MAY 2011

WHITE PAPER

Mobile & Wireless Practice

Mobile HR Solutions: Connecting & Empowering Your Workforce

VDC research

ADP

EXECUTIVE SUMMARY

VDC Research and the ADP Research Institute (ADPRI), a specialized group of market research professionals within ADP, have collaborated to conduct vital research involving 400 midsized and large U.S. organizations to determine the current and anticipated value of mobile HR solutions. These solutions, which allow today's increasingly mobile and distributed workforce mobile access to key HR processes, represent a compelling new resource for companies and their employees. While the support of core HR processes on mobile devices, such as smartphones and tablets, is still in its infancy, early adopters are experiencing strong benefits – ranging from workforce productivity and easier recruiting to increased employee satisfaction. Additionally, over a relatively short period of time, more organizations see clear value in providing mobile access to HR services and view mobile HR as a critical function when evaluating the capabilities of next-generation HR solutions and services.

VDC's and ADPRI's research reveals several notable findings about mobile applications, their acceptance in the workplace, current usage, and future indicators:

1. The mobile workforce headcount is already large and is expected to continue growing, both near- and long-term.
2. Mobile devices, such as smartphones and tablets, are proving to be an effective means to achieve improved worker productivity, real-time decision making, and workforce satisfaction.
3. Employers are increasingly seeing real value in allowing employees to access their payroll and HR data via mobile devices.
4. While current deployment levels are still relatively low, there is a growing trend within midsized and large organizations to deploy mobile HR applications (including payroll and time and attendance).
5. Organizations that are making investments in mobile HR capabilities view robust security as an indispensable element in their mobile solution buying equation.

In this white paper, we will explore the key findings from this mobile HR research and discuss the implications for HR practitioners and decision makers going forward.

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INTRODUCTION

Senior managers need to provide seamless and convenient access to a variety of corporate resources – and simplify administrative tasks – to create and retain an engaged and satisfied 21st century workforce. Leading organizations realize that this is about much more than just providing communications – it is about interacting with employees and providing tools that empower *collaboration*.

Over the past twenty years, investments in mobile and wireless solutions have significantly enhanced the operational efficiencies of enterprises – impacting disciplines as far reaching as supply chain management, service chain management, and sales execution. Consider, for example, a leading insurance agency that has a dozen different smartphone and tablet applications available to its 70,000 insurance adjusters for accessing customer claims or policy information. Or a biotechnology tools manufacturer that is providing tablets to its 400 sales people and executives, enabling them to visually "mine" and analyze sales data while in the field. The scenarios are virtually limitless and present an exciting "next-level" of employee engagement and interaction.

Concurrently, HR systems have evolved considerably featuring expanded functionality across all HR processes, from recruiting and on-boarding to talent management and retirement planning. Yet, the development and adoption of mobile HR solutions and the management of an organization's mobile workforce have lagged. Traditional mobile HR solutions were primarily "point" solutions that supported a very narrow workflow or applications and were not fully integrated with the back-end HR infrastructure. Only now are organizations beginning to realize the benefits that flow from more functional mobile HR solutions – ones that are designed to extend the value of an organization's HR system-related investments. These mobile HR investments are translating into higher workforce satisfaction and greater productivity, while providing the benefits of real-time decision making.

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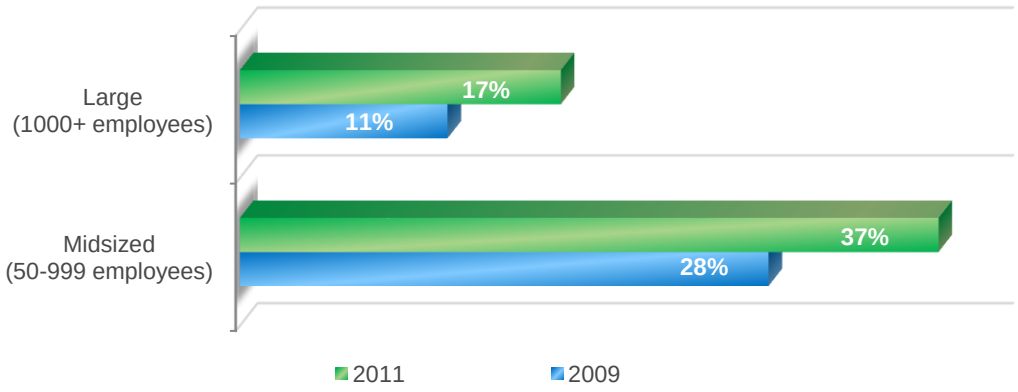
MOBILE WORKFORCE EXCEEDS ONE BILLION WORKERS IN 2010

We are experiencing a rapid shift toward an increasingly mobile and distributed workforce. According to VDC's research, the total number of mobile workers, globally, exceeded 1 billion in 2010 and should grow by more than 10% over the next three to five years. In fact, research conducted by VDC and ADPRI indicates that the incidence of mobile employees (as a percentage of total employees) has increased from 28% to 37% among midsized organizations, and from 11% to 17% among large organizations over just the past 15 months (EXHIBIT 1).

EXHIBIT 1: Mobile Worker Incidence
(Mobile workers as a percentage of total employees)

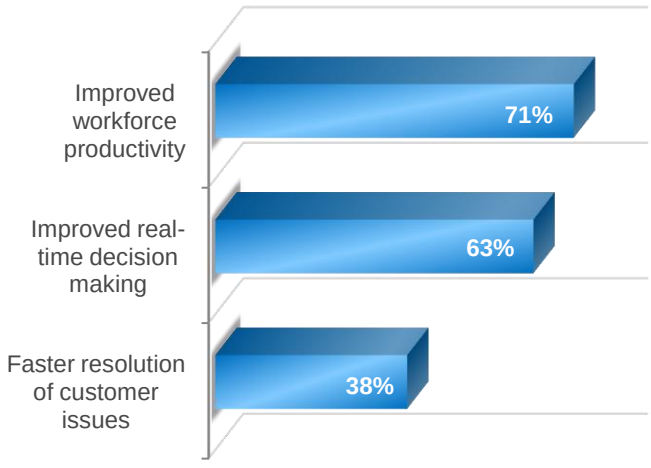


What matters most to this highly mobile workforce is data immediacy. Today's employees are expecting – and often demanding – access to critical business applications and data on mobile devices, such as smartphones and tablets, wherever and whenever possible, with no sacrifice in usability. Organizations will need to support these new requirements not only because they need to attract younger workers in today's competitive job market, but also to embrace the critical shift to greater mobility that every organization will eventually need to make.

FRACTURED COMMUNICATIONS WITHIN TODAY'S MOBILE WORKFORCE

A key challenge for organizations today – especially those with highly mobile and distributed workforces – is staying connected with workers to maximize not only their productivity, but also their level of engagement and satisfaction with their working environment. VDC's and ADPRI's research has shown that many organizations struggle today in areas of real-time decision making, as employees do not have immediate access to critical information. However, organizations that have embraced mobile technologies, such as smartphones and tablets, and have invested in extending access to core corporate platforms and workflows on these mobile devices, have realized substantial improvements – not only in worker productivity, but also worker satisfaction (EXHIBIT 2).

EXHIBIT 2: Benefits Realized as a Result of Enterprise Mobile Application Deployment



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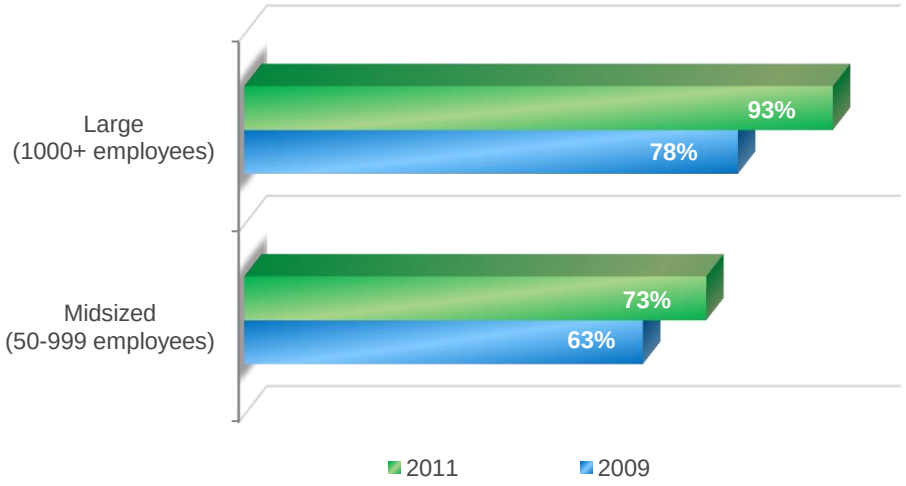
SMARTPHONES & TABLETS: CONNECTING TODAY'S WORKFORCE

With the penetration of smartphones in the enterprise reaching critical mass and the adoption of tablets beginning to grow significantly, mobile capabilities represent an important new channel to connect with employees, as well as *interact* with them. According to VDC's and ADPRI's research, over 70% of midsized organizations and over 90% of large organizations have either currently deployed smartphones, are supporting employee-owned smartphones, or plan to deploy and / or evaluate smartphones. Moreover, these percentages have increased dramatically over the last 15 months (EXHIBIT 3).

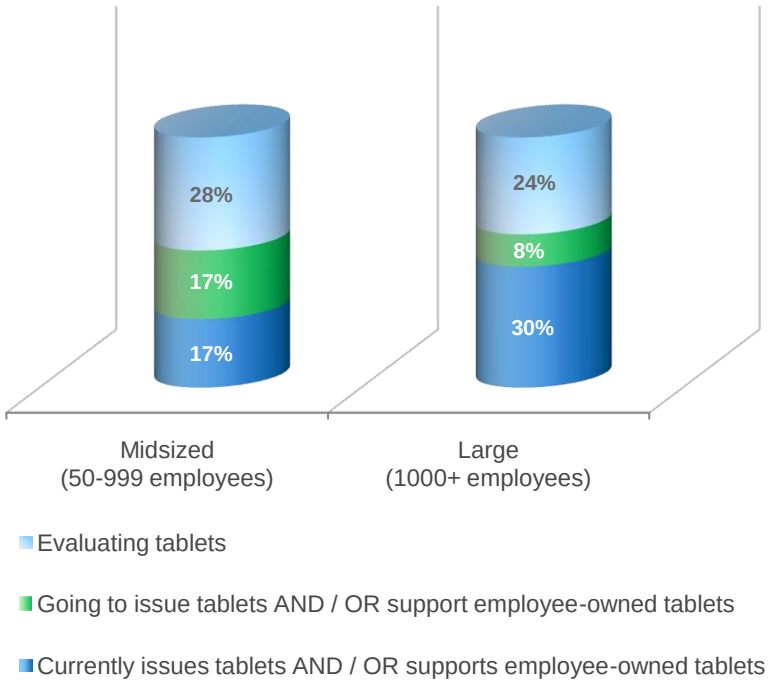
EXHIBIT 3: Current Deployment / Support of Smartphones



The actual penetration of smartphones (i.e., the percent of employees who use company-issued smartphones or who access company applications on their personal phones) has exceeded 50% in both midsized and large organizations.

Beyond smartphones, organizations are actively evaluating tablets for a variety of enterprise workflows. Although the tablet market is still emerging (the current version of tablets was introduced only a little over a year ago), current tablet penetration is 17% in organizations with 50-999 employees and 30% in organizations with 1000 or more employees, illustrating how relevant this platform is becoming (EXHIBIT 4). Tablets have the potential to usher in a significant change in PC usage as computing continues to migrate to mobile devices.

EXHIBIT 4: Organization's Approach to Deploying & Supporting Tablets



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MOBILE HR SOLUTIONS: FROM RECRUITING TO RETIREMENT

Human resource management (supported by associated HR Information System software) is the strategic approach to the management of an organization's most valuable assets – its employees. Organizations with strong HR systems are better able to address employee performance and development, and build a more engaged, productive, and satisfied workforce. The HR function covers many business processes, including payroll, time and attendance, benefits administration, and all aspects of talent management (recruiting, learning, compensation, performance, and succession planning) (EXHIBIT 5).

EXHIBIT 5: Mobile Is a New Channel to Access Your HR Data & Improve Your HR Business Processes

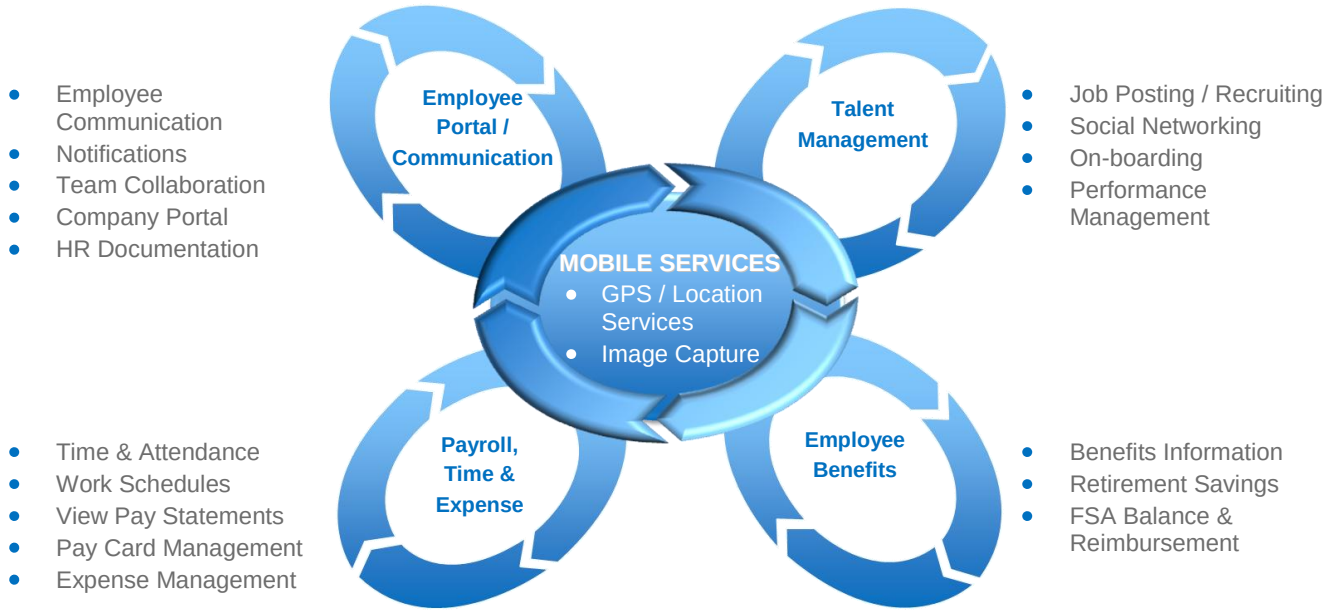

EXHIBIT 6: Companies See Value in Allowing Employees to Access Their Payroll & HR Data Using Smartphones, Tablets, or Other Mobile Devices

(percentage of respondents)

With today's ever-expanding mobile workforce and adoption of mobile devices, there is real value in providing mobile access to many of the key HR functions (EXHIBIT 6). Moreover, combining mobile HR with the capabilities inherent in mobile devices – such as GPS and location services and image capture capabilities – can translate into a substantial value proposition. Consider, for example, the value of filling out expense reports on the road, or taking advantage of downtime on the road to review and / or approve work schedules, or supporting time and location stamping for remote workers, or leveraging the mobile device's GPS to push out location-specific benefits. All of these scenarios are possible through mobile HR solutions. According to the research, more and more organizations are also seeing value in giving employees access to their payroll and HR data through mobile devices.

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MOBILE HR DEMAND SPANS MULTIPLE APPLICATIONS & WORKFLOWS

Demand for mobile HR applications varies by application and workflow. According to the research, while the initial focus for mobile HR applications has centered on employee portals and communications – core functions of today's widely deployed self-service HR solutions – demand for mobile access touches most HR disciplines, including payroll, time and attendance, benefits administration, and all aspects of talent management (EXHIBIT 7). Some of the key findings from the research:

- The most widely deployed mobile HR application categories on smartphones, among both midsized and large organizations, are employee portal / communication applications. The fastest growing mobile HR category among midsized organizations is recruiting, while the fastest growing mobile HR category among large organizations is talent management.
- The most widely deployed mobile HR applications among midsized and large organizations are employee portal communications and payroll, time and attendance, and expense applications. Specifically, the top three mobile HR applications organizations are supporting include mobile access to employee notifications, company news and events and – in the case of midsized organizations – social networking features. For large organizations, the leading applications are mobile access to company directories and organization charts (EXHIBIT 8).
- Adoption of mobile HR applications among midsized organizations is expected to double, if not triple, depending on the specific category. Specific mobile HR applications with the highest likely growth rates include mobile access to time cards and time sheets, pay card and pay statement balance transactions, and manager / supervisor time card approval (EXHIBIT 9).
- Among large organizations the fastest growing applications over the next 18-24 months are likely to include time card and time sheet management, mobile expense reports, and benefits plan management.

EXHIBIT 7: Current & Planned Deployment of Mobile HR Applications on Smartphones
(HR Categories)

	Midsized (50-999 EMPLOYEES)			LARGE (1000+ EMPLOYEES)		
MOBILE HR APPLICATIONS (CATEGORIES)	**Currently Deployed**	**Plan to Deploy**	**Growth Rate**	**Currently Deployed**	**Plan to Deploy**	**Growth Rate**
Employee Portal / Communications	36%	29%	81%	51%	33%	65%
Payroll, Time, and Expense	20%	30%	150%	31%	32%	103%
Employee Benefits	17%	25%	147%	26%	32%	123%
Talent Management	14%	28%	200%	27%	34%	126%
Recruiting	12%	25%	208%	29%	28%	97%

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EXHIBIT 8: Top-Ranked Mobile HR Applications on Smartphones
(Currently Deployed)

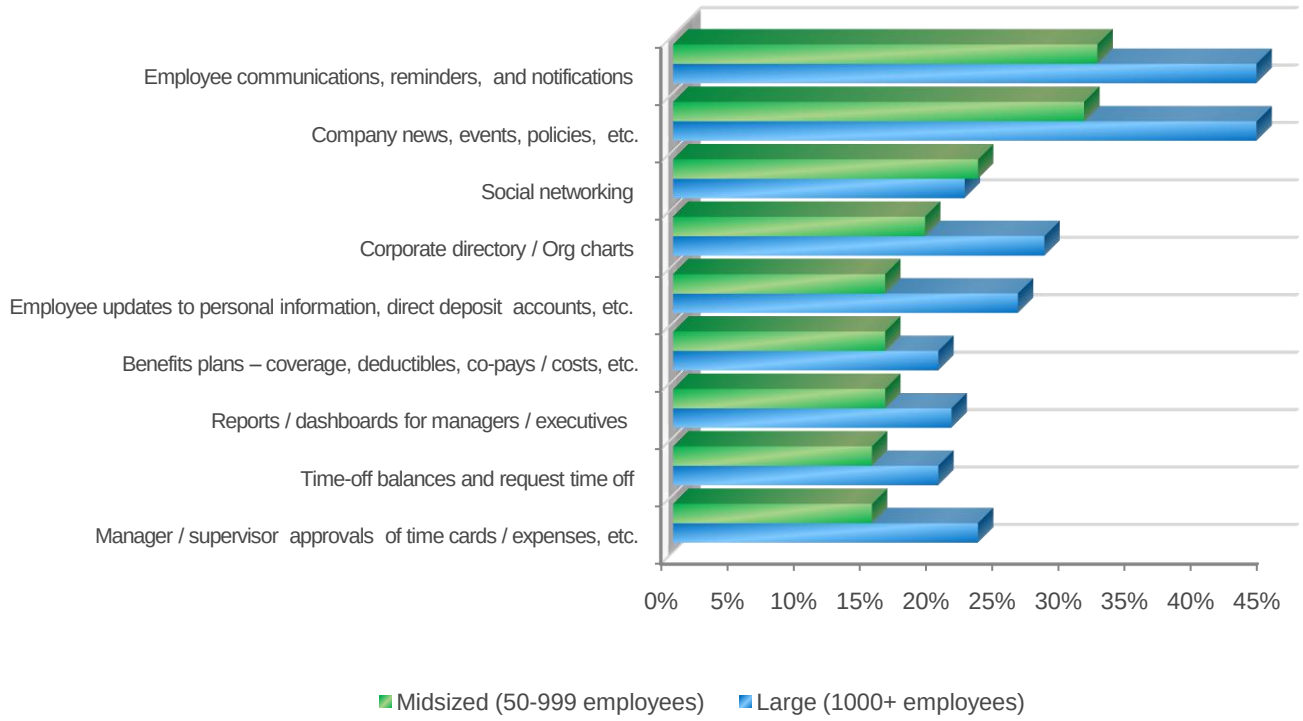
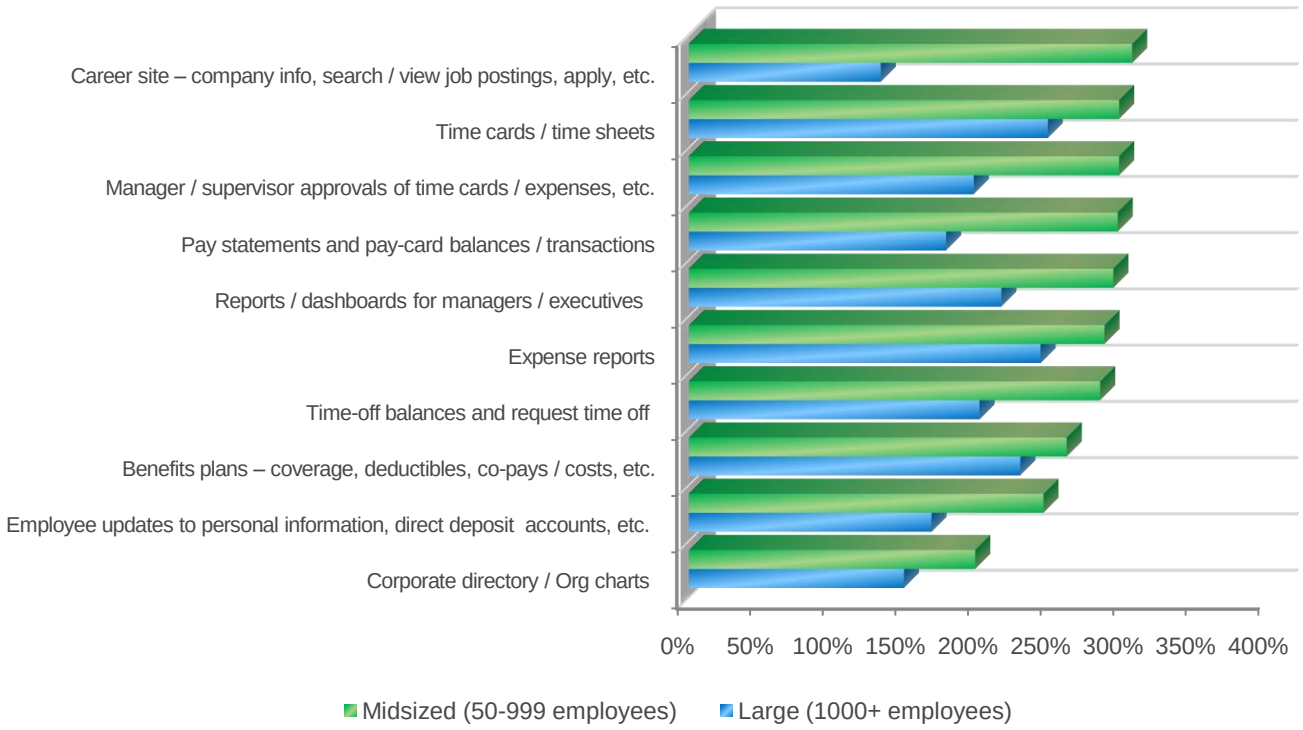


EXHIBIT 9: Fastest-Growing Mobile HR Applications on Smartphones
(Future Growth Rate)



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In addition to smartphones, another mobile device that is growing in popularity among employees is the tablet. While tablets are not new, the adoption rate for legacy models has been lower than expected for a variety of reasons. Today's tablets, led by the introduction of the iPad® in 2010, are vastly different than legacy models, in terms of their usability and utility. Although adoption of this next generation of tablets is still emerging, the adoption rate – especially within an enterprise – has been higher than initially expected. Perhaps this signals a change in PC usage. Tablets bridge the gap between traditional PCs and smartphones: they combine a more PC-like computing and display experience with the mobility, connectivity, and touch optimization of smartphones (EXHIBIT 10).

Because of the current low level of tablet adoption within organizations, the use of mobile HR applications on this platform is similarly low. However, what is striking is the very high level of planned support or deployment of various mobile HR applications on this platform. Key mobile HR adoption trends on tablets include:

- For midsized organizations, mobile HR applications with the greatest near-term opportunity for tablets include access to employee communications, notifications, reminders, company news, events and policies, and manager / supervisor approvals of time cards and expenses. For large organizations, access to employee communications, notifications, reminders, company news, events and policies, and access to work schedules, and company organization charts and directories represent the greatest near-term opportunity (EXHIBIT 10).
- With the low current adoption level of tablets and strong demand for these devices, the forecasted growth of mobile HR applications is expected to be substantial across most applications. For midsized organizations and large organizations the fastest growing mobile HR applications relate to many talent management initiatives, such as talent profiles, career development, on-boarding, performance plans, and compensation (EXHIBIT 11).
- In addition, organizations are keen on investing in applications that better leverage the capabilities of a tablet – as opposed to a smartphone. For example, video-based training was identified as a high-growth opportunity (EXHIBIT 12).

EXHIBIT 10: Current & Planned Deployment of Mobile HR Applications on Tablets
(HR Categories)

	MIDSIZED (50-999 EMPLOYEES)			LARGE (1000+ EMPLOYEES)		
MOBILE HR APPLICATIONS	**Currently Deployed**	**Plan To Deploy**	**Growth Rate**	**Currently Deployed**	**Plan To Deploy**	**Growth Rate**
Employee Portal / Communications	14%	33%	236%	24%	44%	183%
Payroll, Time, and Expense	10%	32%	320%	19%	40%	211%
Employee Benefits	9%	30%	333%	16%	42%	263%
Talent Management	6%	29%	483%	18%	41%	228%
Recruiting	7%	27%	386%	18%	39%	217%

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EXHIBIT 11: Top-Ranked Mobile HR Applications on Tablets
(Currently Deployed)

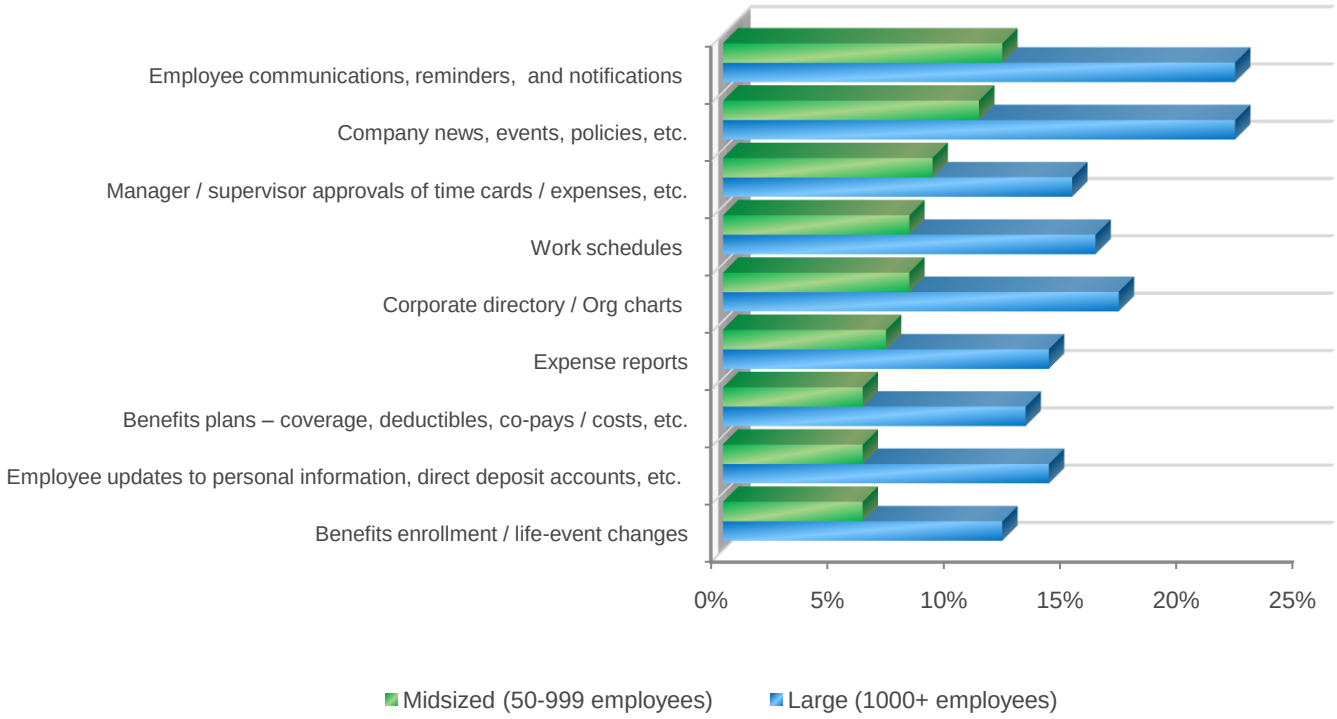
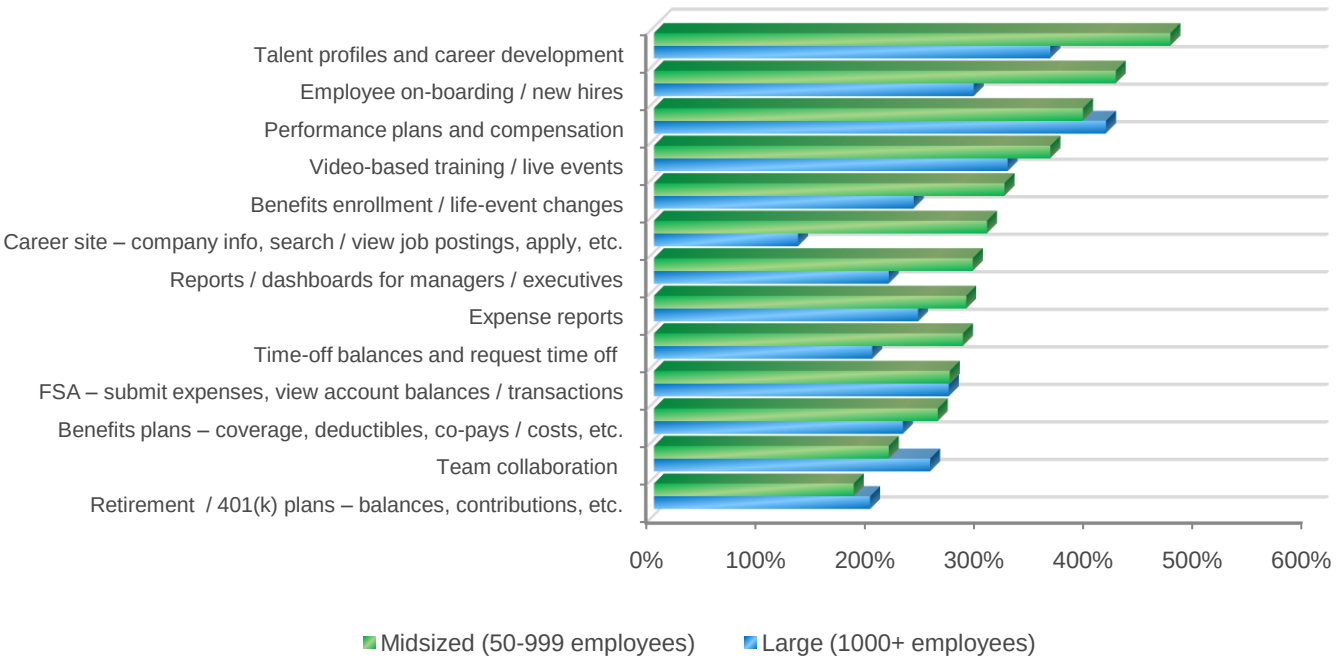


EXHIBIT 12: Fastest-Growing Mobile HR Applications on Tablets
(Future Growth Rate)



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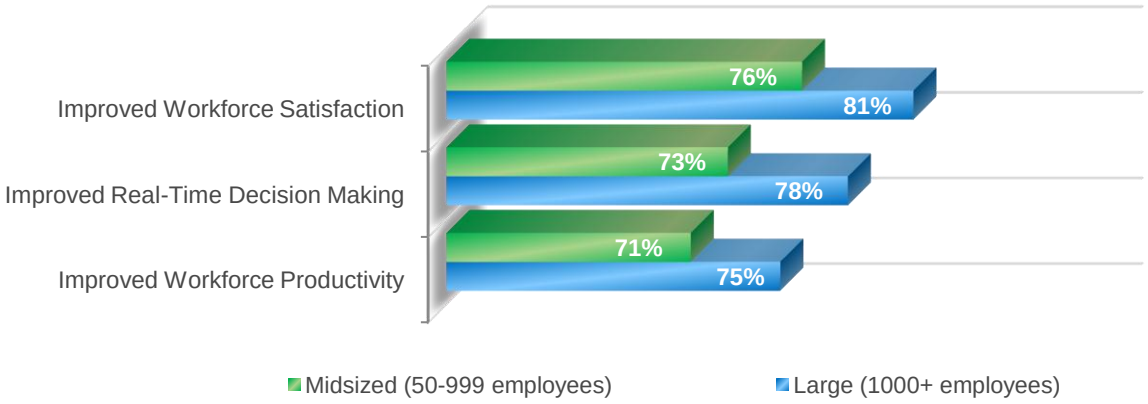
MOBILE HR SOLUTIONS DRIVING WORKFORCE SATISFACTION & PRODUCTIVITY

According to VDC's and ADP's research, a substantial percentage of current mobile HR end-users confirm that their solutions result in improved real-time decision making, improved worker productivity, and, ultimately, improved workforce satisfaction. Moreover, forward-thinking organizations view mobile solutions as critical competitive recruiting and employee retention initiatives – especially when targeting the leading next generation Gen Y / Millennial candidates (EXHIBIT 13).

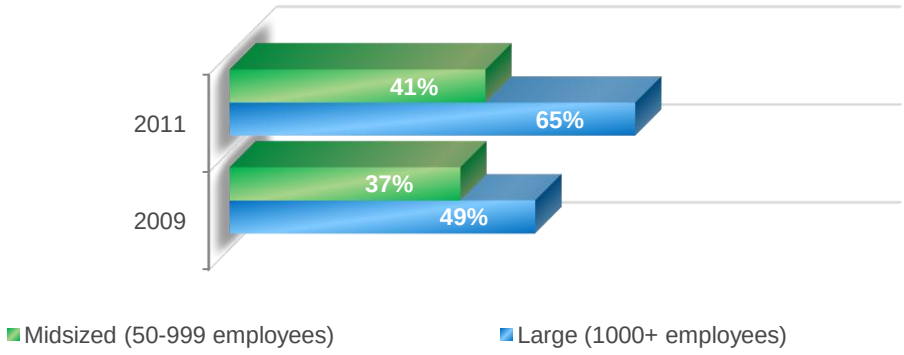
EXHIBIT 13: Benefits Realized from Mobile HR Solutions
(Percentage of respondents indicating 'Great' or 'Moderate' level of benefit)



MOBILE ACCESS: AN ESSENTIAL NEXT GENERATION HR SYSTEM REQUIREMENT

Decision makers, who have the power to make HR purchases, are increasingly viewing mobile capabilities as an important – if not critical – feature when buying a new HR system or service. Based on the research, 10% more decision makers (when compared to 2009) in midsized organizations view mobile HR capabilities as a critical or important feature when evaluating HR solutions. Among large organizations, the increase was even more significant, with 33% more decision makers citing the vital importance of mobile HR capabilities (EXHIBIT 14).

EXHIBIT 14: Level of Importance of Mobile Access When Evaluating Next Generation HR Systems & Services
(Percentage of respondents indicating 'Critical' or 'Important')



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MOBILE HR INVESTMENTS: ROBUST SECURITY IS JOB NUMBER ONE

Well designed and robust mobile security solutions are essential to any successful mobile HR solution. Mobile devices, such as smartphones and tablets, are frequently lost, misplaced, or stolen. The influx of personal devices in corporate settings is placing an additional burden on IT to manage those devices. Additionally, the increase in telecommuting, office hoteling, and home-shoring practices is making it difficult to implement group policies, robust firewalls, and user-authentication and password updates.

However, while mobile solution security remains a critical requirement and ongoing concern – over 50% of HR decision makers say that security is one of their "top two" mobile investment concerns – it is no longer keeping organizations from making mobile investments. In fact, among organizations that have decided not to deploy mobile solutions, security has gone from a "top three" smartphone investment barrier, according to 2009 research, to not even being cited in the top six, according to mobile HR research conducted in 2011. This is largely in response to significant improvements made to mobile security solutions, as well as better awareness and education regarding security capabilities.

Equally important to robust security is the need for a mobile solution to have an unobtrusive design that would encourage the usability of mobile HR applications. Additional mobile solution requirements include the need for a well designed and intuitive interface, and the ability to seamlessly access and connect with back-end applications. These capabilities all contribute to a higher adoption rate and satisfaction with mobile use (EXHIBIT 15).

EXHIBIT 15: Mobile Solution Requirements

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Central to any enterprise mobility strategy, there needs to be a comprehensive and scalable mobile-device management and security solution, as well as governance policies. All successful mobile deployments strike a strong balance between maintaining the integrity of device and network security without creating unnecessary hurdles to employee use. Key to determining this balance is the development of a mobile security governance policy that codifies rules – from frequency of changing personal passwords to which pieces of software need to be installed on a device. Robust mobile security platforms, that address even the strictest policies, are readily available today and operate in a manner that is virtually transparent to the user. In other words, existing solutions can address all the critical security issues organizations face, while providing enough flexibility to employees to be productive with their smartphones and tablets.

Key elements of mobile security solutions include:

- On-device password and data encryption: Users must enter a password to access device functionality, including policies to cycle passwords
- Remote device kill and data deletion: IT departments can delete all data and settings on lost or stolen smartphones and tablets
- Partitioning of corporate and personal applications and data: IT departments are capable of securing, controlling, and removing / wiping corporate data and applications, separating from personal content such as photos or music
- Over-the-air provisioning: IT departments can set policies, configure mobile devices, and update applications remotely through a centralized platform
- Remote control and delivery of security-patch updates: IT departments can take control of the device and can push security updates to the device
- Over-the-air encryption: Data exchange is fully encrypted

CONCLUSION

As the mobile worker population continues to grow and mobile devices increasingly represent an employee's primary computing and communications platform, the need for mobile access to HR applications, including payroll and time and attendance, is expanding. VDC's and ADPRI's research on mobile HR solutions supports this finding. Their research also reveals that employers increasingly see value in allowing their employees access to their own payroll and HR data via mobile devices. Through mobile access to HR solutions, organizations are creating and empowering a more productive, satisfied, and engaged workforce.

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ADP MOBILE HR SOLUTIONS HELP ORGANIZATIONS CONNECT WITH THEIR EMPLOYEES

ADP Mobile Solutions will help you overcome the challenges related to managing a decentralized workforce and give you a direct, convenient communications channel that will help you reinforce key communications and messages from your organization to your employees, no matter where they are. This can help lead to increased satisfaction and loyalty, and an overall improved employee experience.

ADP Mobile Solutions have been designed by the best in the industry – always just "two taps" to access key employee data. ADP is also committed to expanding its mobile HR applications and leveraging the latest mobile technology on the most popular smartphones and tablets. For more information, please contact adpmobile_feedback@adp.com.

RESEARCH METHODOLOGY

This research was conducted by VDC Research and ADPRI. Data was collected using an online survey fielded in February 2011 among 400 senior HR decision makers in midsized organizations with 50-999 employees and large organizations with 1000 or more employees. This research trended a similar study conducted by VDC and ADPRI in late 2009.

ABOUT VDC RESEARCH

VDC Research Group (VDC) provides exceptionally detailed, direct-contact, primary-market research and consulting services to many of the world's largest technology suppliers, innovative start-ups, and leading investors. The firm is organized around six practices, each with its own focused area of coverage. Our clients rely on us for highly segmented research and analysis, which is derived from our unwavering commitment to the idea that all markets are collections of smaller market segments, and that winning companies must develop and execute strategies that are segment-specific.

ABOUT ADP

Automatic Data Processing, Inc. (NASDAQ: ADP), with nearly $9 billion in revenues and about 550,000 clients, is one of the world's largest providers of business outsourcing solutions. Leveraging over 60 years of experience, ADP offers a wide range of HR, payroll, tax, and benefits administration solutions from a single source.

The ADP Research Institute (ADPRI) is a specialized group of market research professionals within ADP that conducts studies on topics of interest to HR, benefits, and payroll professionals. Findings from the ADPRI's studies are made public in a variety of ways, including press releases, white papers, webinars, and podcasts.

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