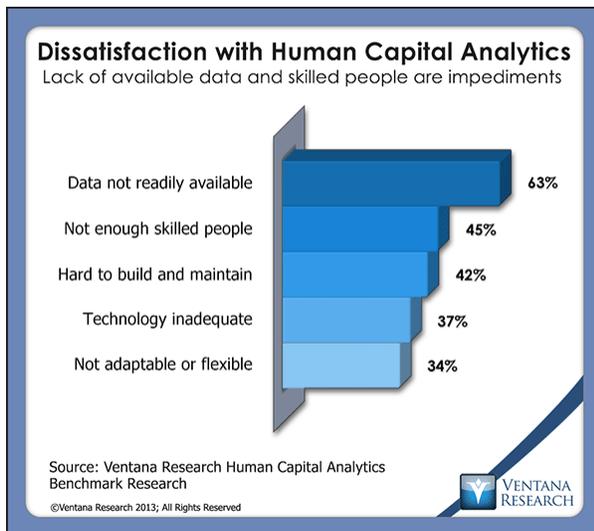
Research findings indicate that some but not all organizations using human

capital analytics understand their value. More than half said that key benefits of these analytics are to improve efficiency and productivity, to engage and retain more employees and to improve management, action and decisions. We found a similar pattern when organizations described the capabilities they seek in their analytics systems. The most often cited as important is to enable taking action based on the outcomes of analytics, which notably is a business goal rather than a functional one such as presenting data visually or searching for data,



analytics and metrics, which were among the other most popular choices.

However, the research also shows that a majority (51%) of organizations also are not satisfied with the process they currently use to create human capital analytics, and 17 percent more don't know whether they are satisfied, suggesting a lack of familiarity with the



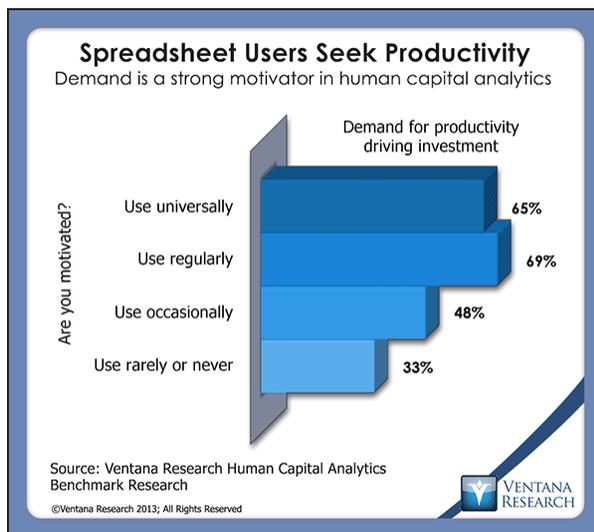
process. The complaints of the dissatisfied include issues across the dimensions of analytics: data (not readily available or not accurate), people (not enough skilled ones or not trained) and technology (inadequate or too complicated). This range of complaints is echoed in our Maturity Index analysis of the research results, which places four out of five organizations (82%) in the lower half of our maturity hierarchy in the Process dimension and no more than 23 percent at the highest Innovative level for any of the other three

dimensions, People, Information and Technology. Thus this research exposes a gap between knowing that analytics is important for human capital management and wielding it effectively for business advantage.

While it is revealing to segment these aspects for analysis and discussion, in practice they are connected, and the research provides insight on this as well. For example, organizations experienced in using technologies designed to produce and manage human capital analytics less often reported data not being available than did those using general-purpose tools, especially spreadsheets. As a case in point, participants planning to rely solely on business intelligence for human capital analytics reported data not being readily available at more than twice the rate of those who have been using this technology for more than one year. We conclude that the proper tools can help address issues with an organization's human capital data.



The research finds that currently more organizations use spreadsheets than any other technology tool for human capital analytics: One-third use them universally and nearly half (48%) use them regularly for this purpose. Yet a substantial majority, 59 percent, said spreadsheets make it difficult to create timely, accurate human capital analytics, and an overwhelming 82 percent of very large companies by number of employees said so.



Spreadsheets are a long-established tool with which a great many users are comfortable, but our research has shown consistently that they are inadequate for enterprise tasks in which more than a few people are involved. The new research suggests that more users are realizing this. Two out of three organizations that often use spreadsheets said that a

demand for higher productivity motivates them to invest in human capital analytics.

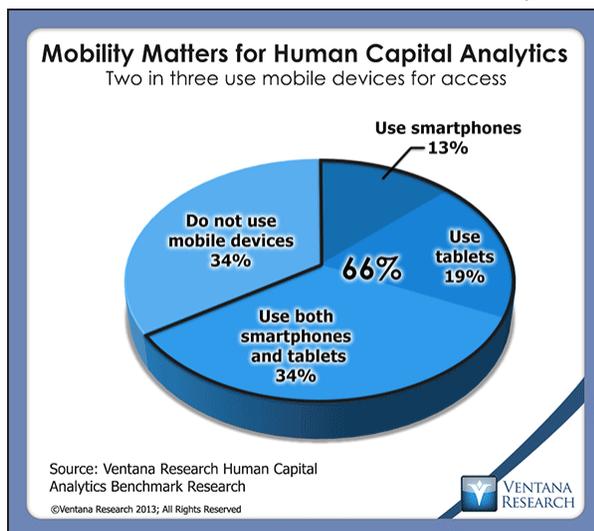
It thus makes sense that the research finds increasing interest in tools designed especially for human capital analytics. While a mere 7 percent not previously using them will begin to use spreadsheets for this within 12 months, over the same period about one in five will for the first time adopt dedicated analytics and reporting tools within human capital management applications, business intelligence tools used specifically for human capital analytics, and dedicated human capital analytics tools and technologies.

As noted, the people factor is critical to effective use of human capital analytics. Regarding training, research participants were almost evenly divided about the adequacy of what their organization provides; for example, for training in the application of analytics to business problems 29 percent said it provides most of what is needed, 30 percent said it is somewhat adequate, and 28 percent said it is inadequate. Further analysis shows that this is not a trivial difference: 68 percent of organizations that deliver most or all of the training



required to apply analytics to business problems reported being satisfied with their analytics process; that's more than three times as many as those who characterized this training as somewhat adequate or inadequate (18%).

Another consideration that impacts employees these days is the use of mobile devices for business. Ubiquitous among the younger generations within the workforce, this new technology is a recognized means



to engage these workers and maximize their productivity. Nearly half of organizations use mobile technologies for core human resources activities such as payroll and benefits, and another one-fourth plan to begin in the next 12 months. For gaining access to human capital analytics, two-thirds use some type of mobile device.

Mobility also is a way to extend collaboration beyond the office. This is significant because more than half

(56%) of organizations said collaboration is important to their efforts to improve human capital analytics. Already 30 percent use collaboration tools for this purpose, and 23 percent more plan to start using them in the next 12 months.

It's common knowledge that the workforce is changing – becoming younger, more diverse, more dispersed and more comfortable with innovative technology. Employees' expectations for how and where they work and the nature of the work experience also are in flux. To attract and retain the best talent at any level, whether salaried or hourly, management will have to understand what those workers want and how to motivate them to deliver maximum performance. It seems certain that going forward human capital analytics will be a tool businesses cannot afford to be without.



## Key Insights

This benchmark research yielded the following important general findings and key insights regarding human capital analytics. (We discuss maturity levels in the Maturity Index portion of the full research report; the actual questions asked in our survey are in an appendix to the research report. Specifics of organization sizes are in the appendix "About This Benchmark Research.")

### **Organizations are maturing in human capital analytics, but issues hold them back.**

The research finds that overall the maturity of organizations in their use of human capital analytics is rather evenly distributed across the four levels by which we measure it, with exactly half of organizations each in the two highest and the two lowest

Organizations are most mature in the Technology and Information dimensions and by far the least mature in the Process dimension.

levels. More than one-fourth (27%) of participating organizations rank at the lowest Tactical level, while not quite one in five (19%) reach the highest Innovative level. We also evaluate maturity in four dimensions, and here we find that organizations are most mature in the Technology and Information dimensions. On the other hand, organizations are by far the least mature in the Process dimension, with only 3 percent qualifying as Innovative and nearly half (47%) as Tactical. This sharp difference in maturity between

Process and Technology matches the dissatisfaction of organizations regarding these dimensions. A majority (51%) of participants said they not satisfied with their human capital analytics process, while only 24 percent said they are not satisfied with the technology they use for human capital analytics.

Further analysis finds that very large organizations as measured by annual revenue have higher levels of maturity than other sizes of organization, with 55 percent of them at the top two levels. These, of course, are likely to have greater access to the resources needed to acquire skilled talent in human capital analytics. Analysis of industry



sectors shows Finance, Insurance and Real Estate (FIRE) to be the most mature; companies in this sector typically use advanced applications for analytics and risk management.

### **Human capital analytics is essential for talent management.**

Organizations in this research consider human capital analytics valuable: However, their view of human capital analytics varies with the types of workers and processes associated with it. Our analysis shows that they see analytics as more critical for talent management (management of salaried workers, 74%) than for management of core HR processes (54%) or workforce management (management of hourly workers, 52%).

The types of analytics most important for talent management are related to evaluating and keeping the best people: performance, retention and compensation analytics.

The types of analytics most important for talent management are related to evaluating and keeping the best people: performance (chosen by 79%), retention (72%) and compensation (64%) analytics. For workforce management, the top choice is an operational one, time and attendance (62%); the second, though, learning and training (60%), is related to performance improvement. In general the research shows that organizations are aware of the range of analytics needed for all phases of human capital management, but the findings indicate that using it for managing talent has priority.

### **Finance plays a strategic role in human capital analytics.**

Creating an effective business case for human capital analytics requires satisfying expectations of not just Human Resources but also Finance. The research shows that finance organizations often are involved in the purchase process for this software; approximately one-third (32%) of finance organizations fund human capital analytics projects, and another one-third (32%) have influence on the adoption of human capital analytics software. For the finance organization the



leading issues driving involvement are improving productivity (73%) and fixing the inefficiencies associated with scattered information (64%). In more than half (53%) of large companies by number of employees, finance organizations fund human capital analytics investments. However, the number-one funding source for such analytics projects remains HR budgets (34%), followed by business IT budgets (28%). The cost and productivity of human capital are concerns for finance groups seeking to take more strategic roles in their organizations; human capital analytics provides an opportunity for Finance and HR to collaborate more.

### **Executives want human capital analytics that are actionable and easy to use.**

Executives generally want metrics and tools that help them quickly access and visualize information and then take action based on it. In

Two out of five executives said it is very important that analytics help them develop organizational metrics from business goals.

this research the top three human capital management metrics used by executives and managers are compensation (75%), goal setting and achievement (55%) and succession planning (53%), all metrics that are essential for executives to understand the state of human capital. Two out of five (38%) executives said it is very important that analytics help them develop organizational metrics from business goals. The two most important capabilities of a human capital analytics system for executives are facilitating action based on the outcomes of the analytics (73% said it is important or very

important) and presenting data visually for analytics (62%). The two most important factors in selecting a product and a vendor for human capital analytics are usability (92% said it is important or very important) and functionality (88%). The research thus confirms the need for easy-to-use software for human capital analytics that can provide the metrics and interactivity executives require.



## **Productivity is a key driver and benefit of human capital analytics.**

The research shows that organizations realize tangible benefits from human capital analytics. More than half of all participants reported improved productivity (61%), better engagement and retention of employees (52%) and better decision-making for managers (51%). For those in management roles the top three benefits are improved efficiency (71%), improved management actions, decisions and alignment, and creating more accurate budgets and plans (each 57%).

The research shows that the demand for higher productivity is the most frequently cited motivator for organizations investing in human capital analytics.

The research also finds that the demand for higher productivity (cited by 63% of participants) is the most frequently cited motivator for organizations investing in human capital analytics. Lacking an analytical process (41%) ranked a distant second. C-level executives (76%) voiced the demand for higher productivity even more often than overall and also emphasized the need to address limited visibility much more (50% vs. 30% overall). Executive and senior vice presidents, which the research finds are the second-most involved group in setting requirements for human capital analytics, also demand higher productivity (76%). Analytics can assist efforts to improve the efficiency of human capital through increased productivity.

## **Collaborative and mobile technologies play increasing roles in human capital analytics.**

The emerging technology most organizations said is important to their efforts to improve human capital analytics is collaboration (56%). Three in 10 organizations (30%) presently use collaboration technology for human capital analytics, and another 23 percent plan to start using it in the next 12 months.

At the same time, mobile technologies are an increasingly significant way for organizations to engage their employees, and they also can extend collaboration capabilities. The research shows that



organizations know this. Nearly half (47%) of research participants now use mobile technologies for core human resources activities, and another one-fourth plan to begin in the next 12 months. A substantial portion (39%) now use it for getting to human capital analytics, and 19 percent more will begin soon. Among those now using mobile devices to access human capital analytics, the largest group (34%) uses both smartphones and tablets; otherwise, more use tablets (19%) than smartphones (13%) alone. Three-quarters of all organizations using mobile technology for human capital analytics are satisfied (35%) or somewhat satisfied (40%) with their technology capabilities; only 10 percent reported not being satisfied. The research thus confirms that collaborative and mobile technologies will extend not just the use but the value of human capital analytics.

### **Spreadsheets are in wide use, but more organizations are switching to dedicated tools for human capital analytics.**

The research finds that organizations use a variety of technology tools for human capital analytics. Among them, spreadsheets are the most common; three out of four organizations have used them for this purpose for more than a year. No other technology we asked about is currently in use by more than half of organizations. One-third of all participating organizations said they use spreadsheets universally for human capital analytics, and nearly half (48%) said they use them regularly for this purpose. Yet nearly three out of five (59%) said spreadsheets make it difficult to create timely, accurate human capital analytics. This was especially true for very large companies by number of employees; 82 percent said so. Perhaps in recognition of this, few organizations (7%) plan to begin using spreadsheets in the next 12 months, so we expect use to decline in favor of dedicated technologies for human capital analytics.

Each of three dedicated human capital analytics technologies shows strong planned adoption rates for the next 12 months and beyond.



In a finding likely related to these issues, the research uncovered interest in technologies designed especially for human capital analytics. Each of three dedi-



cated human capital analytics technologies shows strong planned adoption rates for the next 12 months and unspecified periods beyond that: 38 percent plan at some time to deploy dedicated analytics and reporting tools within human capital management applications, and even more have plans for business intelligence tools used specifically for human capital analytics (43%) and dedicated human capital analytics tools and technologies (41%).

Among organizations choosing not to use dedicated human capital analytics technology, the research finds two primary reasons. One-third of this group said it will require resources and training they do not have, and 30 percent are satisfied with their existing approach. Smaller numbers said the technology costs too much (19%) or implementation will take too long (12%). For 43 percent of small organizations by annual revenue, lack of resources or training is a prohibitive obstacle. Such organizations likely will continue to struggle with the limitations of their current software.

### **The drive for effectiveness justifies human capital analytics.**

The research finds that organizations using spreadsheets often are motivated by a demand for higher productivity to invest in human capital analytics. Nearly two out of three (65%) organizations that use spreadsheets universally told us that; by comparison about half as many (33%) that rarely use spreadsheets said a need for higher productivity is a motivator. Because spreadsheets are inefficient as an enterprise technology, it is not surprising that productivity is a concern in organizations that rely on them.

The longer organizations have been using human capital analytics technologies, the less often they cited lack of effectiveness as an issue.

The research also finds a correlation between how long an analytics technology has been in use and its impact on the organization; users familiar with it can apply it more effectively. Specifically, the longer organizations have been using human capital analytics technologies, the less often they cited lack of effectiveness as



an issue. For example, 40 percent of those intending to start to use predictive analytics reported lack of effectiveness as a motivation for investment in human capital analytics; only 9 percent of organizations that have been using predictive analytics for more than one year reported that.

### **Improving human capital analytics processes requires timely access to data.**

Our research finds that more than half of participants (51%) are not satisfied with their organization's process for creating human capital analytics, while only one-third are satisfied. The most common source of dissatisfaction is that data is not readily available (cited by 63%). Further analysis shows that organizations experienced in using human capital analytics technologies less often reported data not being

51 percent of participants are not satisfied with their organization's process for creating human capital analytics, while only one-third are satisfied.

available. For example, 82 percent of organizations planning to use business intelligence for human capital analytics reported data not readily available, while fewer than half that many organizations using this technology for more than one year (38%) cited data availability as a source of dissatisfaction.

Among the issues participants told us con-founded their attempts to make human capital analytics successful, the ones cited second- and third-most often are related: not enough skilled people to set up and manage

the systems (45%) and the analytics them-selves being hard to build and maintain (42%). Both of these require knowledgeable staff to succeed.

### **Training and support are significant issues for success with human capital analytics.**

The research finds that in almost every area of human capital analytics, the quality of training impacts satisfaction. Organizations that said they provide most of the training that their users require



reported satisfaction with their human capital analytics processes more often than those who identified their training as only somewhat adequate or inadequate. For example, 68 percent of organizations delivering most or all of the training required to apply analytics to business problems reported being satisfied with their analytics process; that's more than three times as many as those who characterized their training as somewhat adequate or inadequate (18%). The findings are similar for training in mobile analytics capabilities and social media capabilities. Lack of trained resources impedes effective use of human capital analytics.

### **Deployments of human capital analytics are shifting to cloud computing, but accessing data is an issue.**

The largest group of organizations participating in this research, amounting to two in five (41%), prefer to deploy analytics on-premises, but among the remainder, one-fourth prefer on-demand software as a service, which typically is accessed in the cloud, and 24 percent have no preference. This trend is supported by our research

on cloud computing, which indicates rapid growth in cloud deployments of human capital management. Human capital analytics (36%) currently is the least widely deployed in the cloud among types of analytics software we measured, but it will nearly double in the next 12 months as an additional 35 percent plan to deploy in that time frame.

Human capital analytics (36%) currently is the type least widely deployed in the cloud, but it will double in the next 12 months.

Our research shows that while all deployment options present issues with access to data, organizations that choose on-premises deployments also face difficulty

in finding the skilled staff they need. Organizations that chose an on-demand deployment for analytics identified as their leading cause of dissatisfaction data not being readily accessible (63%). Data of course is critical for all analytics, including human capital, and cloud computing methods must satisfy potential users' demand for easy access.



### **Big data will impact the future in human capital analytics.**

Our research finds that close to half of all organizations are planning to apply big data technologies to human capital data – 49 percent for human capital management and 51 percent for human capital analytics. In these early days, however, only 20 percent of those using big data said they are satisfied with their capabilities; nearly half (49%) said they are only somewhat satisfied. Currently the technologies most commonly used to manage big data for human capital management are conventional: flat files (65%) and relational databases on standard hardware (62%). But more advanced technologies are deployed as well: 55 percent now use data warehouse appliances, and 16 percent more plan to use them within 12 months; for in-memory databases the numbers are 48 percent now using and 19 percent planning to. Participants named big data (47%) as the second-most important new technology category for improving their human capital analytics (after collaboration). Big data tops that list for very large organizations, which are likely to have the most data to deal with. With larger volumes and wider varieties of types of data related to the workforce constantly coming into the enterprise, big data technologies will be a growing part of human capital analytics.



## 10 Recommendations

This benchmark research reveals significant new insights into the evolving nature and use of human capital analytics. Overall two-thirds of participating organizations said this technology is important or very important to their management of human capital-related processes. For organizations considering how to improve their use of human capital analytics, we offer the following recommendations.

### **1. Focus on productivity as a reason for using human capital analytics.**

The research shows that three out of five organizations using human capital analytics have improved productivity as a result. About the same number (63%) named the demand for higher productivity as motivating them to invest in human capital analytics; this is a motivator for even more (76%) C-level executives and senior vice presidents. The second- and third-most often cited benefits are better engagement and retention of employees (52%) and better decision-making for managers (51%); both of these can enhance productivity of people at various levels. Identify areas in which your organization needs to boost productivity, and evaluate systems for human capital analytics in terms of how they can assist those efforts.

### **2. Prioritize the use of human capital analytics to suit your needs.**

Two-thirds of research participants agree that human capital analytics is important. But even more view it as critical specifically for talent management. The most valuable talent management analytics are ones related to evaluating and keeping the best people: performance management, retention and compensation analytics. Each of these three areas requires somewhat different analytics. Determine which ones would benefit your organization most and look for relevant analytics.



### **3. Ensure that you have timely access to data for human capital analytics processes.**

The research finds that half of participants are not satisfied with their organization's process for creating human capital analytics, compared to only one-third who are satisfied. The most common source of dissatisfaction is that data is not readily available (cited by 63%). We also find that the analytics tasks people spend most of their time on are reviewing data for quality and consistency and preparing data for analysis; nearly half (46%) named both of these. In planning for human capital analytics, include tasks and tools that can deliver data quickly to pave the way for the valuable analysis. Experience is useful here: Organizations that have been using tools for more than a year much less frequently reported data not being available, so patience may be necessary.

### **4. Understand the need for skills and training in human capital analytics.**

Nearly half (45%) of organizations cited not having enough skilled people as a reason for being dissatisfied with their human capital analytics process, yet most indicated that they provided only some training in those skills. In key technical areas fewer than one in five said they provide all the training that is needed, and no more than one-third said they provide most of what is needed. Not surprisingly we found a correlation between organizations that provide more training and satisfaction with their process. Effective use of human capital analytics requires trained resources, so be sure to include this aspect in planning your investments.

### **5. Don't try to get by with tools not designed for human capital analytics.**

The research finds that only one type of technology is currently in use for human capital analytics by more than half of organizations: spreadsheets. This is despite the fact that 59 percent of spreadsheet users said they make it difficult to create timely, accurate human capital analytics. Our research on many topics consistently finds spreadsheets to be inadequate for enterprise processes involving more than a few people, so we advise organizations serious about



analytics to use tools built for that purpose. This particular research indicates that significant numbers (38% to 43%) plan to adopt such tools within a year or sometime after; they include business intelligence tools used specifically for human capital analytics, dedicated human capital analytics tools and technologies and dedicated analytics and reporting tools within human capital management applications. Examine how any of these can help you get full value from analytics.

## **6. Evaluate the use of collaborative and mobile technologies to expand human capital analytics.**

More than half of organizations said collaboration technology is important to their efforts to improve human capital analytics; 30 percent presently use this technology, and another 23 percent plan to start using it in the next 12 months. While the most commonly used now is discussion forums, 11 to 19 percent plan to use five types, most prominently social recognition for contributing to tasks and Facebook-like capabilities such as wall posting. In addition, mobile technologies can engage employees and extend collaborative capabilities. A substantial portion (39%) now use smartphones, tablets or both to access human capital analytics, and 19 percent more will begin soon. When the focus is human capital, it makes sense to involve more people in analysis, and these popular tools can provide direct ways to do that.

## **7. Consider the role of Finance in human capital analytics.**

Creating an effective business case for human capital analytics requires satisfying expectations of not just Human Resources but also Finance. Many finance departments are seeking more strategic roles in their organizations, and this research finds that about one-third of them are involved in the purchase process for human capital analytics software, either through funding or influencing adoption. The leading issue driving Finance involvement is improving productivity (for 73%), a strong motivator for all research participants. Thus there is common ground for Finance, HR and management to find agreement on how to proceed with deploying human capital analytics to benefit the whole organization.



## **8. Accommodate the needs of executives for analytics that are actionable and easy to use.**

■ Executives are critical to human capital analytics both in seeking to use the results as guidance for decision-making and in approving investments in it. Therefore take care to understand what they want from analytics and solicit their buy-in for any initiatives. The research shows that the two most important capabilities of a human capital analytics system for executives are to be able to take action based on the outcomes of the analytics and to present data visually for analytics; 38 percent said it is very important that analytics help them develop organizational metrics from business goals. About nine in 10 said that in selecting a product and a vendor for human capital analytics usability and functionality are important or very important. Look for tools that provide metrics and interactivity.

## **9. Consider the cloud for deployment of human capital analytics.**

■ Our research on cloud computing indicates rapid growth in cloud deployments of human capital management software. Although only 36 percent currently deploy human capital analytics in the cloud, that number will double in the next year. In this research only one-fourth prefer on-demand software as a service while two-fifths opt for on-premises installation. However, most users of on-demand systems said data not being readily accessible is an issue. Make sure that any such system can provide data easily to your users; use as a selling point the fewer IT resources that on-demand deployment requires.

## **10. Prepare for the possibility of using big data for human capital management.**

■ About half of research participants are planning to apply big data technologies for human capital management and analytics. The most mature of current users employ data warehouse appliances or in-memory databases; we recommend these and other dedicated technologies that can handle effectively the flood of human capital data flowing into organizations now and sure to continue increasing. Existing tools such as relational databases, now widely used for big data, won't be able to keep up.



## About Ventana Research

Ventana Research is the most authoritative and respected benchmark business technology research and advisory services firm. We provide insight and expert guidance on mainstream and disruptive technologies through a unique set of research-based offerings including benchmark research and technology evaluation assessments, education workshops and our research and advisory services, Ventana On-Demand. Our unparalleled understanding of the role of technology in optimizing business processes and performance and our best practices guidance are rooted in our rigorous research-based benchmarking of people, processes, information and technology across business and IT functions in every industry. This benchmark research plus our market coverage and in-depth knowledge of hundreds of technology providers means we can deliver education and expertise to our clients to increase the value they derive from technology investments while reducing time, cost and risk.

Ventana Research provides the most comprehensive analyst and research coverage in the industry; business and IT professionals worldwide are members of our community and benefit from Ventana Research's insights, as do highly regarded media and association partners around the globe. Our views and analyses are distributed daily through blogs and social media channels including Twitter, Facebook, LinkedIn and Google+.

To learn how Ventana Research advances the maturity of organizations' use of information and technology through benchmark research, education and advisory services, visit [www.ventanaresearch.com](http://www.ventanaresearch.com).



## Appendix: About This Benchmark Research

### Methodology

Ventana Research conducted this benchmark research on the Web from March through May 2013. We solicited survey participation via email, our website and social media invitations. Email invitations were also sent by our media partners and by vendor sponsors.

We presented this explanation of the topic to participants prior to their entry into the survey:

Human capital analytics can help companies improve decisions about hiring, engaging and retaining their workforce and optimize their talent and workforce management processes. Increasingly, organizations are turning to analytics to guide decisions about and investments in recruitment, onboarding, compensation, learning, performance, scheduling, time and attendance and succession planning. This benchmark research is designed to determine how organizations are applying human capital analytics to both hourly and salaried workers, to assess the attitudes, requirements and future plans of those using them and to discover the best practices of organizations that have benefited from them the most.

The following promotion incited participants to complete the survey:

What's In It For You? Upon completion of the research, all qualified participants will receive a report on the findings of this benchmark research to support their organization's efforts, along with a \$5 Amazon.com gift certificate. In addition, all qualified participants will be entered into a drawing to win one of 25 benchmark research reports and a 30-minute consultation, a package valued at US\$1,495 or €1,232. Thank you for your participation!



## Qualification

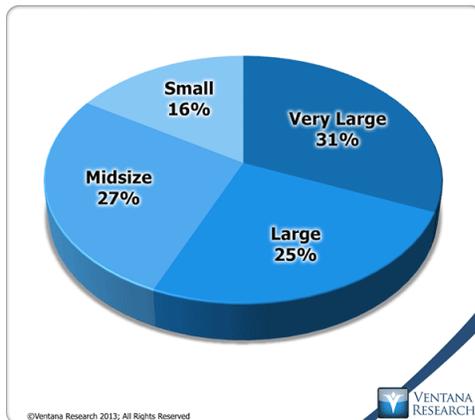
We designed the research to assess the use of and plans for spreadsheets across organizations and industries. Qualification to participate was presented to participants as follows:

The survey for this benchmark research is designed for executives, management and managers in human resources and lines of business, along with those in IT who manage workforces and deployments of human resources, talent and workforce management systems. Solution providers, software vendors, consultants, media and systems integrators may participate in the survey, but they are not eligible for incentives and their input will be used only if they meet the qualifications. Incentives are provided to qualified participants in the research and also are conditional on provision of accurate contact information including company name and company email address that can be used for fulfillment of incentives.

Further qualification evaluation of respondents was conducted as part of the research methodology and quality assurance processes. It entailed screening out responses from companies that are too small, questionnaires that were not materially complete, or those where the submission is from an inappropriate submitter or appears to be spurious.

## Demographics

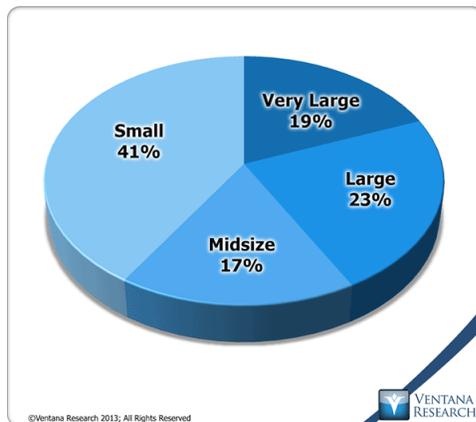
We designed the survey used for this research to be answered by executives and managers across a broad range of roles and titles working in organizations. We deemed 180 of those who clicked through to this survey to be qualified to have their answers analyzed in this research. In this report, the term “participants” refers to that group, and the charts in this section characterize various aspects of their demographics and qualifications.



### Company Size by Workforce

We require participants to indicate the size of their entire company. Our research repeatedly shows that size of organization, measured in this instance by employees, is a useful means of segmenting companies because it correlates with the complexity of processes, communications and organizational structure as well as the complexity of the IT infrastructure. In this research, participants represented a broad range of organiza-

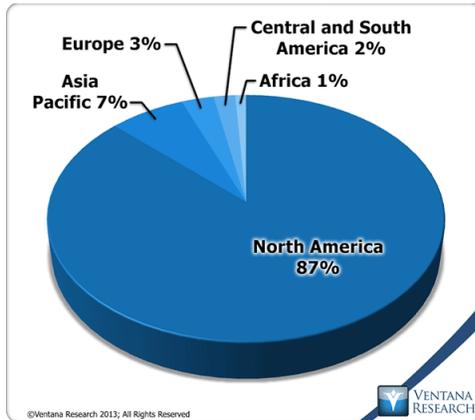
tion sizes in nearly equal numbers: 31 percent work in very large companies (having 10,000 or more employees), 25 percent work in large companies (with 1,000 to 9,999 employees), 27 percent work in midsize companies (with 100 to 999 employees), and 16 percent work in small companies (with fewer than 100 employees). This distribution is consistent with prior benchmark research and our research objectives and provides a suitably large sample from each size category.



### Company Size by Annual Revenue

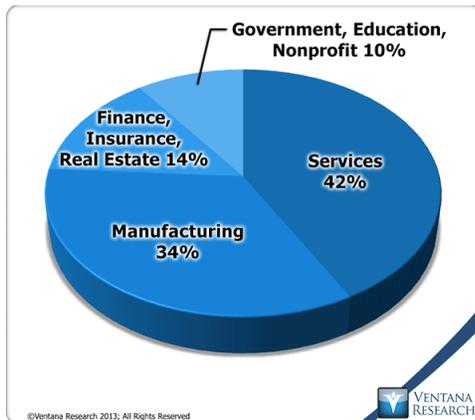
When we measured size by annual revenue, the distribution of categories shifted downward; fewer companies fell into the three largest categories and two-and-a-half times as many are small. By this measure, 12 percent fewer are very large companies (having revenue of more than US\$10 billion), 2 percent fewer are large companies (having revenue from US\$500 million to US\$10 billion), 10 percent fewer are midsize companies

(having revenue from US\$100 to US\$500 million), and 25 percent more are small companies (with revenue of less than US\$100 million). This sort of redistribution is typical in our research projects when we measure by revenue instead of headcount.



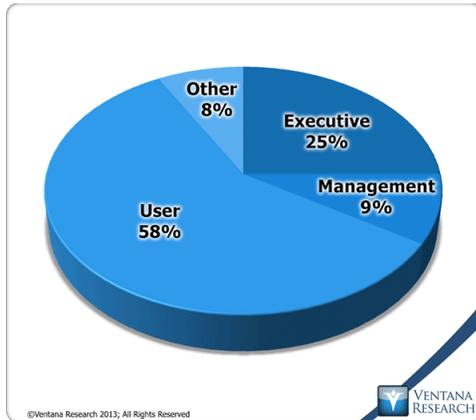
### Geographic Distribution

A large majority (87%) of the participants were from companies located or headquartered in North America. Those based in Asia Pacific accounted for 7 percent, those based in Europe for 3 percent and those in the rest of the world for 3 percent. This result was in keeping with our expectations at the start of this investigation, since organizations participating in our research most often are headquartered in North America. However, many of these are global organizations operating worldwide.



### Industry

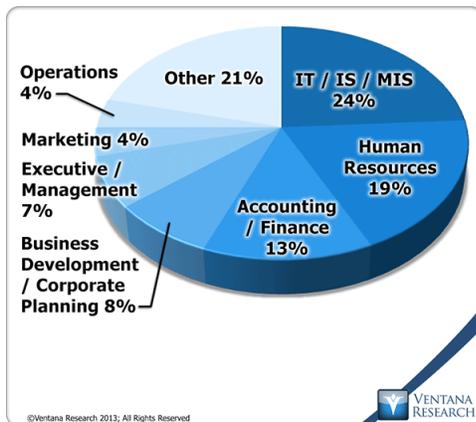
The companies of the participants in this benchmark research represented a broad range of industries, which we have categorized into four general categories. Companies that provide services accounted for 42 percent, those in manufacturing for 34 percent and those in finance, insurance and real estate for 14 percent. Government, education and nonprofits accounted for the remaining 10 percent.



### Job Title

We asked participants to choose from among 14 titles the one that best describes theirs. We sorted these responses into four categories: executives, management, users and others. More than half identified themselves as having titles that we categorize as users, a grouping that includes director (15%), senior manager or manager (28%), analyst (9%) and staff (7%). One-fourth are executives. Another 9 percent are

management, by which we mean vice presidents. Two other titles accounted for the balance. We concluded after analysis that this response set provided a meaningfully broad distribution of job titles.



### Role by Functional Area

We asked participants to identify their functional area of responsibility as well. This enabled us to identify differences between participants who have differing roles in the organization. One-fourth of the participants identified themselves as being in IT, nearly one-fifth are in HR, and 13 percent are in the finance or accounting function. A total of 15 percent are executives, management or in planning, and 8 percent are in operations or

marketing. Another 15 titles, none with more than 3 percent of the total, comprised the Other category.