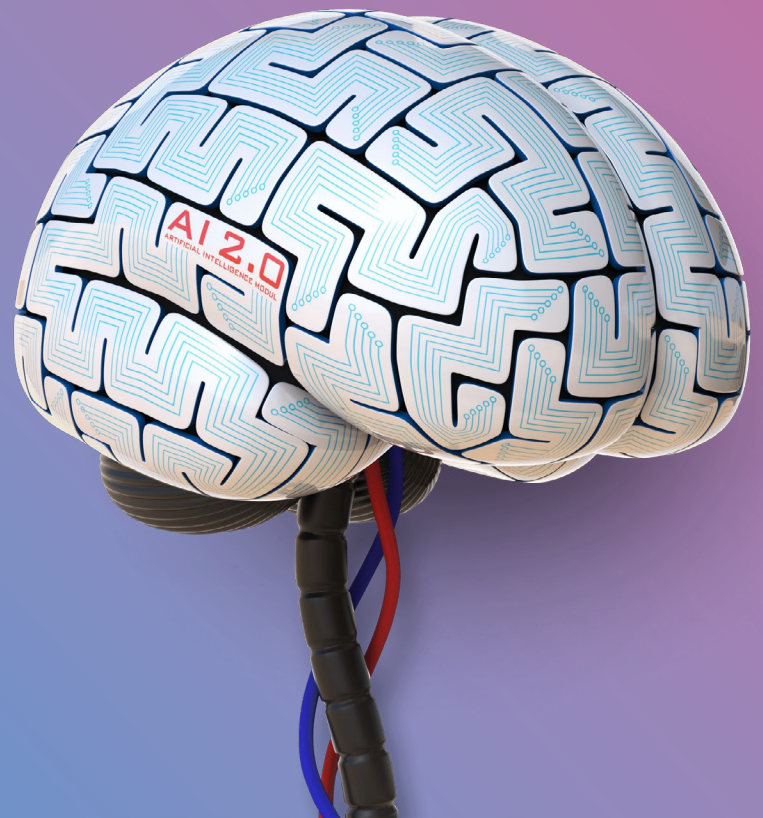


# Six questions that help firms keep pace with accelerated digitization

As organizations embrace working from home, digital solutions, and technology-first strategies, HR and risk managers must address business risks involving cybersecurity, digital delivery of benefits, and how to manage technology skills gaps.



## Rapid digital transformation is the norm of our times. Organizations are not only having to make changes to their business delivery, but they are also needing to do a lot more to create a truly digital work experience for their employees. Of course, this has been accelerated by Covid-19 and the urgent shift for many to remote or flexible working.

People management practices have not kept pace with other technological developments. Risks involving cybersecurity, loss of personal information, and system obsolescence are heightened due to how HR data is maintained, and how benefits and other HR programs are delivered.



This accelerated digitization creates five key people-related risks for firms. These are:

- 1. Misalignment of HR and business strategy:** Workforce planning, organizational change management, and HR/benefit technologies and processes being inconsistent with strategic business vision.
- 2. Skills obsolescence:** Gaps in workforce skillsets due to rapid digitization and automation resulting in unmet business goals.
- 3. Cybersecurity:** Increasingly sophisticated and frequent cybercrimes including those that stem from people management processes and vendors resulting in business interruption and brand damage.
- 4. Data privacy:** Breaches that result in loss or misuse of personal information, including those that stem from people management processes and vendors.
- 5. Obsolescent HR technologies:** Failure to capitalize on technology advances that will make HR activities, benefits, and healthcare more personalized, convenient, and secure resulting in a suboptimal employee experience.



But it's not all about threats and missed opportunities. Accelerated digitization has led to an explosion in digital health and well-being programs, which have become more relevant and have gained significant traction during the pandemic.

Employee expectations are changing too, requiring employers to transform how benefits are delivered. Two-in-five workers say they are less likely to leave the company if their employer promotes or sponsors digital health solutions.<sup>1</sup> As such, HR teams must design employee experiences that are fit for a flexible, digital working environment.



### 1. Are we confident the risk of a breach associated with HR data is sufficiently mitigated?

Are employees' personal details such as salary or dependent information being shared with third parties using spreadsheets? Is that a risk you are comfortable with? 53% of employers believe their current HR technology processes and procedures expose them to undue risk.<sup>2</sup>

### 2. Are our HR processes aligned to the employee experience we are seeking to create?

In 2020, 81% of employers said that achieving a 'globally consistent employee experience' is a 'high priority', and its importance has increased year-on-year since 2018.<sup>3</sup>

### 3. Have we modernized our health programs in light of a rapidly changing digital health ecosystem?

Prior to the pandemic, 54% of employers said they were likely to invest in digital health in the next five years. Interest was strongest among employers in high-tech, financial services/insurance, professional services and pharmaceutical.<sup>4</sup>

### 4. What is our digitization strategy?

Make sure you know who is driving digitization in your organization, and what contribution is needed from HR and the enterprise risk management team in order to craft a cohesive digital agenda.

### 5. Have we assessed the impact to our people, programs, and infrastructure with a cyber-lens?

As HR processes involve a lot of personal data, evaluate HR practices to determine how to treat, terminate, transfer, or tolerate cyber risk.

### 6. Is our employee experience for managing benefits "consumer grade"?

Sadly, for many employees, enrolling and accessing benefits is a very paper intensive and frustrating experience. Over the coming years, the bar will continue to be raised. At a minimum, even if programs are highly fragmented, employers must determine what their "front door" to health, risk protection, and well-being programs is and then work to continuously improve by delivering a more simple, fun, and integrated experience over time.

1 Mercer. 2020 Global Talent Trends Survey.

2 MMB Darwin. The Age of Agility: Flexible, Adaptable and Resilient Benefits, 2020.

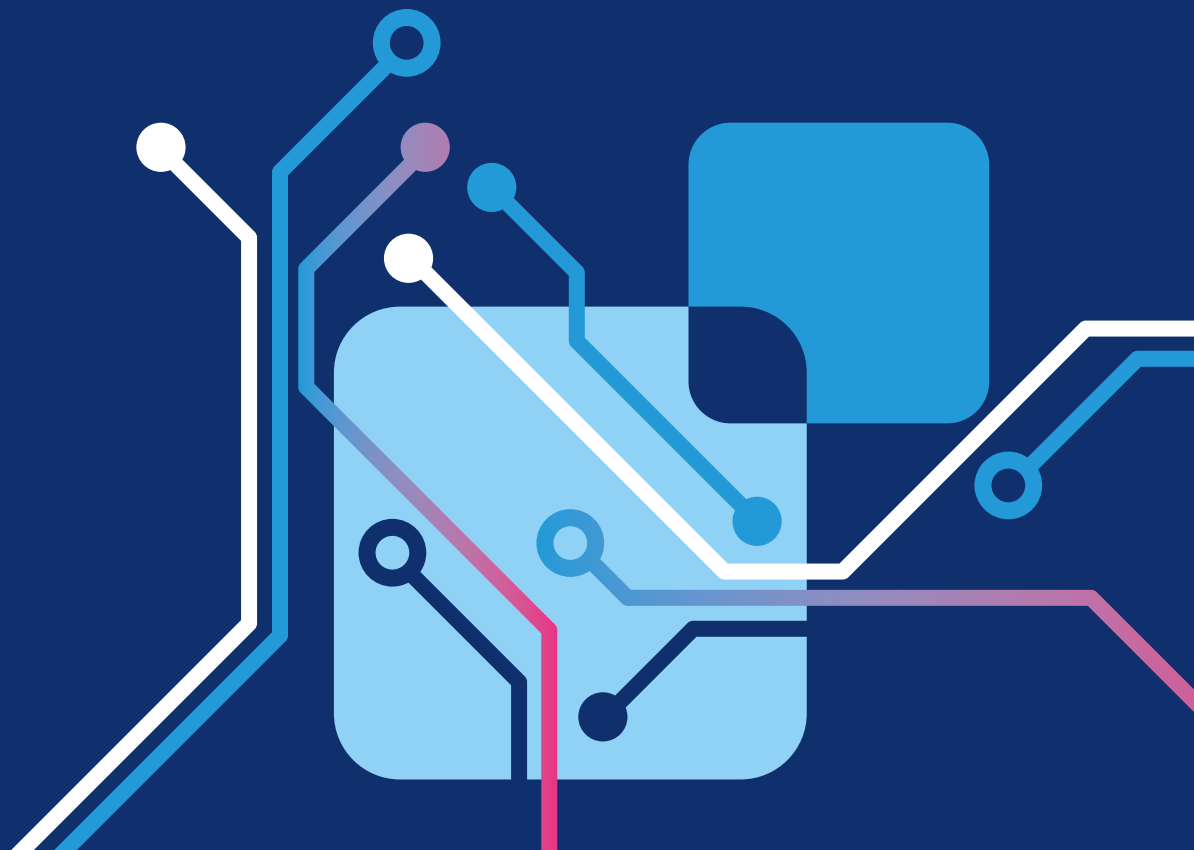
3 MMB Darwin. The Age of Agility: Flexible, Adaptable and Resilient Benefits, 2020.

4: <https://www.mercer.ca/content/dam/mercer/attachments/north-america/canada/ca-2020-health-on-demand-canada-report.pdf>

# Conclusion

Businesses are embracing technological developments and seeing the clear benefits that a digital-first organizational strategy can bring. However, HR departments are failing to keep pace, and rising cybersecurity and data privacy concerns – especially in light of remote working, high volumes of employee benefits data, and vulnerable processes – goes beyond a HR role.

As such, HR is being challenged to accelerate digital transformation, but can only do so by ensuring that the HR strategy is in alignment with the business vision and protected through a risk lens. We urge HR and risk management teams to work together to seize the opportunities to transform programs and embrace the employee health, well-being, and risk protection benefits that digitalization can bring.



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