# HR Digital Transformation

## 7 priorities for 2025

**Transformation isn't an option in 2025, nor is it a mandate to be handed down by the business. A new mindset is required to deliver transformation constantly and as a business capability—not as a spigot to be turned on or off but a way of operating, driving innovation, and delivering outcomes.**

Integrating transformation into business operations, workforce experience, and your technology strategy requires clear and focused intention. This is the mantle of responsibility HR needs to assume.

**To offer our help, Mercer recommends 7 priorities for intentional focus in 2025.**

# 1. AI for HR Efficiency and Effectiveness

**Why this matters in 2025:**

AI is a practical tool for driving efficiency and liberating HR teams from repetitive and low-value but essential tasks. Whether it's through content generation or predictive analytics, the real AI value unlock is in accelerating insights, enhancing personalization and improving responsiveness, and elevating the human in HR.

**Think of AI as doing first pass work so HR can get to higher order work.**

**What good looks like:**

- AI is embedded into daily HR workflows (e.g., case management, scheduling, policy answers)
- Generative AI is supporting content creation, communications, and knowledge curation
- Predictive models are driving proactive talent and risk decisions

**Questions to ask yourself:**

- Are we still treating AI as a side experiment, or is it embedded into how HR operates?
- Have we identified the highest-friction areas where AI could deliver real value?
- Are we enabling our people to confidently use and trust AI tools in their daily work?

# 2. Simplifying the HR Tech Ecosystem

## Why this matters in 2025:

Complexity kills value. Most organizations over-invest in fragmented or poorly deployed systems. Doing more with less isn't just about cost savings; it's about delivering real value and making an impact.

This means simplifying tech stacks into integrated, outcome-driven platforms that work for people—not just IT.

**Your tech stack should reflect your tech strategy.**

### What good looks like:

- You have rationalized systems with clear ROI and adoption metrics
- User experiences are streamlined to minimize friction
- Connected tools talk to each other, reducing manual effort and letting data flow

### Questions to ask yourself:

- Is our HR tech strategy engaging or enraging employees?
- Which tools are mission-critical vs. legacy baggage?
- Are we forcing user adoption, or is the tech supporting human adaptation?
- How are we governing our tech landscape to drive value—not just manage vendors?

# 3. Skills Intelligence as the New Operating System

**Why this matters in 2025:**

Jobs are changing too fast to rely on fixed organizational charts and job profiles. By 2025, everything should be dynamic, adaptable, and fluid—if it's static, it's stagnant, on the way to becoming obsolete.

Skills have become the essential basis for understanding how to effectively deploy talent (supply) against timely business needs (demand). A skills-powered organization can better redeploy talent, guide learning, and effectively respond to changes in the environment.

**Tech scales experiences, but skills scale people.**

**What good looks like:**

- Real-time skills inventory spans the enterprise
- Learning, recruiting, and talent mobility are aligned to current and future skill needs
- An internal talent marketplace helps unlock untapped potential

**Questions to ask yourself:**

- Do we have visibility into the actual and desired skills of our workforce?
- Can we "see" hidden talent?
- Are we designing jobs and career paths around evolving skills?
- How are we using skills data to inform workforce and business strategy?

# 4. Designing Employee Experience for the Now of Work

**Why this matters in 2025:**

Employee expectations are shaped by consumer experiences. A seamless, personalized digital experience is now a top driver of retention, engagement, and productivity. Digital workforce experience isn't just about moments that matter—when it comes to our everyday experience of work, every moment matters. Communication, connection, and clarity are as important as white glove experiences. It's 2025 outside of work; what year does it feel like inside of work?

**When it comes to employee experience, your tech should do the work, not be the work.**

**What good looks like:**

- You're leveraging end-to-end journey mapping to hone in on real friction points
- Human-centered design is applied to onboarding, mobility, and wellbeing
- Real-time feedback and experience metrics guide continuous improvement

**Questions to ask yourself:**

- Where do our people experience the most friction? Do we think we know, or do we really know?
- Are we intentionally designing experiences that feel human, not transactional?
- How do we measure and act on employee experience data?

# 5. Reimagining the HR Operating System

## Why this matters in 2025:

The old HR operating model wasn't built for now, let alone next. It was built for compliance, not innovation. It was built for control, not co-creation.

To meet today's demands, HR needs a new engine—one built for speed, collaboration, and flexibility. Everything about work has changed, so HR needs to change the way it delivers value. Redesigning the HR operating system will unlock new capabilities, not just for HR but for the workforce and the entire enterprise.

**The structure shift HR needs is really a mindset shift.**

## What good looks like:

- Teams are organized by value streams and business outcomes
- Capability models include tech, data, and change fluency
- Agile operating rhythms and faster decision-making structures are in place for risk awareness and resilience

## Questions to ask yourself:

- Is our HR function structured to solve problems or run processes?
- How quickly can we shift priorities in response to business needs?
- Do our HR teams have the capabilities needed to lead in a digital world?

# 6. From Projects to Programs: Deploy for Value, Not Just Go-Live

**Why this matters in 2025:**

Go-live is not the goal—behavior change is the goal. We call this "go begin."

Sustained adoption and ongoing optimization define success and deliver business impact. Too many organizations (67%, in fact) implement technologies without changing the way they work. Technology isn't the same as transformation, and digital isn't the same as technology. Digital is a mindset, transformation is a capability, and technology is the means to scale and value measurement.

**Stop implementing tech and calling it transformation.**
**Value is intentionally deployed, not turned on like a switch.**

**What good looks like:**

- Deployment plans extend beyond launch to include enablement, continuous improvement, and feedback
- Success metrics are tied to behavior change and business impact, not technology and program go-lives
- A focus on co-created, user-centered design and rollout

**Questions to ask yourself:**

- Are we measuring deployment success by outcomes, not timelines?
- How are we supporting users beyond go-live?
- What's our plan to track, evolve, and scale adoption?

# 7. Transformation-as-a-Service: Build a Change Muscle

## Why this Matters in 2025:

Transformation isn't "done" in a sprint, a project, a technology implementation. It's a business capability to be built and trained like muscle. Organizations that operationalize transformation—like a service—will adapt faster, avoid burnout, and unlock continuous improvement.

HR transformation must shift from projects with completion milestones to programs focused on long-term value realization.

**Transformation isn't a pet project, it's a capability and way of doing business. Build change muscle accordingly.**

## What good looks like:

- You have standing transformation offices or agile change functions
- Change resilience is actively measured and managed as part of organizational culture
- Sequenced initiatives reduce overload and increase readiness

## Questions to ask yourself:

- Is our organization designed to handle continuous transformation?
- Are we overloading our people with uncoordinated change?
- How are we building leadership and team capacity for sustainable change?

# Now of Work Takeaway

2025 is not about adopting technology for technology's sake. It's about designing a digital function that enables strategy, improves experience, and future-proofs your workforce.

The time to act is now. In 2025, it's transformation or bust.

Are you ready?

**Talk to Mercer to see how your 2025 roadmap stacks up in the Now of Work.**

## Mercer

Mercer designs and deploys innovative digital strategies to transform how HR delivers value to an organization and how people experience work. We fuel the success of digital transformation programs by offering market- leading advice, human-centered consulting, knowledge, research, and tools to enterprises and solution providers. We believe workforce technology should make work smarter, not get in the way. We help organizations evolve from technology implementation to holistic digital deployment. Turn your challenges into successful solutions by partnering with the most experienced and passionate bench of HR thought leaders who deliver on vision, strategy, design, deployment, and continuous innovation.

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