

Skills-First Transformation

A new approach to unlocking
talent potential

November 2023

 **iMocha**
Brewing a Skills-first Planet


EY
Building a better
working world

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Foreword

The rising demand for tech and AI skills across job roles, alongside evolving expectations of employees, has given rise to 'Skills-First Transformation' (SFT) as an organizational imperative.

In our previous report of this series, "Tech skills transformation: navigating the future of work in 2025 and beyond", we found that tech skills have become an essential part of every job role. As a consequence, 'power-user' employees, with the requisite combination of multi-disciplinary skills, are key to unlocking higher levels of productivity across business functions. Organizational resilience and competitive parity in the backdrop of widespread AI enablement thus depends on such 'power-user' talent.

SFT serves as the foundation for proactively identifying and nurturing 'power-user' talent - enabled by integrating skills taxonomy, intelligence and inventory data across business operations and the employee lifecycle. The key implication for companies is that with SFT, it's not a question of 'if' but 'when and how'.

In this report, we have attempted to answer this 'when and how' of SFT - by unravelling the prevalence of 'Skills-First Transformation' among global companies and industry sectors, its position among the various priorities of HR leaders, business benefits and challenges to be overcome along the way.

The report uncovers four crucial insights. First, over half of all companies have already begun their SFT journey, with telecom, technology products and IT leading in adoption among industry sectors, and the US leading among geographic regions. Second, companies are developing multiple HR capabilities as part of SFT, with skills intelligence as the focal point. 'Building future skills' is on par with retention as a business priority for

'Transformation Leaders', i.e., companies who have implemented SFT. Third, majority of transformation leaders reported high positive impact across key HR metrics such as retention and employee performance. The same companies have also witnessed ~2x higher revenue growth over the past three years than companies who are yet to explore SFT. Fourth, many challenges exist on the SFT journey, with a lack of skills intelligence tools to accurately capture skills data and lack of leadership support reported most frequently. Many of the challenges faced by SFT early adopters, who started with skills inventory and assessments, can be mitigated using skills intelligence to smoothly integrate skills-first data across business processes.

As organizations across the world embrace SFT, the learnings from early adopters have validated its benefits and uncovered multiple challenges. Skills intelligence has emerged as the popular response, amplifying the benefits and overcoming the challenges, ushering in the era of SFT 2.0.

Note

Skills intelligence is an HR-tech architecture that can help an organization make better hiring decisions and improve talent development and management initiatives. It does so by making the best out of skills taxonomies, market skills intelligence, and the organization's up-to-date skills inventories.



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Executive summary

1

Prevalence of SFT —

high prevalence, expected to increase; employees also prefer SFT

- 1.1 More than half of the companies (56%) surveyed are focused on SFT
 - ▶ Telecom (79%), Tech products (66%) and IT (58%) are leading sectors
 - ▶ By geography, the US (74%) is closely leading APAC (73%) and EMEA (58%)
- 1.2 ~83% of employees would stay longer at a firm with skills-first approach
 - ▶ 86% of employees reported challenges in showcasing their skills at work
 - ▶ 48% of employees feel they are inadequately rewarded for their skills

2

SFT priorities —

SFT priorities are 1.5-2x higher amongst the HR leaders in SFT focused companies compared to those in non-SFT focused companies

- 2.1 For SFT-focused companies, objectives such as building skills for the future are as much a priority as core HR objectives, such as reducing attrition
 - ▶ Only half as many HR leaders in non-SFT-focused companies prioritize future skills, career paths, and internal mobility compared to SFT-focused companies
- 2.2 ▶ Transformation Leaders have focused on skills assessment (30%), taxonomy (26%) and skills inventory (20%) for enabling SFT. Companies who have already adopted SFT and those who are starting their SFT journey have similar focus on skills intelligence (16%)

3

Value realisation from SFT —

high positive impact reported by a majority of companies who have adopted SFT, on employee retention (63%) and employee performance (58%)

- 3.1 Majority of transformation leaders have reported high positive impact in talent retention (63%) and employee performance (58%)
 - ▶ Majority of companies starting their SFT journey (68%) also perceive talent retention as an area of high business impact
- 3.2 SFT-focused companies had ~2x higher revenue growth rates compared to non-SFT-focused companies over the past three years

4

SFT operating model and roadmap —

implementation challenges to SFT has been the key learning for early adopters, with skills intelligence serving as the focal point for SFT 2.0

- 4.1 Integrating skills data into HR processes and availability of skills intelligence tools are the top challenges reported by early adopters of SFT
- 4.2 Skills intelligence can significantly simplify and accelerate SFT adoption across processes in talent acquisition and talent management

Company types by SFT maturity

Transformation Leaders

Companies who have been the early adopters of SFT, already implemented or started implementing multiple SFT capabilities

Transformation Aspirants

Companies who are now starting to implement SFT

Business-as-usual (BAU)

Companies who are yet to explore SFT



Skills-First Transformation (SFT) has gone from buzzword to ground reality for many global enterprises over the past three to five years. As companies navigate the forthcoming era of AI, SFT is key to building skills for the future and aligning with employee expectations.

The purpose of this report is to formulate a perspective on the 'when and how' of SFT, investigating learnings from early adopters and the role of skills intelligence for streamlining adoption roadmaps, i.e., SFT 2.0.

Four key topics and their corresponding questions have been answered to give a comprehensive perspective on SFT. This covers companies at different stages - those already advanced, those just starting, and those yet to explore SFT.

Introduction

01 Prevalence of SFT

- 1.1** How prevalent is SFT among companies?
- 1.2** How do company size, industry and location influence SFT-focus?
- 1.3** What is the preference for SFT among employees?

03 Value realization from SFT capabilities

- 3.1** What has been the impact of SFT initiatives on key HR objectives?
- 3.2** Is there any visible business impact of SFT initiatives?
- 3.3** What are top challenges to adopting SFT for HR leaders?

02 SFT priorities of HR leaders and employees

- 2.1** What are the top business objectives for HR leaders?
- 2.2** How does employee expectations align with the business objectives?
- 2.3** What SFT-focused capabilities are being built to achieve these objectives?

04 SFT roadmaps and operating models for HR

- 4.1** How has skill intelligence evolved the operating model for SFT 2.0?
- 4.2** How is skill intelligence the catalyst for SFT 2.0 in talent acquisition and management?

Methodology

Data source

This report has been developed by conducting surveys and primary interviews with HR leaders and employees across multiple industries and geographies, with cross-referencing of data points through secondary research. The surveys were conducted from Jun'23 to Oct'23.

Questionnaire

Two survey questionnaires were leveraged - one for HR leaders and another for employees.

Mode of the survey

Conversations guided by the questionnaires were conducted with the respondents. Percentage figures represent the proportion of overall responses.

Total no. of responses 560

Survey-1

Survey across HR leaders (CHROs, Global HR heads, Regional HR heads and Country HR heads)

217

No. of responses

169

No. of unique companies

HR leadership responses according to industry and geography

Country	ITES	Technology	BSFI	Telecom	Others	Total
India	17%	11%	15%	3%	5%	51%
US	7%	8%	1%	1%	2%	19%
EMEA (UK, EU & Middle East)	6%	4%	7%	2%	5%	24%
APAC (SEA & ANZ)	1%	2%	1%	1%	1%	6%
Total	31%	25%	24%	7%	13%	100%

Companies responded according to industry and employee size

Industry	Less than 1000	1000 to 10000	More than 10000	Total
ITES		3%	12%	27%
Technology		10%	8%	27%
BSFI		4%	12%	25%
Telecom		1%	4%	7%
Others		4%	4%	14%
Total		22%	40%	100%

Employee responses according to industry and geography

Country	ITES	Technology	BSFI	Telecom	Others	Total
India	3%	39%	4%	1%	21%	68%
US	1%	12%	2%	1%	5%	21%
EMEA (UK, EU & Middle East)	1%	3%	1%	0%	2%	7%
APAC (SEA & ANZ)	0%	1%	0%	0%	1%	2%
Others	0%	1%	0%	0%	1%	2%
Total	5%	56%	7%	2%	30%	100%

Survey-2

Survey across employees

343

No. of responses

1

Prevalence of SFT



1

Prevalence of SFT

Job roles in the future will become increasingly specialized and centered around 'deep skills' - combining information from different business functions, forming a unified view, and applying it to the business context to enable informed decisions. The increasing complexity of future skills, exemplified by deep skills, has been apparent at leading companies over the past half-decade. Such companies have been the early adopters of SFT, leveraging skills assessments, skills taxonomy, skills inventory, to nurture their talent pools.

With the proliferation of AI, early adopter companies have doubled down their focus on SFT, having felt the impact of nurturing 'power-user' talent and 'deep skills' on their ability to unlock greater value from such advancements.

An increasing number of companies have noticed this trend, and recently started their SFT journey while others are still on the fence regarding the right time to invest in SFT.

In this context, to understand the present prevalence of SFT, we interviewed HR leaders and employees to answer three key questions:

- 1.1** How prevalent is SFT among companies?
- 1.2** How do company size, industry and location influence SFT instead of SFT-focus?
- 1.3** What is the preference for SFT among employees?



1.1

More than half of global companies surveyed are focusing on Skills-First Transformation

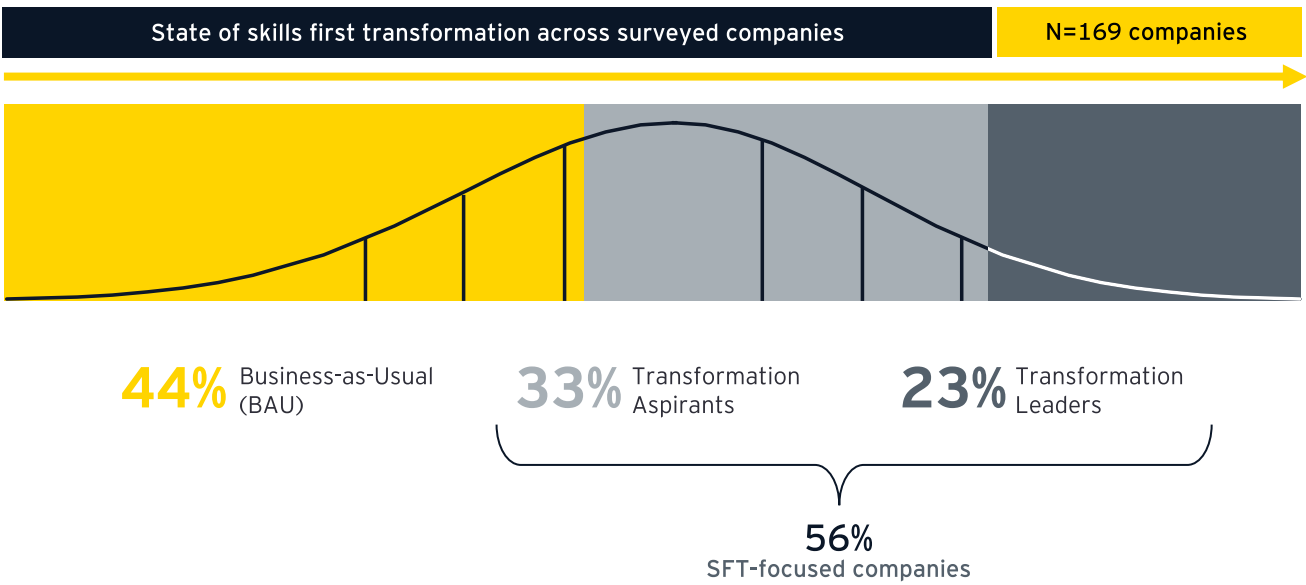


Figure-1

Company types by SFT maturity

Transformation Leaders
Companies who have been the early adopters of SFT, already implemented or started implementing multiple SFT capabilities

Transformation Aspirants
Companies who are now starting to implement SFT

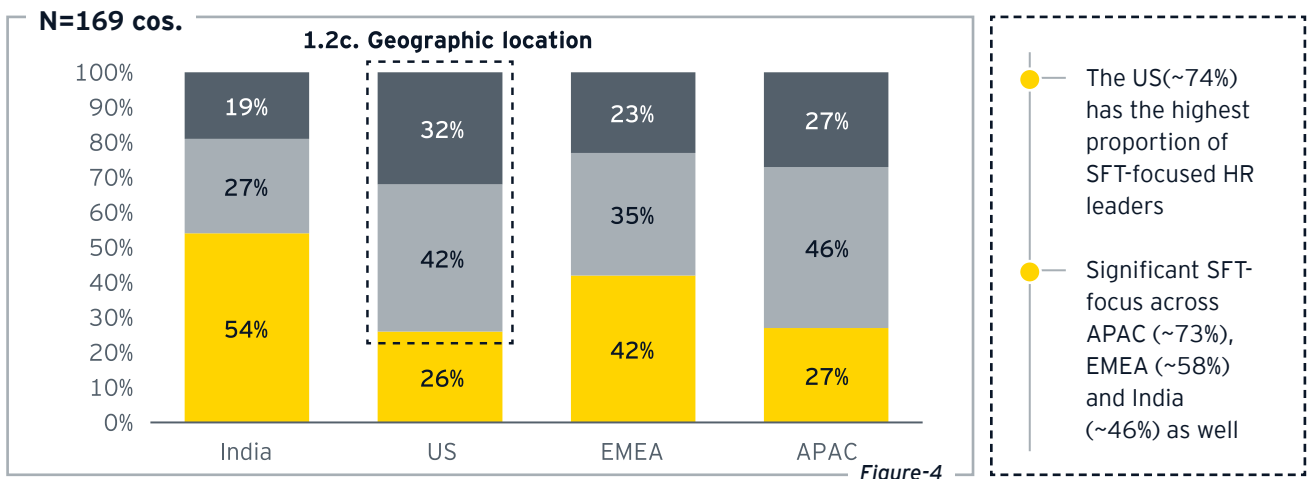
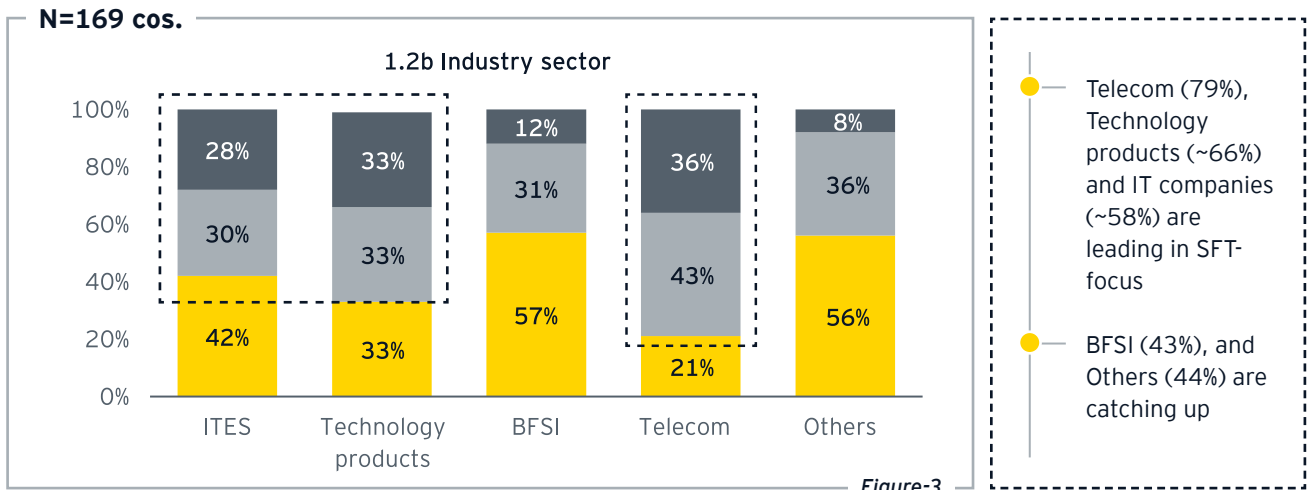
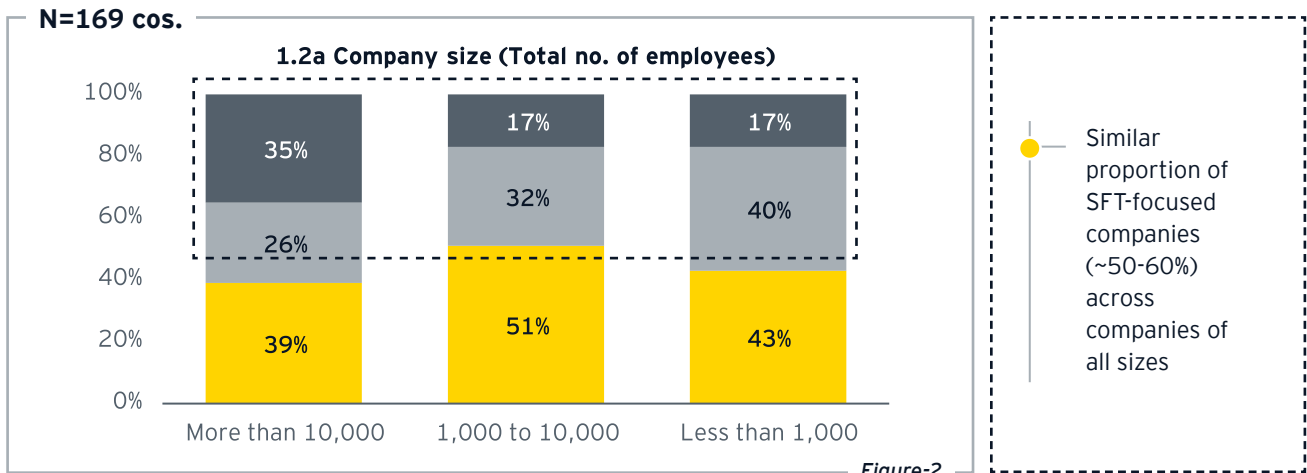
Business-as-usual (BAU)
Companies who are yet to explore SFT

“We are an ITES firm, but our talent readiness is not adequate, especially in Europe where there is big gap in demand and supply of STEM skilled talent. We have seen that the cost advantage of offshoring and GCCs are diminishing. As a result, our growth strategy focusses largely on talent upskilling.

**Director, Talent Development of a North-American ITES firms
(Headcount ~67,000)**

1.2

More than half of global companies surveyed are focusing on Skills-First Transformation (SFT) as a business priority





1.3

There is very high employee preference for SFT, particularly among 'power-user' employees with multi-disciplinary skills

83% of the employees believe that they will stay longer with firms with a skills-first approach

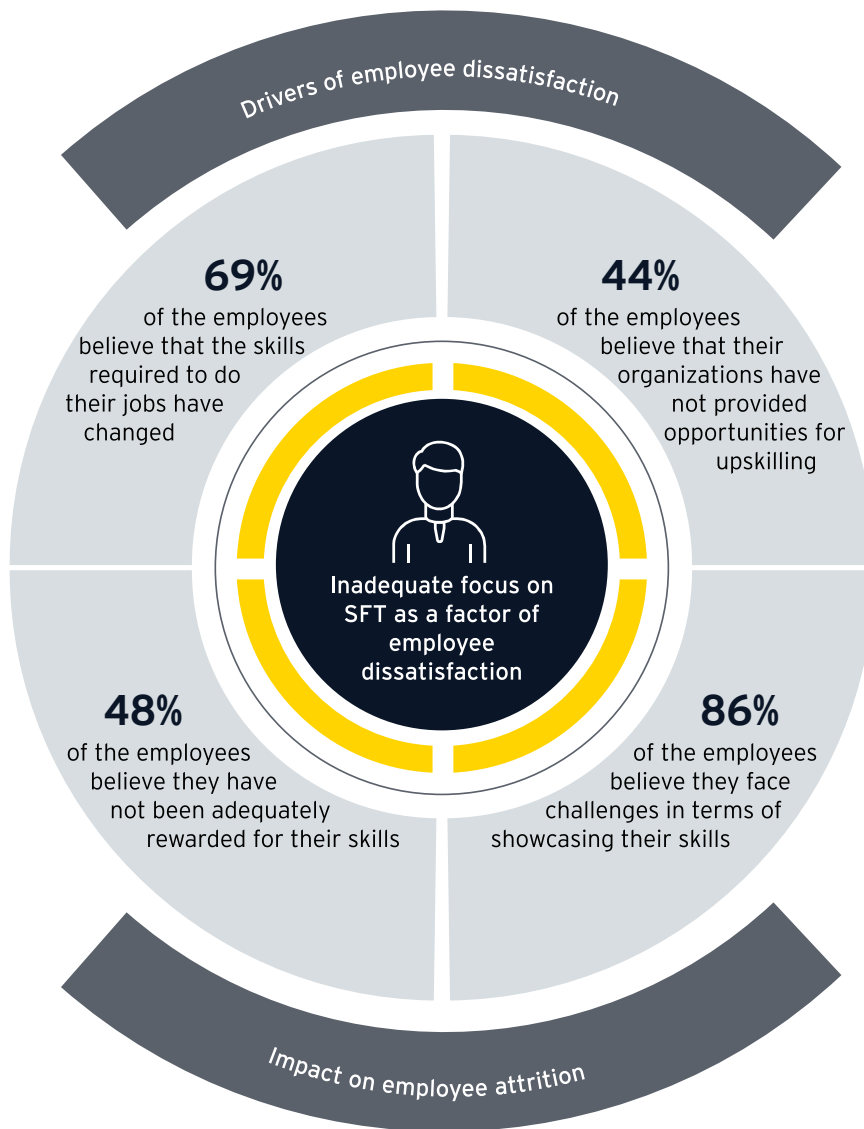
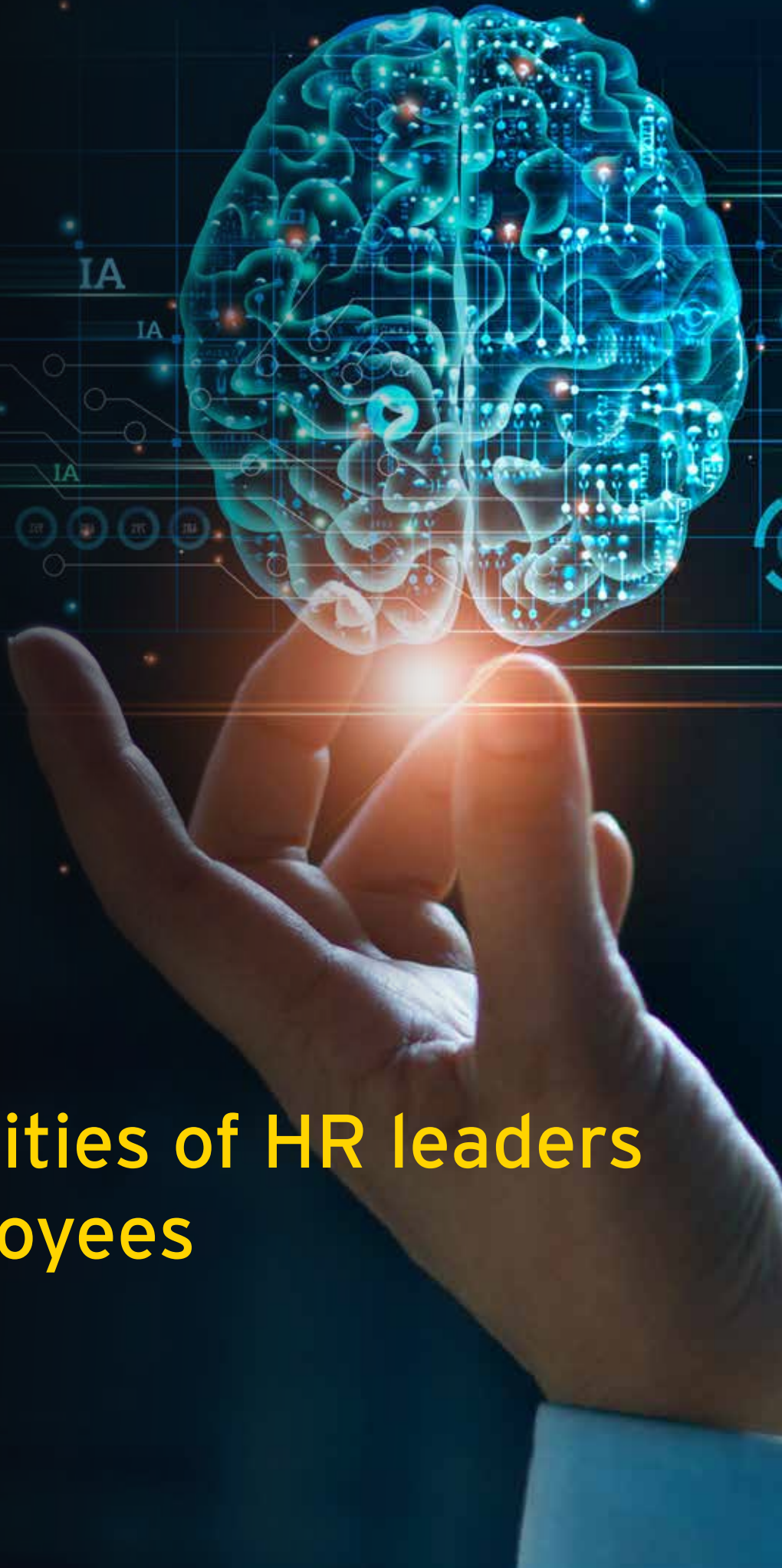


Figure-5

2

**SFT priorities of HR leaders
and employees**



2

SFT priorities of HR leaders and employees

Given the varied focus on SFT among companies, there are significant variances between HR leaders in the understanding of how SFT translates to core HR objectives, reflected in differentiated prioritisation of HR capabilities.

To deep dive into these differences, we interviewed HR leaders and employees to understand how organizations prioritize SFT alongside core HR priorities by answering three key questions.

- 2.1** What are the top business objectives for HR leaders?
- 2.2** How do employee expectations align with the business objectives?
- 2.3** What SFT-focused capabilities are being built to achieve these objectives?



2.1

1.5-2x of SFT-focused HR leaders prioritise building future skills, establishing skills-first career paths and improving talent mobility as compared to BAU HR leaders

HR business objectives

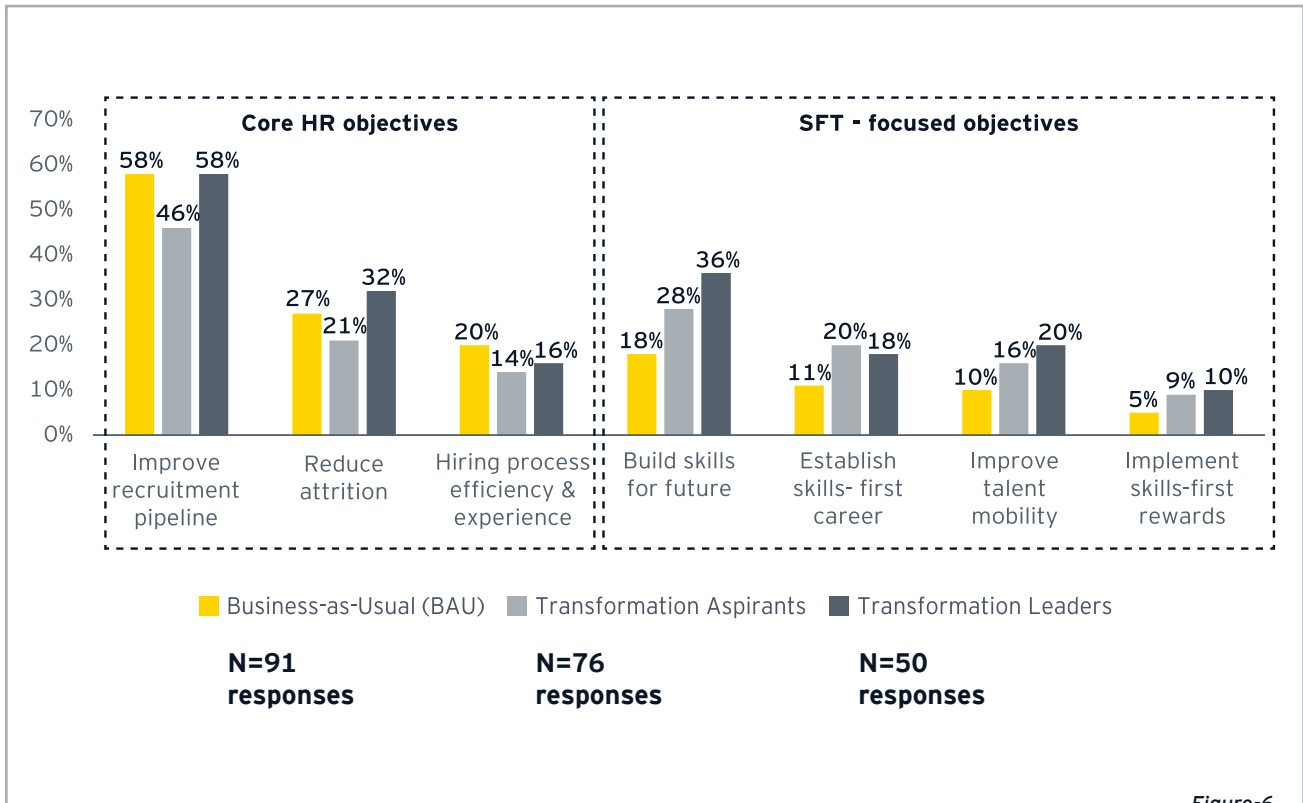


Figure-6

We further investigated the similarities and differences in priorities of HR leaders across

- Geographies (US, India, EMEA and APAC)
- Industry sectors (ITES, Technology, BFSI, Telecom and Others)

2.1a

HR leaders across APAC and EMEA prioritize 'building future skills' and 'improving talent mobility', on par with foundational objectives - 'improving recruitment pipeline' and 'reducing attrition'.

Geography-wise HR business objectives

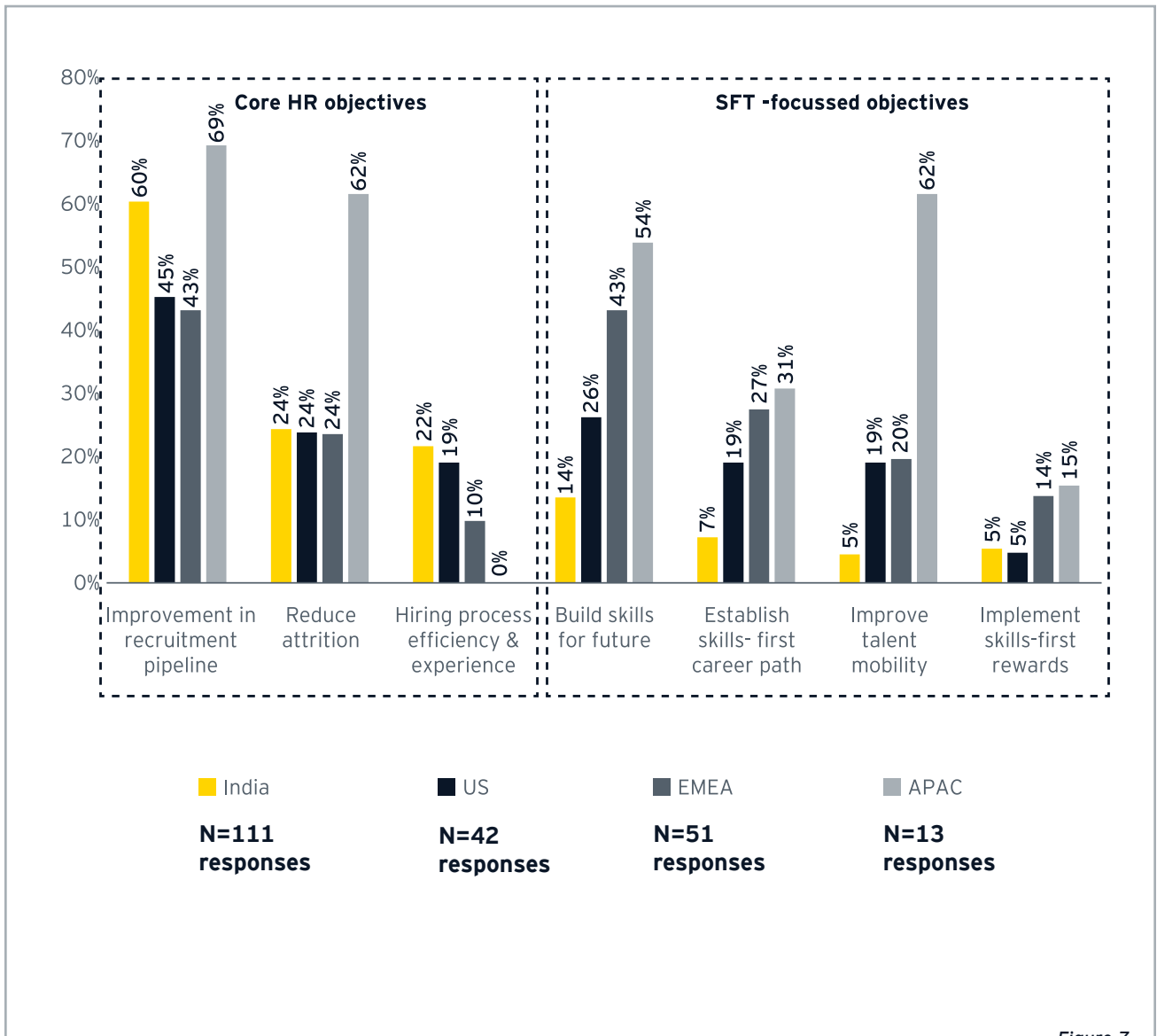


Figure-7

APAC and EMEA have the highest proportion of HR leaders with SFT-focused objectives, while those in India and the US focus more on core HR objectives.

2.1b

HR leaders across Telecom, Tech products and BFSI are prioritising 'building future skills' and 'improving talent mobility', on par with foundational objectives - 'improving recruitment pipeline' and 'reducing attrition'.

- **ITES:** HR leaders at ITes companies are adopting SFT with the objective of directly addressing recruitment pipeline and process efficiency, than building skills for the future.
- **Technology:** HR leaders at Tech product companies prioritize 'building skills for future' and 'establishing skills-first career paths' on par with core HR objectives - aligned to their focus on highly skilled talent.
- **BFSI:** HR leaders are prioritizing 'building skills for future' given the rapid transformations underway in the industry, with the advent of neo banking and high proliferation of AI across processes.
- **Telecom:** 'Building skills for future', 'improving talent mobility' and 'establishing skills-first career paths' are prioritized by HR leaders in Telecom industries ahead of core HR priorities, driven by long duration of R&D cycles and comparatively low availability (versus expected future demand) of telecom-specific talent.
- **Others:** 'Building skills for future' is on par with 'improving recruitment pipeline' and 'reducing attrition' among HR leaders across other industries – demonstrating its broad-based acceptance as a priority.

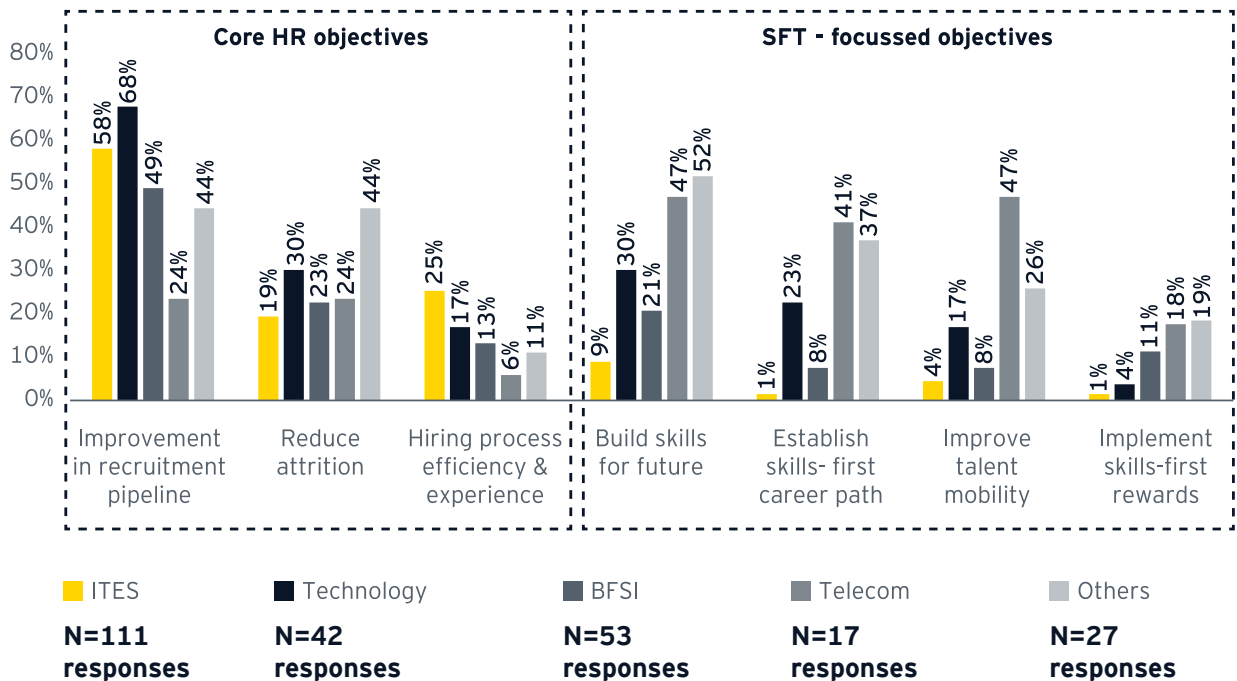


Figure-8

“

We constantly face very strong competition in the market to find talent for deployment at client locations. The talent readiness is low along with high employee turnover, who switches for higher pay in this competitive talent marketplace.

**Head, Talent Development of a US based ITES firm
(Headcount ~3,000)**

“

Being a conversational AI solution, we want our technical support team to be technically adept at addressing any type of support request. Possessing the technical knowledge of multiple tools, helps our team deliver on support requests faster and in a cost-efficient manner.

**VP, Talent Acquisition of a US based conversational AI firm
(Headcount - 2,000)**

“

We conduct a company wide skills-benchmarking exercise to baseline the current skills of our employees. Data Science and machine learning skills were primarily recognized as areas of priority as part of our three-year upskilling plan.

**Director, Talent Development of a EU based banking firm
(Headcount - 43,000)**

“

We have an in-house L&D program but could not quantify and validate the skills of our employees. Skills assessment for niche telecom skills was absent. We used an AI-powered skills assessment tool to assess our employees and upskill them to levels above the industry standards.

**Director, HR of a European telecom firm
(Headcount - 1,10,000+)**

“

We have tons of data generated across the production line. The data has the potential to drive huge among of efficiencies in our operations. We are building in-house capabilities to interpret this data and drive programs with huge business impact. We are strongly encouraging our employees to build data analytics skills, as they will become a must have skill in the future.

**Director, HR of an Indian manufacturing firm
(Headcount - 20,000+)**

2.2

Employees prefer the skills-first approach as a means to build skills for future and career paths, which leads to better employees performance and retention.

N=343 responses

Employee survey



Figure-9

2.3

HR leaders across industries are focusing on building skills-first capabilities with 'skills-intelligence' being a common point of focus for all

- Transformation leaders have been focusing on skills assessment (30%), taxonomy (26%) and skills inventory (20%) for enabling SFT
- Transformation leaders and aspirants have similar focus on skills intelligence (16%)

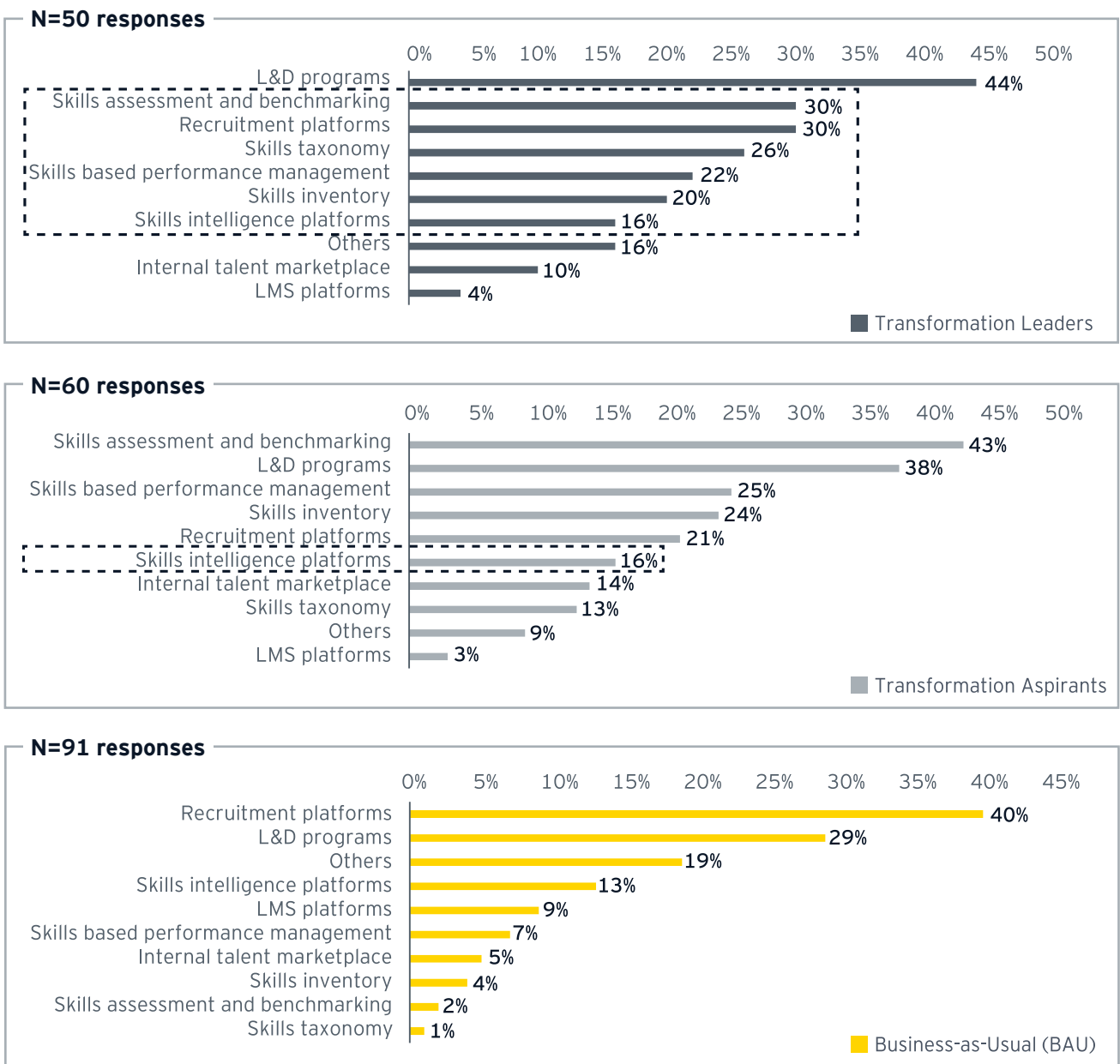


Figure-10

A. ITES - HR business capabilities

- Majority of Transformation Leader IT companies are prioritizing recruitment platforms, alongside skills assessment and benchmarking
- Higher share of Transformation Aspirants have focused on L&D programs alongside Skills taxonomy and skills intelligence as foundations for SFT

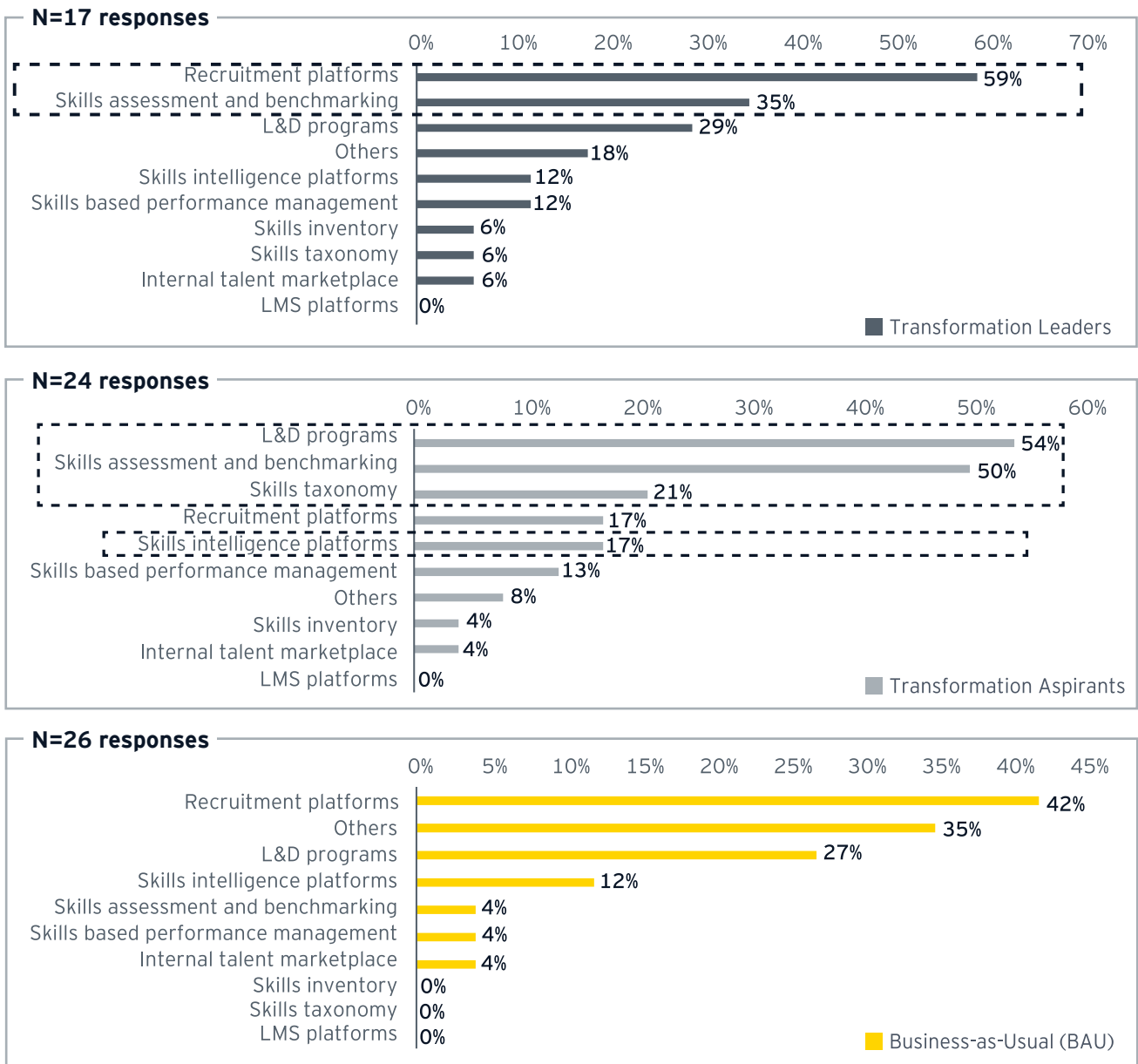


Figure-11

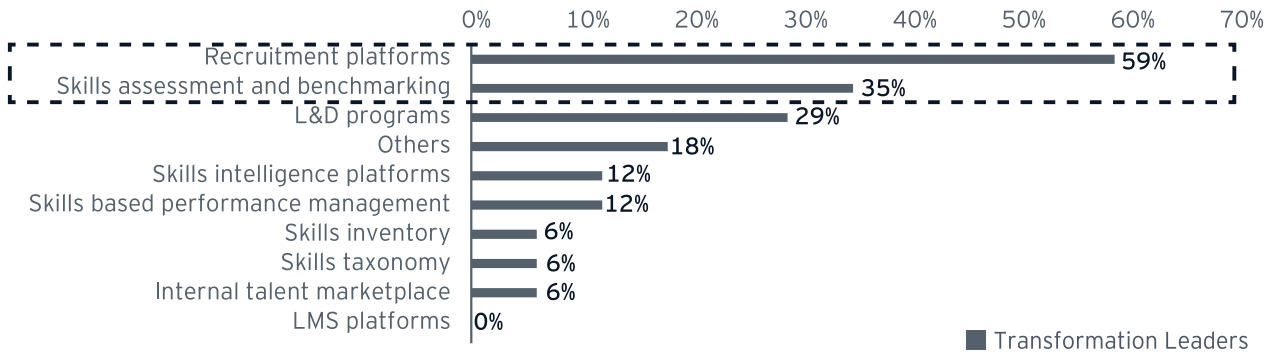
“We are working toward building a stronger pipeline of skilled candidates. We are using skills assessment tools, video interview platforms and crowdsourcing platforms to ensure a healthy supply of talent to meet our growth objectives for this year.

Senior Director, HR of a US-based ITES firm
(Headcount - 20,000)

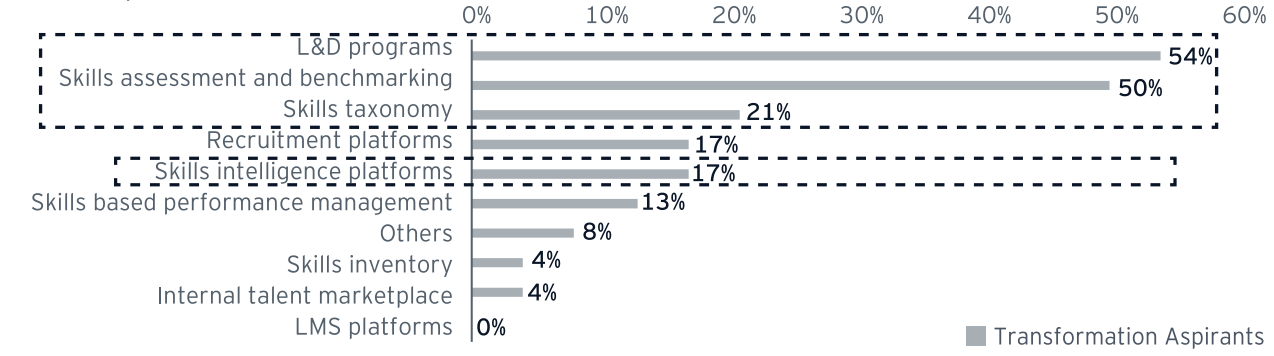
B. Technology - HR business objectives

- Nearly a third of transformation leaders in Technology product companies focus on skills based performance management, along with L&D programs, skills assessment and benchmarking, skills inventory and skills taxonomy
- Aspirants are primarily focusing on skills assessment and benchmarking instead, along with L&D programs and skills inventory

N=18 responses



N=21 responses



N=14 responses

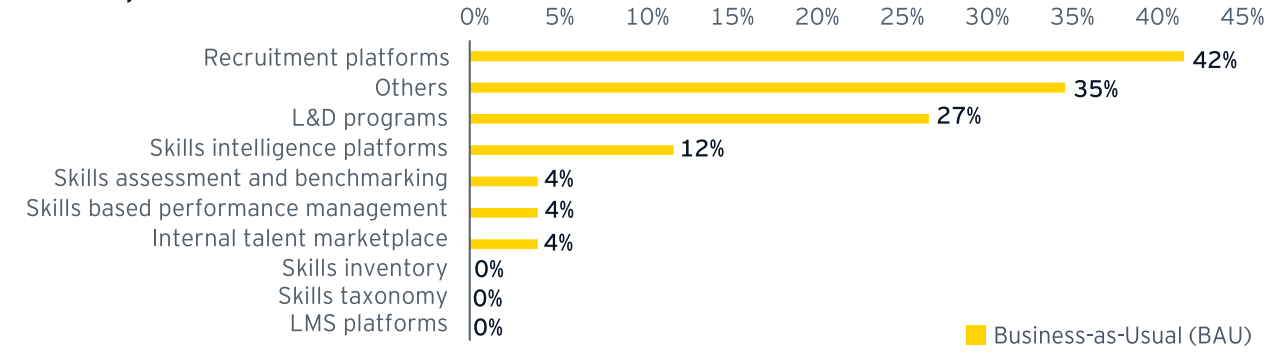


Figure-12



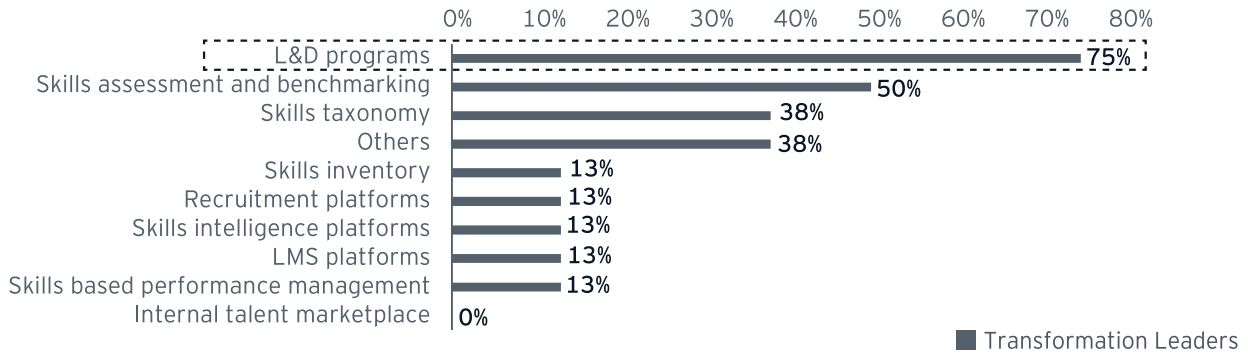
We strongly encourage upskilling in our firm. We have seen business analysts transition into the roles of product managers. As we grow, we intend to build skills taxonomy and undertake skills benchmarking exercises to better track the skills of our workforce.

**Director, HR of a US-based SaaS firm
(Headcount - 1,500)**

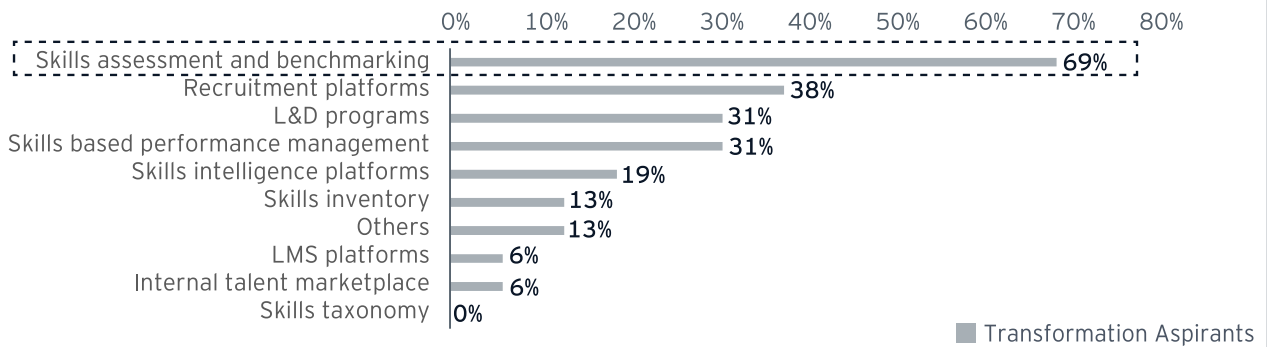
C. BFSI - HR business capabilities

- Majority of transformation leaders in BFSI are focussing on L&D programs, alongside skills assessment and benchmarking
- Majority of aspirants are focusing on skills assessment and benchmarking, with a major portion focusing on skills based performance management

N=8 responses



N=16 responses



N=19 responses

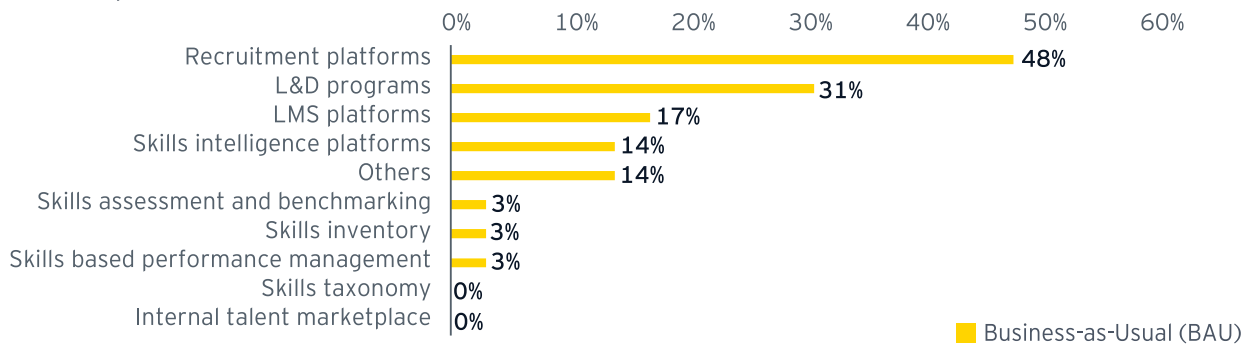


Figure-13

“Our core HR strategy revolves around proving our employees an environment to grow and fulfil their career aspirations. Hence we are spending heavily on L&D and working towards building a skills-specific career plan for our employees.

**Director, talent management of a European asset management firm
(Headcount- 30,000)**

D. Telecom - HR business capabilities

Skills taxonomy, skills inventory, skills intelligence platform and skills-based performance management are key focus areas for both transformation leaders and aspirants in the telecom industry

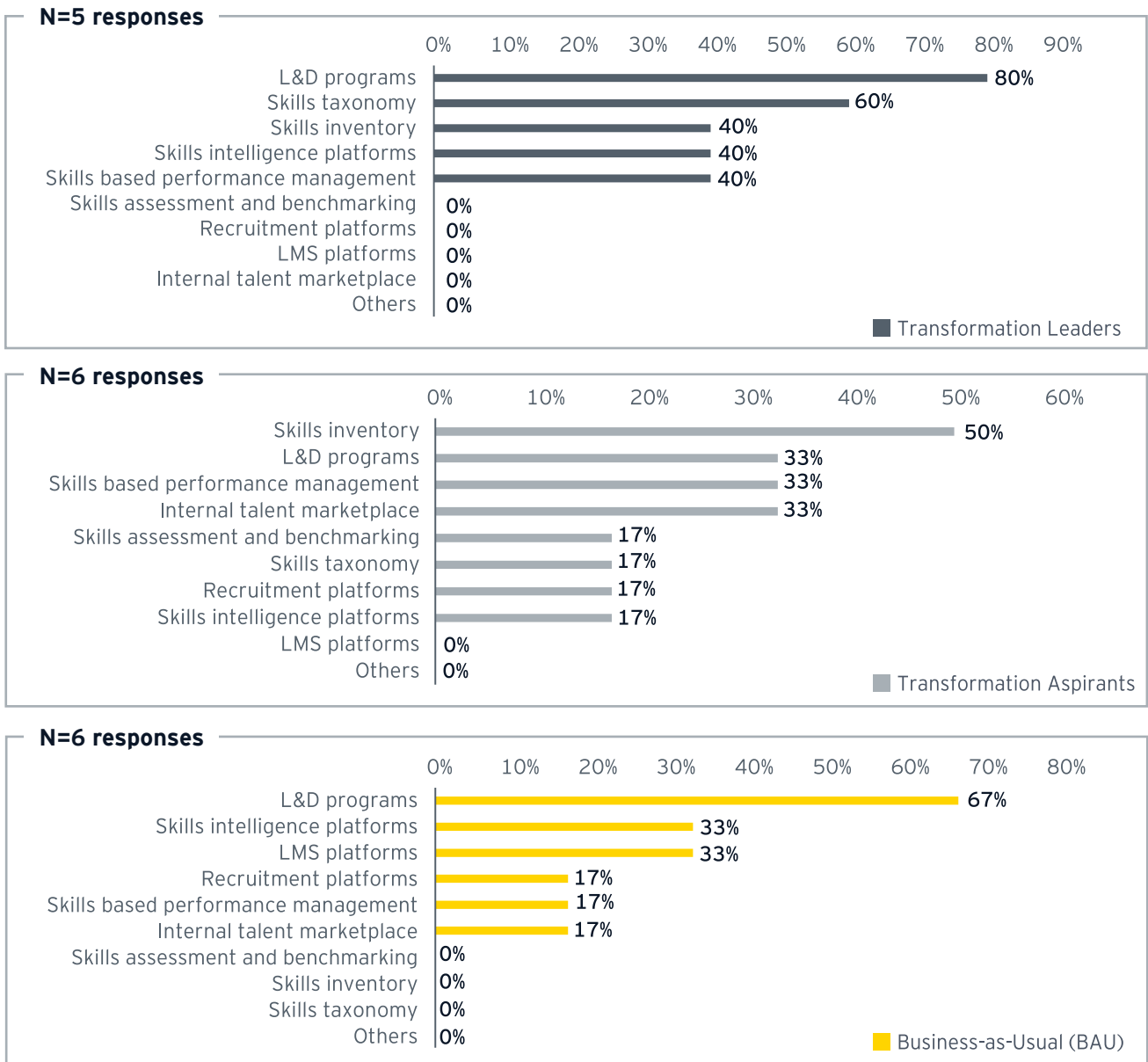


Figure-14

“Talent retention is crucial for us to stay competitive in a niche segment like telecom. Mobility of internal talent has become a crucial element of the talent retention strategy. We are working towards providing our employees with opportunities to grow and build a meaningful career in our firm.

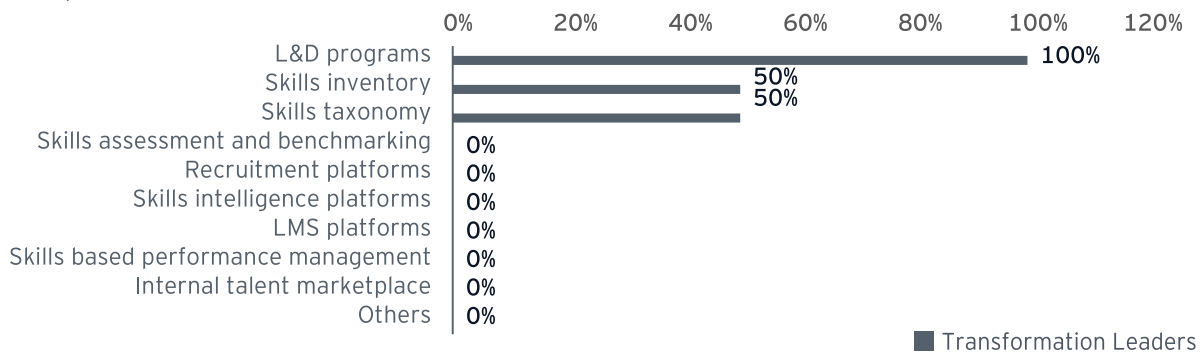
**Group Head, HR Programs of a European telecom firm
(Headcount - 133,000)**



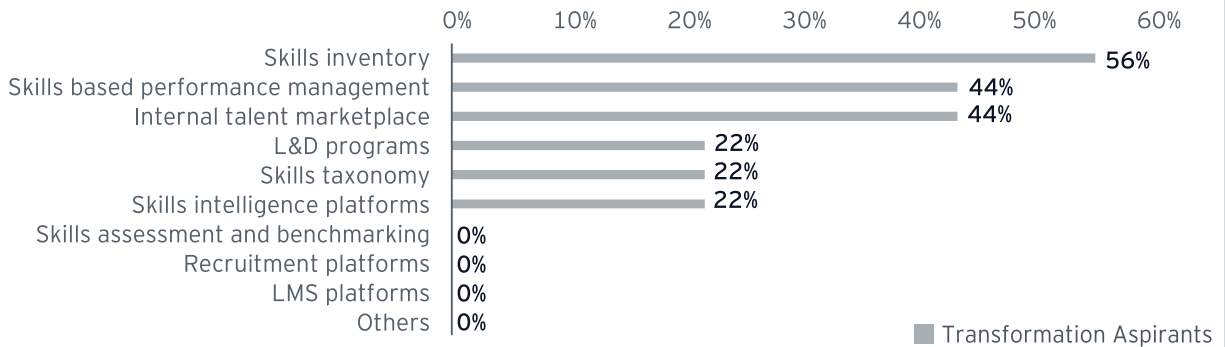
E. Others - HR business capabilities

- Very low proportion of transformation leaders compared to aspirants
- Skills inventory and skills taxonomy are the only two SFT focused priorities for transformation leaders in other industries, while aspirants and BAUs are focusing on multiple SFT-focused initiatives

N=2 responses



N=9 responses



N=16 responses

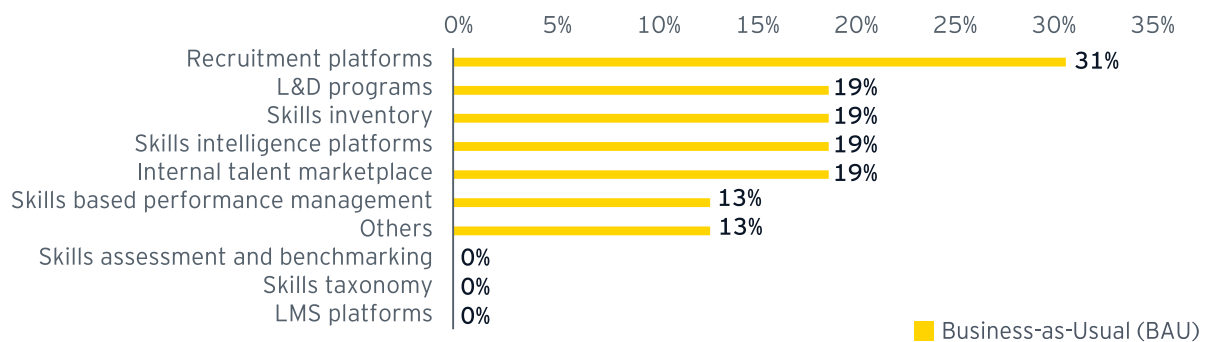


Figure-15

“L&D has been an important lever for growth in our company. We have been focusing on quality learning and grooming of our workforce, which has resulted in a lower attrition and fewer external hires

**Director, HR of a US-based manufacturing firm
(Headcount - 30,000)**

3

Value realization from SFT capabilities

3

Value realization from SFT capabilities

The value realization from SFT by early adopters is intrinsically linked with their prioritization of SFT on par with core HR objectives and capabilities.

Additionally, the learnings from the challenges faced by early adopters is key to understanding the varying focus on different SFT capabilities and the emergence of skills intelligence as a priority.

To investigate these aspects of SFT, we interviewed HR Leaders to answer three key questions:

- 3.1** What has been the impact of SFT initiatives on key HR objectives?
- 3.2** Is there any visible business impact of SFT initiatives?
- 3.3** What are the top challenges to adopting the SFT for HR leaders?



3.1

Transformation leaders have observed tangible benefits from SFT, Transformation aspirants and BAU also perceive similar benefits. However, all reported having faced similar challenges while implementing the SFT.

A. Transformation leaders (Early adopters of SFT)

Majority of Transformation Leaders have reported a high positive impact on talent retention and development (63%), and improvement in employee performance (58%) due to adoption of SFT initiatives.

N=24 responses

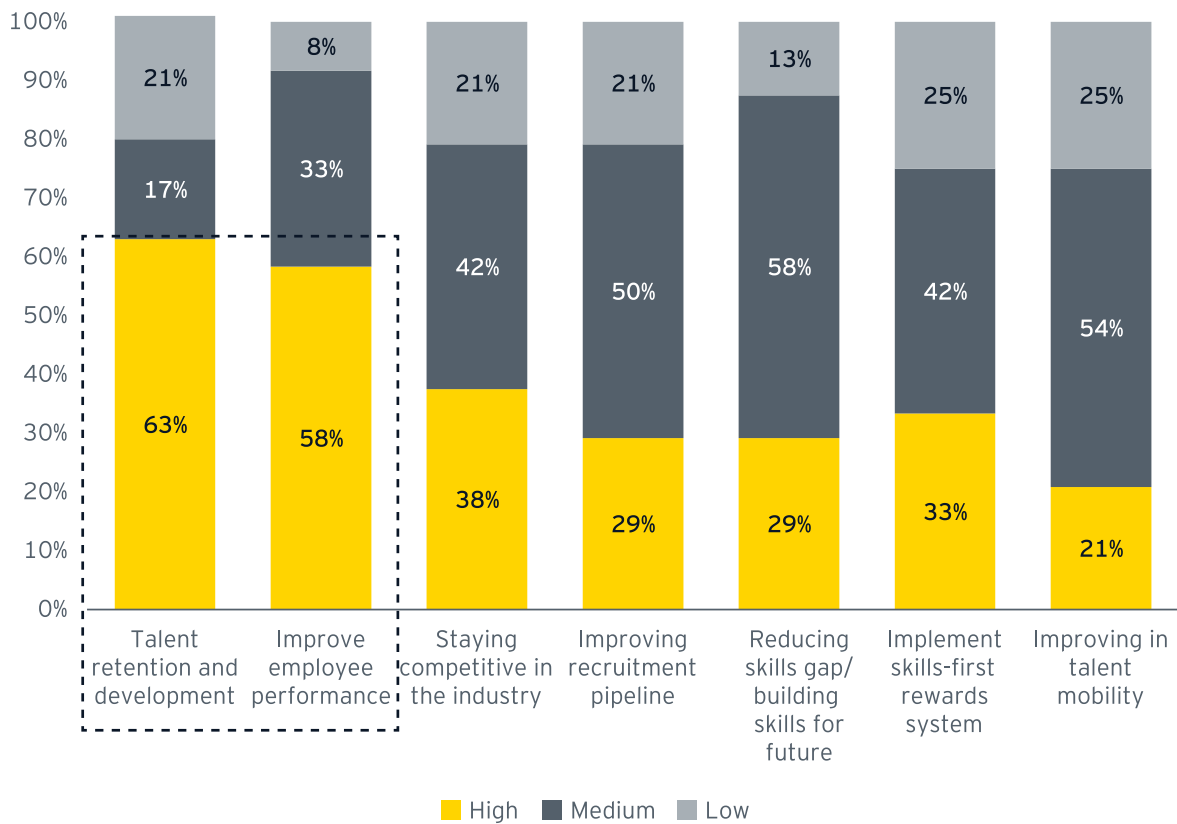


Figure-16



We have witnessed a significant reduction in attrition. With greater focus on L&D aligned to employee’s aspirations and goals, we are seeing higher employee satisfaction

**Director, Talent Development of a India-based ITES firm
(Headcount - 26,000)**

B. Transformation aspirants (starting to implement SFT)

Majority of aspirants expect a high impact on talent retention and development (63%) due to adoption of SFT initiatives

N=19 responses

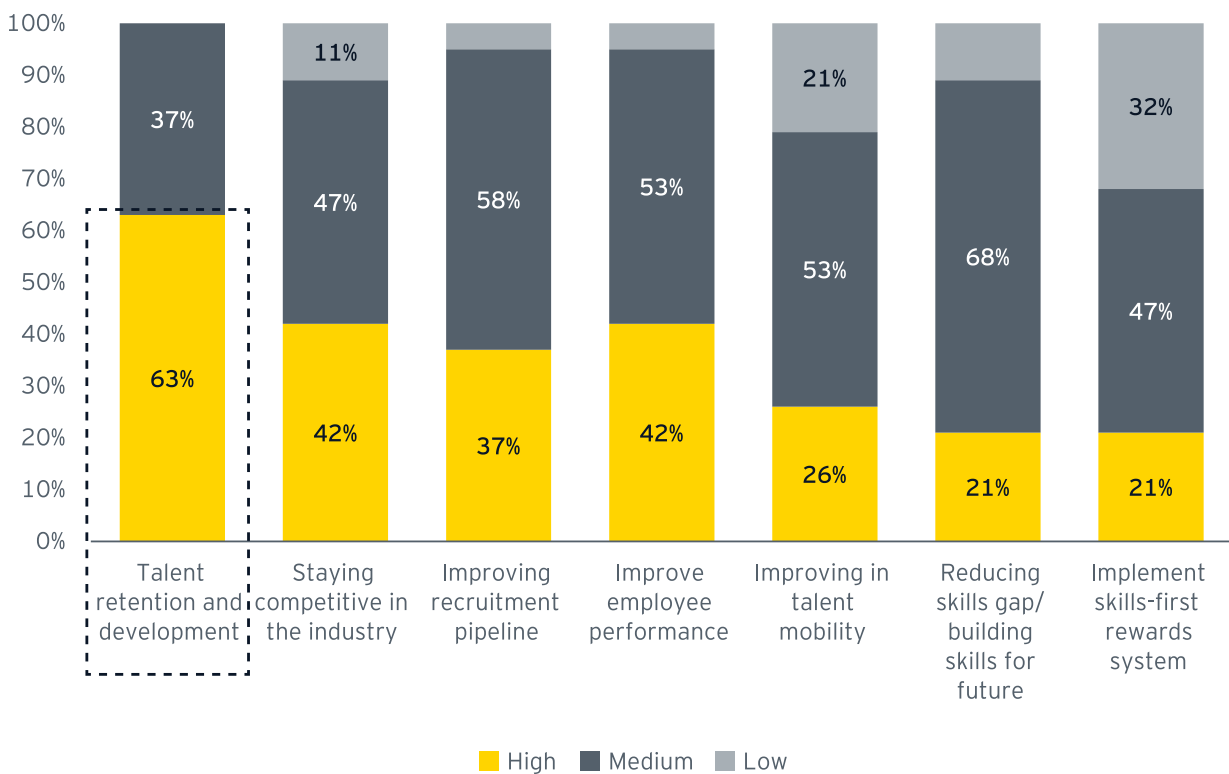


Figure-17



We are planning to invest in a skills analytics platform to obtain deeper insights into the current skills level of the organization. This will help make better hiring and L&D decisions. Our ultimate aim is to improve employee retention and employee satisfaction.

**Head, Talent Development of a US-based ITES firm
(Headcount: 3,000)**

C. Business as usual (Yet to explore SFT)

Majority of non SFT-focused companies expect a high impact on reduction of skills gap (80%) and staying competitive in the industry (80%) due to adoption of SFT initiatives

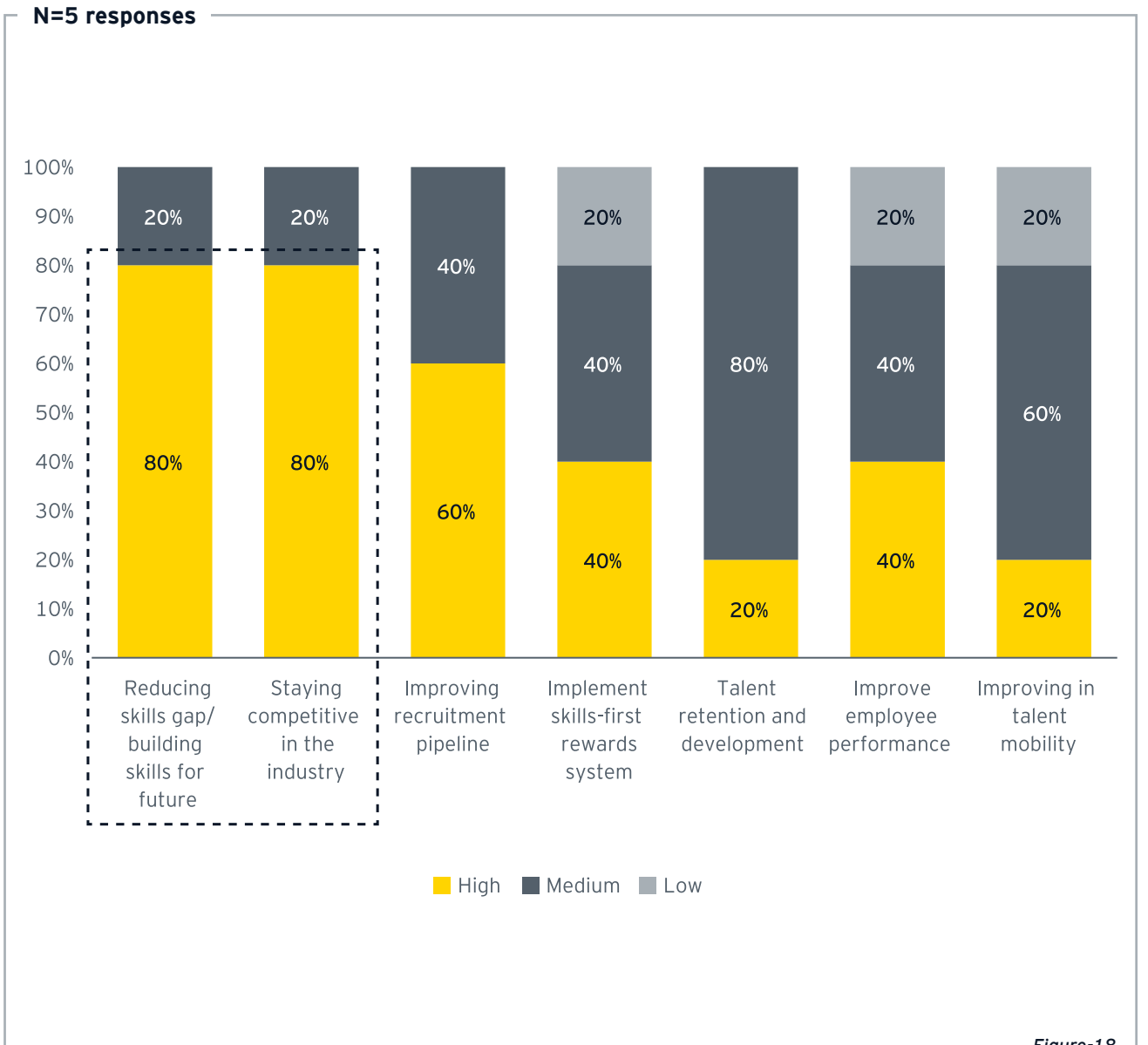


Figure-18



We want to explore new assessment tools to conserve the hiring manager’s time during interviews. We are still in preliminary stages of discussion internally, hoping to get the leadership’s buy-in sooner or later.

**VP, Talent Acquisition of a US-based technology firm
(Headcount: 5,000)**

Case studies

Case example - 1

Objective

Transform the recruitment marketing function to deliver on the business growth plans and build a competitive workforce

Programs and initiatives

Implemented a skills-data based talent recruitment platform to automate recruitment marketing programs

Benefits recognized

- ▶ High reduction in the candidate sourcing time
- ▶ Considerable improvements in the total applicants
- ▶ Notable improvements in traffic to the firm's careers web-site
- ▶ Considerable improvements in social media engagements with talent.

The firm intended to improve brand awareness and pipeline of qualified candidates, nurture them, and finally convert them.

By using a skills-data based talent recruitment platform, the firm obtained a single view of skills data across multiple talent touch points. This not only improved the speed of recruitment and but also enabled the recruitment marketing function to deliver higher levels of personalized candidate experience. The firms could reach more qualified candidates and engage with them with personalized messages and automated candidate nurturing campaigns.

The firm could considerably reduce the candidate sourcing time, improve the number of qualified applicants, improve traffic to their careers website and improve social media engagements with qualified talent.

Industry: **Technology products**

Employees: **~2,000**

HQ: **US**

Case example - 2

Objective

Transform the talent upskilling programs to ensure job role fitness and career growth for in-house talent.

Programs and initiatives

Implemented an AI-based skills assessment tool to personalize skills assessments and provide analytics on upskilling progress and skills benchmarking

Benefits recognized

- ▶ Completed numerous assessments in a short period to create a pool of deployable talent
- ▶ Considerable reduction in dependence on external hires to match skills-gap.
- ▶ Improved planning for learning and development programs

Being an ITES firm, the company had its own learning and development program. But the program lacked an unbiased skills-assessment tool to accurately assess the skills proficiency of the employees.

The firm implemented an AI-based skills assessment tool that helped identify skills gap and measure skills proficiency. With a personalized assessment, the tool helped the firm conduct numerous assessment in a very short time.

With the new initiative, the firm was able to drastically reduce dependence on external hires to reduce skills gap. Several new L&D programs were planned in advanced to create a pool of deployable talent.

Industry: **ITES**

Employees: **~26,000**

HQ: **India**

3.2

Analysis of public companies for business impact - 1.5 to 3x higher revenue growth of SFT-focused companies in the past three years across industries

Business performance of public companies (except BFSI)*

Category	No. of. companies	Average of 3 years CAGR
Business as usual	16	4%
Transformation aspirants	9	10%
Transformation leaders	16	11%
Overall	14	8%

Industries

ITES, Technology, Telecom and others

Company size

Annual revenue between \$100 million - \$50 billion

Business performance of public BFSI companies*

Category	No. of. companies	Average of 3 years CAGR	Average of FY23-22 or FY22-21 Rev growth	Average of FY20-22 or FY19-21 Rev CAGR
Business as usual	12	19%	9%	27%
Transformation aspirants & leaders	5	12%	18%	10%
Overall	17	17%	12%	22%

Industries

BFSI

Company size

Annual revenue between \$100 million - \$50 billion

Note

Only the public companies from the surveyed sample set have been analysed.

3.3

SFT operating model and roadmap – implementation challenges to SFT has been the key learning for early adopters, with skills intelligence serving as the focal point for SFT 2.0

A. Transformation leaders (Early adopters of SFT)

‘Lack of skills intelligence tools’, ‘difficulty to integrate skills-based data into HR systems’ and ‘lack of skills taxonomy’ were the most reported challenges faced by transformation leaders while implementing SFT capabilities.

N=24 responses

Key challenges

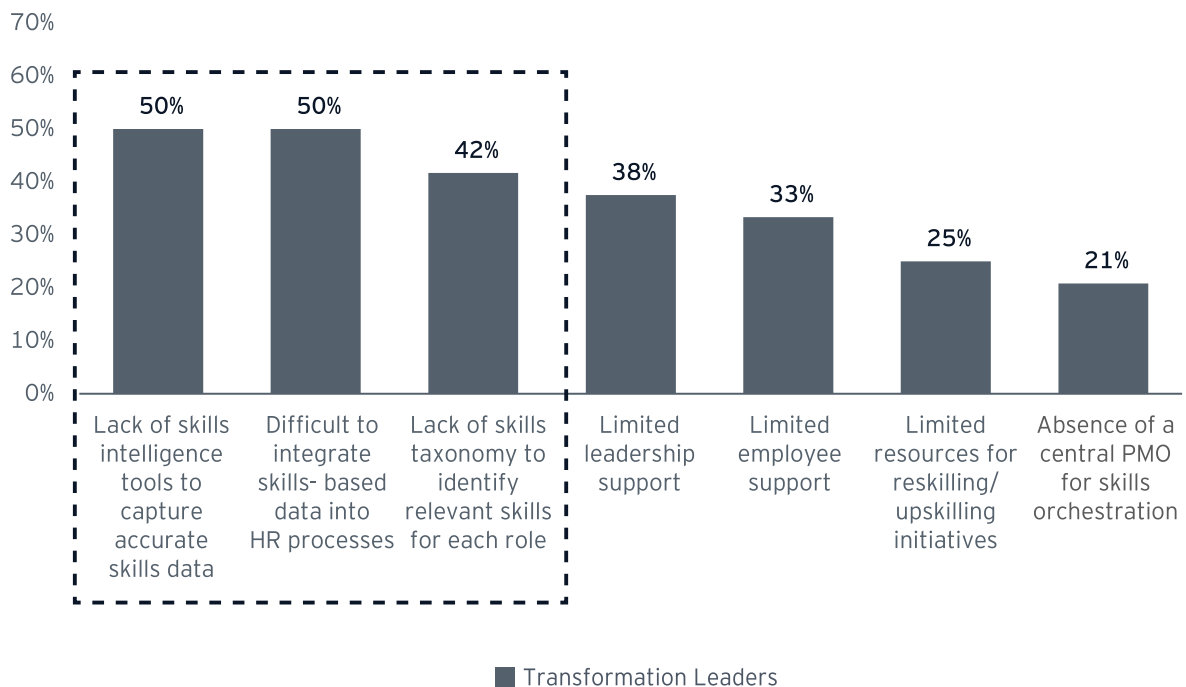


Figure-19



Every department in HR gets their own budget for procurement of tech products. As a result, decision making occurs in silos. We should have a platform that provides a unified view of the organization’s data and act as a one-stop solution for everyone.

**Director, L&D of a European ITES firm
(Headcount: 2,000)**

B. Transformation aspirants (Starting to implement SFT)

— 'Lack of skills intelligence tools', 'limited sources for reskilling/upskilling' and 'difficult of integrate skills-based data into HR systems' were the most reported challenges faced by transformation aspirants while implementing SFT capabilities.

N=34 responses

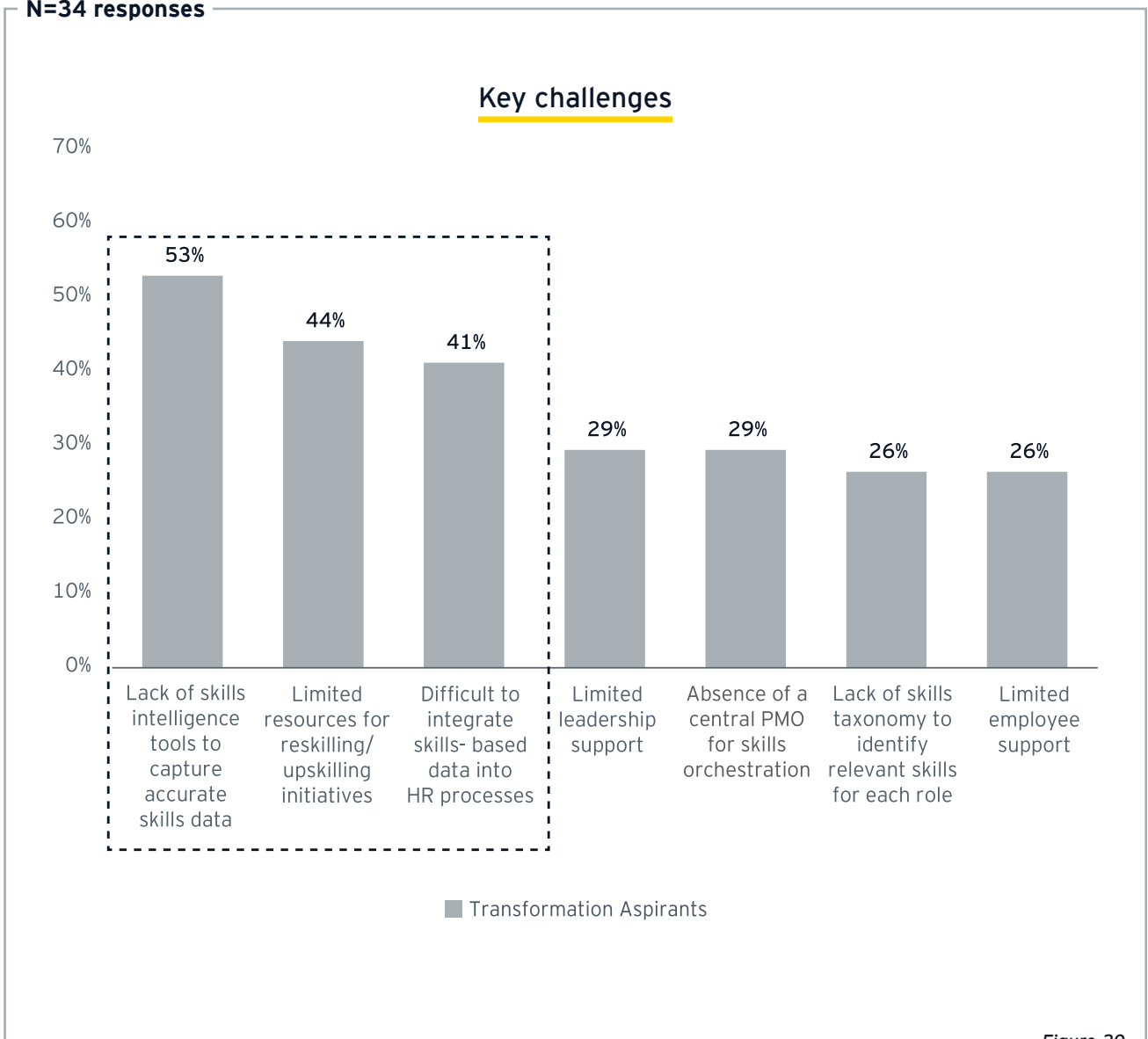


Figure-20

“ We have a large developer workforce with a varied degree of skills. People upskill themselves beyond the L&D courses recommended by the organization. It is an enormous challenge to capture their competencies and build a unified view on the level of skills existing in our organization.

**AVP, Talent Management of a US-based technology firm
(Headcount: 2,000)**

C. Business as usual (Yet to explore SFT)

The main challenges reported by companies not focused on SFT were lack of skills, limited leadership support, and limited resources for reskilling/upskilling.

N=27 responses

Key challenges

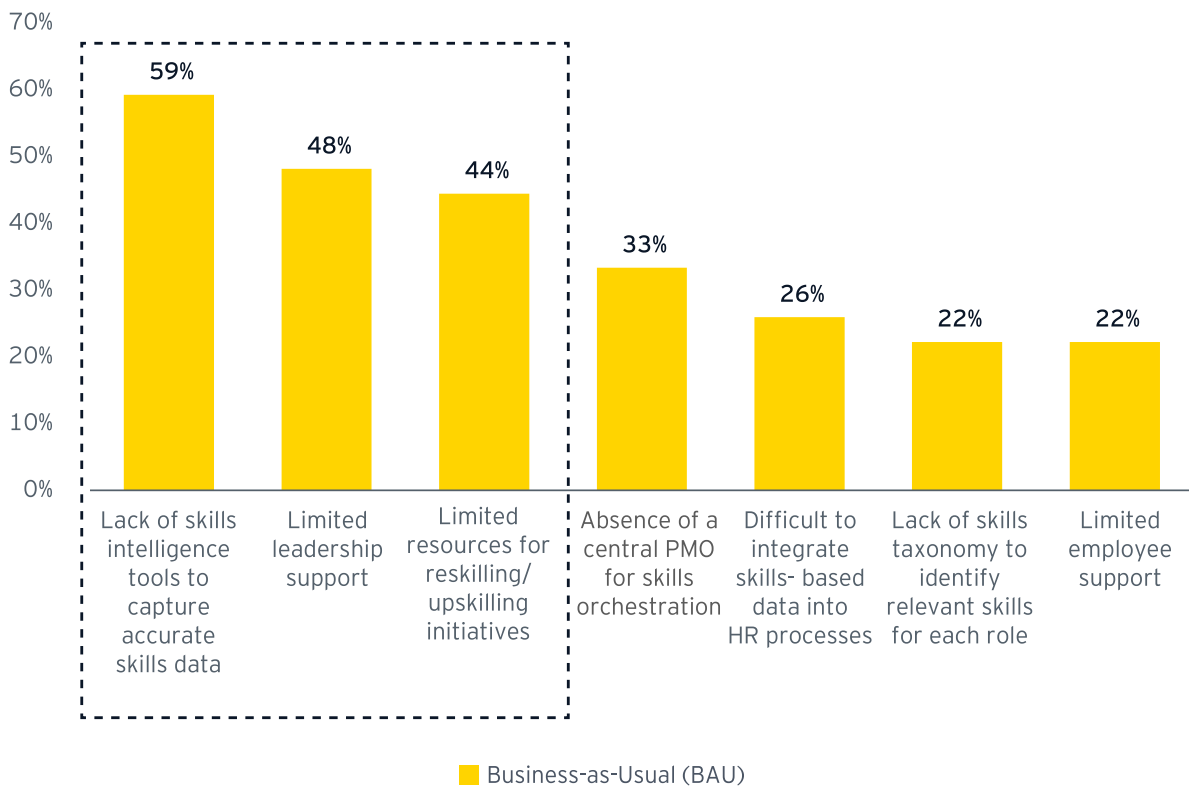


Figure-21



We have skills assessment tools in the past. It is a continuous struggle to link results of the assessment tool to employee data.

**VP, HR of a European BFSI firm
(Headcount: 5,000)**

An aerial photograph of a dark asphalt road with a yellow arrow pointing to the left. A person with a yellow backpack is walking away from the camera, and another person is walking towards the camera. Long shadows are cast across the road. A thin yellow vertical line is on the left side of the image.

4

**SFT operating models and
roadmap for HR**

4

SFT operating models and roadmap for HR

Many challenges exist on the SFT journey, with a lack of skills intelligence tools to accurately capture skills data and lack of leadership support reported most frequently. Many such challenges faced by SFT early adopters, who started with skills inventory and assessments, can be mitigated using skills intelligence to smoothly integrate skills data across business processes.

As organisations across the world embrace SFT, skills intelligence has emerged as the popular response, amplifying the benefits and overcoming the challenges, ushering in the era of SFT 2.0.

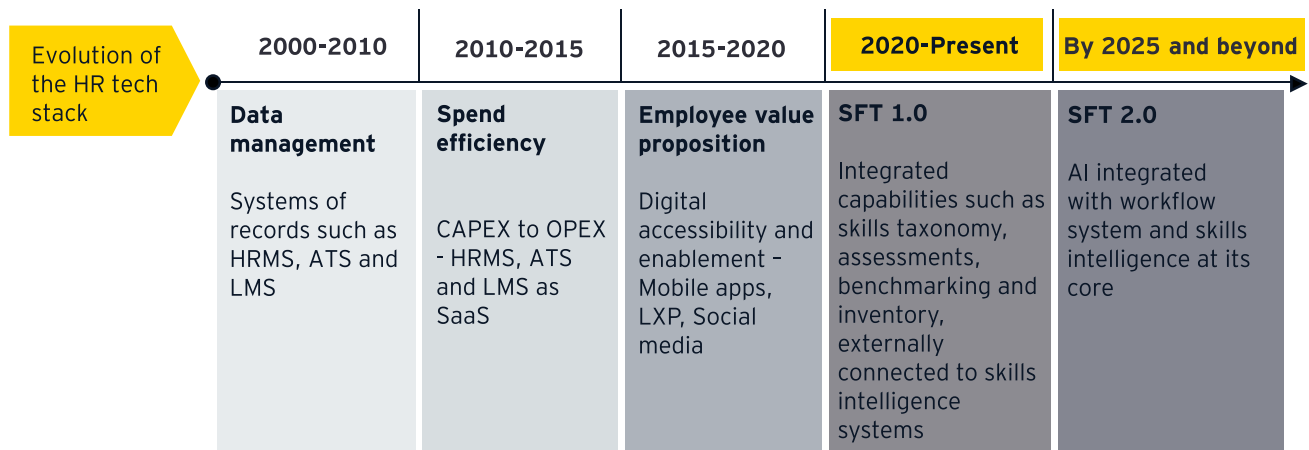


Figure-22

To understand the underlying differences between SFT and SFT 2.0, we brainstormed with HR leaders to answer two key questions:

- 4.1** How has skill intelligence evolved the operating model for SFT?
- 4.2** How is skill intelligence the catalyst for SFT in talent acquisition and management?



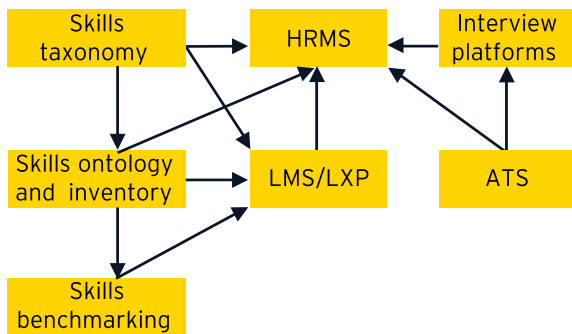
4.1

Skills intelligence approach can simplify the integration of skills data across business processes, serving as a single source of truth for all other HR tech platforms

● Skill intelligence has emerged as the catalyst for SFT 2.0, offering a potential solution to the key challenges faced by early adopters of SFT 1.0. This includes the absence of tools to capture precise skills data, difficulties in integrating skills-based data into HR systems, and the lack of a skills taxonomy to identify relevant skills for specific roles.

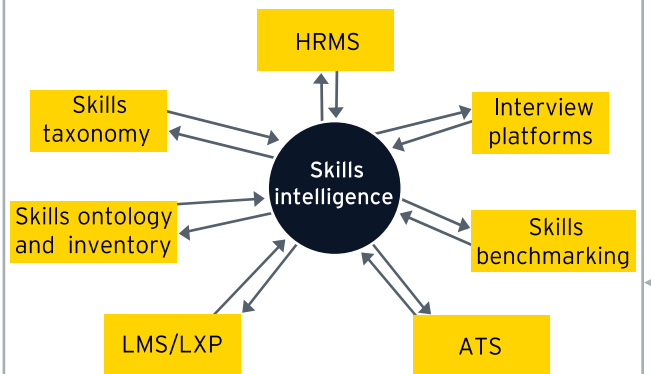
	Skills taxonomy	Skills ontology and inventory	Skills benchmarking	Skills intelligence	Interview proctoring	Applicant tracking	Employees records and performance management	Learning and development
2000-2015	Spreadsheet based tools	Spreadsheet based tools	Spreadsheet based tools	Spreadsheet based tools	in-person	ATS	HRMS	LMS
2015-2020	Spreadsheet based tools	Spreadsheet based tools	Skills assessment platforms	Spreadsheet based tools	Video proctoring	Recruitment platforms	HRMS	LMS/LXP
2020 - present SFT 1.0	Spreadsheet based tools, configured into platforms	Spreadsheet based tools, configured into platforms	Integrated skills assessment platforms	Integrated skills intelligence platforms	Video proctoring integrated with collaboration tools	Recruitment platforms with workflow integrations	HRMS with workflow integrations	LMS/LXP with workflow integrations
By 2025 and beyond SFT 2.0	AI-infused skills intelligence cloud	AI-infused skills intelligence cloud	AI-infused skills intelligence cloud	AI-infused skills intelligence cloud	AI co-piloted proctoring	AI infused and integrated recruitment platforms	AI infused and integrated HRMS	AI infused and integrated LMS/LXP

SFT 1.0 - Siloed, with complex integrations



- ▶ Complicated integrations across multiple siloes systems
- ▶ Lack of a single source of truth

SFT 2.0 - with skills intelligence



- ▶ Single point of integration of siloed systems
- ▶ Unified single source of truth

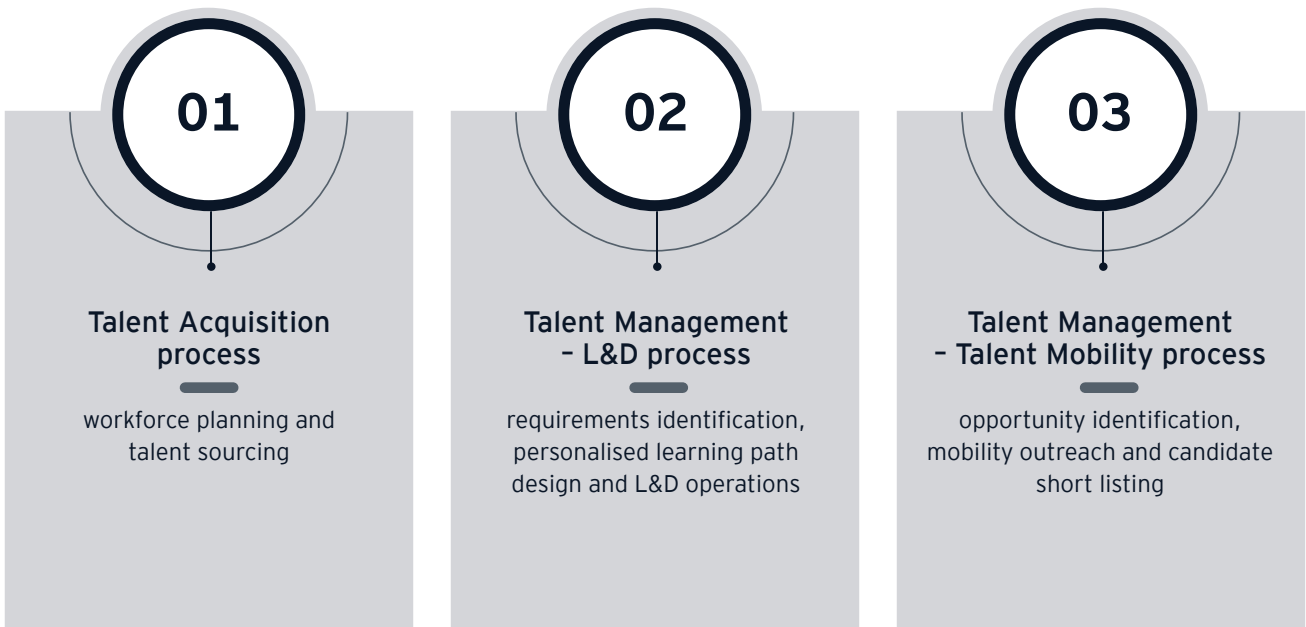
4.2

Skills intelligence platforms can transform most of the remnant spreadsheet-based analysis in SFT 1.0 into AI-infused capabilities with unified workflows across Talent Acquisition and Management

In order to identify specific process-level impact areas, we examined the role of skill intelligence across three core HR processes:

- Talent Acquisition process
- Talent Management - L&D process
- Talent Management - Talent Mobility process

Key impact areas of skills intelligence identified across the three processes:



4.2a

SFT 2.0 talent acquisition with a skills intelligence is characterized by a transformation in workforce planning and talent sourcing

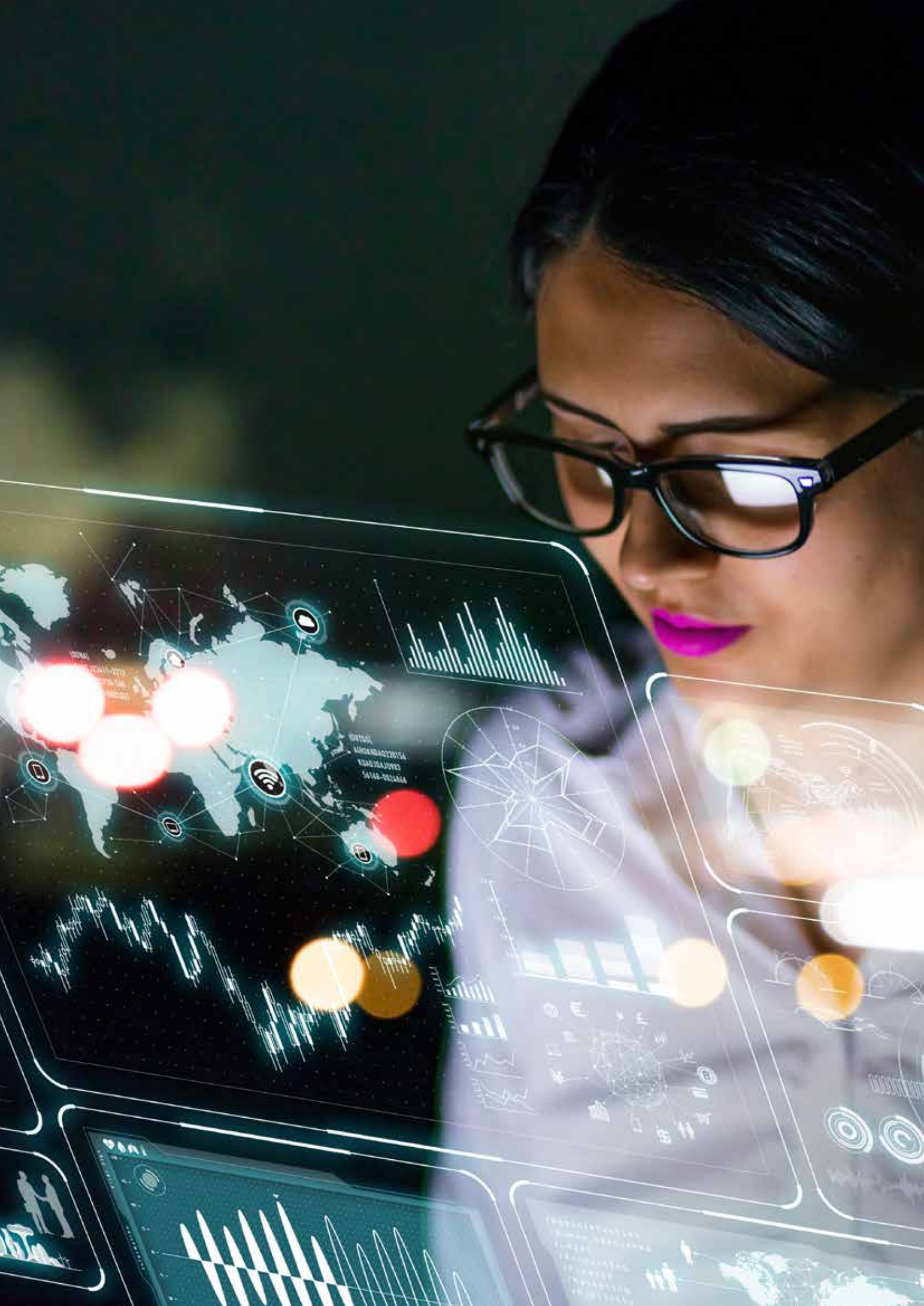


4.2b

Identification of transformations requirements, personalized learning path design and L&D operations characterize SFT 2.0 L&D with skills intelligence.

Talent management - L&D process flow

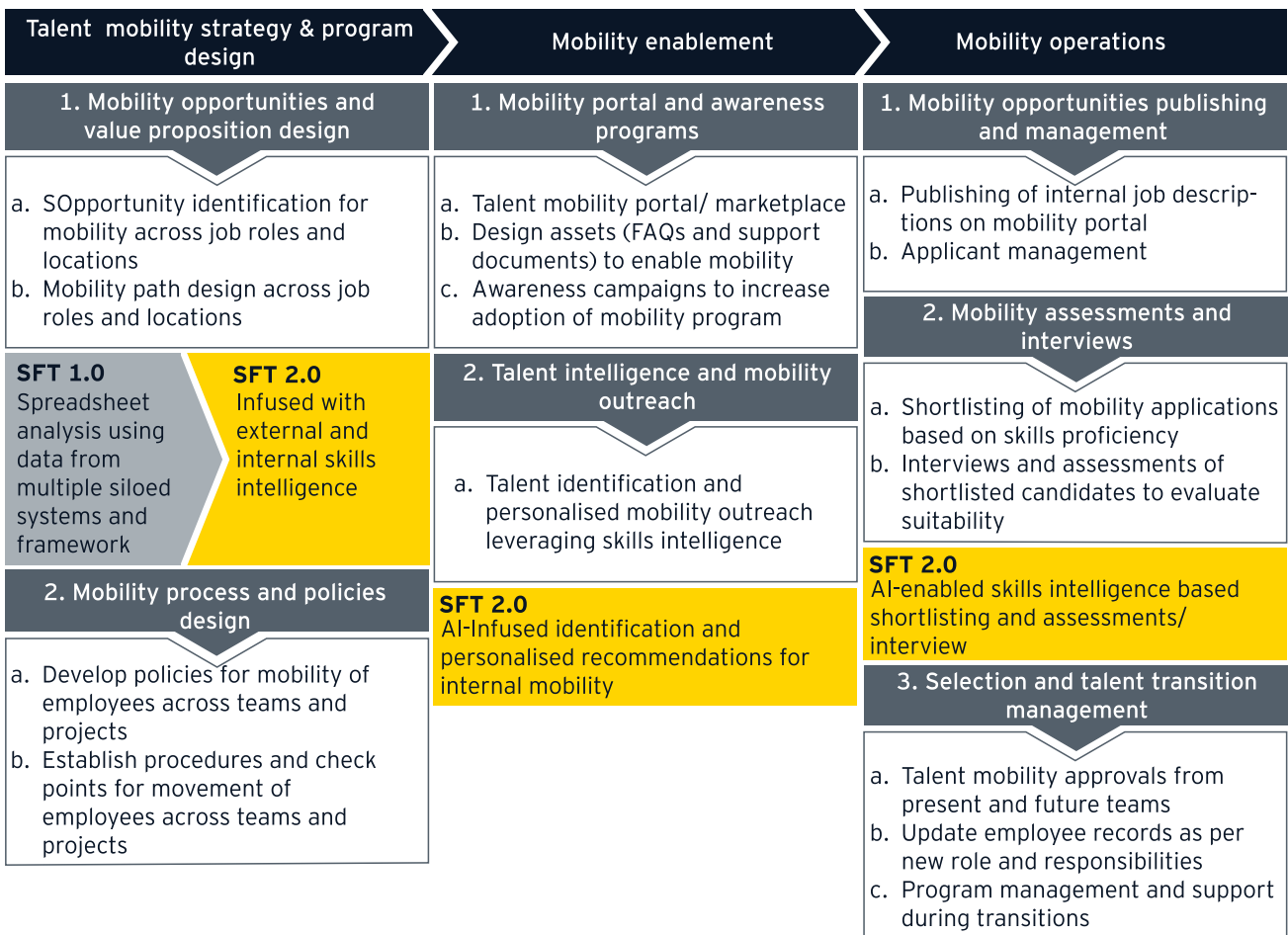
L&D Strategy	L&D Operating Plan & Enablement	L&D Operations
1. Identification of skill development requirements a. Skills target setting (basis business objectives, roles, volume etc.) b. Skills benchmarking to identify skills gap (basis roles), volume etc.	1. Pre-defined program design (onboarding, compliance etc.) a. Learning path design b. Pedagogy and schedule design c. Courseware sourcing/ development	1. Courseware delivery & coverage a. Courseware promotion b. Employee engagement and enrolment c. Program management of courseware delivery
SFT 1.0 Spreadsheet analysis using data from multiple siloed systems and framework	SFT 2.0 Unified skills intelligence with contextualised skills taxonomy and benchmarking	SFT 2.0 skills intelligence enabled employee engagement and courseware recommendations
2. L&D business planning a. Role-based learning paths identification b. Required courseware portfolio identification c. Overall budgeting	2. Dynamic program design (custom role-based L&D paths) a. Learning path design b. Pedagogy and schedule design c. Courseware sourcing/ development	2. ROI and impact analysis a. Tracking courseware adoption and completion rates b. Conducting assessments to measure learning outcomes
2. L&D operating model design a. Employee experience, L&D team roles and responsibilities b. Content procurement, program delivery and impact assessment process c. L&D tech stack design - LMS/LXP, Skills assessments, skills intelligence platform etc.	SFT 1.0 Spreadsheet analysis for manual assignment of courseware	SFT 2.0 AI-enabled curriculum design integrated with courseware libraries mapped to skills taxonomy
SFT 1.0 Multiple siloed systems and frameworks focused around LMS/LXP	SFT 2.0 skills intelligence platform connected to the HR tech stack for L&D	SFT 2.0 AI-infused integrated workflows across HRMS (performance management), skills assessments, LMS/LXP and collaboration tools with skills intelligence at the core
	3. Content sourcing/ development a. Courseware development (in-house/vendors) b. Assessments design for the programs and overall curriculum	



4.2c

Transformations in opportunity identification, mobility outreach and candidate short listing characterize SFT 2.0 Talent Mobility with skills intelligence.

Talent management - Talent Mobility process flow



Way forward

With the increasing adoption of SFT, the 'when and how' continues to evolve every few years as AI permeates across core HR processes. The 'when' for companies is 'now' as a majority of companies have started their SFT journeys, while 'how' focuses on unlocking SFT 2.0 with skills intelligence platforms.

The SFT journey is thus like an ongoing marathon where the early adopter companies (Transformation Leaders) have completed only a fraction of the race.

Companies who are starting or have recently started their SFT journeys (Transformation Aspirants) have the benefit of hindsight in overcoming implementation challenges faced by early adopters. Skills intelligence has the potential to efficiently streamline the SFT process and enable aspirants to leapfrog early adopters in realizing value from SFT.

Skills intelligence platforms will play a role beyond SFT in the future. As a single source of truth for skills data across the organization, it not only serves as a foundational element for enabling AI across functions and processes, but also enables organizations to develop 'deep skills' and nurture 'power user' talent at scale.

Over the coming decade, as skills intelligence moves towards ubiquity similar to the ERP and CRM, companies with SFT-focus at present can look forward to leveraging it as a competitive advantage

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iMocha

iMocha is an AI-powered Skills Intelligence Cloud that helps enterprises to build a skills-first and data-driven ecosystem of hiring, upskilling, and managing talent - at scale, for any job role, and any industry. Founded in 2015, more than 500 organisations in 70+ countries are using iMocha's solution for taking a skills-first approach to accelerated hiring, objective learning and development programs and to manage talent from candidate to alumni. Enterprises from IT/ITeS, Telecom, Banking, Financial and Insurance and Engineering are using iMocha's Skills platform to make data driven talent decisions.


The platform leverages patented technologies and includes innovative features to build employee skills profile, organisational skills inventory, skills taxonomy and skills ontology, skill benchmarking and skills analytics that helps to hire, develop and manage talent by taking a skills-first approach.

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