



The Power of Intelligent, Intentional Talent Transformation

Maximizing Impact
in the Latest Chapter
of HR Evolution



In Partnership with Workday

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INTRODUCTION: HR Is Disrupting Itself From The Ground Up

The world of work is changing at a pace never seen before with constant shifts in business strategies, hiring demands, and workplace dynamics.

Across organizations of all sizes, HR teams are balancing employee well-being with performance and productivity while also addressing growing demands for impactful diversity, equity, and inclusion initiatives (DEI).

A recent survey from Research of 251 HR leaders found that more than two thirds (67%) are currently navigating cultural and operational transformations.

Though daily disruptions present unique challenges for HR, they also present opportunities for transformational change. Whether dealing with talent shortages, Evolving employee expectations, or rapid advancements in technology, a growing number of HR leaders are taking bold moves to redefine human capital management (HCM) to meet the new, ever-Evolving needs of the modern enterprise.

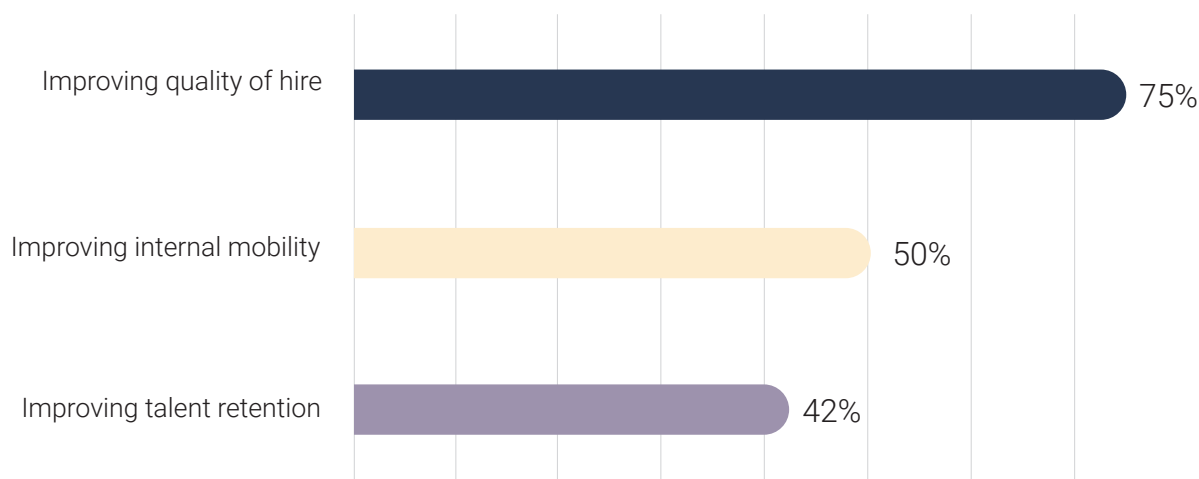
More than ever, HR is at the center of a transformation reshaping how businesses operate—and how employers and employees work together to thrive in a constantly changing environment.

Today's future-Focused, impact-oriented HR organizations are rethinking core tenets of talent strategy, prioritizing initiatives rooted in driving real business outcomes and fostering organizational resilience. The work's not just about keeping the ship afloat; it's about building new, foundational strategies that businesses need to grow and succeed in an unpredictable world.

Yet, HR's current efforts go far deeper than just incremental improvements—HR is rebuilding from the core. The primary areas of focus are improving talent retention, improving talent mobility, and improving quality of hire.



Figure 1: HR's Priorities for the Year Ahead



But what's truly driving transformation? The teams that are leading the way in employee engagement, employee performance, and employee retention are prioritizing three initiatives:



Utilizing AI and
Automation
More Extensively
and Effectively

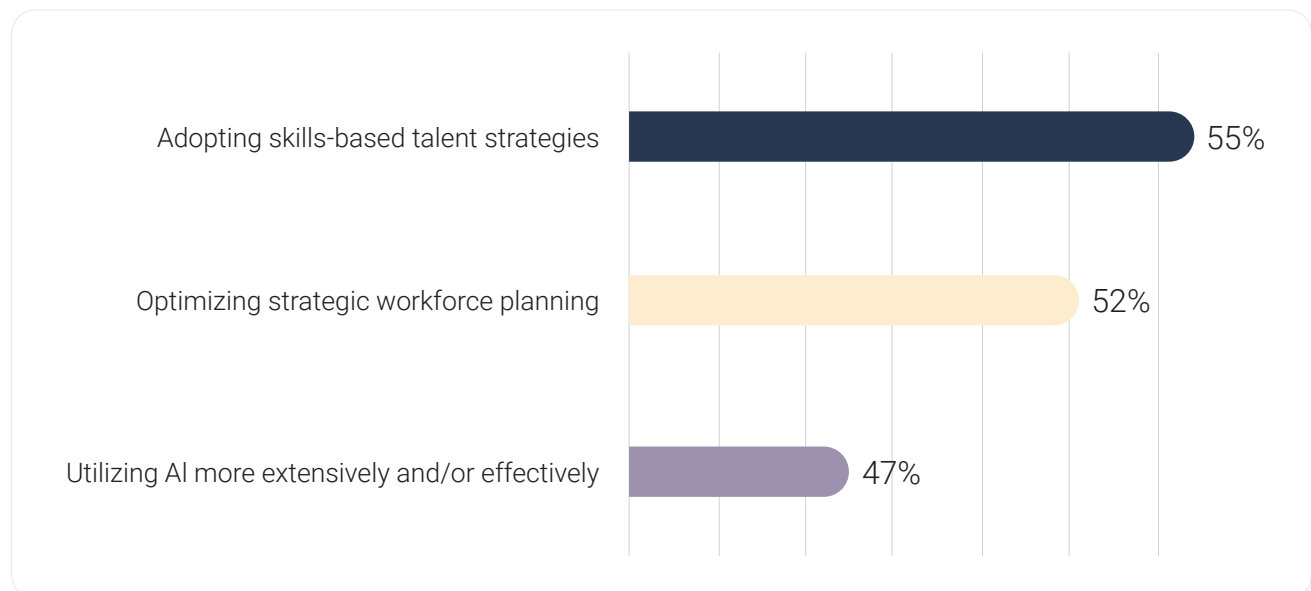


Optimizing
Strategic
Workforce
Planning (SWP)



Developing and
Implementing
Skills-Based Talent
Strategies (SBTS)

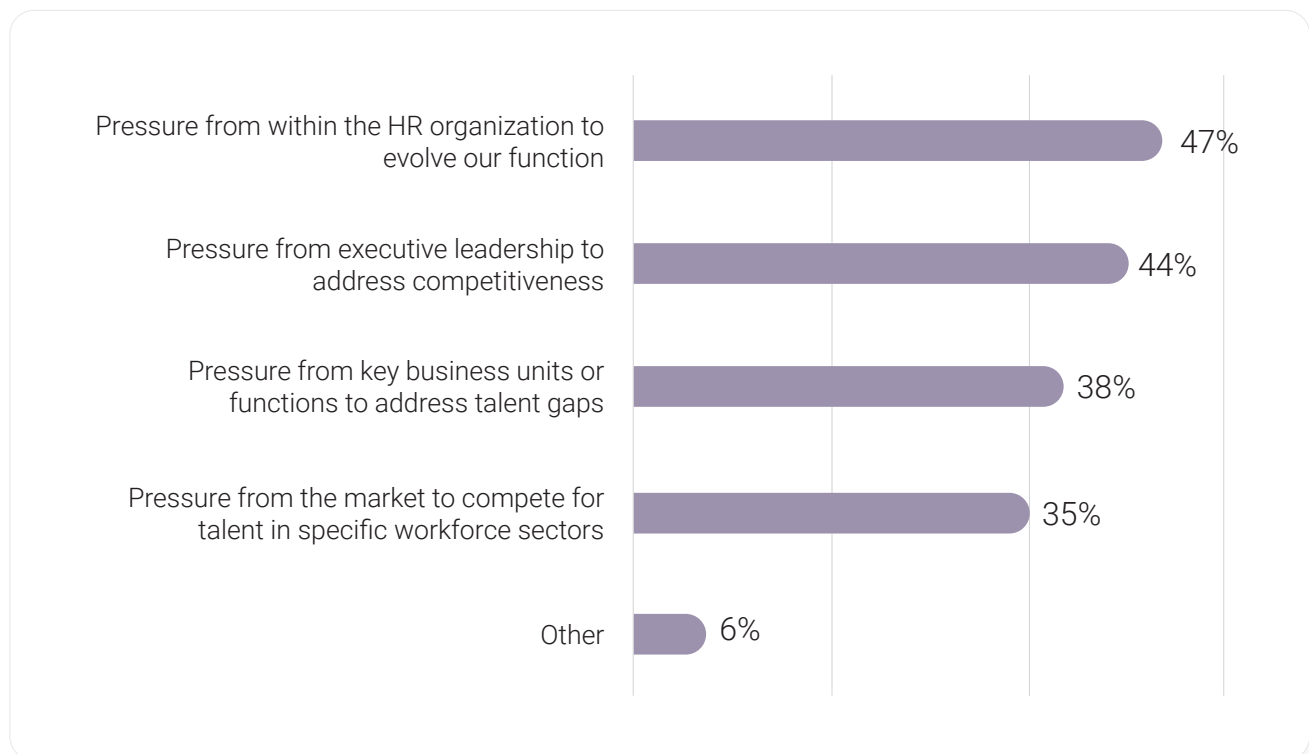
Figure 2: Transformation Initiatives at the Top of HR's Agenda



While each of these initiatives has opportunities and obstacles, this latter priority is of particular interest. What's interesting about this shift towards SBTS—especially considering the pressures HR teams are under to prioritize business impact—is what's driving the interest in SBTS among organizations today. Historically, HR's priorities represent the pressures and problems presented to them by the business: market shifts, business goals, etc.



Figure 3: Drivers of Investment in Skills-Based Talent Strategies



According to our research HR organizations find themselves in the driver's seat when it comes to the leading driver of transformation—which is a unique position to be in. On the one hand, there's the freedom to dream big. On the other hand, there's a risk of innovating in a vacuum. And considering the plethora of use cases for SBTS, each with its own value proposition, this risk is something HR teams must be especially mindful of in the current climate.

Whether for SBTS or for any of the priorities outlined above, the initiatives HR takes on today must be more than just responses to hangover challenges posed by the pandemic; HR teams must be informed, attuned, and intentional about the projects it is prioritizing. And, in examining the most effect HR organizations, transformation is more than just a buzzword: it's a determined effort to evolve HR from the ground up.

But the road from ideation to execution is more complicated these days than ever before.

This white paper explores the different approaches HR teams are taking, and the better practices that are enabling successful transformation by examining a few questions in detail:

- Why are HR organizations investing in AI, SWP, and SBTS—and how are these investments shaping the next wave of HR transformation?
- What impact are SBTS having on HR's most important KPI—and what makes one program more successful than another?
- What is Talent Intelligence (TI)—and how do these capabilities impact the success of today's HR transformation initiatives?

Based on analysis of several Research surveys of HR leaders in North America and dozens of conversations with in-seat HR leaders, we examine the challenges and success factors that HR must consider when developing intentional and intelligent transformation strategies.

01 SECTION

Where Leading HR Organizations Are Investing and Why

Today's HR leaders have their work cut out for them. While adapting policies and operations to address shifts in workplace and workforce dynamics, they've also managed reductions in force and monitored new compliance complexities. Transformation in the midst of near-daily disruption requires more than interesting innovations, which is why HR teams are focusing their efforts on three critical areas of investment: improving efficiency in HR operations with AI orchestration, enhancing core capabilities like quality of hire and workforce planning, and embracing skills-based talent practices to future-proof their talent strategies.

Each of these initiatives represents new foundations and crucial components of a broader transformation agenda, with implications for both the immediate and long-term success of the organization.

Orchestrating Excellence: The Resiliency Effect of Efficient HR Operations

The COVID-era pressure to ramp up operating capacity in HR operations hasn't let up. On the contrary, HR departments are once again tasked with delivering more value without more resources.

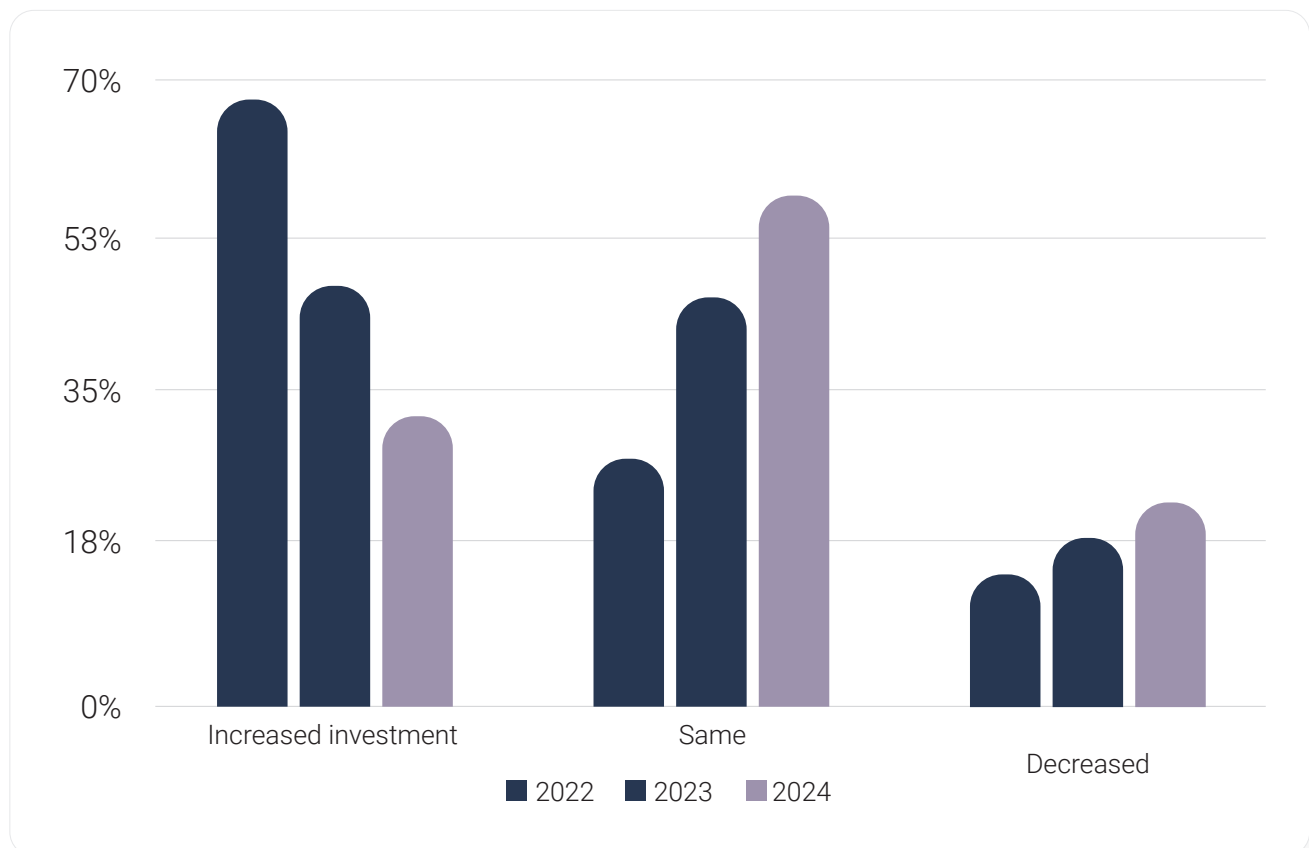
This renewed focus on streamlining processes, automating routine tasks, and reducing administrative burdens aren't solely driven by budget cuts, however. As with other organizational functions, HR's efficiency mandate is simultaneously an exercise in optimization. By leveraging technology and adopting more modern practices, leading HR organizations are building more resilient programs, driving more data-driven practices, and delivering more strategic value to its various stakeholders.

When analyzing the latest investments in efficiency, there's a big difference compared to the past: The last several years saw unprecedented investments in HR technologies and services—and HR teams have more tools at their disposal today than ever before.

Case in point: Investments in AI and automation remain strong year after year. Figure X below, shows that HR for AI remains a primary area of investment even in light of cost cutting in 2024. 80% of companies maintained or increased investments in 2024, compared to 83% in 2023 and 86% in 2022.

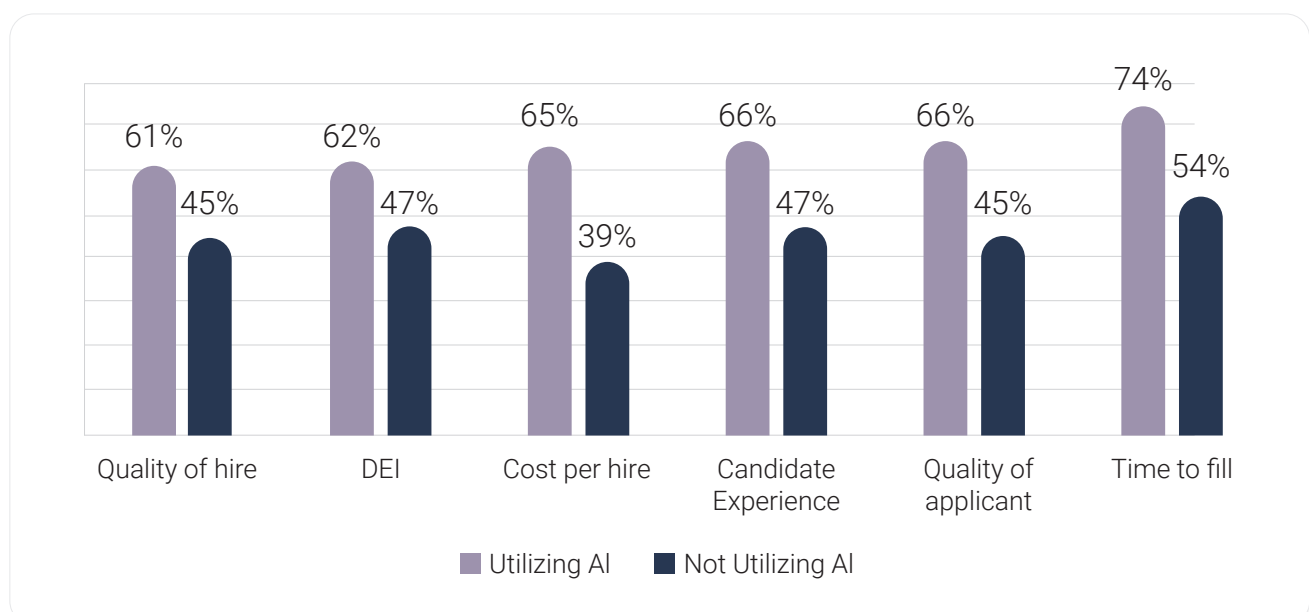


Figure 4: HR's Investments in AI Year over Year



So why are so many HR leaders anticipating increased investments in AI and automation in the next twelve months? Though there was a significant shift in adoption of AI in 2023 following the rapid proliferation (and limited regulation) of Generative AI, Figure X compares the differences in key performance indicators between those HR teams that maintained investments in AI over the last 12 months against those that took a step back.

Figure 5: Comparing HR KPIs: Respondents Reportedly Meeting or Exceeding Performance Expectations



The positive impact that HR organizations are reporting in critical areas among those utilizing AI is no accident, which is perhaps why 75% of these companies are anticipating more investments in AI for HR over the next 12 months. By comparison, only 48% of companies not using AI in HR today are anticipating increased investment.

Efficient HR operations are inherently more resilient, as they can adapt quickly to changes, manage risks effectively, and maintain continuity in the face of disruptions. When utilized effectively, AI plays a pivotal role in building and sustaining resilience by streamlining processes, enhancing decision-making, and ensuring agility in several ways:



Orchestrating HR Operations: By automating repetitive and administrative tasks and orchestrating complex workflows, AI supports more consistent operations while freeing up HR headcount to manage more value-add work. Even essential functions like employee support and payroll, both increasingly complex, benefit greatly from AI capabilities like conversational AI and process automation—the former enabling faster resolution times and less escalations, the latter minimizing human error and mitigating disruptions while maintaining global compliance.

Empowering HR with Insight: AI-driven predictive analytics enable HR teams to stay on top of workforce trends of all sorts, like turnover spikes or skill gaps. With AI continuously analyzing data and flagging anomalies, HR is starting from one step ahead when identifying and mitigating potential issues before they escalate. The ability to maintain stability and continuity is invaluable these days, and this foundational capability helps HR teams shifting gears from reactive to proactive operations.

Optimizing Talent Management: AI presents numerous opportunities for enhancing talent management as a whole, from talent acquisition (TA) to talent mobility and retention. By streamlining recruiting processes—such as requisition creation, candidate sourcing, screening, and onboarding—AI helps reduce redundancies and integrates multiple steps into a cohesive workflow. Beyond hiring, AI also plays a critical role in supporting internal mobility and retention efforts. By identifying skill gaps and matching employees with internal opportunities, organizations can improve talent retention and workforce agility. This holistic approach ensures that companies maintain a competitive edge by securing top talent and enabling greater flexibility in responding to workforce needs.

For HR teams today, efficient operations are not just about doing more with less—they are the bedrock of resilient HR practices. The next great wave of HR transformation starts here, and the extensive integration of AI and automation enabling these efforts is proving to be a foundational component in this evolution. These technologies don't just streamline processes; they empower HR with deeper insights, enabling more informed and data-driven decision-making. From selecting the best-fit talent to supporting talent mobility and optimizing workforce agility, AI enhances HR's ability to make strategic decisions that drive better outcomes.

AI's contribution to decision-making extends beyond automation. It provides HR with the ability to analyze data holistically, ensuring that workforce planning, TA, and mobility are all aligned with

organizational goals. By leveraging data-driven insights, HR teams can make more proactive, informed choices about talent management, ensuring continuity and success in the face of changing business conditions.

In this light, efficient operations are resilient operations. Embedding efficiency into the core of HR through modern tools and data-based practices is mission-critical. Leading HR organizations are not only optimizing their resources but also enhancing their decision-making capabilities, building a more robust, responsive, and agile HR function. Those who embrace these advancements now are laying the groundwork for a future-proof HR operation that can withstand whatever challenges lie ahead.

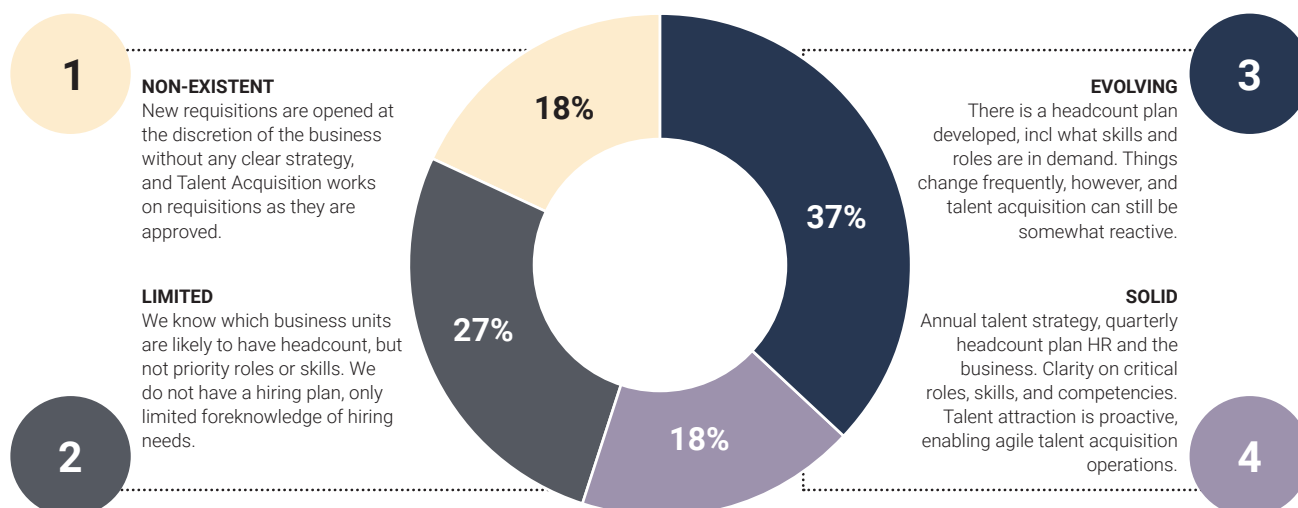
The Strategic Impact of Strategic Workforce Planning (SWP)

In today's fast-changing business environments, SWP has become the new holy grail for HR teams—mythical in its promised strategic value while also legendary in its complexity. It's also Emerging as an essential capability for modern HR transformation.

As organizations face technological advancements, globalization, and rapid shifts in workforce demographics, the ability to translate near- and long-term business goals into near- and long-term talent needs sets leading HR teams in a league of their own.

According to a recent survey, 48% of HR leaders identified SWP as a key driver of their transformation efforts. Based on our research, however, few have cracked the code on SWP proficiency just yet. Figure X below shows a high-level breakdown how maturity levels vary:

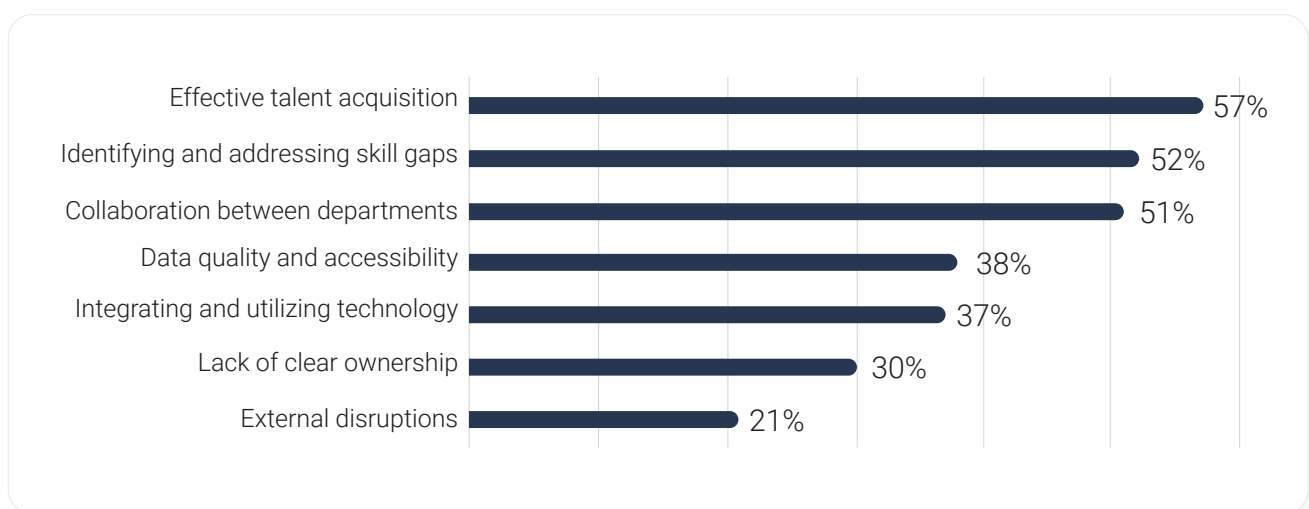
Figure 6: Breaking Down Maturity in SWP



18% of organizations have reached a solid level of SWP maturity, while 37% are still Evolving, and 27% are in the early stages. This indicates a significant opportunity for improvement, as many organizations are still reacting to immediate hiring needs rather than planning strategically.

Many HR organizations begin their work in SWP by addressing the gap between planning and execution. Teams often feel excluded from early planning stages, with 51% of organizations citing collaboration between departments as a major obstacle. Additionally, the lack of clear ownership in SWP, reported by 30% of organizations, further complicates the process. These disconnects lead to inefficiencies and missed opportunities, making it difficult for HR to contribute strategically—and are important areas to focus early efforts to improve SWP.

Figure 7: Leading Challenges of Effective SWP



Perhaps unsurprisingly, AI and automation are proving to be vital tools in enhancing SWP processes: AI-driven analytics enable accurate forecasting of talent needs and real-time monitoring of workforce trends. For instance, 43% of HR leaders are utilizing AI to identify skills supply and demand—and to monitor and address skill gaps.

Technology plays a crucial role in supporting SWP, especially purpose-built solutions that connect HR, talent, and operational systems. As with other complex processes powered by multiple, disparate systems, however, obstacles remain. 38% of organizations still struggle with technology integration, highlighting the need for tools designed to enable better collaboration across functions.

Collaboration & Alignment: The Keys to SWP

Indeed, successful SWP requires more than just technology; it demands strong cross-functional collaboration and a focus on business outcomes. Perhaps this is why many HR organizations are prioritizing SWP as a leading initiative for transformation today. Having felt the impact misaligned and misinformed business decisions had on talent strategies during COVID-19, HR business partners and their colleagues leading talent functions know that organizational alignment is more important now than ever.

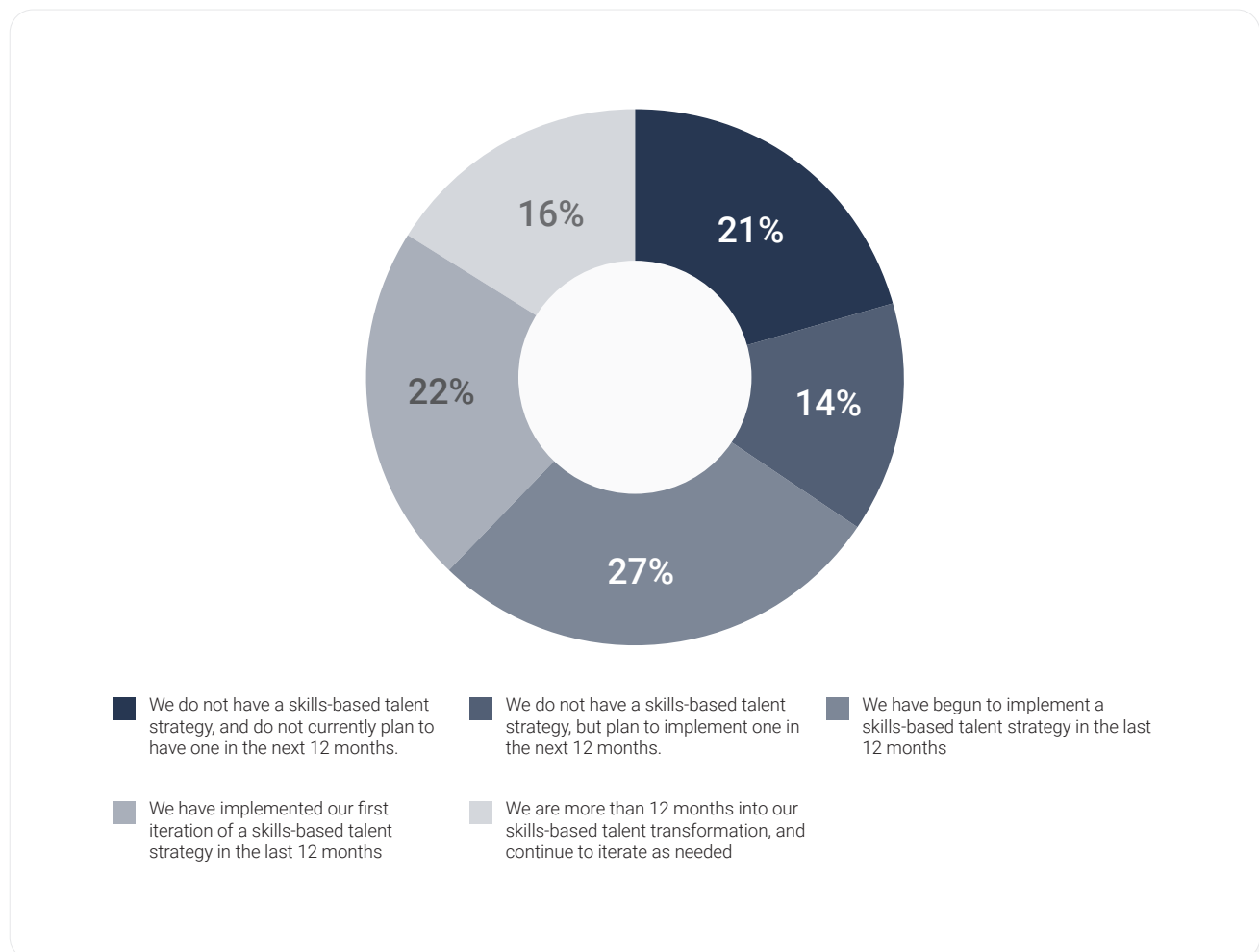
Those HR organizations that are prioritizing SWP are working diligently to achieve clearer alignment between HR and business goals, leading to more proactive and effective TA. By expanding the focus beyond general headcount budgeting and towards broader business objectives, such as quality of hire and alignment with strategic goals, these HR teams play a more integral role in driving organizational success.

While challenges remain, the benefits of effective SWP are clear. By investing in better processes, better tools, and better data, organizations can ensure their workforce strategies are prepared for current demands and equipped to navigate future challenges.

The Prophetic Potential of SBTS: Use Cases Abound

SBTS are Emerging as a key driver of transformation in HR. Unlike traditional approaches that focus on roles and job titles, SBTS prioritize the skills and competencies needed to achieve business outcomes. This shift allows organizations to be more agile and responsive to changing market conditions.

Figure 8: The Current State of Skills-Based Talent Strategies in North America

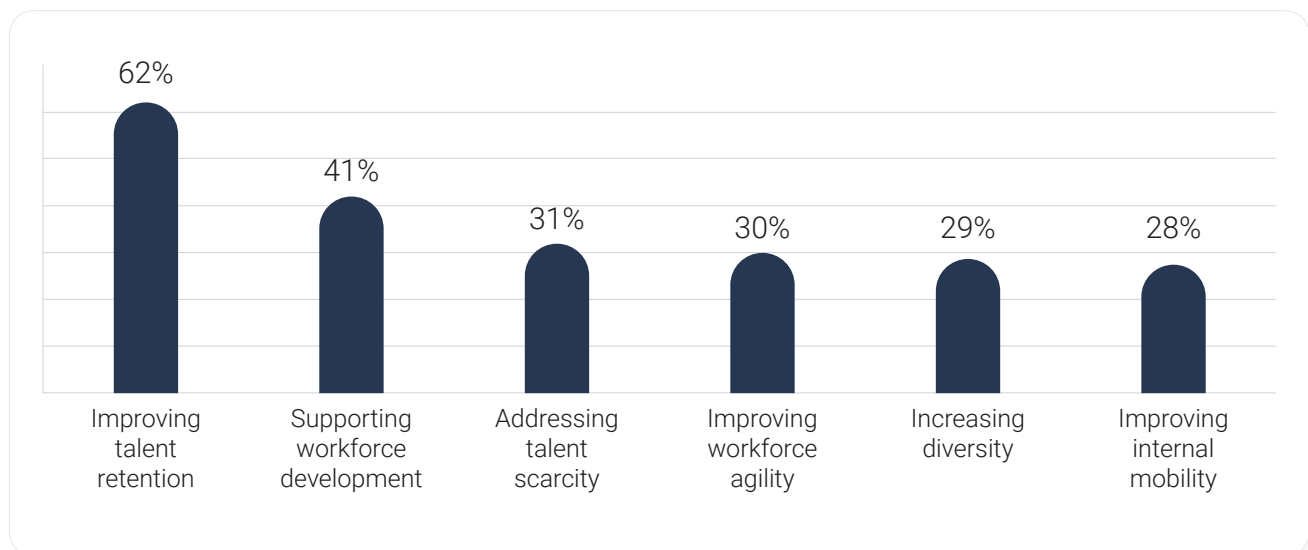


The adoption of SBTS is widespread, with 66% of organizations having already implemented these strategies and another 14% planning to do so within the next 12 months. The scope of these programs is broad, with many organizations focusing on experienced talent and Comprehensive workforce development.

Popular opinion in HR—among vendors, consultants, and many practitioners—is that SBTS have the

potential to revolutionize the way organizations manage their talent. But impact is not a guarantee. By focusing on the skills and competencies most critical to support the business's most pressing needs, SBTS can enable organizations to be more agile, responsive, and aligned with their strategic goals. The potential use cases for SBTS are vast, ranging from talent retention and workforce development to workforce planning and agility.

Figure 8: Leading Use Cases Driving SBTS



But as previously noted, the path from ideation to execution is not to be underestimated—especially when it comes to SBTS. What works for one company, or in one industry, may not work in the next. Considering these types of programs are still relatively nascent, and to better understand the impact of SBTS on organizational performance, we first compare practices by program maturity—and examine the differences between organizations with Emerging SBTS programs (0-12 months in) to those with Evolving SBTS programs (>12 months in).

Interestingly, organizations that have been implementing SBTS for more than a year—classified as Evolving Programs—are seeing substantial benefits across key HR metrics.

For instance, 84% of companies Research surveyed with Evolving SBTS programs report a moderate to significant impact on talent retention. This suggests that as SBTS matures, organizations become more effective at aligning skills with strategic goals, resulting in better employee engagement and reduced turnover.

Evolving SBTS programs are also driving significant improvements in workforce development, workforce planning, and workforce agility. Specifically, 87% of these organizations have experienced notable enhancements in workforce development, while 86% report similar impacts on workforce planning.

These figures indicate that as SBTS becomes more embedded within the organization, it enables HR teams to more accurately anticipate and address future talent needs, thereby improving

overall workforce agility—an area where 88% of Evolving programs report substantial gains. In contrast, companies with Emerging SBTS programs are still in the early stages of realizing these benefits, highlighting the importance of long-term commitment and continuous refinement of SBTS to unlock its full potential.



Mind the Gap: Novel vs. Relevant Innovation

Because there are so many ways to utilize SBTS, aligning with organizational goals is arguably the most critical factor for realizing the full potential these strategies promise.

SBTS initiatives that are not aligned with current business priorities and pressures, HR teams risk wasting time and energy on efforts that do not contribute to meaningful outcomes. To avoid this, HR leaders must work closely with other business units when developing SBTS initiatives that are not only innovative but also relevant.

By prioritizing SBTS use cases that sit at the intersection of HR's desire to innovate and the organization's critical challenges, companies can ensure that these strategies support both long-term transformation and immediate business priorities.

Of course, other challenges abound in designing, implementing, and optimizing SBTS. Implementing a Comprehensive SBTS initiative requires coordination across multiple functions—and that's just within HR. Integrating and standardizing skills data from existing HR systems is also a critical factor—and major obstacle.

Rather than getting lost in the daunting task of boiling the ocean, many HR organizations are starting with smaller, Focused initiatives that allow them to refine their approach before scaling up, ensuring that all aspects of the program are aligned with organizational goals and supported by effective technology.

Key Takeaways & Recommendations

01

Prioritize Investments in AI and Automation to Enhance Efficiency and Decision-Making.

HR leaders should automate routine tasks like payroll processing and applicant tracking to reduce administrative burdens and free up resources for strategic initiatives. In addition to improving operational efficiency, AI can significantly enhance decision-making across TA and internal mobility. By automating processes such as candidate sourcing, screening, and internal talent matching, organizations can make more informed decisions about talent placement, ensuring the best-fit candidates for roles and promoting internal mobility. This approach strengthens talent retention, workforce agility, and HR's role as a strategic business partner.

02

Foster Cross-Functional Collaboration Early in the SWP Process:

To bridge the gap between planning and execution, HR leaders should prioritize early and continuous collaboration between TA teams and other key business units. Establish regular cross-functional meetings where HR, TA, and operational leaders align on business objectives, talent needs, and workforce planning strategies. Consider appointing SWP liaisons within each department to ensure that everyone is informed and aligned, reducing the disconnect that often leads to inefficiencies and missed opportunities.

03

Balance HR's Innovation Goals with Pressing Business Needs When Prioritizing Strategic SBTS Use Cases:

HR teams should focus on identifying and implementing SBTS initiatives that align with both their desire to innovate and the organization's most pressing business needs. Prioritize use cases where the need for agility and skills development intersects with critical business demands, ensuring that SBTS supports both long-term transformation and immediate value. By focusing on relevant, business-aligned use cases, HR can drive more impactful outcomes, positioning SBTS as a strategic driver of business success.

SECTION 02



Comparing Approaches to Skills-Based Talent Strategies (SBTS)

SBTS have quickly become a cornerstone for modern HR transformation. However, while many organizations are eager to embrace these initiatives—and investing heavily in projects aligned to this trend—the approaches they take can vary significantly in both form and impact. One of the biggest questions for HR teams today is also one of the most rudimentary: Where do we start?

Understanding the different approaches to SBTS and the impact they have on HR outcomes is essential for organizations looking to implement these strategies effectively. In this section, we'll examine two categories of SBTS—Focused and Comprehensive—and discuss the role TI plays in enabling, informing, and supporting the most impactful programs regardless of scope.

A Tale of Two Approaches: Focused and Comprehensive

As organizations increasingly adopt SBTS, two predominant approaches have emerged: Focused programs targeting specific workforce segments and Comprehensive programs designed for the total workforce. Each approach offers unique advantages and challenges, and the choice between them often depends on the organization's goals, resources, and maturity in talent management.



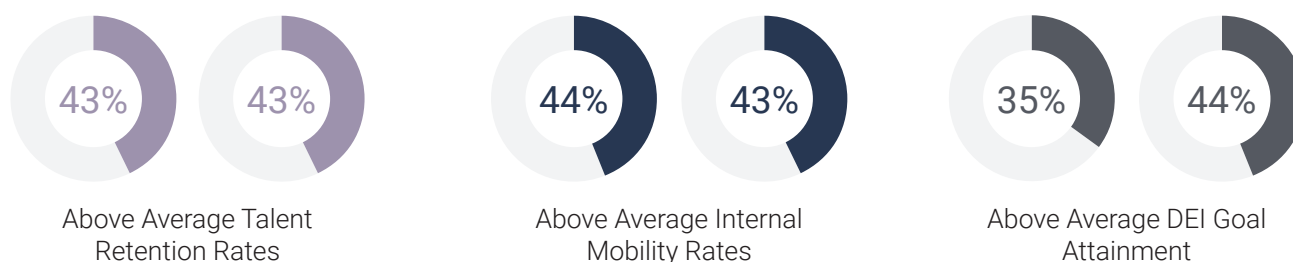
Focused SBTS Programs: These programs typically target specific workforce segments, such as high-potential employees, critical roles, or specialized skill sets. By concentrating efforts on these key areas, organizations can achieve quick wins and demonstrate the value of SBTS. However, Focused programs may also limit the broader impact of SBTS, as they do not address the needs of the entire workforce.



Comprehensive SBTS Programs: In contrast, Comprehensive programs aim to integrate SBTS across the entire organization. This approach ensures that all employees are aligned with the organization's strategic goals and that skills are developed consistently across the workforce. While Comprehensive programs have the potential for a more significant impact, they are also more complex to implement and require substantial resources.

According to survey data, 62% of organizations are designing Comprehensive programs, while 38% are focusing on specific workforce segments. Despite the differences in scope, both approaches have shown relatively high levels of impact. For instance, Fig X below shows that both cohorts reported moderate or significant improvements in key areas such as talent retention, diversity, equity, and inclusion goals, and internal mobility.

Figure 9: Comparing Impact of Scope - Focused vs. Comprehensive



While this data is only directional, it does seem to indicate both Focused and Comprehensive SBTS programs are having a positive impact on key areas of HR's organizational performance. That's not to say neither of these approaches come without their challenges. On the contrary, each poses its own unique obstacles.

Difficulty in Scaling Focused Programs

Focused SBTS programs, while effective for specific workforce segments, often face challenges when scaled across the entire organization. The targeted nature of these programs means that they are tailored to particular needs, making them less adaptable when applied to a broader audience.

Scaling requires not only additional resources but also strategic alignment across different departments and functions. Additionally, a cultural shift may be necessary to ensure that the entire organization embraces the principles of SBTS, which can be difficult to achieve without strong leadership and clear communication.



Challenges of Balancing Depth and Breadth

Comprehensive SBTS programs must carefully balance the depth of focus on critical skills with the need to apply these strategies across diverse roles and functions. This balance is crucial to maximizing the impact of SBTS, as overly broad programs may dilute the focus on essential skills, while overly narrow programs may miss opportunities to develop talent in other areas.

Achieving this balance requires a strategic approach that considers both the immediate and long-term needs of the organization. By aligning the depth of skill development with the breadth of workforce application, organizations can ensure that their SBTS initiatives drive meaningful and sustained improvements across the board.

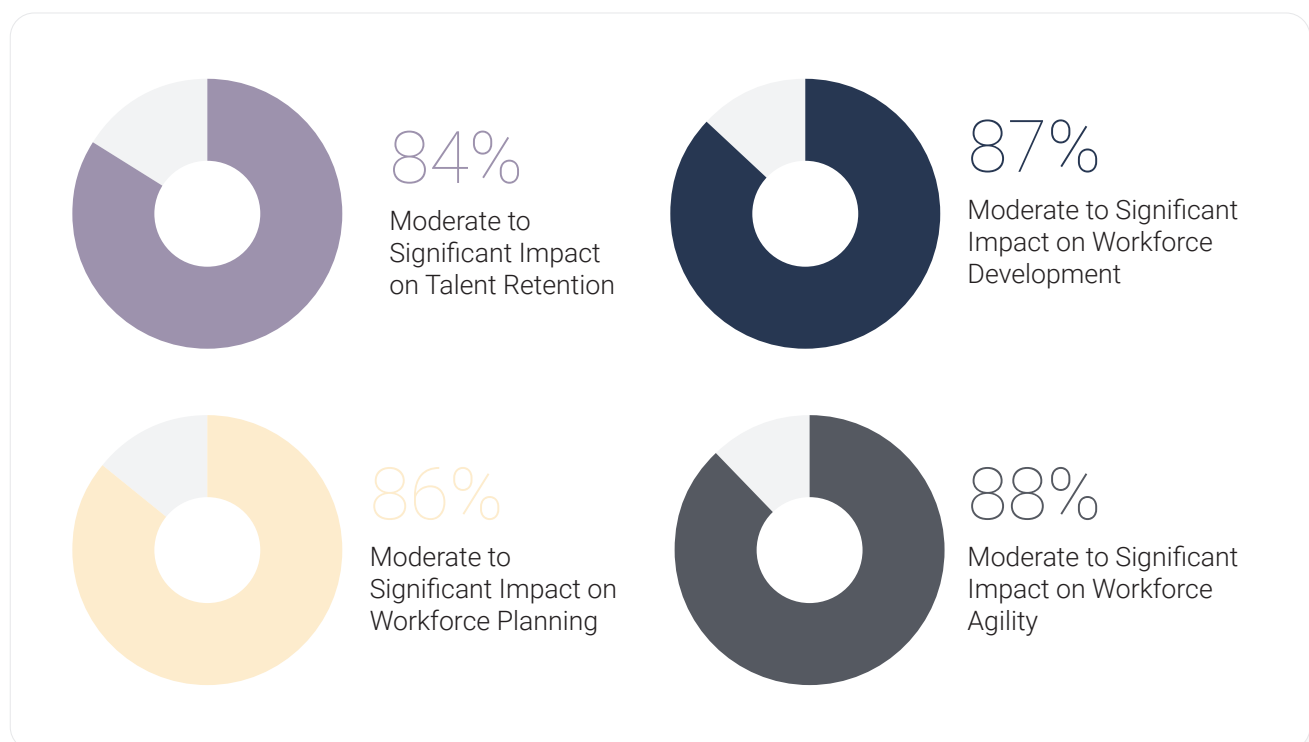
Long Story Short: There is (Statistically Speaking) No Wrong Way to Do It

While organizations may debate the merits of Focused versus Comprehensive SBTS programs, survey data suggests that there is no single “right” approach. Both strategies have demonstrated the potential to drive significant improvements in key HR outcomes, such as talent retention, diversity, and internal mobility.

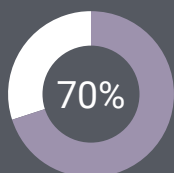
In practice, the impact of SBTS is already being felt across organizations regardless of the scope of their programs. Whether going all-in on SBTS or take a more measured approach, the clearest distinction delivering results is one of maturity. More simply, how long a team has been on their skills journey correlates with the level of impact their strategies are having.

Comparing Emerging Programs (0-12 months in) vs. Evolving Programs (>12 months in) reveals significant benefits.

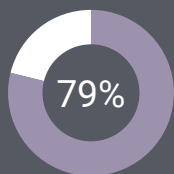
Figure 10: The Impact of SBTS on HR KPIs



What's Making the Difference in SBTS? Intelligence & AI



One of the critical differentiators between Emerging and Evolving SBTS programs is the use of intelligence and AI. Organizations with Evolving SBTS programs are significantly more likely to leverage AI solutions to support skills management and decision-making. In fact, 85% of these organizations are using or evaluating AI tools, compared to only 70% of Emerging SBTS programs that rely on basic features or do not use technology at all.



Furthermore, 79% of organizations with Evolving SBTS programs rated their ability to use TI to inform decisions and guide strategy as “Good” or “Excellent.” This contrasts sharply with Emerging programs, where the adoption of AI and advanced analytics remains limited. As a result, Evolving organizations are better positioned to align their skills-based strategies with business objectives, improving workforce agility, retention, and overall performance.

Beyond AI, Talent Orchestration is Emerging as a powerful tool in enabling HR teams to coordinate multiple HR systems, data types, and personas across the organization. By integrating TA, learning and development, and workforce management systems, orchestration facilitates the seamless flow of data across platforms, creating a unified view of the workforce. This enhanced coordination allows HR leaders to monitor workforce trends, identify talent gaps, and make informed decisions that align with business goals, ensuring agility in their talent strategies.

Talent Orchestration also empowers HR to align diverse personas—such as HR leaders, hiring managers, and employees—with a common set of objectives. By streamlining data across these personas, AI-enabled orchestration enhances collaboration and enables each stakeholder to contribute more effectively to key decisions around hiring, internal mobility, and workforce planning. This coordination allows HR to observe and act on trends and opportunities in real time, resulting in more agile and proactive talent management.

For organizations that leverage both AI and Talent Orchestration, the ability to synthesize data from multiple systems and align diverse stakeholders with shared goals is transformative. Orchestration supports data-driven decision-making by combining disparate datasets, including skills supply and demand, employee performance, and labor market trends, into a Comprehensive view. This enables HR teams to make more precise decisions about talent development, mobility, and acquisition.

The impact of combining talent intelligence (TI) with orchestration extends beyond just decision-making. By facilitating better integration of systems and processes, orchestration allows organizations to be more responsive to business needs and external disruptions. For example, internal talent mobility can be improved by orchestrating data on skills gaps with available talent across departments. This allows HR teams to make proactive, informed decisions about employee redeployment and workforce planning, contributing to greater workforce agility.

The integration of AI and talent orchestration also reduces inefficiencies and manual processes. Automating routine tasks like talent sourcing, matching, and upskilling allows HR teams to focus on strategic priorities while still ensuring that operational needs are met. As a result, HR organizations leveraging AI and orchestration report greater resilience and continuity, even in times of change.

Organizations that harness both AI and Talent Orchestration to enhance decision-making and streamline processes are better equipped to drive business outcomes. By weaving these capabilities into their talent strategies, HR leaders can ensure that their initiatives are both innovative and aligned with real, observable actions that support organizational success.

Action Items & Key Takeaways

01

Use a phased approach to transition from Focused to Comprehensive SBTS: Organizations should begin with Focused SBTS initiatives targeting high-impact areas, such as key employees or critical skills. Starting small allows companies to refine their approach before expanding. Once success is demonstrated, organizations can gradually broaden the scope to encompass the entire workforce. This phased approach ensures that SBTS efforts are scalable and aligned with long-term goals without overwhelming the team with complexity from the outset.

02

Leverage AI and data analytics to support this transition: As organizations shift to more Comprehensive SBTS programs, AI and data analytics become critical tools for managing complexity. AI can help analyze workforce data, identify skill gaps, and predict talent needs, allowing organizations to prioritize areas for expansion based on business goals. By monitoring SBTS initiatives in real time, HR leaders can refine strategies dynamically, ensuring data-driven decisions that are responsive to Evolving needs.

03

Focus on Data Quality to Maximize the Impact of AI-Driven Insights: The effectiveness of AI in SBTS depends on the quality of the data it analyzes. Poor data quality can result in flawed insights, undermining SBTS efforts. Organizations should invest in strong data governance practices to ensure accuracy and consistency across HR systems. Integrating data from various HR functions also allows for a more Comprehensive view of the workforce, improving decision-making and enabling AI tools to drive meaningful, reliable outcomes.

04

Expand Access to External Data Sources to Inform Talent Strategies: Incorporating external data sources such as labor market trends and industry benchmarks can enhance SBTS initiatives. Access to external data provides valuable context and a broader perspective on Emerging talent needs, helping organizations remain competitive. By combining internal and external data, HR teams can make more strategic, well-rounded decisions that better align talent strategies with Evolving business objectives.

SECTION

Great Outcomes Begin with Inputs

In any strategy, the quality of the inputs determines the value of the outcomes, and this principle holds especially true for HR transformation initiatives today. To illustrate this point, we will continue examining SBTS. These initiatives bring together many different efforts of HR spanning talent retention, talent acquisition, and more. We've already discussed that there's more to impactful SBTS than maturity or scope—but in this section we'll discuss the correlation of inputs to outputs, and we'll return to comparing the differences between Emerging and Evolving programs.

As organizations mature SBTS programs, the role of data becomes increasingly vital. The evolution of HR from administrative function to strategic business partner is driving the need for more comprehensive data utilization to make informed, impactful decisions. At the center of this evolution lies TI, a crucial capability for companies aiming to stay competitive in a rapidly changing talent landscape.

Talent Intelligence (TI): A Capability Built, Not Bought

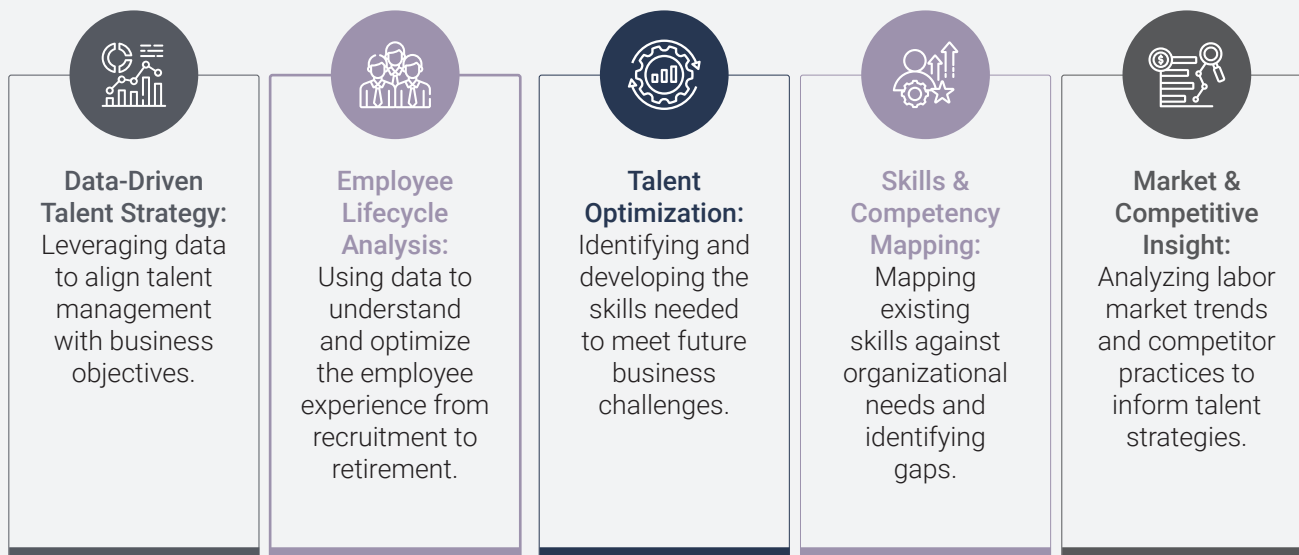
As the role of HR continues to evolve, TI is emerging as a critical capability for organizations looking to stay ahead in a competitive talent landscape. TI involves the use of data and analytics to inform talent management decisions, optimize workforce strategies, and drive business outcomes.

The importance of Talent Intelligence is reflected in the growing investment in this area. According to our survey, 65% of organizations with Evolving SBTS programs are increasing their investments in TI, compared to 49% of Emerging organizations. This trend underscores the recognition that data-driven decision-making is no longer a luxury but a necessity.

But what, exactly, is TI that makes it so widely relevant? Is it just an evolution of People Analytics? Is it a new way of describing data-driven talent practices? Yes and yes. Part of the power of TI is its comprehensiveness; it represents many capabilities—each with unique and tangible value for informing and supporting the optimization of HR strategies.



The Many Dimensions of TI:



Intelligence in Action: Comparing the Inputs of Evolving and Emerging SBTS Organizations

As mentioned, TI capabilities vary from one organization to the next—but the power of intelligence in developing and iterating on SBTS is profound. There are significant disparities in how Evolving and Emerging organizations utilize data to inform their SBTS.

Evolving organizations, those that have been implementing SBTS for over a year, are markedly more advanced in their use of various data sources. For example, 59% of these organizations use labor market data extensively, compared to a stark 63% of Emerging organizations—those in the early stages of SBTS adoption—that use this data rarely or not at all. This difference underscores how critical access to Comprehensive labor market insights is for aligning talent strategies with external workforce trends and demands.

Furthermore, 73% of Evolving organizations make extensive use of skills supply and demand data, while only 48% of Emerging organizations do the same. This data is crucial for identifying and addressing skills gaps, ensuring that the workforce

is equipped with the competencies needed to meet both current and future business challenges.

The ability to map the supply and demand of skills across the organization allows HR leaders to proactively manage talent pipelines and reduce the risks associated with talent shortages. Those organizations actively gathering and analyzing this data are seeing greater impact from their SBTSs than those that aren't.

Another critical area where Evolving organizations excel is in their use of employee performance data, with 78% utilizing this information extensively, compared to just 40% of Emerging organizations.

By leveraging performance data, these organizations can make more informed decisions about employee development, succession planning, and internal mobility. This data-driven approach not only enhances individual and organizational performance but also ensures that the right skills are cultivated and deployed where they are needed most.

Impact and Implications of Utilizing Expanded Datasets

The expanded use of diverse datasets in Evolving organizations highlights the transformative potential of TI in driving effective SBTS. By integrating various data sources—such as labor market trends, skills supply and demand, and employee performance—organizations can develop a more holistic and informed view of their talent landscape.

This Comprehensive perspective enables HR leaders to make strategic decisions that align with both immediate and long-term business goals.


For Emerging organizations, the limited use of these datasets presents a significant barrier to the success of their SBTS initiatives. Without access to relevant data, these organizations may struggle to identify critical skills gaps, anticipate market changes, or optimize their workforce strategies. Lacking this insight leaves teams with can lead to reactive, rather than proactive, talent management practices, which may hinder the organization's ability to compete effectively in a rapidly changing business environment.

Overcoming these challenges requires a concerted effort to break down data silos within the organization. Data is often spread across multiple systems and departments, making it difficult to integrate and analyze.


By investing in data integration platforms and fostering a culture of data sharing, however, organizations can unlock the full potential of TI. This, in turn, will enable them to move from an Emerging to an Evolving SBTS approach, leveraging data to drive more effective and impactful talent strategies.

The implications of utilizing expanded datasets extend beyond just improving SBTS.


Action Items & Key Takeaways



Lack of access to relevant data sources is a critical gap for Emerging SBTS programs: Many Emerging SBTS programs struggle with limited access to data, which hinders their ability to make informed talent management decisions. Addressing this gap is essential for organizations looking to elevate their SBTS efforts. Investing in data integration and analytics tools can help organizations unlock the potential of internal and external data to drive better decision-making and long-term success in talent management.



Overcoming data silos within organizations: Data often resides in different systems across HR, making it difficult to get a Comprehensive view of the workforce. Breaking down these silos is critical for effective TI. Organizations should prioritize data integration to ensure that HR has access to reliable, consolidated information that can be used to guide talent strategy decisions.



Invest in data integration platforms to break down silos: To achieve better data flow across functions, organizations should invest in data integration platforms that unify information from different HR systems. This provides HR teams with a more complete and actionable view of their workforce, ensuring that data-driven decisions can be made with confidence. Integration also supports more strategic use of AI tools by providing them with clean, structured data

Organizations that excel in TI are better positioned to anticipate and respond to external disruptions, drive innovation, and achieve greater alignment between their talent strategies and business objectives. As the competition for top talent intensifies, those organizations that effectively harness the power of data will have a significant strategic advantage in the marketplace.

CONCLUSION

The future of HR is one of intentional, intelligent talent transformation. As AI, TI, and advanced orchestration technologies revolutionize the HR landscape, organizations are empowered to approach their workforce strategies with precision and foresight. HR is evolving from a reactive, support function into a strategic driver of business outcomes, shaping the way organizations attract, engage, and retain talent in this new era.

In today's competitive talent market, standing still is not an option. The organizations that adopt an intentional, data-driven approach—leveraging the power of AI to inform decisions and optimize workforce strategies—will gain a significant advantage. Those that fail to act risk being left behind, unable to keep pace with the rapidly evolving demands of the modern workforce.

The time to embrace this transformation is now. Whatever the scope of your next big initiative is, there are three things we can learn from today's leading HR organizations:



Key Investments for Long-Term Success: Forward-thinking HR leaders are making targeted investments in AI, automation, and SBTS. These aren't just passing trends but foundational elements of an intelligent talent transformation that will enable organizations to build agile, future-ready workforces.



Unlocking the Power of Data, Automation, and Insight: AI and TI are transforming HR by enabling real-time, data-driven decision-making. These tools allow organizations to align workforce strategies with business goals, drive greater agility, and make proactive decisions that anticipate future challenges.



Building Agility for the Future: Agility is the hallmark of organizations that will thrive in an unpredictable future. By harnessing AI-driven insights, improving internal mobility, and fostering a culture of continuous development, HR leaders can rapidly adapt to shifting business needs and sustain a competitive edge.

For HR leaders, intentional action is the key to success. AI and Talent Intelligence are no longer optional—they are essential to the next phase of HR transformation.

Organizations must prioritize the adoption of AI-powered tools to enhance efficiency and elevate decision-making. Implementing robust SBTS initiatives and refining data governance are critical steps in building a workforce that is equipped to navigate tomorrow's challenges.

Intentional, intelligent talent transformation is about more than operational efficiency—it's about creating a strategic advantage in the talent market. By leveraging AI and data today, you will position your organization to attract top talent, foster innovation, and secure long-term success. The future of HR starts now, and the decisions made today will shape the path to tomorrow's success.

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Workday is a leading enterprise platform that helps organizations manage their most important assets – their people and money. The Workday platform is built with AI at the core to help customers elevate people, supercharge work, and move their business forever forward. Workday is used by more than 10,500 organizations around the world and across industries – from medium-sized businesses to more than 60% of the Fortune 500. For more information about Workday, www.workday.com

ABOUT KYLE & CO

Kyle & Co is a modern research and advisory firm helping HR and talent technology leaders make smarter decisions, faster.

By blending practitioner insight, rigorous research, and strategic advisory, we uncover the signals that matter most—then translate them into action. Our work spans custom research, workforce strategy, and market analysis, supporting solution providers and HR leaders alike.

Kyle & Co is the team behind the Human-Centric AI Council, the Transformation Realness podcast, and industry-shaping reports on quality of hire, workforce planning, and responsible AI.

We work with clients like Workday, Crosschq, GoodTime, SeekOut, and isolved. Learn more at www.kyleandco.com

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