Name and Title of the Suggested Panelist: Jeff Donnay, Director of Solution Sales Employee Workflow

Summary of proposed presentation and talking points: Delivering modern, digital experiences to attract and retain today's top talent

ServiceNow will bring thought leadership on the importance of delivering modern, digital experiences to retain and attract top talent. Why is this important? By creating intentional and modern experiences that remove friction from moments that matter, your workforce is enabled to fully focus on their mission: serving citizens. Being competitive in today's labor market requires a multi-faceted approach to your employment brand and the employee experience is a C-suite imperative within the private sector. To remain competitive, States like the Commonwealth of Pennsylvania, Alaska, California, Tennessee, and North Carolina are investing in ServiceNow to enable their employee experience.

With the profile of your workforce changing and millennials comprising the largest generation of the within the workforce, creating modern, digital experiences is paramount to creating a reputation as an employer of choice within State government. Employees expect seamless experiences regardless of their working location. Unfortunately, most of the feedback today is that of challenge and friction. Often employees share they:

- Don't know who to contact
- Don't have visibility into the process when they need help
- Policies and procedures are not well understood and are hard to find

At a minimum, this leads to time away from serving citizens and worse case leads to turnover, lack of trust, and a troubling employer brand in the market.

The pandemic disrupted the way HR service delivery teams conducted their work and the changing the needs of employees put a heavy strain on already limited resources. It is no longer possible or sustainable for employees to walk down the hallway to meet with HR, Legal, or the Facilities teams to receive help. Enter digital workflows for critical moments that matter like onboarding, parental leave of absence, and offboarding require cross functional coordination.

Critical drivers for creating an intentional employee experience:

- Supporting a hybrid workforce
- Flexibility and agility to respond to changing business and employee needs
- The need for business functions to work together to reduce manual work and create intentional, scalable experiences is a topic of critical importance to attract and retain talent in today's marketplace

Links/attachments:

- Industry thought leader Josh Bersin: Employee Experience Imperative
- Forrester Total Economic Report

The Employee Experience Platform Market Has Arrived

Employee Service Delivery as a Foundation for Great Experiences

joshbersin

Introduction

In this whitepaper, we will discuss the emergence of a new category of HR and workforce productivity software, the employee experience platform (EXP). The EXP provides middleware connectivity, digital workflows, case management, process management, and knowledge management to help companies give their employees a single place to manage work-related tasks, HR requirements, and job transitions. Grown out of the case management and employee portal market, EXPs shield employees from complex and heterogeneous back-end systems and give employees a single place to go for a wide range of services. When implemented well, the EXP platform can also enable AI, nudges, mobile apps, and cognitive interfaces to make employees' work lives more productive and engaging.

To understand today's interest in employee experience, let's first examine the problem. Over the last several years, the proliferation of new technologies, coupled with economic growth, have brought complexity to the workdays of most employees. Recent research shows that 27% of workers believe they waste an entire day a week on irrelevant emails and messages[1]; more than 40% of professionals now work over 50 or hours per week, and in the United States, employees are taking 15% less vacation time than they did 20 years ago[2].

Productivity, the measure of output per hour worked, is only slightly increasing. Despite the proliferation of digital workplace tools, productivity in most developed countries, including the United States, UK, Germany, Japan, and Russia, is barely growing[3] (currently it is at around 2.2%).

Meanwhile, the number of technology systems used by employees is increasing. New research by Sierra Cedar shows that the average number of HR systems of record increased from 8 to 11 this year, creating an even more complex environment for employees[4]. Additionally, on average, companies are using seven different tools for messaging,

communication, file sharing, and scheduling.[5] Is it any wonder employees are overwhelmed and companies are spending more than $40 billion a year on wellbeing programs[6]? We simply need to make work easier.

Careers and Jobs: Employees' Lives Have Become More Dynamic

Just as work itself has become dynamic and complex, so have employees' careers.

We used to look at careers as a somewhat predictable. You would go through a recruitment and interviewing process, accept a job with a well-defined job description and salary, go through a few days of onboarding, and then start actual work. If you went to work for a very large company, there might be several months of introductory training before starting your job, and from then on, your manager would direct your career.

Every few years you might change jobs or get promoted, and in that case, you might relocate and go through additional training before starting your new job. If you were suited for management, you might go through leadership development and management training. This process would continue for decades until eventually you retired.

Until the last 20 years or so, most employees spent their work careers in one or two companies. In fact, the U.S. industrial economy and most European economies are based on this talent model, as are traditional retirement and pension programs and most career models. The corporate landscape was also different then. In the 1970s, the top 20 companies employed almost 10% of the workforce[7].

All this has changed. Young workers today find their jobs on the internet, and they interview for new positions on a regular basis throughout their career. Millennials change jobs and companies every two to three years, and they expect to learn and progress continuously[8]. Onboarding – related to new

1 https://www.linkedin.com/pulse/want-happy-work-spend-time-learning-josh-bersin/

2 https://projecttimeoff.com/reports/state-of-american-vacation-2018/

3 https://tradingeconomics.com/united-states/productivity

4 https://www.sierra-cedar.com/research/annual-survey/

5 https://www2.deloitte.com/insights/us/en/focus/human-capital-trends/2018/network-of-teams-connected-workplace.html

6 https://www.grandviewresearch.com/press-release/global-corporate-wellness-market

7 The Vanishing American Corporation: Navigating the Hazards of a New Economy, by Gerald F. Davis

8 https://www.linkedin.com/pulse/want-happy-work-spend-time-learning-josh-bersin/

Figure 1
Employee Journey

technologies, company initiatives, or business transformations – can seem almost continuous. In the most sophisticated companies, new employee onboarding is now a multi-month journey, with different types of developmental experiences along the way.

Each employee embarks on a unique journey when she joins an organization. Employee journeys will have twists, turns, detours, and maybe even a few bumps, but they will all be full of moments that matter. These moments combine to define the employee experience for your organization.

When it comes to services and support, employees have critical needs at all times of day. Professionals who travel frequently need supporting travel services. Remote employees need new laptops, phones, and tablets, as well as support for these devices. Companies need to provide VPN and file storage systems, in addition to smart badges that have to be provisioned and maintained. In secure and regulatory environments, employees must clock in, maintain certifications, and stay current on process changes all the time. And when a company merges, upgrades a major system, or goes through a downturn, all these problems are magnified.

Employees really care about all these things. If you look at how employees rate their employers on websites such as Glassdoor, Indeed, Fairygodboss, and Kununu, they regularly discuss culture, management, and the work environment as the most important factors at work. Pay is important too, but it's the employee experience that really matters. Whether it's something simple like fixing a paycheck discrepancy or an issue related to a complex program such as paternity leave, these moments that matter are opportunities to delight employees. When organizations succeed, employees become raving fans. When they fail, employees complain or post comments on social media.

The State of HR and Workplace Technology

Companies are replacing older IT systems with integrated cloud platforms (more than 30% of companies now have cloud-based HCM systems[9]) with the hope that the new systems will make employees' lives better. And the pace of replacement is increasing. Not only are companies replacing in-house HCM systems with platforms such as Workday, Oracle HCM, and

9 https://www.sierra-cedar.com/research/annual-survey/

SuccessFactors, they are also replacing office productivity systems too. Office 365, Microsoft Teams, Slack, Google G-Suite, and tools from Facebook, Cisco, and Atlassian are revolutionizing the workplace[10].

In fact, I have never seen such a massive proliferation of technology hit the enterprise at once. I am tracking more than 1,400 vendors that sell new tools for recruitment, performance management, wellbeing, learning, employee surveying, and other HR applications. How can we use them all?

If you look at overall satisfaction with new cloud-based systems, it's not as high as you might imagine. The most recent Sierra-Cedar study found that only 17% of respondents believe their core HR system always meets company needs; the average user experience rating among more than 1,000 talent software companies is only 3.1 out of 5. While some vendors score higher than others, even the top performers are struggling to deliver a complete experience. (Sierra Cedar's research shows a 3% drop in user ratings over the last year.)

These satisfaction levels are not the result of poorly designed products. Rather, they are a reflection of an ever-expanding, ever-changing landscape in which no single vendor can do it all.[11] As AI becomes more mature and workplace software becomes more intelligent and predictive, new systems that provide employee nudges, wellbeing suggestions, training, coaching, and tips for time-management and expense management are exploding. Organizations find themselves with a continually expanding portfolio of applications while trying to figure out how to get them adopted and used by employees.

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10 https://www.geekwire.com/2018/new-word-processor-wars-fresh-crop-productivity-apps-trying-reinvent-workday/

11 https://joshbersin.com/hr-tech-disruptions-for-2019/

Employee Service Delivery Is Foundational for Great Experiences

We need to think about the employee experience the way we think about the consumer experience. Information must be available as needed, people are efficiently guided to the right systems and departments, and employees can get relevant help at any time.

Can a single platform help address these challenges? The employee experience platform (EXP) is the solution.

In many ways, this new product category represents the evolution of employee service delivery, which goes back to the 1970s when companies first realized they needed employee-facing systems for HR. The following chart shows the stages most companies go through to arrive at a modern, efficient, and relevant employee experience.

- **Level 1:** Companies rely on HR business partners or generalists to help employees with their needs. This works well for small companies. However, even with more specialized partner roles and additional personnel, this approach quickly becomes dysfunctional as companies grow and business becomes more complex.

- **Level 2:** Companies build specialized service centers. This phase, which is where most companies are today, involves centralizing employee services, creating specialist roles, and integrating the HR service center with IT, finance, and other functions. At level 2, companies buy an integrated case management system and provide case-level integration between different functional areas.

Automated Services
(voice, apps, AI, nudges, intelligent proactive solutions)

Self-Services Systems
(portals, apps, case management, knowledge base, expertise mgt)

Managed Service and Service Delivery
(integrated service delivery strategy, call centers, outsourced HR services)

Ad-Hoc Service or No Service
(deliver as needed, random, business partner driven, difficult to manage)

Figure 2
The Evolution of the Employee Experience Market

- **Level 3:** Companies invest in the employee self-service portal (or ESS), which is now often designed as a series of employee apps. Because of the continuous proliferation of tools and services, an ESS typically requires significant ongoing investment and maintenance, and often requires resources from IT, finance, employee communications, and other functions.

- **Level 4:** At this level, companies add intelligence, design thinking, proactive and predictive systems, and chat and voice to the platform to create a consumerized and efficient solution.

## Critical Capabilities of Employee Service Delivery

Employee experience solutions go far beyond the traditional functions performed by HR.

When my laptop is broken, I may not know if IT or HR "owns" my problem. I just need my computer fixed as soon as possible. So today, a standalone HR self-service center is no longer limited to HR-related functions. It must operate in the context of all the employee services the company wants to provide.

In fact almost all employee journeys cross HR, IT, and other organizational areas. Many include facilities, finance and legal. Therefore, we need a platform upon which to build cross-functional journeys. (This begs the question of whether the standalone functional service organizations should not also be more integrated. For a good discussion of this issue, I recommend reading McKinsey's discussion of the Global Services Business model[12].)

For each employee need or journey, there is a myriad of systems behind the scenes. While many HRMS vendors believe

12 https://www.mckinsey.com/business-functions/digital-mckinsey/our-insights/does-the-global-business-services-model-still-matter

Figure 3
Employee Journeys Cross Multiple Functions

Dell Creates A Consumer-Like HR Experience for Employees During the EMC Acquisition

When Dell announced its intent to purchase EMC, the company was already on a path to improve the employee experience when dealing with HR as part of a larger effort to modernize its corporate HR function. Dell had implemented online self-service for many HR-related tasks several years earlier, but the user interface could be difficult for employees to use, and the company's existing HRIS lacked the functionality needed to manage calls.

The pending acquisition of EMC posed new challenges to Dell's HR technology team, which had recently selected a new enterprise HRIS. When the acquisition was finalized, the new company – to be called Dell Technologies – would have approximately 140,000 employees working in 180 countries. Dell and EMC were operating on two different instances of a legacy HRIS and had a large portfolio of other workforce-related applications with more than 400 integrations.

"At the time of the acquisition announcement, EMC was also considering moving to a new HRIS but not to the system we had selected. So, we had to go back to the drawing board to ensure our selection could scale to our needs post-acquisition," said HR Director Mairead Coughlan. "We also had to rescale our own vision to encompass all of the work needed to bring together two large workforces into a single employee experience."

While consolidating two organizations into a new enterprise HRIS would be a daunting challenge in and of itself, the Dell HR technology team decided early on it had to take the initiative even further. The selected HRIS lacked the consumer-like user experience the company was seeking, as well as advanced functionality for case management and knowledge management.

When Dell began work with ServiceNow in January 2017, it was with the understanding that the company would roll out the new HRIS as well as an employee portal (My HR), and case and knowledge management, powered by ServiceNow by that October. The "big bang" rollout would take place over a weekend – the legacy Dell and EMC HRIS systems would be turned off on Friday and the new solution would be up and running and available to all employees the following Monday. The launch date was immovable.

> We relied on design thinking to help us design the My HR portal, which we wanted to build from an employee's perspective. We envisioned it as a 'front door' to HR information, which would clearly direct employees to the information and services needed in the moment.
>
> **Mairead Coughlan**
> HR Director

that employees can use their systems as a single point of contact, in reality this is nearly impossible. There are simply too many back-office systems involved.

Given these issues, what should capabilities should an EXP have in order to deliver critical employee services? First, it must be intelligent, workflow-based, context-sensitive, and accessible from a workers' device of choice. It must also bridge the gap between heterogenous systems, disparate functional service centers, and the ultimate employee needs. Other important criteria are as follows:

Span HR, IT and other departments. Employees often need routine services from multiple departments such as IT, HR, facilities, finance, and even legal. Complex moments in employee journeys – such as onboarding, offboarding, or a leave of absence -- require coordinated support and services across multiple departments. When departments deliver services separately through different portals, systems, and processes, they are only solving a piece of the puzzle. The resulting experience is fragmented and inconsistent. The burden is put on the employees to interact across these departments. Accomplishing what should be simple tasks can be time consuming and frustrating. An EXP needs to drive workflows across different departments and systems. By doing so, back office complexity is hidden from employees, replaced with a single, easy-to-use mobile-first experience.

Easy to use. An EXP serves as a destination for employees – a place to find answers, collaborate, and share information – as well as a set of tools to create and manage cases, direct queries to the right person or group, and develop insights over time. When an employee asks a question, it's highly likely that the question has been asked before and will be asked again, so the system must learn over time.

Help build and manage different employee transitions and journeys. A new employee has one set of needs; an employee who is relocating has others; an employee with a grievance has others. These journeys should be mapped into the system, so organizations can organize their support resources around the real needs employees will have.

Track the progress of all employee interactions. When an employee opens a case, he or she needs status updates. For instance, if an employee is participating in a three-month onboarding or compliance process, the system must track his status. The solution should also manage employee documents. While most back-end systems manage information related to payroll, job level, location, and job title, there are cross-functional documents such as work agreements and compliance forms that may not be automated in back-end systems. The EXP should be able to manage such documents centrally.

Accommodate many modes of access. In the past, self-service systems were portals. Today they are being extended into virtual agents, apps, and both chat, voice, and conversational interfaces – all available from a worker's mobile device. Over time, as the maturity model illustrates, service-delivery systems will be intelligent, predictive, and even provide "nudges" to help employees remember what to do at various times.

Track and manage performance analytics. Since an EXP may well manage and process hundreds of interactions a week, it can provide analytics to help managers identify urgent needs and problematic processes, as well as assess employee feedback. In some sense, this platform becomes a new place to measure employee engagement, since employees interact with it so frequently.

Employee Experience Platform: An Essential Component of HR and IT Systems Plans

For many years companies considered the core HRMS as the foundation of HR technology. These systems of record were considered to be foundational, and companies spent the bulk of their HR-IT budgets on these software platforms.

This is no longer the reality. Many companies now have multiple payroll and HCM systems. More than 70% of companies have legacy systems and multiple cloud HCM platforms[13]. Acquisitions, local country legislation and payroll practices, and the proliferation of new talent applications create even more technology complexity. And the number of employee-facing systems keeps increasing.

Just as Amazon.com, Google, and Facebook deliver a single, integrated, productive experience to consumers, we need a similar "user-centric" architecture for employees as well.

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13 Sierra Cedar
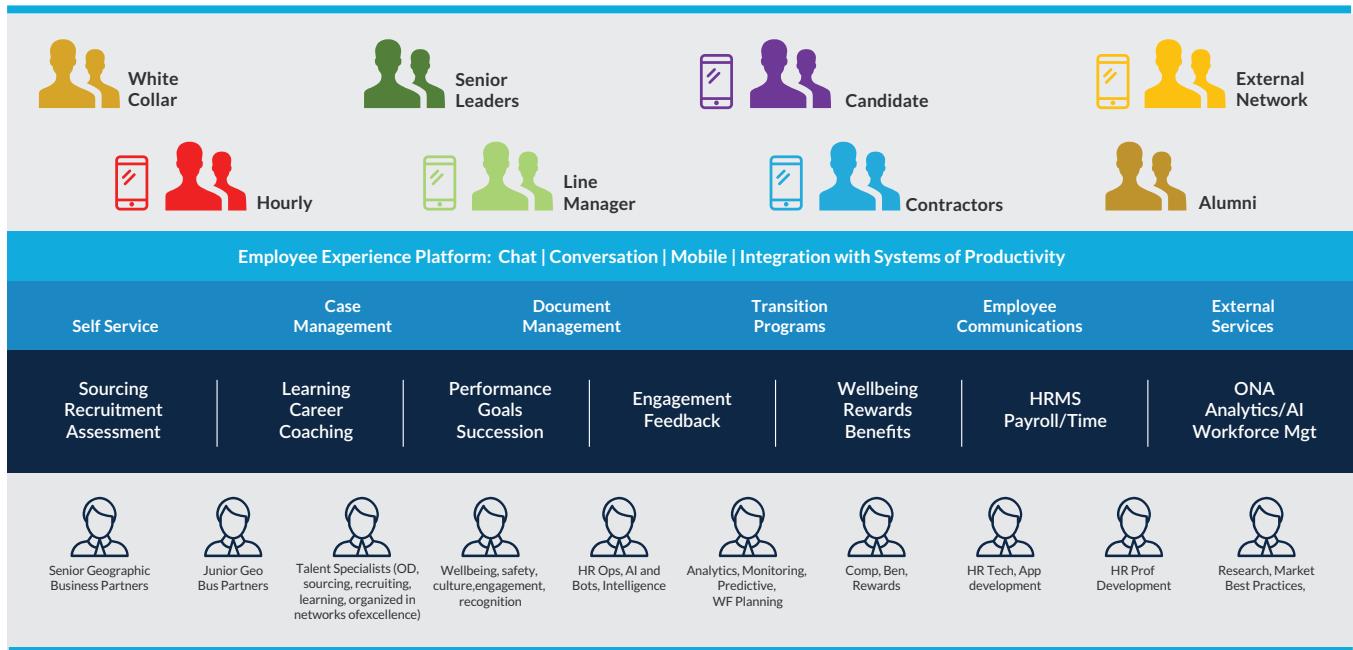
Figure 4
HR Technology Architecture: 2020 and Beyond

Nobody really knows how many heterogenous back-end systems power Amazon or any other consumer platform.

Likewise employees should not need to understand which back-end systems they need to use either.

Many companies acquire Workday, SuccessFactors, Oracle HCM, or other cloud HR system with the goal of creating an integrated employee experience. What they find only a year or less after implementation is that while this new platform may be more integrated, they still need standalone systems for time and scheduling, benefits, learning, and much more. New software tools are being created every year for wellbeing, coaching, benefits administration, and payroll.

The employee experience platform solves this spectrum of applications, while at the same time making the employee experience easier, more complete, and more productive.

Consider the architecture diagram. ERP and specialized vendors typically provide the functions in blue. However, there is no way all of these functions can be provided by a single application. Therefore, we need light blue layer of

software to mask the complexity of the back office systems and create a service-oriented interface that employees find easy to use. This is the EXP, and it needs to be included in every organization's technology plan.

Summary: The Employee Experience Platform Is Here to Stay

In the world of enterprise software, it's unusual for a new category to emerge. But with the expansion of corporate technology, the need for employees to be more productive, and our expectations for consumer-like experiences, the employee experience platform market and vendors like ServiceNow are here to stay. Regardless of your current infrastructure plans, I believe almost every company needs to consider an employee experience platform in their HR and IT systems strategies.

Key Drivers

- Work has become more complex, as people change roles and jobs more frequently than ever.

- Employees are overwhelmed and looking for a simplified, consumer-like experience at work.

- The IT business environment has become more heterogeneous and consists of large cloud and many best-of-breed systems.

- HR departments have organized themselves into service delivery teams but need tools to manage the flood of employee interactions.

- Employees want help with transitions and journeys throughout their careers.

- CHROs and CEOs want to give employees new and better benefits and services with innovative new programs on a regular basis.

- AI, big data, and cognitive systems can learn and predict what employees need and deliver an even more useful and enjoyable way to provide service.

Benefits of the EXP

- As cloud systems grow in popularity, companies are creating more heterogeneous systems architectures. The EXP is a single place to design, manage, and measure all employee interactions across the company.

- Employee transitions and service demands are complex, voluminous, and need to be managed in one place. The EXP provides IT and HR data, a centralized management platform, tools to create automated workflows, and a unified experience for employees.

- The EXP enables organizations to deliver a great employee experience by making employees feel as if their organization has an understanding of needs throughout the entire employee journey.

- Employees want a single place to find information and solve problems. The EXP eliminates the need for employees to learn how to use the ERP and other systems for service-related issues, thereby making employees more productive and engaged.

- Cross-system digital workflows and applications can be tremendously empowering for employees. By using the EXP to develop programs for strategic programs such as onboarding, performance management, and job transitions, the HR and IT department can work together to build best-of-breed solutions for the company and dramatically increase departmental efficiencies.

- The EXP dramatically reduces the cost and time spent developing custom portals, integrating back-end systems, validating security, and measuring service interactions across multiple backend systems.

- The EXP enables internal HR and IT transformation to evolve without changing the employee experience, as companies build more integrated service organizations to meet employee needs.

About Josh Bersin

Josh Bersin is an internationally recognized analyst, educator, and thought leader focusing on the global talent market and the challenges impacting business workforces around the world. He studies the world of work, HR and leadership practices, and the broad talent technology market.

He founded Bersin & Associates in 2001 to provide research and advisory services focused on corporate learning. Over the next ten years, he expanded the company's coverage to encompass HR, talent management, talent acquisition, and leadership. He sold the company to Deloitte in 2012, when it became known as Bersin™ by Deloitte. Bersin left Deloitte in June 2018, but he continues to serve as a senior advisor and contributes to major research initiatives. He also sits on the board of UC Berkeley Executive Education.

In 2019, Bersin founded the Josh Bersin Academy, the world's first global development academy for HR and talent professionals and a transformation agent for HR organizations. The Academy offers content-rich online programs, a carefully curated library of tools and resources, and a global community that helps HR and talent professionals stay current on the trends and practices needed to drive organizational success in the modern world of work.

Bersin is frequently featured in talent and business publications such as Forbes, Harvard Business Review, HR Executive, FastCompany, The Wall Street Journal, and CLO Magazine. He is a regular keynote speaker at industry events around the world and a popular blogger with more than 700,000 followers on LinkedIn.

His education includes a BS in engineering from Cornell University, an MS in engineering from Stanford University, and an MBA from the Haas School of Business at the University of California, Berkeley.

FORRESTER®

The Total Economic Impact™ Of ServiceNow HR Service Delivery

Cost Savings And Business Benefits Enabled By HR Service Delivery

JANUARY 2021

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Consulting Team: Corey McNair
Mbenoye Diagne

Executive Summary

> In 2020, the importance of employee experience continuity has been underscored by business operations shifting to work-from-anywhere models. Some businesses were caught flat footed without a foundation to provide fully virtual employee services. Prior to the pandemic, in late 2019, a Forrester Tech Tide™ survey of Forrester clients showed 73% expected high business value in HR service management. Given the shifting business operations landscape, those value expectations have likely increased for organizations.[1]

ServiceNow commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying HR Service Delivery (HRSD). The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of HR Service Delivery on their organizations.

ServiceNow's Employee Workflows solution — which contains its HR Service Delivery, Workplace Service Delivery, Legal Service Delivery, Procurement Service Delivery, and Safe Workplace suite — helps organizations drive employee productivity by delivering the right experiences for the hybrid workforce. The solution makes it easy for employees to find answers, get help, and request the services they need through a unified service experience, using intelligent workflows across any device.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four customers with experience using HRSD. For the purposes of this study, Forrester aggregated the experiences of the interviewed customers and combined the results into a single composite organization.

Prior to using HRSD, interviewees at the organizations described having multiple, unconnected point solutions for handling employee services or homegrown applications with limited use cases (e.g., benefits platforms, payroll solutions,

KEY STATISTICS

Return on investment (ROI)
254%

Net present value (NPV)
$7.62M
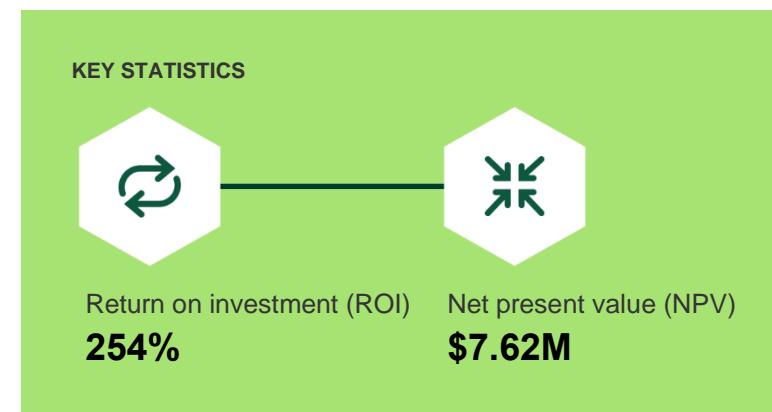
policy portals, applicant tracking systems, etc.). These limitations led to frequent employee inquiries for assistance, which would impact the productivity of HR professionals. Meanwhile, custom application development — in order to support employees — took weeks to complete, resulting in organizations having the play catch-up to fulfill employee requests.

After deploying HRSD, organizations were able to quickly integrate service solutions into one unified platform, work on complex employee requests, and continuously improve the employee experience.

Expansion of HR services and improved agility in addressing employee needs produced time savings for: HR specialists, IT professionals (in supporting complex cross-departmental moments), and the organization as a whole. Employees became more empowered to self-serve their own requests, and HR professionals could spend more time working toward improving the service experience.

KEY FINDINGS

Quantified benefits. Risk-adjusted present value (PV) quantified benefits include:

- **HR professionals improved productivity for employee onboarding and departures by 25%.** ServiceNow HRSD helps organizations to simplify complex cross-departmental employee moments like new hire orientation, offboarding, internal mobility, leaves of absence, returns to the workplace, and more. This simplification is derived from HRSD making it easier for employees to find company policies and procedures and get the step-by-step guidance they need. These workflows help HR to be as hands off as they can be during these processes.

- **Employees are able to self-service up to 80% of their repeat inquiries.** ServiceNow HRSD provides organizations with the foundation to build a unified employee service experience, featuring a center of excellence for sourcing knowledge and making requests. At interviewees' organizations, these resources resulted in the number of frontline employee requests: falling to a minimum of 30%; rising up to 80% on the high end; and recapturing thousands of hours of productivity for both frontline employees and help desk employees.

- **HR professionals avoid over 10,000 hours annually on assisting employees.** For employee requests that require HR professional assistance, HR teams are saving time for themselves and for employees by having more internal knowledge resources readily available to leverage.

- **Time savings on IT assisting employees totals $2.5 million in value.** By using HRSD to create cross-departmental workflows to streamline internal resources and technical assistance, IT professionals are saving time on guiding employees through the setup of computers and login information during moments such as the new hire onboarding experience. Time savings are also recognized on a day-to-day basis with enabled employees referring to these resources first for technical support.

- **Increased agility toward developing applications with ServiceNow by 90%.** ServiceNow HRSD's employee experience templates, low-code/no-code development tools, and ability to carry over workflows helps developers to create service portals within two weeks of time, cutting the time spent on development by months. Interviewed organizations deployed upwards of two dozen applications and services within five years.

Unquantified benefits. Benefits that are not quantified for this study include:

- **Business continuity.** Organizational transitions to remote work during the pandemic went smoothly, stemming from guaranteed mobile and remote access to critical employee services. By having a unified service experience and centrally located knowledge resources, employees across organizations were able to continue working from home with minimal downtime.

- **Stronger business outcomes from more engaged employees.** At interviewees' organizations, faster request resolution kept employees focused on their workflows and undistracted by technical obstacles and other concerns over benefits, workplace conflicts, or compensation. Over time, business outcomes became stronger while employee experience metrics improved.

Costs. Risk-adjusted PV costs include:

- **Licensing costs.** Licensing costs are based on the number of users of ServiceNow HRSD and the types of services leveraged through the solution. For this analysis, the annual cost totaled over $500,000 annually.

- **Implementation costs and administration.** Standing up ServiceNow HRSD takes several weeks between several IT professionals, alongside an implementation assistance cost from ServiceNow. Ongoing maintenance of the solution is handled by one IT professional at the organization.

The customer interviews and financial analysis found that a composite organization experiences benefits of $10,623,166 over three years versus costs of $2,998,224, adding up to a net present value (NPV) of $7,624,930 and an ROI of 254%.

ROI
254%

BENEFITS PV
$10,623,166

NPV
$7,624,930

PAYBACK
<6 months
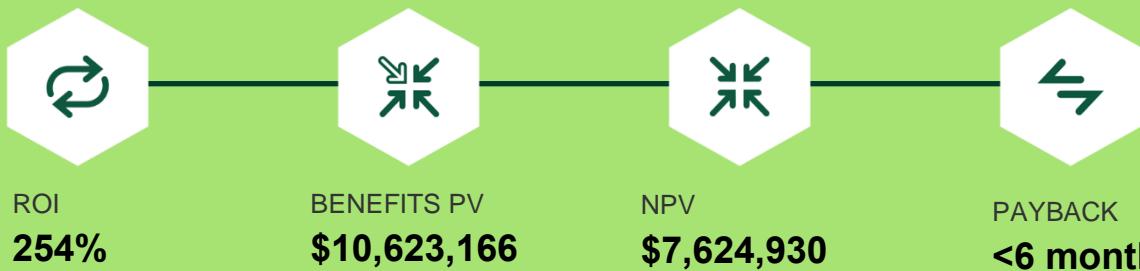
Benefits (Three-Year)

Benefit	Value
Time savings on HR onboarding and departure administrative tasks	$387.0K
Productivity on employee requests through self service	$2.1M
Productivity on employee requests requiring HR assistance	$1.9M
Productivity on employee requests requiring IT assistance	$2.5M
Time to value for new application services and workflows	$3.8M

Shown here are the financial results for a composite organization with 20,000 employees. To see how these financial results appear for companies with 10,000 and 50,000 employees, please refer to Appendix B.
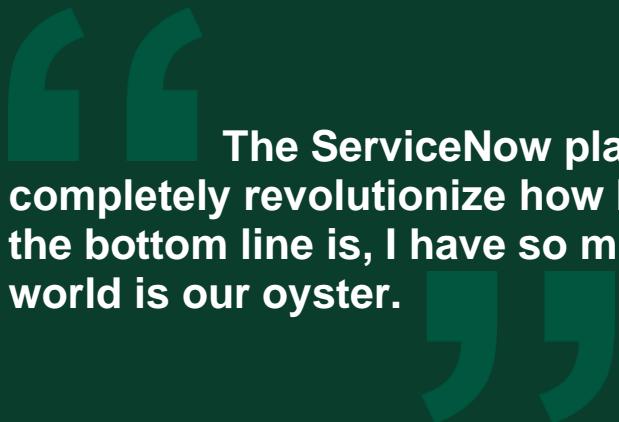
"
The ServiceNow platform really opens the door for us to completely revolutionize how HR is done in the federal government … the bottom line is, I have so much flexibility with this system that the world is our oyster.

— Chief human capital officer, United States Department of Health and Human Services

TEI FRAMEWORK AND METHODOLOGY

From the information provided in the interviews, Forrester constructed a Total Economic Impact™ framework for those organizations considering an investment in HR Service Delivery.

The objective of the framework is to identify the cost, benefit, flexibility, and risk factors that affect the investment decision. Forrester took a multistep approach to evaluate the impact that the HR Service Delivery investment can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by ServiceNow and delivered by Forrester Consulting. It is not meant to be used as a competitive analysis.

Forrester makes no assumptions as to the potential ROI that other organizations will receive. Forrester strongly advises that readers use their own estimates within the framework provided in the report to determine the appropriateness of an investment in the HR Service Delivery.

ServiceNow reviewed and provided feedback to Forrester, but Forrester maintains editorial control over the study and its findings and does not accept changes to the study that contradict Forrester's findings or obscure the meaning of the study.

ServiceNow provided the customer names for the interviews but did not participate in the interviews.

DUE DILIGENCE
Interviewed ServiceNow stakeholders and Forrester analysts to gather data relative to the HR Service Delivery.

CUSTOMER INTERVIEWS
Interviewed four decision-makers at organizations using the HR Service Delivery to obtain data with respect to costs, benefits, and risks.

COMPOSITE ORGANIZATION
Designed a composite organization based on characteristics of the interviewed organizations.

FINANCIAL MODEL FRAMEWORK
Constructed a financial model representative of the interviews using the TEI methodology and risk-adjusted the financial model based on issues and concerns of the interviewed organizations.

CASE STUDY
Employed four fundamental elements of TEI in modeling the investment impact: benefits, costs, flexibility, and risks. Given the increasing sophistication of ROI analyses related to IT investments, Forrester's TEI methodology provides a complete picture of the total economic impact of purchase decisions. Please see Appendix A for additional information on the TEI methodology.

The ServiceNow HR Service Delivery Customer Journey

■ Drivers leading to the HR Service Delivery investment

Interviewed Organizations					
Industry	Company name	HCM solution integrated with ServiceNow HRSD	Region	Interviewee	Number of employees
Food and beverage	Coca-Cola European Partners	SAP SuccessFactors	Headquartered in Western Europe	VP for people and culture, function and strategy	~25,000
Healthcare	Sanford Health	Workday	Headquartered in North America	Senior executive director of human resources shared services; Director of employee service center	~50,000
Public sector	United States Department of Health and Human Services	Oracle PeopleSoft	Headquartered in North America	Chief human capital officer; Deputy chief human capital officer	~80,000
Banking	Anonymous	SAP SuccessFactors	Headquartered in Western Europe	Head of HR, digital service and experience	~90,000

KEY CHALLENGES

The interviewed organizations shared several challenges they faced before adopting ServiceNow HRSD, including:

- **Limited or outdated technology for HR services.** Interviewees leveraged a mix of on-premises or cloud HCM systems (SAP, SuccessFactors, Workday, Oracle) and older payroll services or ATSes that worked for their organization but provided limited functionality to helping employees.[2] The previous technology lacked a hub to provide information to employees and bring together various service portals. Between the various systems, organizations were unable to holistically track engagement and understand whether employee needs were being met or not.

- **Disjointed employee knowledge base and support center.** Interviewees' organizations had HR teams broken out across different business units and regions, which resulted in inconsistent employee support and experiences. Additionally, these HR teams lacked a common network to share or collaborate on best practices for employee services, and this resulted in redundant work on building knowledge bases and

inconsistencies in policies. As a whole, management lacked oversight on HR practices and risked falling behind other organizations in attracting talent due to their employee-first approach.

> **"Each of our HR centers has their own funding stream so we couldn't tell them to stop utilizing their homegrown time and attendance system. But I can consolidate all of their data at our level. Over time, the goal is to turn off all of the different systems and remove the siloed structure of our approach to HR."**
>
> *Deputy chief human capital officer, United States Department of Health and Human Services*

This sentiment was especially felt by the interviewee at Coca-Cola European Partners where they represented the European branch of the company. While the branch has to uphold overarching global business practices and values, in many ways they operate independent of employee services best practices based on

region-specific policies, customs, and operational goals.

- **Lack of touch points for employees to engage with HR.** Interviewees' organizations did not have a traditional center of excellence in place to support employees. Self-service on inquiries was unrealistic, and to receive help employees had to engage in several emails or calls with frontline service desk and HR professionals. Of the resources that were available to employees, mobile or remote access was not available, further impeding the employee experience.

> **"We started to define for ourselves what is the employee experience. What do we mean by that? What are the HR touchpoints that align with what people expect?**
>
> **We needed smart applications to look for insights in employee engagement data so that we could create an experience for how we want people to feel if they work for our company."**
>
> *VP for people and culture, function and strategy, Coca-Cola European Partners*

SOLUTION REQUIREMENTS

The interviewed organizations searched for an enterprise service management solution that:

- Can lay the foundation for a shared services center of excellence that facilitates more self-service among employees.

- Improves agility for HR to adapt to employee needs — specifically, a scalable solution that can layer in a unified service experience.

- Provides integrations for third-party employee service portals.

- Tracks employee requests and shares insights/recommendations toward building an internal knowledge base.

- Offers access to remote and mobile employees.

> **"Our aim was to empower and enable our colleagues with self-service capabilities — eliminating their reliance on email correspondence across HR transactions and case management. A tiered support model is in place to make the most of our skilled HR resources when help is needed."**
>
> *Head of HR, digital service and experience, banking industry*

COMPOSITE ORGANIZATION

Based on the interviews, Forrester constructed a TEI framework, a composite company, and a ROI analysis that illustrates the areas financially affected. The composite organization is representative of the four companies that Forrester interviewed and is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

Description of composite. The composite organization is a global B2C company with annual revenues totaling $5 billion. Twenty thousand employees work for the company worldwide across four work centers, which are supported by 50 dedicated frontline help desk workers and 150 HR professionals. Before adopting ServiceNow HRSD, the B2C company had unconnected point solutions for employee management, and this led to inefficiencies for HR and employees across the organization.

Deployment characteristics. The composite organization is looking to leverage HRSD's unified service portal, complex case management system, and knowledge bases to improve workflows for both HR employees and employees overall. In Year 1, the composite organization will begin constructing their center of excellence's knowledge base and launch two workflows or applications through the solution. Three workflows or applications are added in both Years 2 and 3, alongside continued expansion of the knowledge base. Mobile and remote access is available within the first year.

Key assumptions

- **Annual revenues: $5B**
- **20,000 employees**
- **150 HR professionals**
- **50 frontline help desk workers**

Analysis Of Benefits

Quantified benefit data as applied to the composite

Total Benefits						
Ref.	**Benefit**	**Year 1**	**Year 2**	**Year 3**	**Total**	**Present Value**
Atr	Time savings on HR onboarding and departure administrative tasks	$153,009	$155,723	$158,679	$467,411	$387,013
Btr	Productivity on employee requests through self-service	$446,400	$919,580	$1,262,896	$2,628,876	$2,114,634
Ctr	Productivity on employee requests requiring HR assistance	$569,700	$855,158	$880,835	$2,305,692	$1,886,435
Dtr	Productivity on employee requests requiring IT assistance	$961,200	$990,036	$1,019,743	$2,970,979	$2,458,178
Etr	Time-to-value for new application services and workflows	$1,518,750	$1,518,750	$1,518,750	$4,556,250	$3,776,906
	Total benefits (risk-adjusted)	$3,649,059	$4,439,246	$4,840,902	$12,929,207	$10,623,166

TIME SAVINGS ON HR ONBOARDING AND DEPARTURE ADMINISTRATIVE TASKS

What customers said. Organizations looked to HRSD to overhaul their new hire orientation processes to ensure employee experience starts positively from day one. The head of HR, digital service and experience at a financial services company detailed how they have standardized orientation through the following services:

- Checklists of week one action items.

- Scheduled welcome and check-in emails.

- Videos and articles detailing best practices and company policies.

By digitizing much of the orientation process, organizations have oversight over which employees have completed their introductory sessions and filled out necessary paperwork. With a large number of employees joining companies every week, HR can stay on top of paperwork and ensure employees are properly brought onboard.

Organizations are learning from their employees to further refine orientation experiences. The deputy chief human capital officer at the United States Department of Health and Human Services said: "One of the things that we're working on is to better understand which HR-related elements employees are engaging. What benefits plans are selecting? What have they selected in the past? We want to make that information available through our HR exchange platform. With ServiceNow we can build centralized resources to bring employees up to speed on a particular area of information more quickly."

For offboarding and transfers, HR can forward document packages to employees to fill out and monitor completion percentages of the documents, minimizing legwork on their end to ensure it's completed.

Modeling and assumptions.

- **New hire orientation:** The composite organization hires employees at a rate of 6% of

their entire employee count (20,000 employees) per year.

- For each new hire, HR professionals dedicated 1 hour to filing employee information and paperwork, scheduling their first week, and communicating with the employee to ensure they're prepared to start.

- Orientation sessions for the more than 1,200 employees, which are brought onboard annually, are broken out across the organization's four offices worldwide. Two orientation sessions occur per month and run for three workdays.

- HR professionals realize time savings of 30% with orientation taking place through automated emails, prerecorded informational sessions, and a single portal for finding informational resources on company policies and practices. HR still handles a majority of welcome sessions and walkthroughs on benefits and company policies.

- The assumed fully loaded hourly rate for HR professionals is $60.

- **Offboarding:** The composite organization offboards 3% of its employees annually. Each offboarding process takes 8 hours to complete.

- With a few clicks, HR professionals send employees exit forms to fill out and then upload that information to the organization's systems. This process eliminates the back and forth of HR requesting information from employees, which translates to 30% of time spent on these activities. HR is still responsible for handling exit interviews, the collection of office materials, and ensuring employees are removed from systems.

- **Transfers:** The composite organization transfers 2% of its employees annually, which takes 4 hours to complete. Again, HR professionals save 30% of their time on employees filling out and updating information for record keeping.

- The productivity recapture for each of these processes is 75% as HR professionals can reallocate hours of time to hiring talent, managing interoffice relations, and improving the employee experience.

Risks.

- The results will vary primarily based on the size of the organization and the frequency with which they hire, lay off, and move around employees.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of $387,013.

Time Savings On HR Onboarding And Departure Administrative Tasks

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
A1	Number of employees onboarded annually	Assumption: 3% growth rate	1,200	1,236	1,274
A2	Time spent on paperwork for employee onboarding	1 hour per employee	1,200	1,236	1,274
A3	Total time spent on employee onboarding sessions	Four offices each month broken into two groups, onboarding takes 3 workdays or 24 hours	4,992	4,992	4,992
A4	Productivity with onboarding, transferring, and offboarding employees	Interviews	30%	30%	30%
A5	Time avoided by HR on employee onboarding with ServiceNow HRSD	(A2+A3)*A4	1,858.00	1,868.00	1,880.00
A6	Fully loaded hourly rate for HR professionals	Assumption	$60	$60	$60
A7	**Savings on employee onboarding**	**A5*A6**	$111,480	$112,080	$112,800
A8	Number of employees offboarded annually	Assumption: 3%	600	618	637
A9	Total annual time spent on employee offboarding	A8*8 hours	4,800	4,944	5,096
A10	Total time avoided on employee offboarding with ServiceNow HRSD	A9*A4	1,440	1,483	1,529
A11	**Savings on employee offboarding**	**A10*A6**	**$86,400**	**$88,980**	**$91,740**
A12	Number of employees transferred annually	Assumption: 2%	400	412	424
A13	Total annual time spent on employee transfers	A12*4 hours	1,600	1,648	1,697
A14	Total time avoided on employee transfers with ServiceNow HRSD	A13*A4	480	494	509
A15	**Savings on employee transfers**	**A14*A6**	**$28,800**	**$29,640**	**$30,540**
A16	Productivity recapture rate		75%	75%	75%
At	**Time savings on HR onboarding and departure administrative tasks**	**(A7+A11+A15)* A16**	$170,010	$173,025	$176,310
	Risk adjustment	↓10%			
Atr	Time savings on HR onboarding and departure administrative tasks (risk-adjusted)		$153,009	$155,723	$158,679
	Three-year total: $467,411			**Three-year present value: $387,013**	

PRODUCTIVITY ON EMPLOYEE REQUESTS THROUGH SELF-SERVICE

What customers said. ServiceNow HR Service Delivery provides the infrastructure neccesary for a center of excellence. This allows organizations to place informational resources in the hands of the employee.

To better grasp how these hubs are improving productivity for organizations, interviewees' HR teams place employee requests into two buckets:

- Requests containing repeated questions that are fulfilled by frontline desk workers but can potentially be self-serviced (e.g., how to update account password, how to change last name, finding company policies and information, and technical issues in conference rooms).

- Requests that require HR assistance (e.g., benefits questions, compensation, employee relations).

For this study, requests that can be self-serviced are referred to as *Tier 1 requests* while requests that require assistance are referred to as *Tier 2 requests*.

> **"ServiceNow certainly provided us the platform to give a level of employee experience that otherwise we would not have received. It was integral to us being able to centralize our HR team rolling out a portal that provides one source of truth [for] HR policies and practices."**
>
> *Senior executive director of human resources shared services, Sanford Health*

Interviewees' teams moved quickly after adopting HRSD to begin building a knowledge base, i.e., an internal database of informational pages, that could provide answers to questions frequently asked by employees. While some organizations had previously implemented versions of a knowledge base, they were unorganized, not easily searchable, and overloaded with information that left employees confused. Through HRSD reporting and the gathering of insights from employee inquiries, teams were able to prioritize information and distill what details employees were seeking. In addition, HR teams identified gaps in their knowledge base to fill in and also provide information tailored to regional offices.

The head of HR, digital service, and experience at a banking organization said: "Our global organization is large and complex, so the range of HR service offered will vary across locations to support regulatory and legal requirements. Through our dedicated employee experience team, we engaged with colleagues across the globe to identify and understand how employees interacted with our AskHR channel. The research identified four key user personas, which helped us both in design of services and in training our teams on how best support our employees."

Over time, teams continued to enhance the portal service experience by offering search suggestions to guide employees through the necessary workflows and centers of excellence. In leveraging ServiceNow's AI capabilities, chatbots were constructed to assist employees that had trouble finding information they were looking for.

The streamlined experience at interviewed organizations resulted in significantly fewer service desk requests sent in by employees. With approximately 50,000 employees, Sanford Health previously used unconnected service systems, but with the implementation of the ServiceNow HRSD, the number of annual requests fell from 350,000 to 215,000. Meanwhile, among all knowledge base articles reviewed by employees, only 10% sent in follow-up inquiries for more information.

The interviewee from a banking organization, with roughly 90,000 employees, shared that they measured improvement in people hours, which totaled 120,000 hours in the past year.

120,000 hours of productivity at banking organization ↗

Modeling and assumptions.

- The composite organization has 20,000 employees in Year 1, the number of total employees increases at a rate of 3% annually. Each employee files four Tier 1 requests annually, roughly one per quarter. The rising number of employees drives growth in the number of requests submitted annually from 80,000 to 84,872 across the three years of this analysis.

- The percentage of Tier 1 requests that can now be self-served via ServiceNow HRSD increases from 30% to 80% over the three-year period. Gains are driven by the organization building its internal knowledge base of information for employees, adding support for new service experiences, and refining the user interface/adding mobile access support.

- **Employee time savings** are based on the assumption that these Tier 1 requests were altogether resolved within 30 minutes, with half of the time being taken up by receiving assistance from a frontline service agent and walking through what needs to be done. Since adopting HRSD, an employee cuts that time in half, so the remaining fifteen minutes is spent taking care of the issue on their own.

- The assumed average hourly pay of employees ($50) is based on the size of the composite organizations' revenues, the number of

employees, and the estimated average salary across the entire organization.

- A 50% productivity recapture is applied to account for time savings taken by employees and applied to business-focused work.

- **Frontline help desk employee time savings** are based on the reduction of requests appearing to them. Time saved per request totals a full half hour of time, assuming they spend time reviewing the request, looking up information, engaging with the employee, and finalizing any work on requests.

- The fully loaded hourly rate for frontline help desk employees is comparable to that of employees for the overall organization, as the roles tend to be more entry level.

- The productivity recapture is slightly higher than that of employees at 75% because they can either get through more requests within a given day or focus on building out areas of their knowledge base to greater support employees.

Risks.

- Results will vary based on demographics of the organization, specifically their industry, number of employees at the organization, the number of Tier 1 requests submitted, and the average hourly rate for employees. For example, some industries with a higher population of frontline workers (e.g., healthcare, manufacturing, etc.) might result in an outsized number of both requests and potential time savings.

- Time savings will vary based on the resources that organizations have available for employees ahead of adopting ServiceNow HRSD and the speed and quality with which they build their center of excellence.

To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $2,114,634.

Productivity On Employee Requests Through Self-Service

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
B1	Number of employees	3% annual increase	20,000	20,600	21,218
B2	Number of Tier 1 requests requested per employee annually	Interviews	4	4	4
B3	Total number of Tier 1 requests submitted annually before ServiceNow	B1*B2	80,000	82,400	84,872
B4	Percentage of Tier 1 requests self-serviced via ServiceNow	Interviews	30%	60%	80%
B5	Tier 1 requests impacted by ServiceNow	B3*B4	24,000	49,440	67,898
B6	Time saved by employees on resolving each Tier 1 request with ServiceNow HRSD (hours)	Interviews: 20 minutes recovered from previous 30-minute process	0.33	0.33	0.33
B7	Total time saved by employees on resolving Tier 1 requests with ServiceNow with HRSD (hours)	B5*B6	7,920	16,315	22,406
B8	Hourly labor costs at organization	Assumption	$50	$50	$50
B9	Productivity recapture	Assumption	50%	50%	50%
B10	Productivity value for employees on Tier 1 with ServiceNow HRSD	**B7*B8*B9**	**$198,000**	**$407,875**	**$560,150**
B11	Time saved by frontline help desk workers on resolving each Tier 1 requests with ServiceNow (hours)	B5	24,000	49,440	67,898
B12	Total time saved by frontline help desk workers on resolving each Tier 1 requests with ServiceNow (hours)	Interviews: Full 30 minutes recovered	0.5	0.5	0.5
B13	Fully loaded hourly rate for frontline helpdesk employees	B11*B12	12,000	24,720	33,949
B14	Productivity recapture	Assumption	$40	$40	$40
B15	Productivity value for frontline help desk employees on Tier 1 with ServiceNow HRSD	Assumption	75%	75%	75%
B16	Productivity on employee requests through self-service	**B13*B14*B15**	**$360,000**	**$741,600**	**$1,018,470**
Bt	Risk adjustment	**B10+B16**	**$558,000**	**$1,149,480**	**$1,578,620**
	Productivity on employee requests through self-service (risk-adjusted)	↓20%			
Btr	Number of employees		$446,400	$919,580	$1,262,896
	Three-year total: $2,628,876		**Three-year present value: $2,114,634**		

PRODUCTIVITY ON EMPLOYEE REQUESTS REQUIRING HR ASSISTANCE

What customers said. Beyond Tier 1 requests of repeatable questions, HRSD is helping to expedite service on Tier 2 requests that require interactions with HR.

Whereas interviewees previously would send in emails or notes of the issues they were facing, services leveraged through HRSD equip employees with step-by-step guided form experiences to better prepare HR to assist them.

> **"For collecting data, typically we would do that in the past on an Excel sheet. Now, we simply build an electronic form in ServiceNow and HR immediately has it. Secure, GDPR [General Data Protection Regulation] compliant in the system.**
>
> **This is an example where there is really a big efficiency improvement compared to how it would have looked like in the past."**
>
> *VP for people and culture, function and strategy, Coca-Cola European Partners*

Meanwhile, the expanded knowledge base and unified service portal provide HR professionals with more resources to readily assist employees and the ability to spend less time collecting information. These processes would often delay responses by 24 to 48 hours. According to the director of employee service center at Sanford Health: "When employees sent in requests for help that end in calls, they'd be placed in a queue and often not get handled in the same day. Now 60% of those calls are getting handled same day within minutes on one phone call."

Beyond pure time savings, HR productivity is resulting in strong business outcomes. Through reduced transactional work, where they directly help employees, HR professionals are able to reallocate that time to strategic work like programs or services that drive employee engagement.

Modeling and assumptions.

- Each employee submits on average of one to two Tier 2 requests per year. For most employees, these requests typically related to benefits or financial statements. While some employees may have more requests stemming from insurance coverage for their family or tuition reimbursement.

- Before ServiceNow HRSD, it took HR professionals 24 to 48 hours to resolve Tier 2 requests, altogether 1 hour is taken out of the employee's time during this period.

- **Employee time savings** total 20 minutes as a result of employees having to fill out forms and better equip HR professionals with details ahead of them providing assistance. These time savings are applied on average to all submitted Tier 2 requests.

- The assumed average pay of employees is $50.

- A 50% productivity recapture is applied to account for time savings taken by employees and applied to business-focused work.

- **HR professional time savings** total 30 minutes per request since they no longer spend much time collecting information or asking for additional details, which enables them to more quickly support employees.

- The assumed average pay of employees is $60.

- HR professionals' productivity recapture is higher than that of employees at 75% because with less time dedicated to resolving Tier 2 requests, they are able to focus on more strategic work.

Risks.

- The number of requests submitted for HR professional help will vary based on the number

of employees and frequency with which they need support.

- The average time spent on requests and time reduction will vary based on the types submitted and resources that HR professionals have available.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of $1,886,435.

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
Productivity On Employee Requests Requiring HR Assistance					
C1	Total number of Tier 2 requests - HR employee requests submitted annually	B1*an average of 1.5 requests on Tier 2 level submitted per year	30,000	30,900	31,827
C2	Time saved by employees on resolving Tier 2 HR requests with ServiceNow HRSD (hours)	Interviews: 20 minutes recovered from 60-minute process	0.25	0.33	0.33
C3	Total time saved by employees on resolving Tier 2 HR requests with ServiceNow with HRSD (hours)	C1*C2	7,500	10,197	10,503.00
C4	Hourly labor costs at organization	Assumption	$50	$50	$50
C5	Productivity recapture	Assumption	50%	50%	50%
C6	**Productivity value for employees on Tier 2 HR requests**	**C3*C4*C5**	**$187,500**	**$254,925**	**$262,575**
C7	Time saved by HR professionals on resolving remaining Tier 2 HR requests with ServiceNow HRSD (hours)	Interviews: 30 minutes recovered from 60-minute process	0.33	0.50	0.50
C8	Total time savings on Tier 2 HR requests for HR professionals	C1*C7	9,900	15,450	15,914
C9	Fully loaded hourly rate for HR professionals	Assumption	$60	$60	$60
C10	Productivity recapture	Assumption	75%	75%	75%
C11	**HR productivity on Tier 2 HR requests**	**C8*C9*C10**	**$445,500**	**$695,250**	**$716,130**
Ct	**Productivity on employee requests requiring HR assistance**	**C6+C11**	**$633,000**	**$950,175**	**$978,705**
	Risk adjustment	↓10%			
Ctr	Productivity on employee requests requiring HR assistance (risk-adjusted)		$569,700	$855,158	$880,835
	Three-year total: $2,305,692		**Three-year present value: $1,886,435**		

PRODUCTIVITY ON EMPLOYEE REQUESTS REQUIRING IT ASSISTANCE

What customers said. Similar to improvements in HR productivity, the unified service experience for IT requests helped organizations track the most common technical setbacks experienced by employees and inform them on which technical resources to include in their knowledge bases. This proved especially beneficial when preserving business continuity during the onset of the pandemic in early 2020. Businesses built workflows and targeted employee campaigns that provided answers to frequent technical questions for remote work setups and mitigated monopolizing IT time.

On a day-to-day basis, a unified service portal with guided forms for employees to fill out better prepares IT teams for where to assist employees. Organizations have also leveraged chatbots to take inquiries completely out of the hands of IT professionals. The VP for people and culture, function and strategy at Coca-Cola European Partners said: "Chatbots work well because many of the IT cases are straightforward. Like I lost my password or need access to something, and it can unlock that for you. For HR cases, it's often a little more complex."

These efficiencies allow IT teams to remain focused on their projects and experience fewer workflow interruptions, which ultimately supports larger business goals.

Modeling and assumptions.

- Each employee submits on average of two IT-related requests per year.

- **For employees**, these requests can take upwards of 1 hour to resolve depending on the challenge that needs to be fixed. With employees being able to provide more details to IT teams in their initial requests, and having more resources available to self-diagnose issues, IT teams are

able to recapture 15 minutes in time-to-resolution.

- The average fully loaded labor costs at the organization are $50.

- The productivity recapture is 75% assuming that technical issues are impeding workflows and issue resolution allows the employee to get back to work.

- **For IT teams**, they recover 20 minutes on each request as result of having more details and resources to work with.

- The assumed fully loaded hourly rate for IT professionals is $70.

- IT teams recapture 75% of productivity as they continue working on their projects with fewer interruptions.

Risks.

- The number of requests submitted for IT assistance will vary based on the number of employees and frequency with which they need support.

- The average time spent on requests and time reduction will vary based on the types submitted and resources that IT teams have available.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of $2,458,178.

Productivity On Employee Requests Requiring IT Assistance

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
D1	Number of IT employee requests submitted per year	B1*2 requests per employee	40,000	41,200	42,436
D2	Time saved by employees on resolving Tier 2 IT requests with ServiceNow HRSD (hours)	Interviews: 15 minutes recovered from previous 60-minute process	0.25	0.25	0.25
D3	Total time saved by employees on resolving Tier 2 IT requests with ServiceNow with HRSD (hours)	D1*D2	10,000	10,300	10,609
D4	Hourly labor costs at organization	Assumption	$50	$50	$50
D5	Productivity recapture	Assumption	75%	75%	75%
D6	**Productivity value for employees on IT requests**	**D3*D4*D5**	**$375,000**	**$386,250**	**$397,838**
D7	Time saved by IT on resolving Tier 2 IT requests with ServiceNow HRSD (hours)	Interviews: 20 minutes recovered from previous 60-minute process	0.33	0.33	0.33
D8	Total time saved by IT on resolving Tier 2 IT requests with ServiceNow HRSD (hours)	D1*D7	13,200	13,596	14,004
D9	Fully loaded hourly rate for IT professionals	Assumption	$70	$70	$70
D10	Productivity recapture	Assumption	75%	75%	75%
D11	**Productivity value for IT professionals**	**D8*D9*D10**	**$693,000**	**$713,790**	**$735,210**
Dt	Productivity on employee requests requiring IT assistance	D6+D11	$1,068,000	$1,100,040	$1,133,048
	Risk adjustment	↓10%			
Dtr	Productivity on employee requests requiring IT assistance (risk-adjusted)		$961,200	$990,036	$1,019,743
	Three-year total: $2,970,979			**Three-year present value: $2,458,178**	

TIME-TO-VALUE FOR NEW APPLICATION SERVICES AND WORKFLOWS

What customers said. Before HRSD, organizations' developers would spend months building new applications and workflows to better service employees (e.g., service portals, aggregators of employee data, automations for messaging). Developers did not have a hub with which to integrate applications, and they would have to spend a significant amount of time ensuring what they built communicated correctly with their systems.

HRSD provided organizations with a standardized set of low-code/no-code development tools and a hub to build services around. Workflows created for specific projects could be carried over to new projects, portal could be templatized, and developers no longer had to be concerned with technical hiccups around integration.

> **"Working in the healthcare industry, when COVID-19 hit we had to act fast to ensure the safety of employees and patients. Within 10 days, we were able to stand up a portal for employees to register when they complete the screening process for COVID-19 and the return-to-work process when it was confirmed they could return.**
>
> **We made changes every week to the processes as we learned more, and it made HR very nimble for us to meet the needs of our organization."**
>
> *Senior executive director of human resources shared services, Sanford Health*

The interviewee at Sanford Health shared that for a new performance management solution that would service one-third of their employees it would cost upwards of $750,000. With ServiceNow HRSD, the interviewee estimated it would cost $300,000 or less and provide the service to their entire department.

Modeling and assumptions.

- The composite organization plans to build 100 applications and workflows for the solution in Year 1. As more are built, the organization pares down development to 75 in Year 2 and 50 in Year 3. The organization plans that each project will take on average 400 hours to complete, or the equivalent of two weeks of work from 5 developers.

- With ServiceNow HRSD's low-code/no-code development tools and employee experience templates, the time spent on building these applications is reduced by 75%. This results in each project requiring 30 hours of development time altogether.

- The fully burdened hourly rate for developers is $75.

Risks.

- The number of applications built during a given year, the number of resources dedicated to deploying applications, and the complexity of the applications will vary based on each organization's specific strategies and business case.

To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of $3,776,906.

> **"In government, it can be difficult for us to revolutionize how HR is done without approvals for new technologies or funding. But with ServiceNow, I have so much flexibility with this system that the world is our oyster. We can slap apps on this thing all day.**
>
> **Without ServiceNow, we never could have done this. The only way to think outside the box is have a platform that does it differently than the past, and that's what this platform is giving us."**
>
> *Chief human capital officer, United States Department of Health and Human Services*

Time-To-Value For New Application Services And Workflows

Ref.	Metric	Calculation	Year 1	Year 2	Year 3
E1	Time spent per year on building new applications and workflows for application services and workflows	Five FTEs over two weeks per project	30,000	30,000	30,000
E2	Reduction in time spent on standing up applications with ServiceNow	Interviews	75%	75%	75%
E3	Developer fully burdened hourly rate	Assumption	$75	$75	$75
Et	Time-to-value for new application services and workflows	E1*E2*E3	$1,687,500	$1,687,500	$1,687,500
	Risk adjustment	↓10%			
Etr	Time-to-value for new application services and workflows (risk-adjusted)		$1,518,750	$1,518,750	$1,518,750
	Three-year total: $4,556,250		**Three-year present value: $3,776,906**		

UNQUANTIFIED BENEFITS

Additional benefits that customers experienced but were not able to quantify include:

- **Business continuity.** Interviewees identified ServiceNow HRSD as a critical piece to their transition to remote work in early 2020. A service experience specific to COVID-19 inquiries took a week to develop and mitigated workflow interruptions, while keeping employees up to date on the shifting work landscape.

  The deputy chief human capital officer at the United States Department of Health and Human Services said: "With the COVID-19 portal we built, we could see all the questions coming from our employees who were concerned about how the pandemic would impact their work practices. Each of the questions that those individuals submitted would go to a centralized point within the platform and then be shared with a certain number of managers. We were able to turn around and provide information back as FAQs to the employees in a timely fashion because we were collecting the data. Then, we added the ability for staff to report on their status using that platform. Then, we provided the opportunity for our divisions to report out on COVID-19 cases across the organization utilizing that platform. With ServiceNow, we've been able to keep developing capabilities to keep us agile to supporting our employees."

- **Stronger business outcomes from more engaged employees.** With more HR touchpoints for employees to leverage, employees have been able to stay focused on their work without concerns about benefits or vacation questions. Although tying back employee experience improvements to improved business outcomes is difficult for the interviewed organizations to measure. Interviewees did indicate that improved business results could only be as strong as the service capabilities that they've added to HRSD.

HRSD's workflows most notably resonated among more technology-oriented employees. By providing resources for self-service, they avoided sending emails and calling HR or IT for assistance — engagements they frequently avoid at some of these organizations. Likewise, mobile access to services enables less experienced employees to engage with work service at their own pace through their own preferred channels.

> **"ServiceNow has provided us the opportunity to initiate cultural change, where in the past there wasn't a way to unify teams. I believe that we are impacting the culture of the HR specialists, IT, and employees and the culture of collaboration across an organization by utilizing its set of tools.**
>
> **That's a big deal, because the only way we're going to change HR in government is by changing the culture. To me there could not be change in anything without the system."**
>
> *Chief human capital officer, United States Department of Health and Human Services*

FLEXIBILITY

The value of flexibility is unique to each customer. Scenarios in which a customer might implement HR Service Delivery and later realize additional uses and business opportunities include:

- **Evolving use cases with the service platform.** Interviewees indicated that they plan to continue adding services to improve the employee experience, encouraged by both HRSD shortening development times for applications and workflows and information they had collected on employee engagement.

  One specific goal mentioned by a couple of the interviewees was to build *return-to-workplace*

experience packs in 2021 to ensure that transitioning back to in-office work goes smoothly. The VP for people and culture, function and strategy at Coca-Cola European Partners said, "So we put a coronavirus support hub in place, but you can imagine when we return to work it will be a complex cross-departmental challenge. There will be rules for leaving the house, public transport, entering the building, etc. We will update the service portal and put all that information on there for employees to fill forms and make declarations."

Preparation for return to workplace. To help organizations rapidly address new and changing business challenges during the COVID-19 pandemic, ServiceNow also launched its new Safe Workplace suite in 2020. Powered by the Now Platform, the Safe Workplace suite is designed to help companies manage the essential steps for returning employees to the workplace, assessing both workforce and workplace readiness, to support their health and safety.

Flexibility would also be quantified when evaluated as part of a specific project (described in more detail in Appendix A).

Analysis Of Costs

Quantified cost data as applied to the composite

Total Costs

Ref.	Cost	Initial	Year 1	Year 2	Year 3	Total	Present Value
Ftr	Licensing costs	$0	$564,480	$581,414	$598,857	$1,744,751	$1,443,601
Gtr	Implementation costs and administration	$1,176,000	$152,250	$152,250	$152,250	$1,632,750	$1,554,623
	Total costs (risk-adjusted)	$1,176,000	$716,730	$733,664	$751,107	$3,377,501	$2,998,225

LICENSING COSTS

Overview. Licensing costs are based on the number of end users leveraging the HRSD platform. ServiceNow HRSD is available in three different packages (Standard, Professional, and Enterprise). The following capabilities are included as part of each package:

HRSD Standard:

- Case and knowledge management
- Now Mobile

HRSD Professional:

- Includes HRSD Standard capabilities
- Employee Service Center
- Employee Experience Packs
- Performance analytics for HR service delivery
- Virtual agent

- Predictive intelligence

HRSD Enterprise:

- Includes HRSD Professional capabilities
- Enterprise onboarding and transitions

Add-on applications:

- Employee document management (pricing scales based on the number of users accessing this service)

For this study, Forrester assumes that given the number of employees at the organization and the specific features which are leveraged, the annual costs for ServiceNow HRSD will increase between Year 1 and Year 3 from $537,600 to 570,340.

An upward risk-adjustment of 5% is applied to account for the varying business demographics and use cases of ServiceNow HRSD. This adjustment yields a three-year, risk-adjusted total PV (discounted at 10%) of $1,443,601.

Licensing Costs

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
F1	Licensing costs			$537,600	$553,728	$570,340
Ft	Licensing costs		$0	$537,600	$553,728	$570,340
	Risk adjustment	↑5%				
Ftr	Licensing costs (risk-adjusted)		$0	$564,480	$581,414	$598,857
	Three-year total: $1,744,751			Three-year present value: $1,443,601		

IMPLEMENTATION COSTS AND ADMINISTRATION

What customers said. Integration of ServiceNow HRSD took organizations several weeks to complete with a team of IT professionals. For the composite organization, Forrester assumes it takes four months and seven IT professionals to integrate the solution.

ServiceNow assists with implementation and charges a fee based on the number of employees that will access the solution.

Following integration of ServiceNow HRSD, one IT professional is tasked with maintaining that both the platform and any new applications run smoothly. Factors impacting the potential costs include the length of time for integration and the number of employees accessing the solution.

To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV of $1,554,623.

Ref.	Metric	Calculation	Initial	Year 1	Year 2	Year 3
Implementation Costs And Administration						
G1	IT professionals integrating ServiceNow HRSD		7			
G2	Time spent on integration (working hours)	4 months (16 weeks)*40-hour weeks	640			
G3	Fully loaded hourly rate		$70			
G4	Implementation assistance cost		$806,400			
G5	IT professionals maintaining platform FTE			1	1	1
G6	Maintenance salary			$145,000	$145,000	$145,000
Gt	Implementation costs and administration	Initial: (G1*G2*G3) +G4 Years 1, 2, 3: G5*G6	$1,120,000	$145,000	$145,000	$145,000
	Risk adjustment	5%				
Gtr	Implementation costs and administration (risk-adjusted)		$1,176,000	$152,250	$152,250	$152,250
	Three-year total: $1,632,750			**Three-year present value: $1,554,623**		

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)
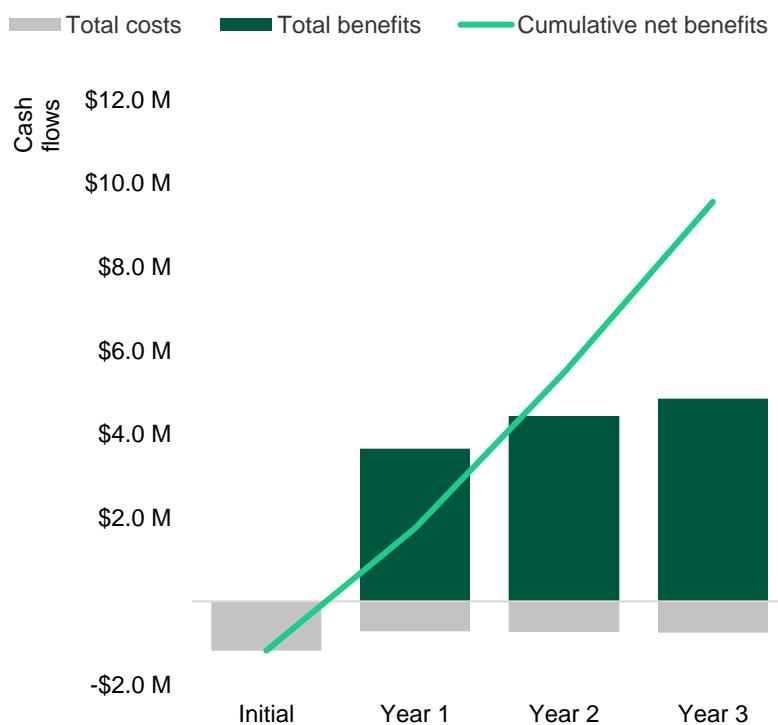
The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the composite organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

These risk-adjusted ROI, NPV, and payback period values are determined by applying risk-adjustment factors to the unadjusted results in each Benefit and Cost section.

Cash Flow Analysis (Risk-Adjusted Estimates)						
	Initial	**Year 1**	**Year 2**	**Year 3**	**Total**	**Present Value**
Total costs	($1,176,000)	($716,730)	($733,664)	($751,107)	($3,377,501)	($2,998,224)
Total benefits	$0	$3,649,059	$4,439,250	$4,840,881	$12,929,190	$10,623,154
Net benefits	($1,176,000)	$2,932,329	$3,705,586	$4,089,775	$9,551,689	$7,624,930
ROI						254%

Appendix A: Total Economic Impact

Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

TOTAL ECONOMIC IMPACT APPROACH

Benefits represent the value delivered to the business by the product. The TEI methodology places equal weight on the measure of benefits and the measure of costs, allowing for a full examination of the effect of the technology on the entire organization.

Costs consider all expenses necessary to deliver the proposed value, or benefits, of the product. The cost category within TEI captures incremental costs over the existing environment for ongoing costs associated with the solution.

Flexibility represents the strategic value that can be obtained for some future additional investment building on top of the initial investment already made. Having the ability to capture that benefit has a PV that can be estimated.

Risks measure the uncertainty of benefit and cost estimates given: 1) the likelihood that estimates will meet original projections and 2) the likelihood that estimates will be tracked over time. TEI risk factors are based on "triangular distribution."

PRESENT VALUE (PV)

The present or current value of (discounted) cost and benefit estimates given at an interest rate (the discount rate). The PV of costs and benefits feed into the total NPV of cash flows.

NET PRESENT VALUE (NPV)

The present or current value of (discounted) future net cash flows given an interest rate (the discount rate). A positive project NPV normally indicates that the investment should be made, unless other projects have higher NPVs.

RETURN ON INVESTMENT (ROI)

A project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits less costs) by costs.

DISCOUNT RATE

The interest rate used in cash flow analysis to take into account the time value of money. Organizations typically use discount rates between 8% and 16%.

PAYBACK PERIOD

The breakeven point for an investment. This is the point in time at which net benefits (benefits minus costs) equal initial investment or cost.

Appendix B: Scaling Benefits By Organization Size

The values and benefits calculated in this study are based on the analysis of a composite organization, which reflects the ServiceNow HRSD customers who were interviewed for this study. Forrester recognizes the variability that the ServiceNow HRSD can have per organizations' size, specifically with the number of employees benefitting from the solution.

Interviewees for this study worked at organizations with employee headcounts that ranged from 10,000 to 50,000 employees. In the table below, you can find the value ServiceNow HRSD brings to organizations of those sizes. As with the financial analysis on the composite organization, Forrester assumes a yearly discount rate of 10% for each organization size. For further analysis based on your company size, please seek consultation with ServiceNow.

Company Size: 10,000 Employees

ROI	BENEFITS PV	NPV	PAYBACK
228%	$5,451,076	$3,787,323	7.0 months
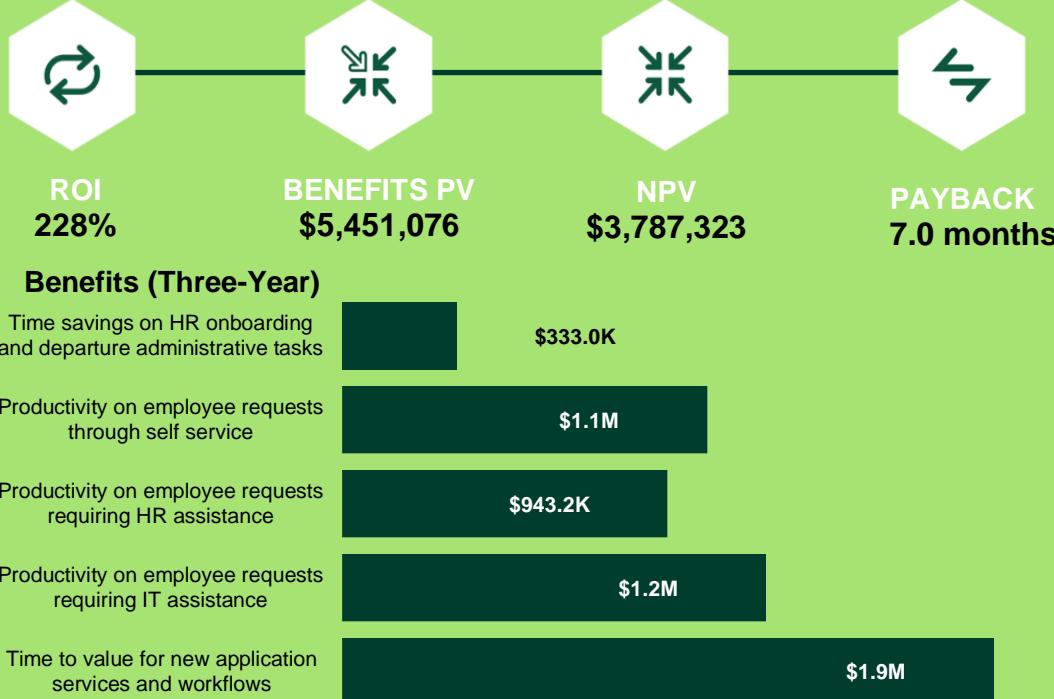
For a company with 10,000 employees, it will take seven months to pay off the initial cost of ServiceNow HRSD as a result of similar cost of investment to other organizations and fewer employees recognizing value with the solution. Altogether, the ROI only trails that of a 20,000-employee organization by 26% within the three years of analysis.

Benefits (Three-Year)

Benefit	Value
Time savings on HR onboarding and departure administrative tasks	$333.0K
Productivity on employee requests through self service	$1.1M
Productivity on employee requests requiring HR assistance	$943.2K
Productivity on employee requests requiring IT assistance	$1.2M
Time to value for new application services and workflows	$1.9M

Company Size: 50,000 Employees

ROI	BENEFITS PV	NPV	PAYBACK
306%	$26,139,300	$19,705,593	<6 months
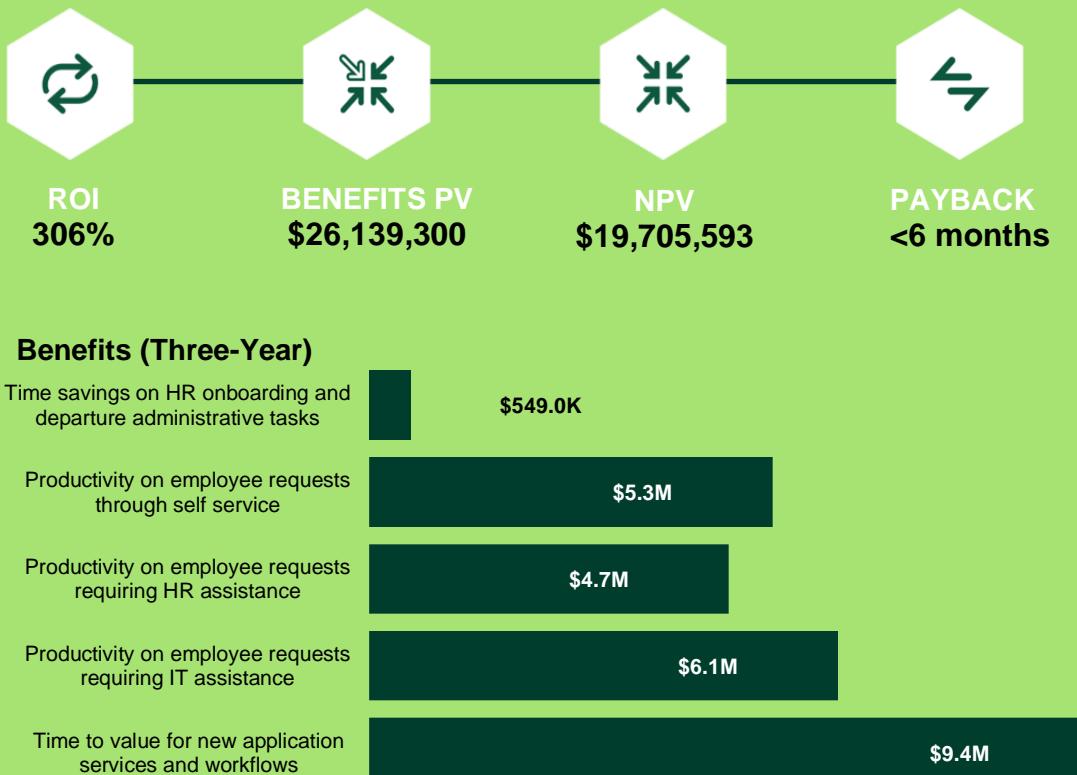
For a company with 50,000 employees, the organization recognizes a 52% higher ROI than the composite organization. While the value is 2.5x larger than the composite organization, the costs scale based on the number of employees, resulting in a ROI that's not significantly further ahead of a company with 20,000 employees.

Benefits (Three-Year)

Benefit	Value
Time savings on HR onboarding and departure administrative tasks	$549.0K
Productivity on employee requests through self service	$5.3M
Productivity on employee requests requiring HR assistance	$4.7M
Productivity on employee requests requiring IT assistance	$6.1M
Time to value for new application services and workflows	$9.4M

Appendix C: Endnotes

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[1] Source: "The Forrester Tech Tide: Cloud Human Capital Management, Q4 2019," Forrester Research, Inc., October 24, 2019.

[2] HCM: human capital management; ATS: applicant tracking system.

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