LEADING THROUGH DISRUPTION WEBINAR:
BUILDING A HUMAN-CENTERED TECHNOLOGY TALENT MODEL
TODAY’S SPEAKERS

Sheela Sukumaran
Global Technology Industry Leader

Bruce Barge
Career Leader San Francisco Market

THANKS FOR JOINING US!

TODAY WE WILL DIVE INTO THE TECH INDUSTRY TEAM’S LEADING THROUGH DISRUPTION RESEARCH...

...& HIGHLIGHT FINDINGS FROM OUR LATEST PAPER IN THE SERIES: BUILDING A HUMAN-CENTERED TALENT MODEL IN THE TECH INDUSTRY
WHO WE ARE

A GLOBAL FORCE OF MORE THAN 23,000 INDIVIDUALS

PASSION FOR ENHANCING THE HEALTH, WEALTH, AND CAREERS OF MORE THAN 115 MILLION PEOPLE WORLDWIDE

UNITED BY A SINGLE IDEA:

TO MAKE LIVES BETTER TOMORROW THROUGH ACTIONS WE TAKE TODAY

HEALTH  CAREER  WEALTH
EXPERIENCE ACROSS THE TECHNOLOGY SECTOR
01 Leading Through Disruption Intro

02 Your Organization’s Innovation Outlook

03 Building Tomorrow’s Tech Talent Model

04 Agenda for Transformation
The three forces of disruption, combined with intense competition is challenging traditional views and measures of Technology markets and success.
Leading through disruption is about knowing where the industry is going, how business is evolving, and innovating to deliver a disruption-ready people strategy.
CB Insight’s 2018 State of Innovation report showed high-performing companies...

...invest more in disruptive projects than low performing companies.  

...are 5X more likely to build a culture of innovation across every business function. 

...have 2.7X more effective idea generation than low performing companies.

Leading Through Disruption in the Fourth Industrial Revolution

FORCES OF DISRUPTION

EXPONENTIAL TECHNOLOGIES
PERVERSIVE DIGITALIZATION
SPEED@SCALE

What are the workplace shifts?

Unbundling of jobs
Higher cognitive complexity
New work, new skills

How do we innovate for tomorrow?

LEADING THROUGH DISRUPTION

SUSTAINED BUSINESS GROWTH
CUSTOMERS FOR LIFE
TOP PLACE TO WORK
01
Leading Through Disruption Intro

02
Your Organization’s Innovation Outlook

03
Building Tomorrow’s Tech Talent Model

04
Agenda for Transformation
Organizations have unique business challenges.
Examples: Hyper-growth, investments are prioritized for areas that show demonstrable ROI, operating in bi-modal environment, focus on survival.

Workforce, culture capabilities & competencies vary.
Examples: Broad digital capabilities, mix of legacy and digital skillsets, continuous learning not an organizational imperative.

Leadership & organization appetite for innovation.
Examples: Organization invests heavily in innovation, innovation encouraged on select teams, new ideas need to be heavily socialized.
Focus on innovation to drive exponential growth. Disruptors build and evolve new technologies and often play in diverse industries, disrupting them through innovative applications of technology.

Focus is on competitiveness, encouraging your innovative spirit. Accelerators have a large market presence, however, they are challenged by new entrants and have placed big bets on innovation to compete.

Focus is on operational efficiencies which can slow innovation. Pragmatists often selectively invest in innovation in order to remedy pain points and maximize efficiencies, but do not have a unified approach for the firm.

Focus is on survival, margins trump innovation. Optimizers are challenged for growth because their industry segment or business growth is contracting or has been flat in the recent past.
2. Here’s What Today’s Attendees Shared About Their Organization

- **Optimizers**: 18%
  - Workforce
  - Culture
  - Digital Workforce
  - Rewards
  - Leadership
  - People Processes

- **Pragmatists**: 50%
  - Workforce
  - Culture
  - Leadership
  - Digital Workforce
  - People Processes
  - Rewards

- **Accelerators**: 25%
  - Culture
  - Digital Workplace
  - People Processes
  - Leadership
  - Workforce
  - Rewards

- **Disruptors**: 7%
  - Culture
  - Digital Workplace
  - People Processes
  - Leadership
  - Workforce
  - Rewards

Legend:
- Light green: Most companies in this category are making notable progress in this area.
- Light yellow: Some companies in this category are making progress in this area and/or there are opportunities for improvement.
- Light gray: Companies in this category are making little progress in this area and/or there are significant opportunities for improvement.
01  Leading Through Disruption Intro

02  Your Organization’s Innovation Outlook

03  Building Tomorrow’s Tech Talent Model

04  Agenda for Transformation
3. THE TECHNOLOGY WORKFORCE WILL LOOK RADICALLY DIFFERENT IN 5 YEARS’ TIME

1. SIGNIFICANTLY FEWER EMPLOYEES

2. “ON-DEMAND” WORKFORCE

3. DIFFERENT SKILLS PROFILE

Representative Technology Employer

- The impact of automation
- The impact of on-demand workforce
- The need to up-skill

<table>
<thead>
<tr>
<th>Current FTE equivalent demand</th>
<th>Demand reduction due to digital agenda</th>
<th>Future FTE equivalent demand</th>
<th>FTE that can be sourced from external talent pools</th>
<th>Future FTE demand for internal workforce</th>
<th>Existing internal FTE requiring reskilling</th>
<th>Existing internal FTE with minimal reskill required</th>
</tr>
</thead>
</table>

35-50% of total

Source: Mercer Analysis
Digital business models, global demographic shifts, and disruptive technological innovation are all driving the future talent model.

### Externally Determined Labor Market
- Strong variability in talent availability & portability
- Drive for consistent employment practices across markets to create a unified employee experience

### Rise of the Talent Ecosystem
- Digital platforms have transformed the technology talent model
- Enable on demand contingent workers in a range of areas (engineers, AI, software development)

### Continuous Evolution of Human Skills
- Ability to learn continuously, on-demand and through direct practice of new tasks and technologies
- Redeployment to new roles

### A New Concept on Career
- Organizations are flatter and less hierarchical, making upward progression less common
- A shift in individualized career progression
3. THE NEW TALENT MODEL
CONTINUOUS EVOLUTION OF HUMAN SKILLS

TODAY

“İ”
SHAPED SKILLS

Specialists with deep expertise in one area and little experience in other areas

Java Programmer, DBA, QA Engineer

“T”
SHAPED SKILLS

Specialists in the agile community that have become synonymous with a generalized specialist

Windows/UNIX/Linux System Administrator

TOMORROW

“E”
SHAPED SKILLS

Specialists have experience and expertise across several areas, along with exploration and execution skills

Full-stack Developers, Embedded Systems Engineer

“M”
SHAPED SKILLS

Having expertise and foundational knowledge in multiple specialties

DevOps Engineer, Site Reliability Engineer
We are likely to see longer individual careers, with a portfolio of work experience, each involving continuous learning & acquiring new skills.

Tech companies have moved to flexible career models focused on personalized development, more project-focused work, and active internal mobility.

Cross-functional experiences

Individualized Career Management

Digital Infrastructure for “internal gig-economy”
Poll Question #1

In which of these areas do you have the biggest gap?

A. Cross-functional experiences

B. Individualized Career Management

C. Peer-led, curated, and on-demand learning

D. Digital Infrastructure for “internal gig-economy”
Your Organization’s Innovation Outlook

Building Tomorrow’s Tech Talent Model

Agenda for Transformation
4. AGENDA FOR TRANSFORMATION

Focus areas for transformation are centered around 3 key themes:

I  HR’S ROLE: COMPETITIVE ADVANTAGE THROUGH PEOPLE

- Translate business direction into people strategy
- Create differentiated employee experience and talent brand
- Design organization structures, teams and roles of the future
- Enable digital process workplace

II  BUILDING TOMORROW’S WORKFORCE

- Anticipate future workforce needs
- Optimize workforce skills and costs through buy, build, rent and automate (by segment)
- Expand skill development ecosystem
- Foster cultural agility

III  INNOVATION-CENTERED ORGANIZATION

- Purpose-driven vision and culture
- Flexible workflows and metrics
- Digital workplaces built on intelligent applications
- Innovative practices
- Flatter, decentralized organizational design

---

1 The Future of Jobs Report by The World Economic Forum, page 6
### 4. THE FUTURE OF HR: POSSIBILITIES

<table>
<thead>
<tr>
<th>Design</th>
<th>Capabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workforce</td>
<td>COO of the Talent Supply Chain</td>
</tr>
<tr>
<td>Futurist</td>
<td></td>
</tr>
<tr>
<td>Product</td>
<td>Employee Lifecycle Experience</td>
</tr>
<tr>
<td>Manager, Human</td>
<td></td>
</tr>
<tr>
<td>Performance</td>
<td></td>
</tr>
</tbody>
</table>

Copyright © 2018 Mercer. All rights reserved.
### 4. Agenda for Transformation: Internal Delivering the Workforce of the Future

**Align**

What changes are impacting my workforce and what do they mean?
- Identify the trends impacting the workforce
- Assess the impacts across the value chain
- Align leadership around the future workforce vision

How do we drive the transformation forward?
- Establish transformation governance
- Business and HR partnership in phased roadmap, aligned with strategy
- Robust change management

**Define**

What will my future workforce look like?
- Size and shape the future workforce under different scenarios
- Identify future talent gaps
- Evaluate and select the options for addressing gaps

How do we get there?
- Enhance employee value proposition and experience to fit target workforce
- Redesign workforce programs, processes, rewards and communications
- Implement technology platforms to enable the automation of work and a more digital employee experience

**Design**

Set the vision and prepare change
Map the current and forecast the future workforce
Determine and design workforce Strategies
Deliver the transformation

The Mercer-Oliver Wyman Workforce for the Future Framework

Copyright © 2018 Mercer. All rights reserved.
Recognizing the challenges posed by limited talent and rapidly evolving technology skills, many technology companies are building the ecosystem.

**Working with schools & universities**
Social outreach programs are helping shape curricula and providing scholarships, apprenticeship and internship opportunities to build and encourage technical skills in the classroom.

**Reskilling the existing workforce**
Rewards teams are providing tuition reimbursements to the existing workforce, and providing ‘on the job’ programs that encourage non-tech workers to build tech skills and careers.

**Working with communities**
Talent management teams are partnering cities and community groups to identify opportunities and support/fund vocational training programs to build targeted skills in the communities.

**Enabling businesses and individuals**
Sales enablement teams are providing on-demand tools and training materials, including developer toolkits and certifications to enable businesses and individuals to participate in the digital economy.

Inorganic growth and cross-sector partnerships are also helping organizations access talent in new areas, and redeploy their existing workforce in new areas.
Poll Question #2

What is your greatest challenge to build and deliver a people strategy?

A. The business doesn’t prioritize working with HR on this.

B. We get overwhelmed by more immediate tactical priorities.

C. We don’t have a process or capabilities in HR to do this well.

D. We don’t think we need to prepare for the future.
4. BUILDING AN INNOVATION-CENTERED ORGANIZATION

<table>
<thead>
<tr>
<th>FIVE DISTINCT DIFFERENTIATORS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Purpose-driven vision and a culture</strong> that rewards innovation, engagement, collaboration, speed and comfort with failure</td>
</tr>
<tr>
<td><strong>People workflows and metrics</strong> that are flexible and scale learning across the enterprise, and are designed with shorter feedback loop cycles</td>
</tr>
<tr>
<td><strong>Workplace</strong> built on <strong>intelligent applications and innovative practices</strong>, which allow for autonomy, experimentation and human-machine collaboration</td>
</tr>
<tr>
<td><strong>Organization design</strong> that moves tasks and decisions closest to information, reduces internal friction and enables cross-functional collaboration and risk-taking</td>
</tr>
<tr>
<td><strong>Workforce skills and capabilities</strong> that enable tomorrow’s workforce to operate in the “augmented” and “human-in-the-loop” future</td>
</tr>
</tbody>
</table>
4. DEVELOPING YOUR DISRUPTION JOURNEY

Focus is on survival, margins trump innovation.

Optimizers are challenged for growth because their industry segment or business growth is contracting or has been flat in the recent past.

**Workforce State and Impact**

- Workforce is stable but there may have been recent reductions in the workforce, causing morale challenges
- Workplace technology including HRIS is dated and fragmented, causing data silos, reporting challenges, manual touches and process inefficiencies
- There are significant challenges retaining and attracting top talent
- Significant focus on cost containment and value
- Culture is insular; new ideas and approaches need to be extensively socialized and tailored to be accepted

**Innovation Drivers**

- Business input on potential growth drivers and the workforce roles and skills needed to reinvent future growth
- Workforce analytics to make people cost/ROI more visible and rigorous--external labor options, outcome drivers
- Innovation hubs, digital centers and on-demand talent “pilots” to develop ‘new organization and people muscle’ at the edges
- Radical workforce restructuring to raise skills and performance, especially reinforced with new reward structures
- Create cross-functional career paths to develop a broader skill base among current employees
Focus is on operational efficiencies which can slow innovation. Pragmatists often selectively invest in innovation in order to remedy pain points and maximize efficiencies, but do not have a unified approach for the firm.

**Workforce State and Impact**

- Workforce is stable in terms of engagement, retention and structure, but slowly falling behind in skills
- Workforce is resistant to change because of past business successes, risk aversion and past failed initiatives
- Overall recognition that workforce lacks broad digital capabilities but conservative in adopting new technologies or processes
- Lack of innovation budgets or in-house capabilities to build innovative solutions

**Innovation Drivers**

- Invest in ‘edge’ innovations through business function transformations, and identify other use cases they can be leveraged for (e.g. digital assistants for customer service)
- Segment stakeholders by response to technology, and drive targeted adoption actions
- Leapfrog innovation by placing small bets on new technology
- Solve current challenges by leveraging technology interns/hackathons or funding crowdsourced competitions
- Redesign metrics and incentive structures for teams tasked with innovation or new businesses to ensure existing risk-reward tradeoffs do not choke innovation
Workforce State and Impact

- Workforce skills are still highly competitive but may be limited in driving innovation due to organization complexity
- Change fatigue in the organization, often arising from too many initiatives or programs that do not fully address people experience
- Next generation business vision is not fully operationalized in structures and roles that can deliver it; must also maintain successful core business
- Employee value proposition for legacy workforce isn’t working for more recently hired workforce

Innovation Drivers

- Build local change management capability in the key markets and business functions, in order to run ‘high touch’ programs that lead with people experience across initiatives
- Review people processes, policy, governance and metrics (local & global) to foster innovation and a more agile, digitally enabled employee experience
- Update employee value proposition and the career and rewards programs to fit future business vision
- Refresh Manager and Leader roles, to engage and develop them in fostering the target culture and employee experience

Focus is on competitiveness, encouraging your innovative spirit.
Accelerators have a large market presence, however, they are challenged by new entrants and have placed big bets on innovation to compete.
Focus on innovation to drive exponential growth.
Disruptors build and evolve new technologies and often play in diverse industries, disrupting them through innovative applications of technology.

**Workforce State and Impact**
- Hyper-growth presents challenges scaling globally while retaining the entrepreneurial culture
- Quickly integrating and ramping up new companies, capabilities, and leaders through acquisition/inorganic growth
- Leaders and professionals promoted quickly into roles they may not be fully prepared for
- Delivering a consistent and target employee experience as the workforce becomes increasingly diverse.
- Implementing global best practices while still respecting local nuances and business complexity

**Innovation Drivers**
- Evolve the culture to encourage diversity in the workforce
- Integrate employee and non-employee workforce into a shared talent ecosystem
- Disruptors often have a smaller ratio of managers and leaders in order to encourage autonomy for individual contributors.
- Develop ‘loose’ structures and “guardrails” to codify practices and allow for consistency in people programs and initiatives
- Embed digital HR tools and processes into employee experience
- Ensure consistent philosophy for career levels and rewards even as fast growth and acquisitions require flexibility
IF WE COULD LEAVE YOU WITH THREE THINGS, THEY WOULD BE...

BASELINE YOUR CURRENT STATE TO MOVE THE RIGHT LEVERS FOR CHANGE

TALENT ECOSYSTEMS ARE THE FUTURE...BE PREPARED!

BUSINESSES & HR NEED NEW TOOLS FOR TOMORROW’S CHALLENGES
Reach out to us if you are interested in learning more.

—

Thank you!

Bruce Barge
Career Leader San Francisco Market
Bruce.barge@mercer.com

Sheela Sukumaran
Global Technology Industry Leader
Sheela.sukumaran@mercer.com