



Predict and Prepare:
9 Predictions for Critical Trends in 2013

Predict and Prepare: 9 Predictions for Critical Trends in 2013

To prepare you and your organization for 2013, Workday gathered prominent HR, IT, and financials experts for their outlook on what to expect in the year to come.

Naomi Bloom, managing partner, Bloom and Wallace;
Dennis Howlett, industry analyst and commentator; and
R “Ray” Wang, principal analyst and CEO of Constellation Research. **Bill Kutik**, technology columnist for Human Resource Executive® and co-chair of the HR Technology® Conference & Exposition, moderated the event.

Workday asked each expert for three predictions on the top industry-related trends in 2013. The other analysts weighed in with their opinions. What follows is a synopsis of their predictions for the next year.



Naomi Bloom
Managing Partner
Bloom and Wallace

#1. The benefits of true SaaS beyond total cost of ownership will start to be better understood in 2013 by HR technology buyers—or we’re failing them.

NAOMI BLOOM: Total cost of ownership has been a major ingredient for many years in evaluating alternative investments in technology, especially in HR technology.

“Unfortunately,” Bloom contends, “it’s not the right number for determining whether the investments that you’re making in technology are really moving the dial on the business outcomes of the organization.” In order to accomplish this, says Bloom, “You’ve got to look at a very different set of benefits.

And when you are considering moving to true SaaS, that very different set of benefits becomes extremely important.”

Bloom claims the real business value for customers that are moving to true SaaS are numerous: “agility, innovation, customer collaboration, and the power of that underlying architecture to do things we just flat out haven’t been able to do before.”

DENNIS HOWLETT: Howlett agrees that the benefits cited by Bloom are major advantages of SaaS. He adds another benefit: transformation.

“What the cloud applications provide you with is the opportunity to transform your business from what may have worked in the past to what will work in the future,” he says. He points out that certain businesses could not have existed before cloud applications. He cites one company that is able to provide services globally simply because it uses SaaS applications. “[The company] does this by having people working in remote locations who are able to connect to the same software... That kind of thing could not exist without SaaS applications.”

R “RAY” WANG: Wang adds that transformation has an additional benefit for companies.

“Instead of spending time trying to figure out how to get applications to work, now you get the time to redesign the business process,” Wang says. “You have time to go back and figure out how to measure the metrics that matter.”

“The best of the true SaaS products have underlying architectures with some features that open up whole new areas of opportunity.”

- Naomi Bloom

#2. This year we will finally understand how and when to retire legacy ERP and HRMS systems that have origins shrouded in the midst of computing history.

NAOMI BLOOM: In 2013, you need a plan. Bloom points out that many vendors of older ERP/HRMS systems have declared that their applications are “legacy,” so it’s time to plan for the next generation of products.

“Take a deep breath, have a look around, and see what are your complete set of options,” she says. “Your plan doesn’t have to be to move next year, but you’ve got to have a plan. You do not want to be the one turning out the lights, because that’s a complete loss of agility and innovation. And in today’s world, I don’t think we can afford that.”

“You can’t possibly change everything, rethink everything, clean up everything,” Bloom adds. “Where are the big payoffs? You have to really pick your targets.”

“We need to start planning for what is the right time, the right approach, the right way, the right work, etc. to reduce our spend on legacy applications and, at the right time, move to a next generation.”

– Naomi Bloom

#3. It’s long past time to redesign HRM strategically to drive tomorrow’s business outcomes. It’s time to stop wasting new technology on delivering the administrative HR data designs and processes of yesteryear.

NAOMI BLOOM: Companies must focus on business outcomes. “We still have many companies out there that do not have a strategic plan that links the business outcomes with the design of human resource management policies and programs,” Bloom says. This lack of planning hurts HR.

R “RAY” WANG: Wang agrees that we are moving to those outcomes. “People want to know the metrics that matter. People are trying to figure out if this is really going to improve my hiring. Is this really going to improve my overall workforce management? Is this really going to improve the transactional things, so I can focus on more strategic areas?” Wang says companies want real, tangible outcomes for the decisions they make every day.

“Lack of business outcomes-based, transformational HRM planning is absolutely the barrier to HR being able to contribute to corporate outcomes.”

– Naomi Bloom



Dennis Howlett
Industry Analyst and Commentator

#4. The year 2013 is the year when business analytics take center stage. Forget your old business intelligence—this is the year for mashing up many kinds of data, especially financial data, which help managers answer new questions.

DENNIS HOWLETT: For almost 30 years, Howlett has investigated business intelligence (BI). He says the basic problem in BI is straightforward. “We’re trying to view what’s going to happen in the future by looking through the rearview mirror,” he says. By taking this path, the process takes forever, it never gets completely done, it’s never accurate, and it’s rarely helpful.

But SaaS offers redemption. “SaaS is giving us the opportunity to get into the real-time world—what’s happening now. So, that allows us to start thinking about the impact of the events in the near-time, or real-time framework, and to look forward to see what changes we can make.”

Howlett believes that you’re in “a completely different ballgame” when you have access to information. “You start to get into a position where the things that you simply couldn’t imagine in the past become feasible, in fact, very doable today, and into the future.”

R “RAY” WANG: Data differentiation is the ability to take information and use it to gain an advantage. “We’ve got all this data, we’ve now got this information,” he says, “and we’re now gaining insights that we weren’t able to get before in real time. And the next level that’s going to happen is the ability to move this into right time.”

“Why would we do this? We’re trying to get to some decisions that people could make. And it’s really the transformation from insight to action—that’s where the decisions come into play.” Those decisions are being mined with new data, and the analytics are coming to life as we “move from real time to right time.”

NAOMI BLOOM: One of the biggest challenges in HRM is assessing and mitigating flight risk. “Historically,” Bloom says, “we’ve done this on a very subjective basis. Now by mashing up internal and external data, we are able to determine that an employee is a flight risk when they talk about wanting a new job on Facebook. We can mitigate that risk, in part, by considering internal and external compensation benchmarks.”

She says that this capability is a unique opportunity to “look inside of some of our key measures of potential future results, and use this mash-up of data in real time, or near time, in order to make decisions right then.”

“We’re going to be into a completely different path of applications altogether, and a completely new way of looking at how we run our businesses.”

– Dennis Howlett

#5. Some say financials is the last bastion of resistance to the cloud. But new contenders in the small-to-medium-business (SMB) space are eating the incumbents' lunch, taking any organic growth off the license fee and maintenance table. In 2013, the newcomers in the SMB space are joined by their large cousins that will ignore lunch and go straight for the main event: dinner and supper.

DENNIS HOWLETT: Over the past several years—and in particular the last three years—several companies have found success in providing financial solutions for businesses. “The players that are emerging in the small business space that are doing well are absolutely taking every penny off the table that should be the incumbents’ organic growth. And they’re now starting to eat into their core.”

Howlett believes we’re at a tipping point for the adoption of cloud applications for financials for the enterprise.

“Why should I be concerned if my general ledger is running in the cloud somewhere? You know, do my debits have that much importance to other people? I don’t think they do. So when you get that kind of realization, that’s when things start to change.”

“How much downtime have you had on your accounting systems over the last year? When you compare that with what we see in the SaaS world, people start to take notice. They don’t really understand the impact their own problems have had on their own system,” says Howlett.

“And the best SaaS companies make this information publicly available, they’ll tell you what their downtime is.”

“There are many companies out there that have no idea just how much time they lose, and how much money they waste, having to run their own systems.”

- Dennis Howlett

#6. At a granular level, the ability to manage cash in real time creates an opportunity for customers and suppliers to collaborate sensibly. This differentiator removes friction and improves profit for everyone in the financial supply chain.

DENNIS HOWLETT: Cash is king, yet most companies manage cash poorly. “If you can start to figure out how to manage cash—things like how inventory is going up and down or how your receivables are going up and down—and if you can start to measure and manage that in real time,” says Howlett, “then you start to have an impact on your business.”

“Cash is the ultimate measure of success in all businesses.”

- Dennis Howlett



R "Ray" Wang
Principal Analyst & CEO
Constellation Research

#7. Customers are tired of buying technologies and solutions that don't solve a business problem. We will see a shift to buying outcomes.

R "RAY" WANG: In 2013, companies will focus on how the technology they purchase serves the business. "We're not buying the service," Wang says. "We're not buying the solution. We're hoping to get to a result."

Whether it's more effective recruiting or a rapid closing of a financial statement, the goal is to figure out which metrics matter inside an organization.

NAOMI BLOOM: Bloom agrees with Wang, going so far as saying, "All the cool kids are into outcomes." The current turnover in technology—including mobile, social, and embedded analytics—allows companies to focus on the end result.

"We are finally honing in on what it takes for the technology investment to pay off in a very visceral way for the senior leadership of a company," says Bloom.

"All metrics matter inside an organization."

– R "Ray" Wang

#8. Social provides the glue at the process level. Mobile is the interface of choice. Big data transforms data to insights and action. Cloud ecosystems mature. And unified communications and collaboration increase in importance.

R "RAY" WANG: The ability to take action on the fly using mobile and cloud technology, or the ability to get insights in real time with social data and big data, are changing the way work is done in the enterprise.

Spotting flight risk is an example of this new capability. "Now, I can just monitor LinkedIn feeds. If I notice that 20 percent of a company is changing their resumes, they're changing their endorsements, they're looking for recommendations, they suddenly have new skills that they didn't have before, I would imagine that there's a flight risk going on at that company."

"So, these kind of signals are coming together, and that convergence is creating new opportunities and also new business models."

"We're going to see more and more [convergence] as we try to figure out how we make the shift from transactions to engagement."

– R "Ray" Wang

#9. New employee-centric approaches emerge in 2013. New tools focus on engaging employees and understanding how the tools contribute to employee success.

R “RAY” WANG: Our transactions are getting more complex. No longer do we just read, update, or delete information.

“Today,” Wang says, “the verbs are share, collaborate, send, like, favorite. All those things changed how we interact with the systems.” He explains how the shift that’s happening today is good for the employee.

“Instead of building something that is just around the system, we’re building systems and processes around the employees, so that they’re going to be successful.”

DENNIS HOWLETT: Howlett is more skeptical of the employee-centric world that Wang proposes.

“There isn’t the commitment at this point in time by top-down management to make significant changes,” he says. They’ll talk about it, they’ll give lip service to it, but will they make it a reality?” The only changes he sees today are the embedding of social tools into existing processes. “I’m not seeing engagement being adopted in a new and imaginative way.”

NAOMI BLOOM: Bloom believes Wang is correct to point out the changes in today’s technologies and systems. “The consumerization of technology has already changed in a very profound way how I work,” she says. “The challenge is to not allow old thinking, business rules, and processes to constrain how we think about new work.”

“We’re starting to have conversations. We’re starting to engage. We’re starting to think about how do we carry on those new conversations in a different way?”

– R “Ray” Wang

About the Experts



[Naomi Bloom](#)

Ms. Bloom is founder and managing partner of Bloom & Wallace and is one of the most renowned consultants, analysts, and thought leaders in the

HR technology and HRO industry. Ms. Bloom regularly advises large corporate clients, HRM software vendors, and outsourcing providers on everything from business strategy and product/service design. She has built the only vendor-neutral HRM object model and application architecture “starter kits” that have been licensed and consulted across the industry. They are considered to be the state-of-the-art and a primary contributor to many of today’s best practices in both areas.



[Dennis Howlett](#)

Howlett has been contributing comment and analysis on enterprise software since 1991 in a variety of European trade and professional journals including

CFO Magazine, The Economist and Information Week. Today, along with being a full-time blogger on innovation for professional services organizations, he is a founding member of Enterprise Irregulars. Howlett was a technology and tax partner in a British firm of chartered accountants for 10 years. He also held various senior finance roles across a broad range of industries.



[Bill Kutik](#)

The leading independent analyst of the HR technology marketplace, Bill Kutik specializes in HCM, recruiting, talent management, and social networking.

Since 1990, he has been a technology columnist for Human Resource Executive® (and for HREOnline™ 2006). He has served as co-chairman of the magazine’s annual conference, HR Technology® Conference & Exhibition, since it began in 1998. In 2008, he started The Bill Kutik Radio Show®, a bi-weekly online talk show with industry leaders.



[R “Ray” Wang](#)

Currently a principal analyst and CEO at Constellation Research Group,

Wang is the author of the popular enterprise software blog, [“A Software Insider’s Point of View.”](#) He was a founding partner and research analyst for enterprise strategy at Altimeter Group. His blog, which provides insight into how disruptive technologies and new business models impact the enterprise, has millions of page views a year. A background in emerging business and technology trends, enterprise apps strategy, technology selection, and contract negotiations enables Ray to provide clients and readers with the bridge between business leadership and technology adoption.



Workday, Inc. | 6230 Stoneridge Mall Road | Pleasanton, CA 94588 | United States
1.925.951.9000 | 1.877.WORKDAY (1.877.967.5329) | Fax: 1.925.951.9001 | www.workday.com