

At a Glance

Employers are taking steps to optimize current service delivery models and vendor relationships. Long-term cost savings remain the most important driver.

Talent management remains a high priority in today's economy.

Satisfaction levels high for those adopting Web 2.0 technologies.

HR Technology and Service Delivery in the Current Economic Crisis

Selected Findings From Watson Wyatt's 2009 HR Technology Trends Survey

About the Survey

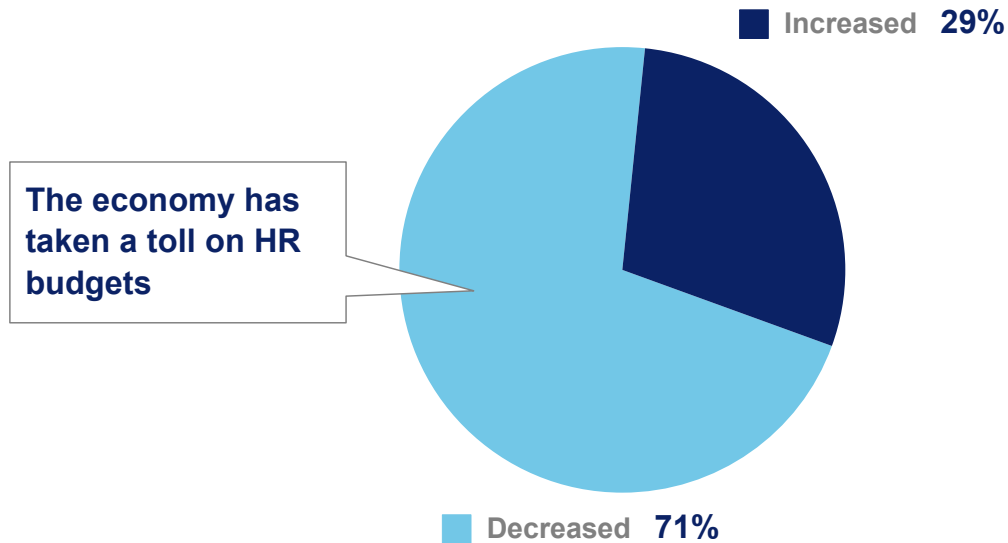
In February and March 2009, Watson Wyatt asked employers about their sourcing strategies, satisfaction levels and future plans in the areas of talent management, social media, benefit administration and payroll, especially in light of the economic crisis. One hundred and eighty-one companies participated, with an average of nearly 15,000 employees. This flash report highlights selected findings. A full report will be published in May 2009.

Executive Summary

With cost control paramount and HR budgets shrinking, employers are seeking more from their HR delivery model. Specifically, they are looking to gain potential cost advantages and service efficiencies from more effective use of their HR technology and external vendors. Companies are also continuing to explore Web 2.0 technologies such as videos, role-based portals and blogs with high levels of satisfaction.

Most 2009 HR budgets decreased

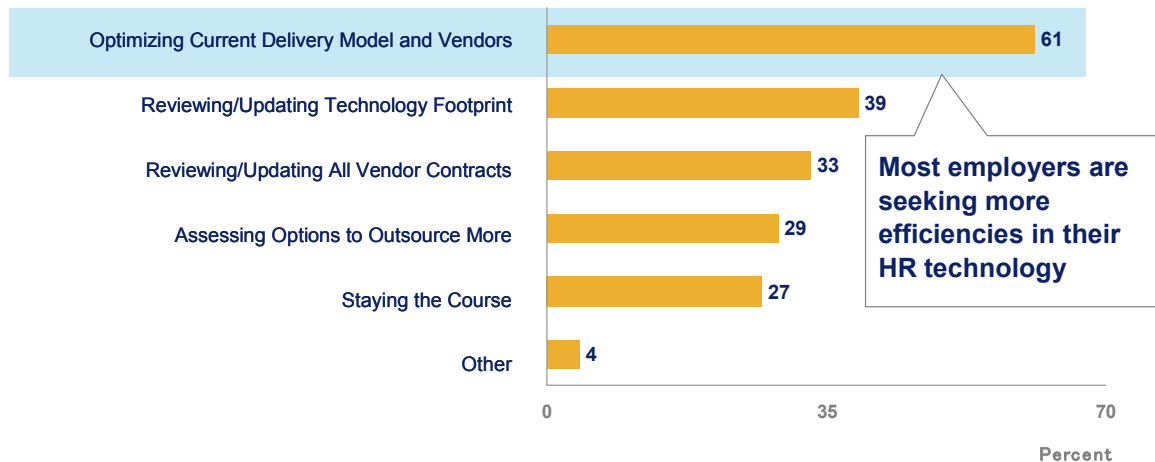
Figure 1 | 2009 Budget Outlook



The current economy is leading employers to get more from their HR service delivery model and vendor relationships

More than 60 percent of survey respondents said they were taking steps to optimize their current service delivery model and vendors. Only 27 percent were staying the course and making no changes. At a time when HR has to do more with less, a thorough review of the way services are being delivered can reveal hidden costs and quick ways to leverage existing investments.

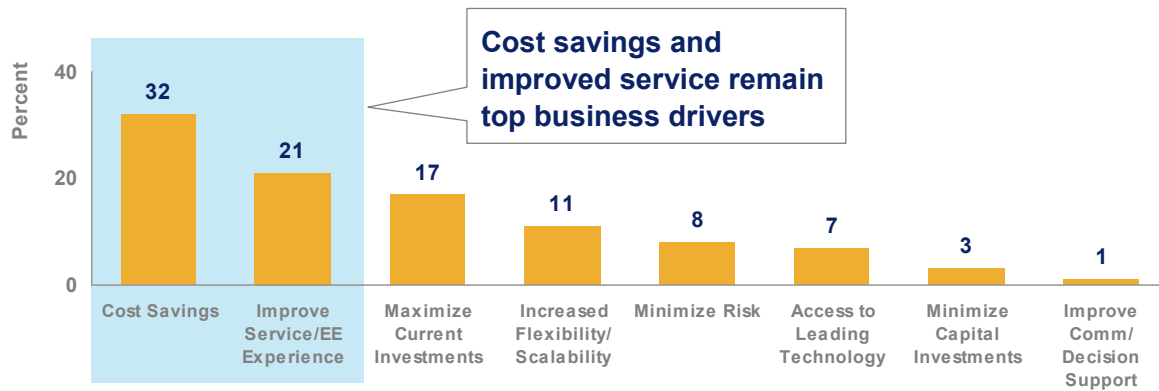
Figure 2 | Actions Regarding HR Spending Given the Economic Uncertainty



Companies are still seeking cost savings and improved service

Consistent with prior surveys, cost savings and improved service remain the top drivers for determining sourcing strategies.

Figure 3 | Top Business Drivers When Determining HR Administration Sourcing Strategies

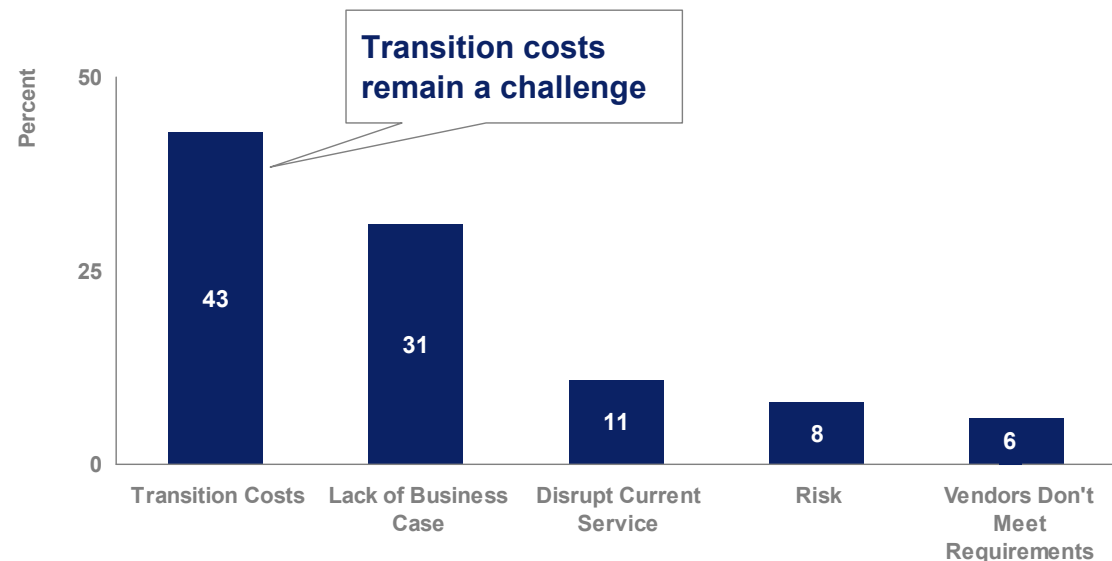


Percentage of respondents that ranked the respective driver as "Most Important"

Transition costs are getting in the way of HR sourcing changes

When asked to rank the top factors that would prevent changing the way their organization sources its HR administrative services, transition costs were cited as the primary challenge. The cost of change has been an inhibitor for years; however, the right approach to delivering HR services can generate cost advantages and ensure that HR services are being provided efficiently.

Figure 4 | Factors Preventing Changes to HR Administration Sourcing Strategies

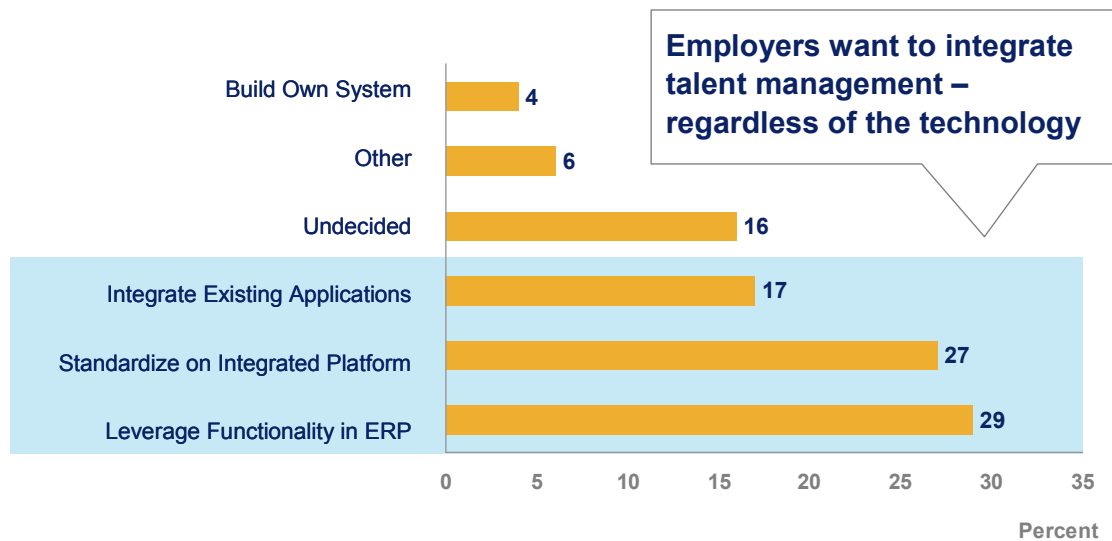


Percentage of respondents that ranked the respective factor as "Most Important"

Integrating talent management technology is a priority

More than one-third of respondents have made talent management a higher priority (37 percent) as a result of the current economic conditions, and 56 percent plan to use more talent management technology in the next 24 months. Those that are planning to use more technology are primarily focused on integration: integrating existing applications (17 percent), purchasing an integrated platform (27 percent) or leveraging their ERP (29 percent).

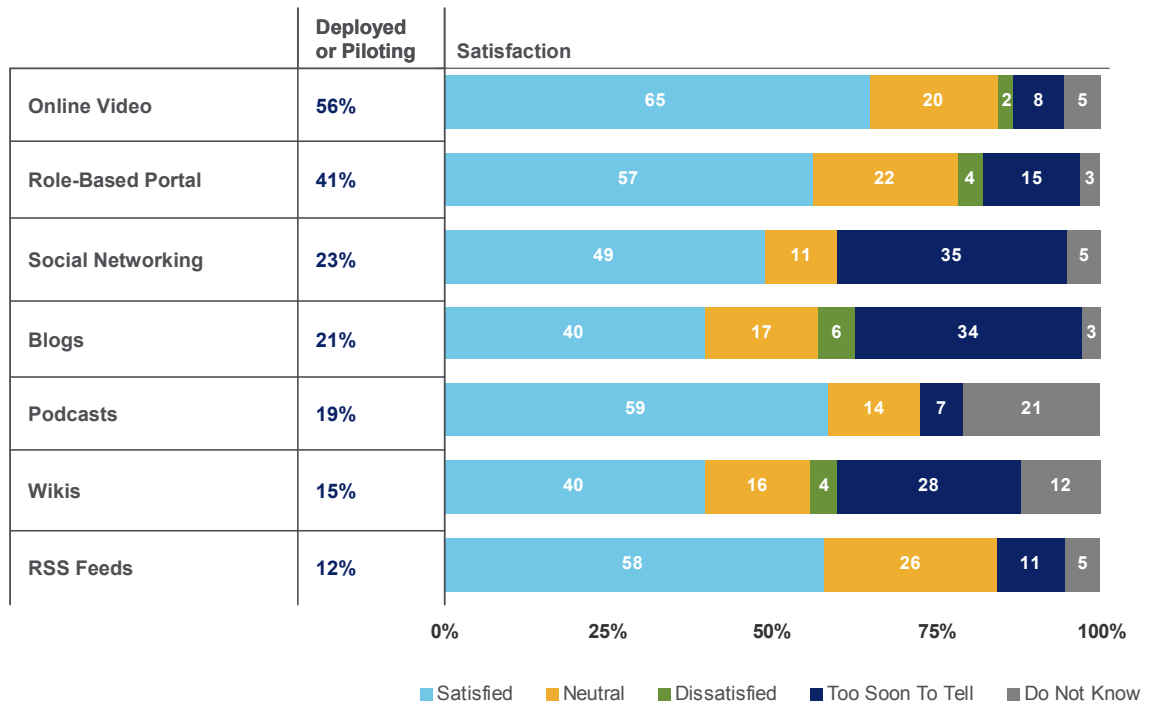
Figure 5 | How Employers Will Use Technology for Talent Management



Web 2.0 technologies are proving satisfactory

Some forms of Web 2.0 technology have become popular means of collaboration and communication in the workplace. Among those that have deployed or are piloting Web 2.0 technologies, satisfaction is high.

Figure 6 | Web 2.0 Technology Making the Grade



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