Deloitte.

ARTIFICIAL INTELLIGENCE

HUMAN CAPITAL

HR REIMAGINED

2025

The business of HR has evolved

Perpetual workforce disruption paired with breakthroughs in AI and automation have created the greatest opportunity ever to realize the full potential of HR. Over the next three years, we must **reimagine and elevate the role of HR as the leader and architect of the future human x machine workforce,** equipped with dynamic insights and solutions that the business needs now more than ever.

The next wave of transformation will be fundamentally different from anything we've seen before.

It's time for HR to go on offense.

AI is going to happen whether organizations are ready or not, and HR must show up to lead the enterprise through this transformation. **AI is the catalyst pushing HR to elevate its value proposition, but it's also the enabler to help do it**

It's clear that AI is here to stay.

78% of business leaders expect to increase their AI spending in the next fiscal year[1]. **The value potential goes beyond what any previous technological breakthrough has promised**

Traditional work is being disrupted.

Due to AI and other drivers, the shelf life of skills has been reduced by more than half and 39% of workers' core skills will change by 2030[2]. **HR must rapidly evolve its own capabilities while helping the rest of the organization do the same**

With the right focus and investment, there is a clear path to reimagine HR
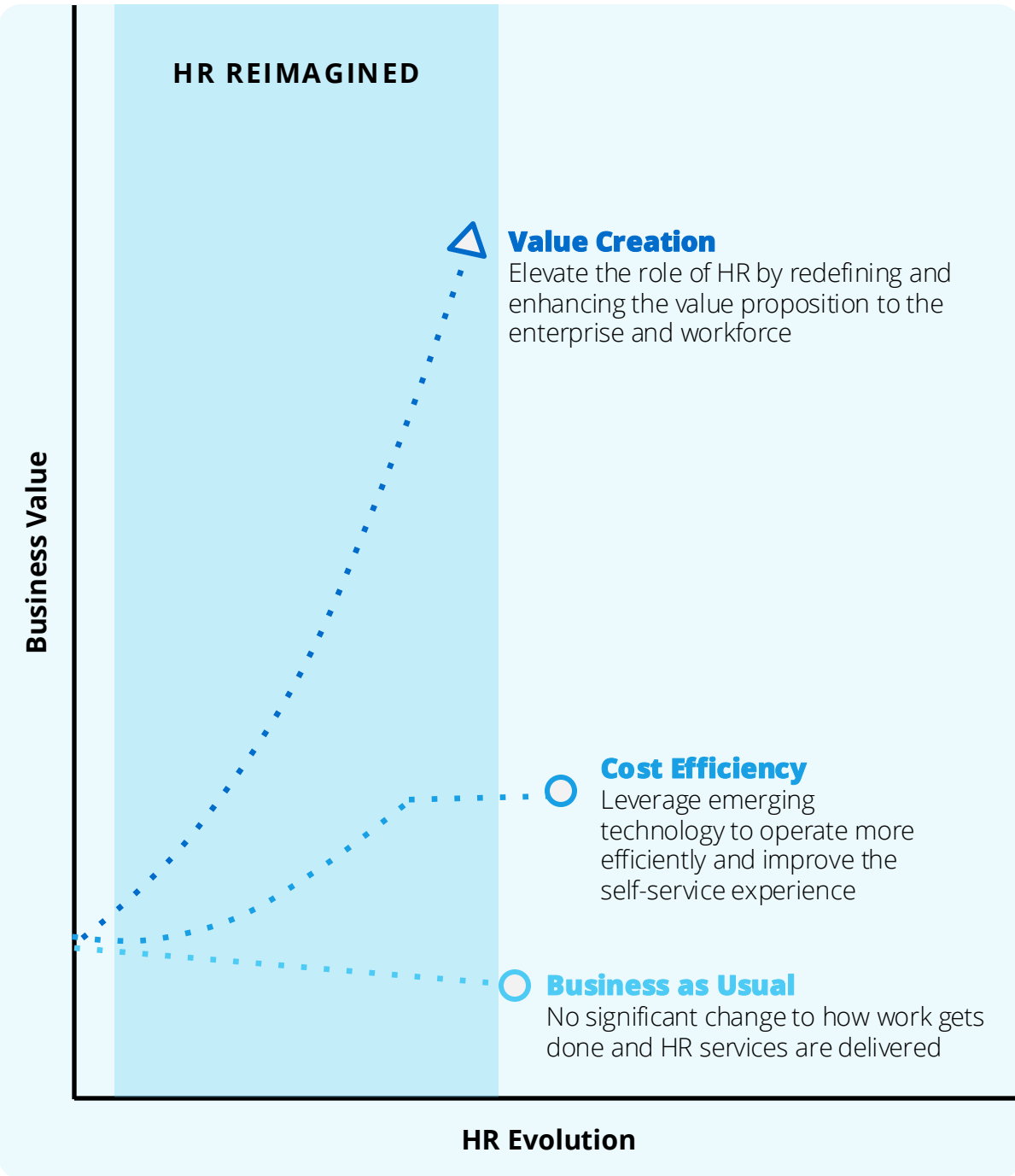
VALUE CREATION

HR leads from the front by investing in AI + digital enablers, human skills, and reimagined ways of working. This investment returns capacity and **elevates HR as the leader of the future human and machine workforce, in turn driving business outcomes and human outcomes.**

COST EFFICIENCY

HR falls in line behind other functions who take the lead, leveraging enterprise investment in AI and digital enablers to help lower costs and improve self-service. **This drives bottom line growth for the business but does not create a compelling value proposition for HR in the future enterprise.**

BUSINESS AS USUAL

HR continues BAU without meaningfully investing in new human and technology capabilities. Without a vision and sense of urgency to evolve, **the business will move on without HR and enterprise-level initiatives will eventually drive a cost-cutting overhaul of the function**

HR REIMAGINED

Business Value

Value Creation
Elevate the role of HR by redefining and enhancing the value proposition to the enterprise and workforce

Cost Efficiency
Leverage emerging technology to operate more efficiently and improve the self-service experience

Business as Usual
No significant change to how work gets done and HR services are delivered

HR Evolution

AI is Reshaping HR Work

The tasks and work done by roles within HR will be impacted by different types of AI and automation capabilities, with work effort incrementally shifting toward more AI-powered approaches over time

AI-Assisted

Primarily human-owned with moderate support from AI solutions

AI   *Human*

EXAMPLES

- Defining HR strategy
- Consulting with executives
- Providing high touch human support

AI-Augmented

Significant collaboration between humans and AI to execute work with frequent handoffs

AI   *Human*

EXAMPLES

- Managing HR knowledge articles and policies
- Sourcing candidates
- Conducting investigations

AI-Powered

Primarily AI-owned with humans managing AI outputs, monitoring performance, and driving continuous improvement

AI   *Human*

EXAMPLES

- Answering HR inquiries
- Executing processes and transactions
- Conducting data analysis
- Creating reports
- Creating learning content

AUTONOMOUS AI

Incremental Transition *Work effort will shift over time from humans to AI as capabilities mature*

Agentic AI is the Unlock

AI Agents build on the capabilities of GenAI solutions to deliver workflow automation and end-to-end experiences that reduce the need for human intervention
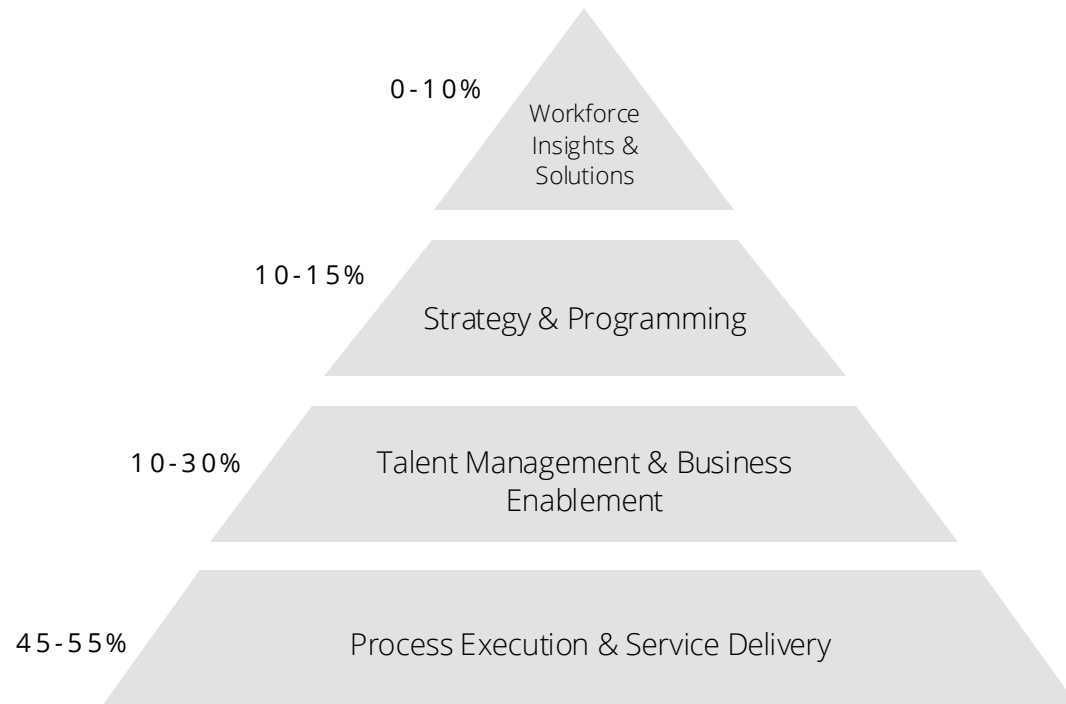
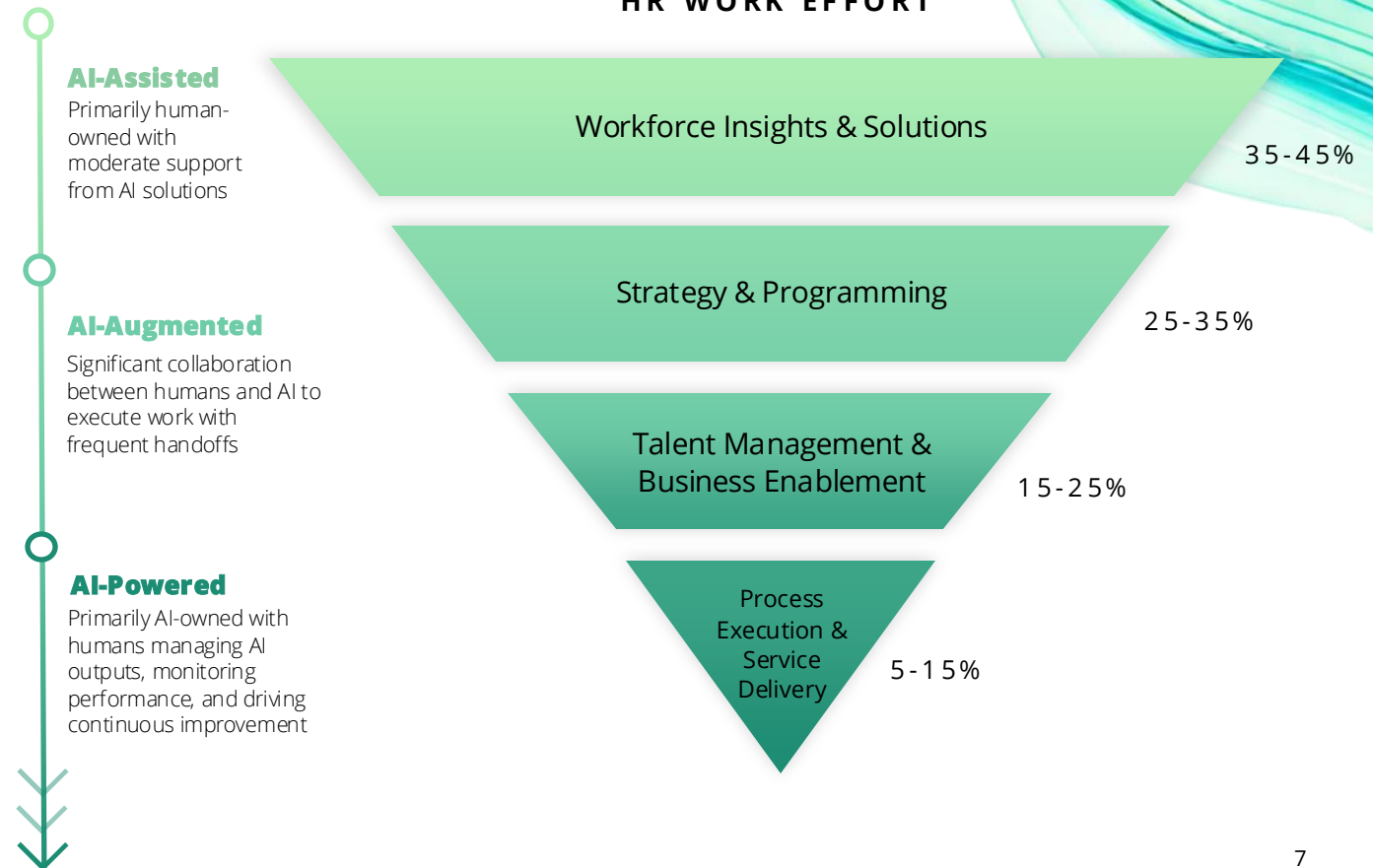| AGENTIC AI CAPABILITY	EARLY GENAI SOLUTIONS	AI AGENTS
Use Case Scope	Automate tasks	Automate entire workflows and processes
Planning	Are not capable of planning or orchestrating workflows	Create and execute multi-step plans to achieve user's goal, adjusting based on real-time feedback
Tool Integration	Are not inherently designed to integrate with external tools or systems	Augment inherent language model capabilities with APIs and tools to perform variety of actions
Data Integration	Rely on static knowledge with fixed training cutoff dates	Adjust dynamically to new information and real-time knowledge sources
Accuracy	Typically lack self-assessment capabilities and are limited to probabilistic reasoning based on training data	Can leverage task-specific capabilities, knowledge, and memory to validate ad improve their own outputs
Memory and Fine-Tuning	Do not retain memory and have limited fine-tuning capabilities	Utilize short-term and long-term memory to learn from pervious user interactions and provide personalized responses

HR's Opportunity to Reinvest Capacity to Create Value

As AI plays a bigger role in how we work, humans will spend less time on process execution and service delivery, and **progressively more time on delivering insights and people solutions**

TRADITIONAL DISTRIBUTION OF HR WORK EFFORT

- 0-10% — Workforce Insights & Solutions
- 10-15% — Strategy & Programming
- 10-30% — Talent Management & Business Enablement
- 45-55% — Process Execution & Service Delivery

AI-Assisted
Primarily human-owned with moderate support from AI solutions

AI-Augmented
Significant collaboration between humans and AI to execute work with frequent handoffs

AI-Powered
Primarily AI-owned with humans managing AI outputs, monitoring performance, and driving continuous improvement

FUTURE DISTRIBUTION OF HR WORK EFFORT

- Workforce Insights & Solutions — 35-45%
- Strategy & Programming — 25-35%
- Talent Management & Business Enablement — 15-25%
- Process Execution & Service Delivery — 5-15%

The Journey to Reimagine HR

The journey to the future requires an agile approach where AI and digital enablers are introduced incrementally, human skills and capabilities are re-imagined in parallel, and work and operating constructs evolve to enable true human and machine collaboration

AI & Digital Enablers

Human Skills & Capabilities

Dynamic Work & Operating Constructs

AI and Digital Enablers

HR functions have already begun to initiate transformation by exploring and experimenting with AI and Digital Enablers. Over the next 12-18 months, organizations focused on value creation will look to scale their AI and Digital Enablement programs by addressing the underlying factors of high maturity HR teams

AI & DIGITAL ENABLERS

SKILLS & CAPABILITIES

DYNAMIC WORK

■ Estimated % of orgs at this level based on insights from HR leaders

LEVEL 1
IDEAS

20%

Exploring

We could use a GPT to write job descriptions!

LEVEL 2
USE CASES

30%

Experimenting

We will use a chatbot to gather job requirements and automatically refine job descriptions based on the collected information.

LEVEL 3
WORKFLOWS

25%

Establishing

We will integrate AI-powered digital assistant tools to screen resumes for relevant qualifications and use cognitive analytics to rank candidates based on their fit for the role.

LEVEL 4
PRODUCTS

20%

Scaling

We will integrate an agentic AI product to autonomously manage recruitment processes, such as sourcing candidates, scheduling interviews, and making initial candidate assessments without human intervention.

LEVEL 5
**PLATFORMS**

5%

Innovating

We will embed AI as a user interface within the digital experience layer, offering seamless, AI-driven resources that transform recruiter workflows, integrating job-specific insights, enterprise-wide data, and real-time analytics.

Underlying factors of high maturity HR teams

- **Strategic Focus –** leadership alignment, prioritized outcomes, future vision
- **Data Readiness –** fidelity, accessibility, rich data sets, knowledge management
- **Enterprise Tools –** capabilities, infrastructure, support model
- **Agile Delivery –** intake, prioritization, value case assessment, tech capabilities
- **Governance –** policy, guardrails, monitoring, COE structure, value capture
- **Workforce Enablement –** trust, culture, adoption, fluency, work re-design

9
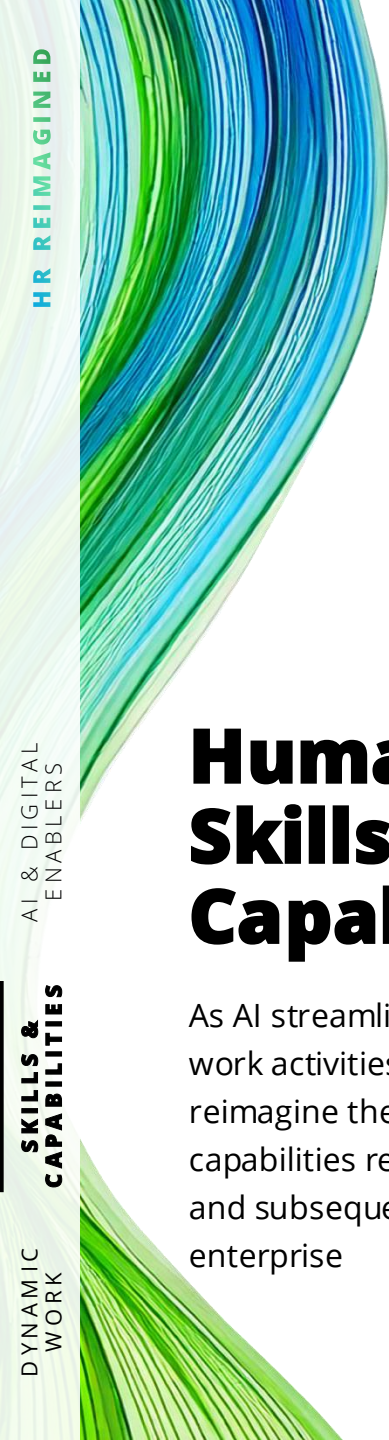
Human Skills & Capabilities

As AI streamlines day-to-day work activities, HR must reimagine the skills and capabilities required in HR and subsequently across the enterprise

DECLINE IN DEMAND

Functional Depth

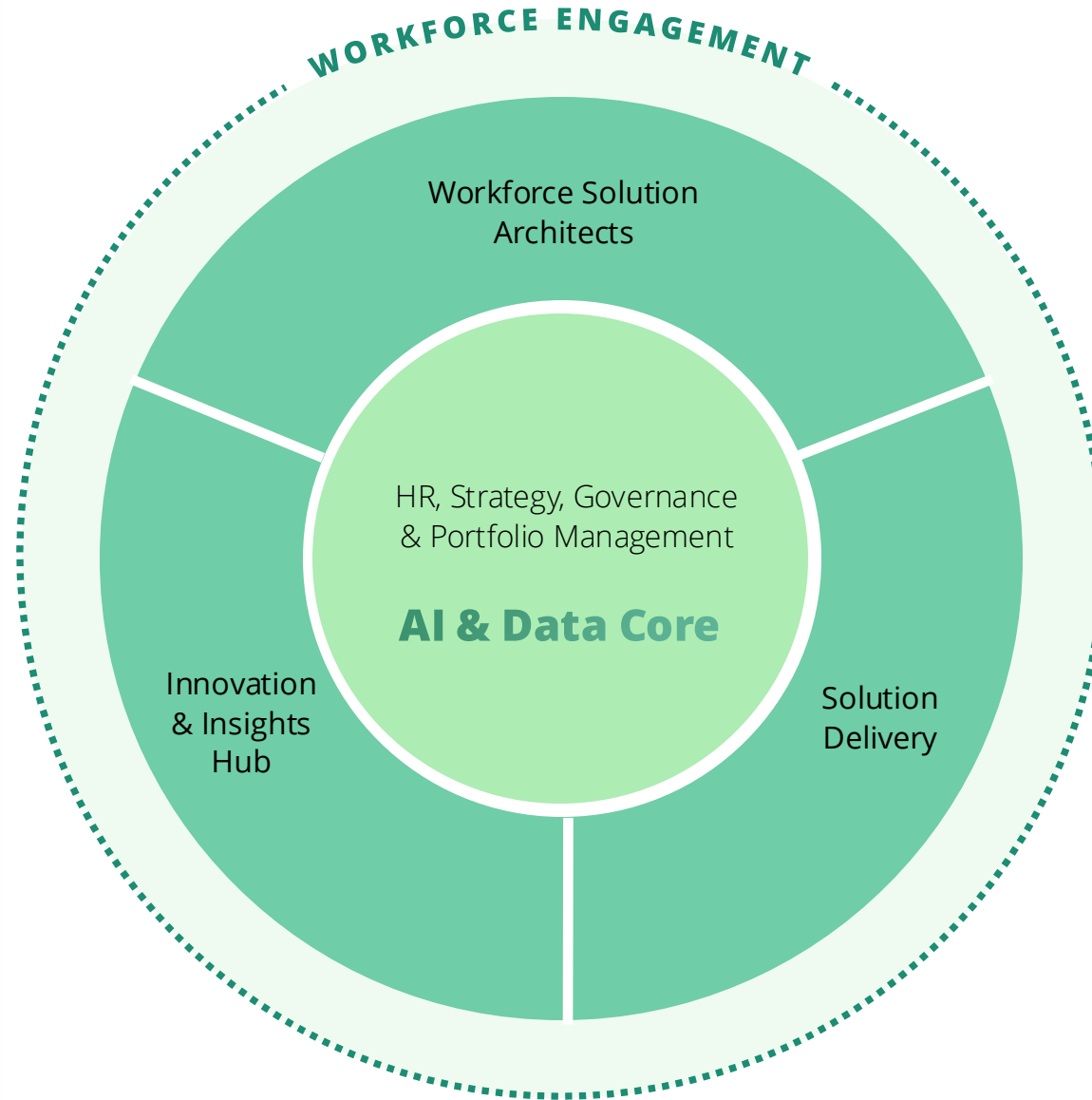| TOP SKILLS*	DRIVERS OF DECLINE
Employee Relations	AI will augment HR professionals with on-demand interpretation of changing employee laws, labor contracts, and support investigations
Analytics	AI and digital platforms will automate the generation of people analytics and improve accessibility via self-service channels
Performance Management	Employees, managers, and business leaders will receive embedded coaching and insights from AI assistants
Resource Management	Skills-based talent intelligent platforms will facilitate matching of supply and demand and automate deployment of human resources across the organization
Succession Planning	Data mining and AI-enablement will reduce the manual, administrative burden of traditional succession planning processes and increase ownership of people managers
Employee Engagement	Employee engagement will increasingly feature digital experiences enabled by AI solution delivery with intentional 'human touch' interventions built into the process

GROWTH IN DEMAND

Enduring Human Capabilities

TOP SKILLS	DRIVERS OF GROWTH
Data Acumen	Ability to make good judgments about the use of data to support problem-solving and solution development
Critical Thinking	The need for proactive interventions to architect human x machine workforces to optimize organizational capabilities
Emotional Intelligence	Creating a highly "human" experience intermixed with the use of digital tools to increase workforce engagement
Insight Generation	While AI tools can generate analysis, the human contribution will be in gleaning valuable insights to inform strategy and planning
AI Fluency	Familiarity with the risks and limitations of different AI tools to promote responsible and effective usage
Influence and Negotiation	Influencing and negotiating with business leaders to improve human outcomes in addition to business outcomes

*Based on Deloitte Labor Market Intelligence Data

Dynamic Work & Operating Constructs

Shifts to work and how we operate will happen incrementally over time, and when work is fully AI Assisted, Augmented, or Powered, **critical human capabilities will still endure** as key enablers to business outcomes

WORKFORCE ENGAGEMENT

Workforce Solution Architects

HR, Strategy, Governance & Portfolio Management

AI & Data Core

Innovation & Insights Hub

Solution Delivery

KEY

AI ASSISTED

Primarily driven by humans with moderate support from AI solutions

AI AUGMENTED

Significant collaboration between humans and AI to execute work
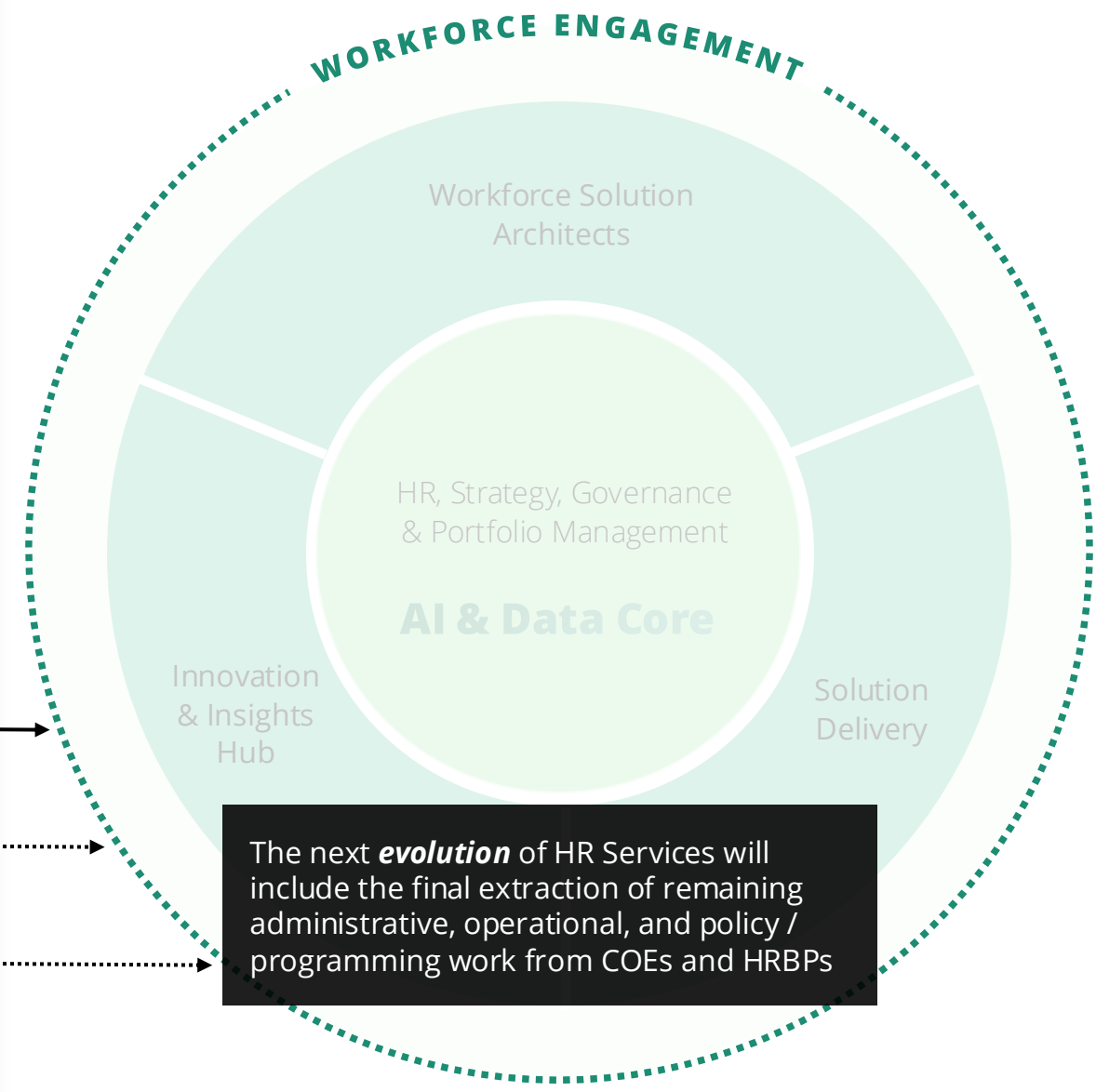
AI POWERED

Primarily driven by AI with humans managing AI outputs and driving continuous improvement

Workforce Engagement

The Workforce Engagement team will be responsible for managing and improving the AI and digital solutions providing HR services to the workforce and handling exceptions or "high touch" interactions requiring human support

TRADITIONAL HR PERSONAS:

HR Services

COEs

HRBPs

Digital HR

WORKFORCE ENGAGEMENT

Workforce Solution Architects

HR, Strategy, Governance & Portfolio Management

AI & Data Core

Innovation & Insights Hub

Solution Delivery

The next *evolution* of HR Services will include the final extraction of remaining administrative, operational, and policy / programming work from COEs and HRBPs

Key Role Shifts ❯❯❯

CURRENT STATE MARKET TRENDS	WORKFORCE ENGAGMEENT
Manage and triage cases and HR related inquiries	Support employees and leaders with processes that require a human touch
Large portions of admin / operational work still sit within the COEs and HRBPs	AI solutions are responsible for the execution of 80%+ of admin / operational work
Maintain and update knowledge on ad hoc basis in coordination with COEs	Optimize the knowledge base to focus on powering AI solutions and improving the quality and reliability of outputs
Focus primarily on tactical and administrative work	Own workforce listening and the continuous improvement of the AI-powered workforce experience

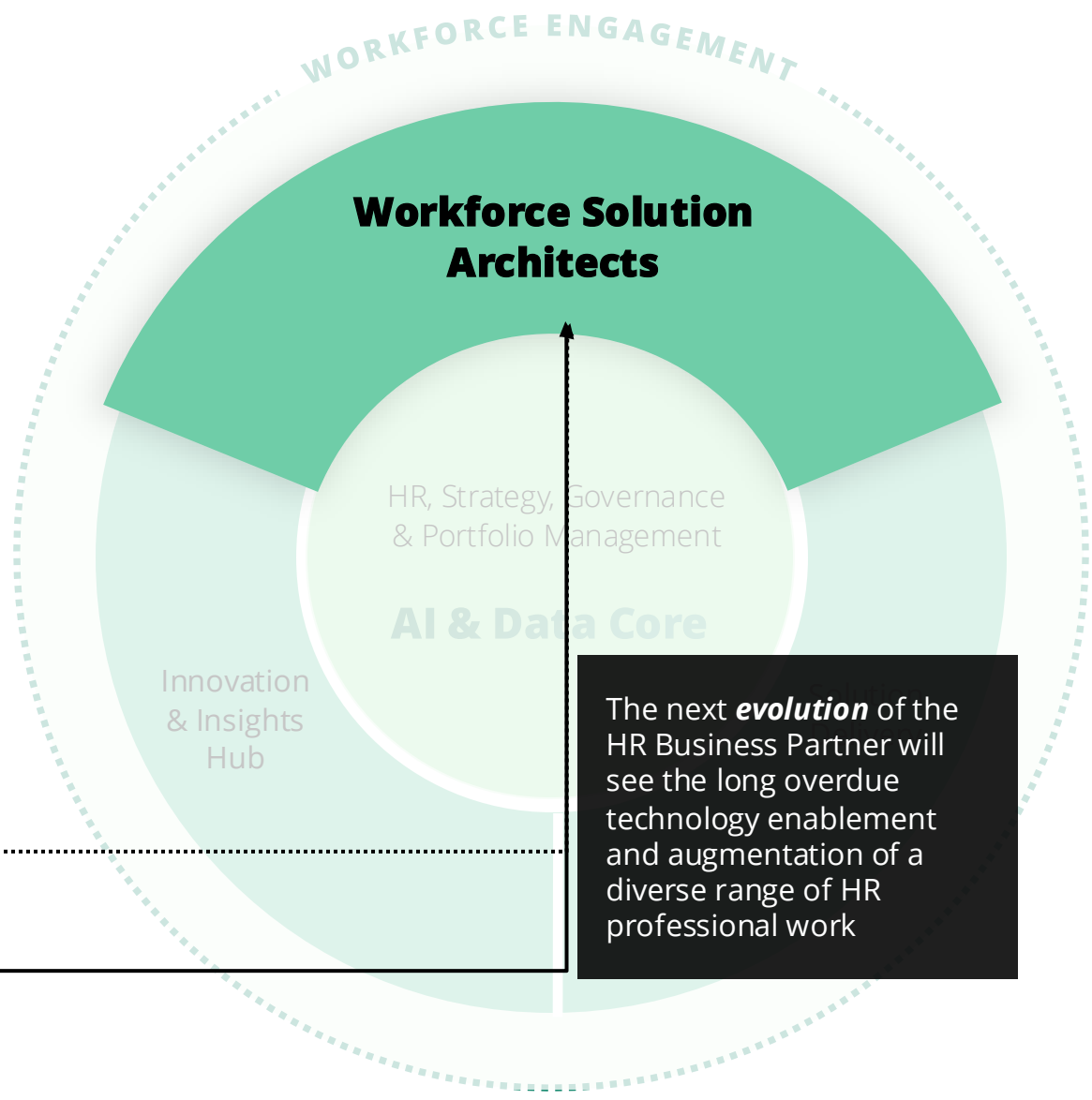**KEY** AI ASSISTED · AI AUGMENTED · AI POWERED

Workforce Solution Architects

The Workforce Solution Architect brings forward deep HR professional expertise paired with next-level digital and data-savviness

TRADITIONAL HR PERSONAS:

- HR Services
- **COEs**
- **HRBPs**
- Digital HR

WORKFORCE ENGAGEMENT

Workforce Solution Architects

HR, Strategy, Governance & Portfolio Management

AI & Data Core

Innovation & Insights Hub

The next *evolution* of the HR Business Partner will see the long overdue technology enablement and augmentation of a diverse range of HR professional work

KEY AI ASSISTED   AI AUGMENTED   AI POWERED

Key Role Shifts ›››

CURRENT STATE MARKET TRENDS	WORKFORCE SOLUTION ARCHITECTS
Consulting based on experience and knowledge	Consulting with insights, experience and knowledge
Supporting standardized talent processes and execution	Modifying talent strategies to meet dynamic business needs
Solving talent challenges with build vs buy vs borrow focus	Orchestrating human and AI capabilities to reimagine workforce
Reacting to workforce and talent issues as a "fire fighter"	Creating proactive workforce solutions based on predictive data
Serving as change agents and culture ambassadors	Building a culture of agility, experimentation, and trust

13

Innovation & Insights Hub

The Innovation and Insights hub will allow HR to drive functional innovation and unlock the full value potential of people data

TRADITIONAL HR PERSONAS:

HR Services

COEs

HRBPs

Digital HR

WORKFORCE ENGAGEMENT

Workforce Solution Architects

HR, Strategy, Governance & Portfolio Management

AI & Data Core

Innovation & Insights Hub

Solution Delivery
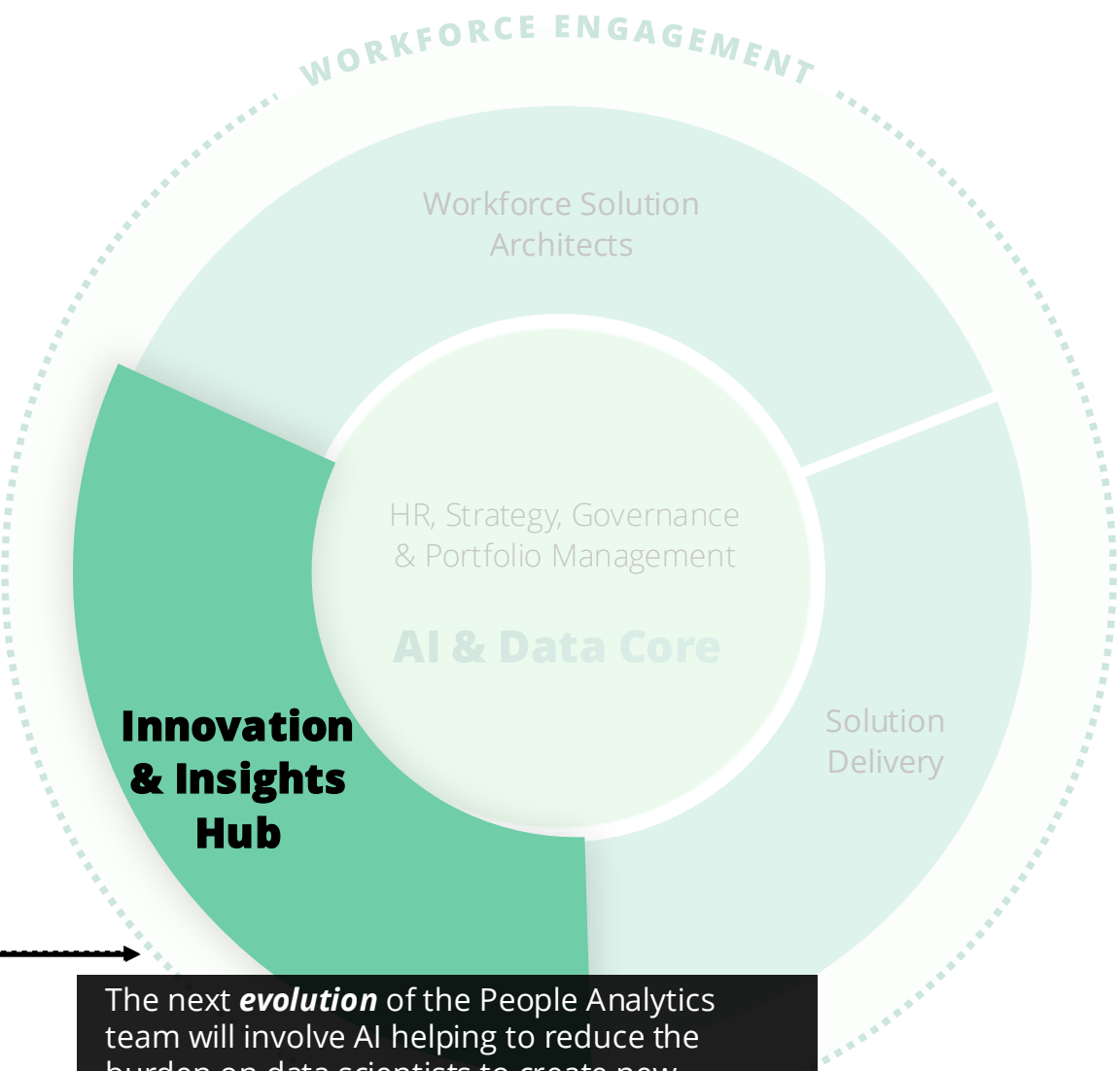
The next *evolution* of the People Analytics team will involve AI helping to reduce the burden on data scientists to create new models and scale insights across the business

KEY

| AI ASSISTED | AI AUGMENTED | AI POWERED |

Key Role Shifts ❯❯❯

CURRENT STATE MARKET TRENDS	INNOVATION & INSIGHTS HUB
Manually develop analytics and reporting based on available HR data	Deploy AI solutions to provide insights on demand based on external and internal data
Create insights based on the current HR/enterprise strategy	Shape future HR and enterprise strategies based on predicative models
Develop analytics for others to interpret and align to their work	Develop data driven stories/narratives for others to understand the insights
Manage disparate solutions and fragmented data sets	Maintain and optimize an AI-enabled People Analytics architecture

14

Solution Delivery

The Solution Delivery team will be responsible for deploying and maintaining the AI and digital solutions to enable other shifts in the HR operating model

TRADITIONAL HR PERSONAS:
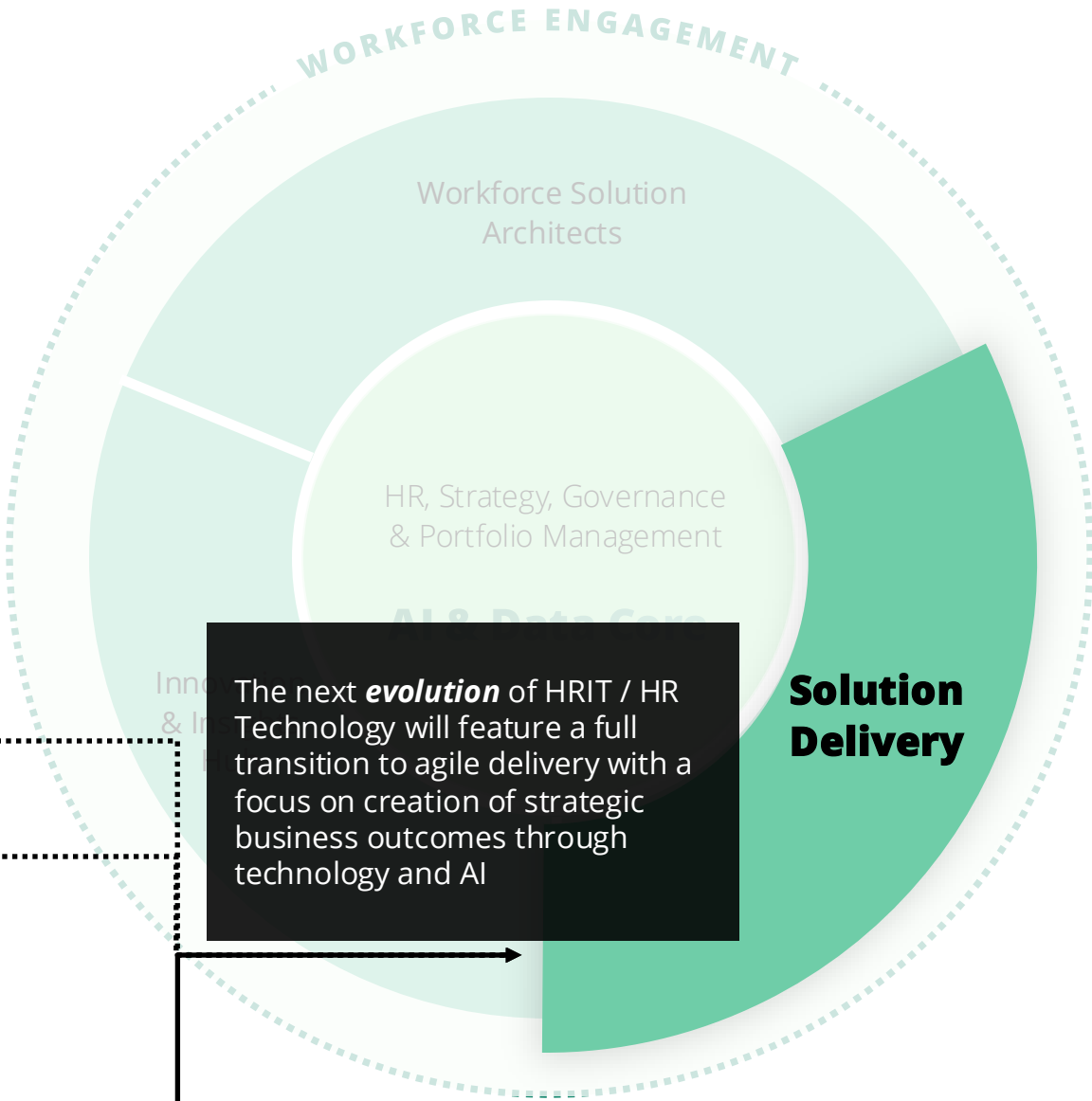
| HR Services |
| COEs |
| HRBPs |
| Digital HR |

WORKFORCE ENGAGEMENT

Workforce Solution Architects

HR, Strategy, Governance & Portfolio Management

AI & Data Core

Innov & In

Solution Delivery

The next *evolution* of HRIT / HR Technology will feature a full transition to agile delivery with a focus on creation of strategic business outcomes through technology and AI

KEY | **AI ASSISTED** | **AI AUGMENTED** | **AI POWERED**

Key Role Shifts ❯❯❯

CURRENT STATE MARKET TRENDS	SOLUTION DELIVERY
Manage HR Technology roadmap based on SaaS product releases	Develop, and maintain AI-driven solutions using product management methodologies
Day-to-day focus is on BAU, break fixes resolution, and limited enhancement delivery	Continuously enhance AI solutions based on production data and evolving business / workforce needs
End user feedback is gathered through surveys or direct feedback	Feedback is gathered through digital interactions and shapes the product roadmap
Innovation driven based on SaaS products/business request	Partner with other HR teams to drive technology vision and roadmaps

15

Case Study: Workforce Engagement

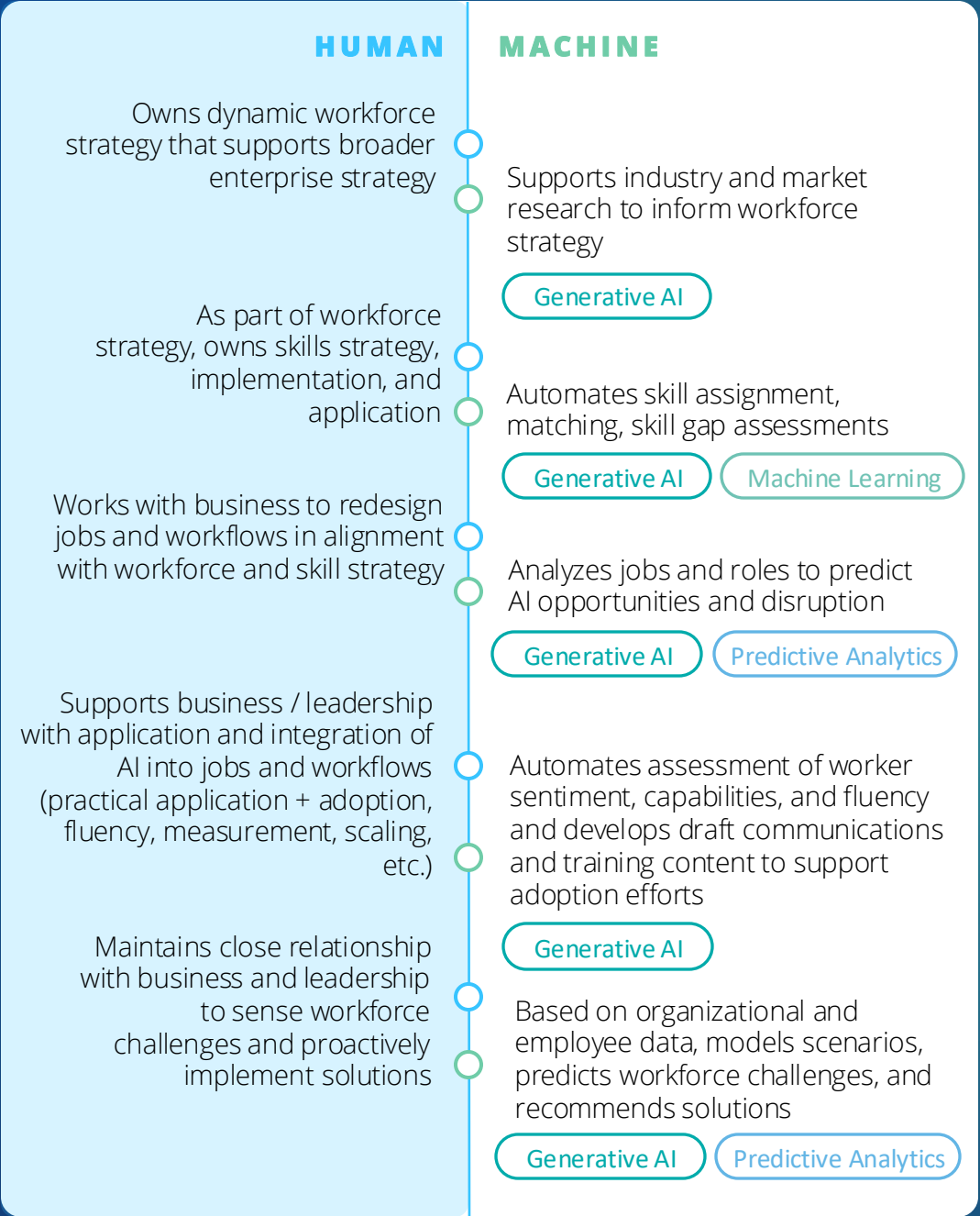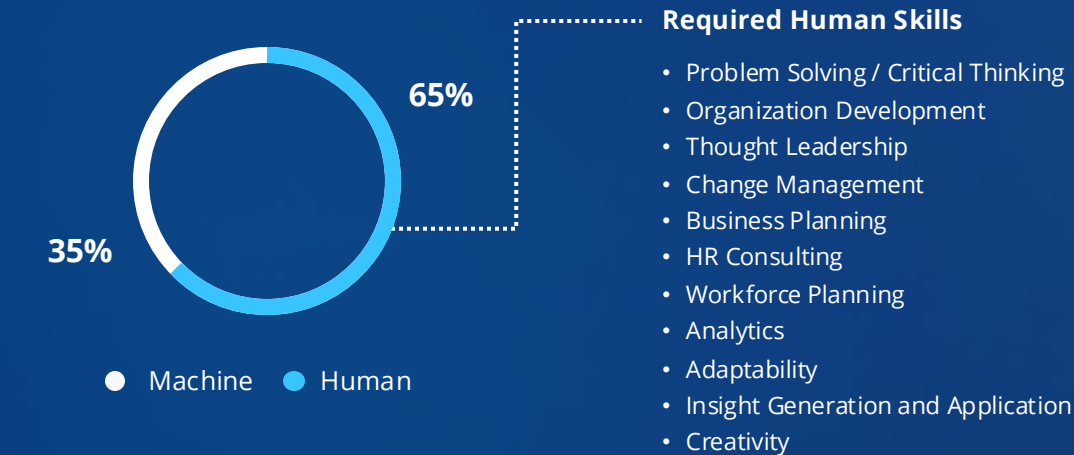|	INTELLIGENT AUTOMATION	CONVERSATIONAL AI	COGNITIVE ANALYTICS	GENERATIVE AI
Business Context	The HR Operations team was **manually performing a variety of transactional activities** to enable the end-to-end execution of Workday processes. The activities were high-volume, repeatable, and **consumed a large amount of operational capacity** for the team	The workforce was **struggling to adopt self-service** as part of a Workday-enabled HR Transformation program. The NPS feedback from end-users was negative and cited tedious and confusing steps to initiate self-service transactions	Call volumes to the payroll and benefits contact center fluctuated significantly and it was **difficult to identify themes and patterns**. Contact center leadership was **manually reviewing Excel spreadsheets** every hour to find anomalies in the call data to find and fix systemic issues	The mature HR Operations team was looking for levers to **reduce operational costs by 10%** as Generative AI became commercially available. They decided to pilot a use case to improve Contact Center agent productivity to demonstrate the value potential before investing in other areas
Solution Approach	Identified, qualified, and prioritized automation use cases and built a business case for investment in RPA. **Designed, built, and deployed 15 automations** over three releases to jumpstart the HR RPA journey and create capability for the client to continue independently	An agile approach was used to design, architect, and build an **AI-enabled digital assistant** to support Managers with Workday self-service. The fully integrated solution addressed 60+ use cases and was delivered via multiple embedded channels	Developed a **predictive intelligence solution using machine learning** to cluster and automatically flag data irregularities while analyzing case contexts to determine the appropriate categorization	Trained an enterprise GPT model by ingesting content from the HR knowledge base and prompt engineering for common inquiries. Integrated the Gen AI tool with case management to **provide real-time, dynamic suggestions** to help agents address customer requests
Impact Delivered	• Streamlined an average of 50k transactions per week, allowing HR to pivot attention to more business enabling activities • Ability to absorb fluctuations in volume • 90%+ success rate for automations	• Estimated to save 30k system clicks per month • Estimated 3x faster to initiate transactions • 99% of users reported a "good" experience • 84% promoter score on NPS	• Eliminated the need for manual review of case data and increased data integrity • Improved customer service through faster identification and resolution of root cause issues	• Improved agent productivity • Reduced operational costs • Increased speed and quality of service delivery

Case Study: Workforce Solution Architect

With additional 35% capacity created due to AI-augmentation, HRBPs free up time to focus on strategic, forward-looking activities that support the business with AI-driven transformation and beyond

Workforce Architecting Sub-Activities

● AI Assisted   ● AI Augmented   ● AI Powered

● **Enterprise Workforce Strategy**	● **Job / Work Redesign**
● **Skills Enablement**	● **AI Integration and Adoption**
● **Proactive Workforce Solutions**	

Projected Activity Allocation Between Human & Machine

65%

35%

● Machine   ● Human

Required Human Skills

- Problem Solving / Critical Thinking
- Organization Development
- Thought Leadership
- Change Management
- Business Planning
- HR Consulting
- Workforce Planning
- Analytics
- Adaptability
- Insight Generation and Application
- Creativity

HUMAN | **MACHINE**

Owns dynamic workforce strategy that supports broader enterprise strategy

Supports industry and market research to inform workforce strategy

Generative AI

As part of workforce strategy, owns skills strategy, implementation, and application

Automates skill assignment, matching, skill gap assessments

Generative AI   Machine Learning

Works with business to redesign jobs and workflows in alignment with workforce and skill strategy

Analyzes jobs and roles to predict AI opportunities and disruption

Generative AI   Predictive Analytics

Supports business / leadership with application and integration of AI into jobs and workflows (practical application + adoption, fluency, measurement, scaling, etc.)

Automates assessment of worker sentiment, capabilities, and fluency and develops draft communications and training content to support adoption efforts

Generative AI

Maintains close relationship with business and leadership to sense workforce challenges and proactively implement solutions

Based on organizational and employee data, models scenarios, predicts workforce challenges, and recommends solutions

Generative AI   Predictive Analytics

Getting Started

	REIMAGINE	ACTIVATE	TRANSFORM
AI & Digital Enablers	• Craft a **bold vision for the future** and a high-level roadmap to get there • Identify **high-priority use cases** linked to business and human outcomes • Determine the **solutions and data** required to deliver • Build the **value case** for investment	• Build your **AI and data platform foundation** • Experiment and deploy MVP or pilot solutions to **collect feedback and validate outcomes** • Curate an evergreen **backlog of prioritized use cases** • Expand the solutions and data at your disposal to **enable more use cases**	• Transition to ongoing, agile delivery model to **rapidly scale** enhancements and use cases • Monitor **adoption and usage trends** to inform future roadmap with a continuous improvement mindset • Improve the **quality and richness of underlying data sets** used to train AI models
Human Skills & Capabilities	• Understand the requirements and develop a plan for workforce and HR to **adopt AI tools, learn new ways of working, and change behaviors**	• Measure **productivity and experience improvements** to identify additional opportunities • Execute the **adoption and change plan** to drive new ways of working and behavior shifts	• Conduct workforce listening, reinforce behavior changes, and **measure value realization**
Dynamic Work & Operating Constructs	• Create the **future HR blueprint** by reimagining roles, processes, and services • Estimate **capacity creation** and hypothesize HR shifts linked to solution delivery	• Develop **detailed role designs** for future HR operating model linked to different points in the roadmap • Validate HR shift hypotheses and identify opportunities to **strategically reinvest capacity**	• Execute **HR org and work structure model shifts** as AI solutions are delivered • **Continuously iterate** on HR operating model based on evolving business and workforce needs
	6-8 Weeks	**4-6 Months**	**Ongoing**

Deloitte.