The HXM Evolution: Personalized HR Focused on Employees’ Experiences and Well-Being

Tips for Adopting a Flexible HR Technology Landscape that Fosters an Ecosystem of Partners, Prepares for the Future, and Foremost Serves Employees

by Kim Lessley, Director, Solution Marketing, SAP SuccessFactors

In a rapidly changing world where the future of work is not only a vision but an everyday reality, human resources (HR) leaders are challenged by rising employee expectations and the speed of innovation. Society and the world of work are also changing. Workforces are more decentralized than ever, and remote work has become more commonplace, especially in light of the COVID-19 virus.

Furthermore, there are now five generations in the workforce along with contractors, salaried workers, and hourly staff — all with different needs and expectations. This poses a challenge for HR to keep these workers engaged and performing at their best. Millennials make up the majority of the workforce, and the percentage of Generation Z employees is on the rise. These two generations in particular have high expectations around technology and connectivity from their employers. They grew up with technology and expect their workplace to provide the same types of technology they use in their personal lives. This hyper-connected world of work we live in also leads to challenges related to the rise in data-privacy concerns and regulations around the world.
The pace of innovation for HR is also at an all-time high, and the old ways of managing talent are simply not as effective as they once were — and some were never terribly effective, such as the traditional annual performance review. As companies prepare for the future, they need to look at upskilling and reskilling their people and creating an energized, motivated workforce that has the resilience to adapt to changes, manage stress effectively, and overcome challenges to execute the company’s business strategy.

HR still needs to provide the same types of services as in the past, such as filling positions, developing the workforce, and ensuring employees are paid fairly and on time. But they need to do so in ways that are responsive to the ongoing changes in the culture and strategy of the organization, as well as major shifts in society such as the sudden transition to remote work. HR today must go beyond just basic transactional support and look for ways to support employees as individuals.

A quick review of some of the recent trends in HR paints a clear picture that HR needs to find a way to become nimbler (see Figure 1).

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<th>HR Trends for 2019</th>
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Figure 1 Recent trends show that HR needs to find a way to become nimbler

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With this backdrop it’s no surprise that organizations are expecting more from their HR technology than ever before. But can one software provider stay on top of each new technological advancement and deliver high-quality, low-cost innovations that serve every edge case a customer may have? That’s not realistic.

Keeping up with advances in technology and delivering innovative products requires a nimble, collaborative, and agile approach. Implementing multiple disjointed point solutions doesn’t work; having a single system of record for people data is imperative. Instead of trying to be everything to every customer, HR technology vendors need to architect their systems to be open and flexible and should foster an ecosystem of partners that help organizations drive value, deliver business results, prepare for the future, and ultimately serve their biggest assets: their employees.

**From HR to HCM to HXM**

HR has come a long way from the old days of personnel management, where the focus was on administrative and routine tasks and almost everything was managed manually and on paper. Human capital management (HCM) software and the associated solutions ushered in huge advancements. With HCM, HR processes and transactions could be simplified and largely automated, resulting in a sharp reduction in manual tasks and all those paper files.

But traditional HCM as a practice is no longer sufficient, in and of itself, to meet today's employee expectations. HCM is an approach that perceives employees
as assets (i.e., the “capital” in HCM) whose current value can be measured through investments like any other asset in the business. But we know that people are not simply assets to be measured. Yesterday’s HCM technology was really a system of record where the priority was the business — benefitting the organization over the employee. HCM systems were built for pushing HR processes and programs from the top down. But that is no longer enough in today’s experience economy.

Human experience management (HXM) represents a shift in mindset where technology and software are designed with the “experience” at the center of every HR process and transaction. HXM is about moving away from putting the organization’s needs at the center of HR to putting the employee’s experience at the center — from simply facilitating transactions to truly reinventing employee experiences in ways that accelerate business growth.

SAP SuccessFactors has a rich history of developing innovative HR technologies for nearly two decades — from recruiting and onboarding to payroll and performance management — aimed to help HR and business leaders address the most pressing workforce challenges for their organizations. HXM is now reshaping the entire SAP SuccessFactors product portfolio to move beyond just facilitating and optimizing transactions to putting employee experiences at the center of processes and decisions.

SAP SuccessFactors Human Experience Management Suite (SAP SuccessFactors HXM Suite) has been architected to be extensible to empower customers to integrate complementary solutions without business disruption — including open application programming interfaces (APIs), pre-packaged integrations, and tools that allow customers to create their own extensions and integrations — sometimes without a single line of code. SAP provides a variety of solutions tailored for each purpose with easy-to-use tools for both business users and technical experts. Just as an organization’s business processes range from simple to complex and from standard to individual, SAP has a comprehensive set of integration solutions that fit exactly to each use case. This combination ensures that organizations can implement and maintain their integrations fast and with low risk, while still giving them flexibility and the opportunity to innovate. Figure 2 shows the standard tools available to extend SAP SuccessFactors HXM Suite:

- **Integration Center**: While foundational integrations are complex and can be costly to build and maintain, most other integrations are not complex. In examining the needs of its customers, SAP found the majority of integrations between a core HR system and other systems are created to exchange small, simple pieces of predefined data. With Integration Center, which is native to the SAP SuccessFactors HXM Suite, non-technical business users can quickly and inexpensively build, deploy, and monitor simple file-based integrations. A wizard-like process guides the user through the creation of an integration, such as a scheduled report or interface to an internal or external party.

- **Intelligent Services Center**: HR processes often span beyond the traditional boundaries of HCM applications and organizational departments. What begins as a simple core HR transaction, such as hiring an employee, can have a significant impact throughout other HR systems, generating multiple actions and updates that must be processed. For example, if a hiring manager goes on leave, not only does the core HR system need to be updated but the applicant tracking system,

![Figure 2 Standard tools to extend SAP SuccessFactors HXM Suite](SAPinsiderOnline.com)
performance management systems, learning systems, payroll systems, benefits carriers, and others might need to be updated as well. End users are often unable to easily navigate this complexity, and companies are forced to spend large sums of money on HR shared services groups and business process outsourcers (BPOs) to ensure all the downstream processes are completed correctly based on the initiating event. SAP offers process and event-driven intelligent services managed in Intelligent Services Center, where business users can consolidate individual transactions that make up common workforce events but cross organizational boundaries and software modules into a single experience.

- **Extension Center:** With this native SAP SuccessFactors tool, HR system admins and business users can build and manage simple extensions without a single line of code. Examples of extensions built in Extension Center include an extension to easily capture and record employee grievances in the system or an extension that provides a simple way to manage assets provided to employees, such as laptops or mobile phones.

- **SAP Cloud Platform:** In addition to the native SAP SuccessFactors capabilities, customers and partners can also leverage tools from the broader SAP family, such as SAP Cloud Platform, SAP’s in-memory platform-as-a-service (PaaS) solution. With SAP Cloud Platform, organizations can extend SAP SuccessFactors solutions without disrupting key business processes, all while ensuring continuity, governance, and security. For example, SAP partner Sodales Solutions built its Enterprise Health, Safety & Environment Management (EHSEM) software using SAP Cloud Platform. Schindler Group, a world-leading provider of elevators, escalators, and moving walkways, is now using the EHSEM solution to track health and safety issues onsite to meet its complex safety reporting requirements while providing connectivity to the company’s SAP SuccessFactors system.

**Pre-Packaged Integrations and Solutions**

Working in close partnership with customers, SAP SuccessFactors continually innovates both existing and new solutions to tackle business challenges. Recognizing the power of partnering, SAP also fosters an open innovation ecosystem with some of the most inventive companies shaping the HR industry today. These partners help companies maximize their HR investments by augmenting the SAP SuccessFactors HXM solutions with trusted partner solutions to more quickly address the experience gaps they’ve identified as critical to their workforce. Companies should look to these solutions prior to building their own integrations or extensions.

A special type of pre-packaged integrations can be found in SAP Solution Extensions, which offer cross-line-of-business and cross-industry functionality that addresses customers’ distinct business needs. All solution extensions must pass a rigorous premium qualification process. SAP supports these solutions as its own, guaranteeing the standards of quality and support SAP clients expect, and ensuring the solution is integrated into the SAP product roadmap.

SAP Solution Extensions available for the SAP SuccessFactors suite cover a wide range of capabilities:

- SAP Signature Management by DocuSign
- SAP SuccessFactors Extended ECM by OpenText
- SAP Content Stream by Skillsoft
- SAP Time and Attendance Management by WorkForce Software
- SAP Workforce Forecasting and Scheduling by WorkForce Software
- SAP Time Management by Kronos
- SAP U.S. Benefits Administration by Benefitfocus

Another type of pre-packaged solution is a variety of trusted partner apps. SAP App Center is SAP’s digital marketplace for trusted partner apps, where customers can discover, try, buy, manage, and deploy solutions that quickly address their business challenges. It’s one of the fastest-growing SAP channels where customers can easily find pre-packaged integrations spanning partner applications, microservices, and plug-ins that integrate with and complement SAP solutions and leverage innovative technology. The SAP App Center includes a mix of over 1,800 partner apps, services, and solutions — including more than 250 apps that extend the SAP SuccessFactors HXM suite — to help companies support employee engagement, eliminate bias in the hiring process, and more.

For example, Sun Communities, Inc., a publicly traded real-estate investment trust that invests in

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2. [http://www.sapappcenter.com](http://www.sapappcenter.com)
manufactured housing and recreational vehicle communities, found peer-to-peer recognition app JobPts from Semos Cloud within minutes of visiting SAP App Center and completed the purchase within an hour. The new employee recognition system, which integrates directly with the SAP SuccessFactors suite, enabled Sun Communities to increase employee engagement by 175%. Harland Clarke, a leading provider of integrated payment solutions and integrated marketing services, has realized $225,000 savings per year since using the Job Descriptions Made Simple (JDMS) solution from SAP partner HRIZONS that is fully integrated into SAP SuccessFactors Recruiting. Harland Clarke was able to improve the process of governing, managing, and remaining compliant with job descriptions.

**Innovation Beyond the Walls of SAP**

Another way SAP fosters innovation is through its SAP.iO program, which has been helping innovators both in and outside of SAP build groundbreaking products, find customers, and disrupt industries since 2017. Many of these startups push traditional thinking and processes, applying new technologies to drive employee- and people-first cultures. More than 165 startups have been funded or accelerated in eight locations around the globe to date, and last year, more than half of the startups accelerated had an underrepresented founder or C-suite member.

For example, Andjaro supports one-off reallocation of personnel between sites within the same organization to help cut the company’s costs while giving staff the chance to experience other parts of the business and get compensated for a temporary relocation, resulting in a more interconnected and happy workforce. Startup DISCO improves employee engagement by enabling employees to celebrate company values daily and meeting employees where they work day to day with tools such as Microsoft Teams, Slack, and Google Hangouts. These SAP.iO solutions are also available on SAP App Center.

SAP.iO Venture Studio is another arm of the SAP.iO program focused on entrepreneurship inside of SAP by funding employee-led innovations that are also tackling some of the biggest problems in employee engagement and HXM. Brilliant Hire, integrated with SAP SuccessFactors Recruiting Management, leverages a network of experts to recruit at scale and bring the best candidates to interviews. FlexPay by SAP allows a company’s employees to tap into their earnings for unforeseen expenses instead of resorting to expensive payday loans, and it integrates with SAP SuccessFactors Employee Central and SAP SuccessFactors Employee Central Payroll.

**Ask the Tough Questions**

As the “future of work” becomes an everyday reality for companies around the world, it’s critical that HR leaders, influencers, and innovators collectively ask tough questions and tackle emerging challenges. How can organizations engage their workforce in remote settings and provide exceptional experiences across the employee lifecycle — from recruiting and onboarding to learning and performance management? How can they cultivate a culture of well-being and people sustainability?

These questions become even more challenging in times of disruption. There isn’t a single answer nor is there a single company that can address the unique needs of every organization. SAP SuccessFactors has recognized and embraced this reality, complementing SAP SuccessFactors HXM Suite with a number of partner solutions, integrations, and extensions that can be combined to make lasting, meaningful improvements.

For more information, visit [https://www.sap.com/products/human-resources-hcm.html](https://www.sap.com/products/human-resources-hcm.html).