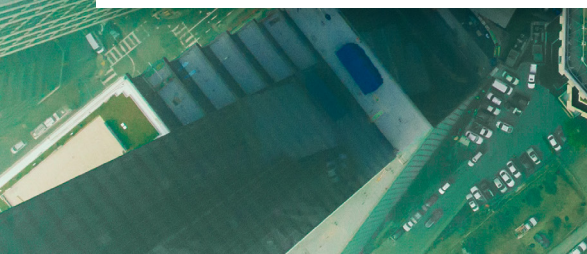# Deloitte.

HUMAN CAPITAL

2025 HR technology marketplace predictions: New dynamics for working with humans and technology

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Deloitte's Human Capital Forward team offers its perspective on how six of today's human resources technology (HR tech) trends could influence the way in which a workforce interacts with systems, organizes its work, and engages with its teams in 2025.

When it comes to HR tech, users are often promised that the latest solution or feature will finally solve the problems that have been plaguing them for ages. This year that promise is closer than ever to fruition: Generative AI (GenAI) and agentic AI are delivering new capabilities and opening doors to executing an unprecedented volume of work. To help buyers and users navigate an expanded HR tech marketplace, Deloitte's Human Capital Forward team developed predictions for six trends that will likely change how humans and technology work *together* in the year ahead.

The insights in this year's predictions reflect the team's interactions with over 300 HR technology providers, perspective from annual industry conferences, and roundtable conversations with chief product and technology officers from 10 leading provider organizations.

Improved macroeconomic factors will drive increased investment and transactions in the HR technology market.

Few activities gain more attention in HR tech than funding rounds and market transactions. The frequency of these announcements peaked in 2021 but declined from 2022–2024,[1] impacted by high interest rates, concerns of a possible recession, and a focus on integrating GenAI capabilities into existing solution sets.[2] As these conditions adjust, we anticipate that improved macroeconomic factors and pent-up demand will likely lead to a surge of funding and a flurry of mergers and acquisitions activity across 2025.

How will investment funding rebound in 2025?

Threats of a looming recession and higher interest rates prompted actions from institutions including the Bank of England, European Central Bank and the US Federal Reserve.[3] But with a funding market now more susceptible to reasonable financing and a record US$1.2 trillion in liquid securities, the demand for funding that's been building for years may finally see movement in 2025. Global deal value paced to finish 2024 at US$521 billion, an 18% increase over the US$442 billion deal value of 2023.[4]

Global enterprise spend—the fastest growing segment of IT budgets—is expected to grow 14% in 2025, thanks in no small part to the potential for market growth around AI integration.[5] From a strategic investment perspective, the speed of technology development will lead to industry leaders pursuing innovative solutions more aggressively.

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Preparing for changes to the HR tech stack

Change in the HR technology market is inevitable, both in ownership and in solution products themselves. But, HR leaders can stay prepared for these upcoming shifts. As HR technology continues to integrate AI into its core solution capabilities, buyers should consider:

Staying informed on developments

Keep attuned to your providers' technological advancements and product development road maps to make informed decisions and capitalize on emerging opportunities.

Rationalizing commitments

Use market transactions as opportunities to review current product and services contracts, including any opportunities for alternative delivery options.

Continuing to invest in HR technology

Pursue advanced solutions that leverage AI to stay competitive and meet evolving workforce needs.

Engaging provider services teams

Maintain consistent contact with customer success teams from solution providers to understand impacts to changes in the ownership and collective vision of a vendor.

Agentic AI will help transform HR technology by automating complex workflows.

Agentic AI—autonomous GenAI agent solutions—represents a significant evolution in AI tech, characterized by its ability to understand context, remember past interactions, connect to external tools and data, and execute actions to achieve defined goals.[6] Unlike traditional AI models limited to executing specific tasks, agentic AI systems can automate entire workflows, making them powerful collaborators in business processes.

Across the second half of 2024, many HR technology solutions launched their own versions of chatbots and co-pilots, with many being referenced as "agents." While these GenAI applications are proficient in delivering output prompted by users, they are limited in executing sequential tasks without intermediate action. Instead, agentic AI demonstrates the capability to reason, plan and act on behalf of users, addressing key limitations of typical language models and enhancing the quality and complexity of tasks performed. In 2025, Deloitte forecasts that 25% of companies that use GenAI will launch agentic AI pilots or proofs of concept, growing to 50% in 2027.[7]

Agency in AI

Agentic AI has evolved from simple task automation to sophisticated systems capable of reasoning, planning and learning, driven by advancements in language models and GenAI. Progress in agentic AI solutions is also boosted by innovations in other tech products: specialized tools and real-time data help boost these systems' flexibility and accuracy, and multiagent systems move beyond traditional innovation cycles by interfacing with and querying software for information and action across solutions. In 2025, agentic AI's growth will likely yield important advancements to traditional application programming interfaces as HR tech solutions aim to engage in multisystem agentic workflows with aligned providers.

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Preparing for agent-enhanced technology

AI agents have the potential to automate complex processes, reduce the need for human intervention, and help organizations adapt to real-time changes—together boosting productivity and enhancing machine-powered intelligence and transparency. To prepare for effective experimentation and deployments, HR leaders should consider:

Prioritizing workflows

Identify tasks and workflows based on technology capabilities and value for company operations. Review and redesign workflows to remove unnecessary steps and ensure clear goals.

Focusing on data governance and cybersecurity

To deliver value, agentic AI must have access to valuable and potentially sensitive enterprise data. Companies will therefore need to follow regulations and implement strong data governance and cybersecurity guardrails.

Balancing risk and reward

Consider the level of autonomy and data access agents will need to execute work. Low-risk use cases will involve noncritical data and human oversight.

HR technology will combine multiple skills-validation approaches to enhance workforce management insights.

Agentic AI carries great potential, but to truly recognize its capacity to augment the way work gets done, organizations must understand the skills and capabilities of the human workforce. Deloitte research finds AI-enabled, skills-based organizations are 79% more likely to drive positive workforce experiences and 63% more likely to achieve organizational outcomes.[8] But despite the potential of the skills-based organization, capturing a workforce's real-time skills inventory remains a challenge.

AI-enabled skills validation—the process of verifying and assessing the skills and competencies of individual workers to ensure they meet expectations—offers a solution. Unlike traditional skills assessments, AI-enabled skills validation uses objective measures and real-time data to provide a more accurate and reliable evaluation of an individual's capabilities. In the coming year, we anticipate seeing solution providers develop a more robust approach to balancing active and passive skills validation for their customer organizations that have been reliant on a toolkit of multiple solutions.

Skills validation: An evolving trend

Deloitte's skills-based organization research indicates that almost half of organizations use traditional approaches to skills validation, but these methods typically only provide point-in-time assessments that are not regularly updated. In contrast, only around a quarter of organizations currently use technology to infer employee skills validation from work, public professional profiles, and workers' current positions. We predict that these approaches will continue to grow in adoption as HR technology solutions provide more rigor and cohesion to maintaining a real-time view of capability proficiencies.

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Modern skills validation leverages multisystem technology and data to provide real-time insights into employee capabilities. Conversation-based assistants can query skills based on applied questions and scenarios, and advancements in AI and machine learning enable more precise and personalized assessments. This tech-enabled approach to skills validation allows for continuous assessment and development of relevant skills and reduces the need for workers to manually update their skills profiles.

Enhancing workforce management with skills validation

Skills validation and continuous assessment and feedback support talent management by providing a clear understanding of the skills within the organization and highlighting opportunities to adapt to changes in the market. However, deploying traditional, organization-wide assessments on a recurring basis is not a sustainable or productive approach. Instead, HR leaders should consider:

✓ **Creating centralized skills intelligence**
Utilize multiple HR technology solutions, human capital management suites, learning solutions, talent intelligence tools, and point skills solutions to consolidate skills information on the workforce.

✓ **Determining needed capabilities**
Explore enabling solution capabilities to enhance and update relevant skills information. This can include real-time integration across systems and nudges to individuals for human checks on accuracy.

✓ **Inventorying skills validation approaches**
Understand your active (e.g., self-evaluation questionnaires, interviews) and passive (e.g., learning history, performance feedback) sources of information about skills proficiency.

✓ **Aligning on skill validation timing**
Prioritize the most valuable skills for validation to reflect urgency for accurate and timely skills validation balanced within organizational cycles.

Talent intelligence will prioritize task analysis to enhance workforce alignment and job design efficiency.

Over the past few years, both HR organizations and their workforces have agreed that jobs/job titles are no longer the best way to organize work. Instead, they're turning to talent intelligence: the strategic use of workforce and labor market data and analytics to enhance workforce management processes, enabling organizations to make informed decisions regarding recruitment, workforce planning and development.[9] We predict that in 2025, strategic workforce planning for the future will require a focus on tasks to be aligned to the right work executor— whether human worker or technology—and organizations will increasingly harness talent intelligence data to make those connections.

Tasks complement AI-enabled skills and jobs

As organizations have focused on skills connected to jobs, they're also realizing how critical tasks can be to outcomes; HR tech provides an opportunity to leverage and execute those tasks effectively. The rise of data-driven strategies in business proves the power of analytics in harnessing data to surface insights into workforce dynamics and recruitment trends.[10] HR leaders can take that power one step further, using data analytics to align skills information with specific tasks to drive business outcomes.[11] That analysis will likely also be crucial in workforce planning as work processes become increasingly augmented by agentic AI and embodied tech like drones and robots.

Some organizations have fully categorized the tasks executed across their workforces, while others rely on external standards like O*NET, which maps job duties to generalized job profiles. Regardless of the approach to identifying the tasks, HR technology can help organizations determine whether each task can be automated with capabilities from AI- or robotics-enabled solutions and guide employees on which learning programs or new assignments to pursue based on evolving workflows and career opportunities.

> Future workforce planning will require a focus on tasks to be aligned to the right work executor, and organizations will increasingly harness talent intelligence data to make those connections.

Prioritizing tasks in talent intelligence

Investing in talent intelligence solutions, with its analysis focused on roles and skills, can help organizations maintain a competitive edge in talent acquisition, improve workforce planning, and strengthen employee retention.[12] As HR leaders advance their talent intelligence approach with additional tasks analysis in 2025, they should consider:

Engaging skills solution providers

Engage with your HR technology provider's customer success or account team to understand how tasks are considered and factored alongside skills in their operations and future product vision.

Redesigning job architecture efforts

Examine how jobs are currently structured across roles and functions and what flexibility and adjustment considerations may be required as technology augments workflows.

Forecasting with workforce planning

Evaluate how both concepts of skills and tasks are considered in forecasting future workforce needs.

Reflecting on learning and development

In parallel to job redesign efforts and adjustments to workforce planning forecasts, consider how L&D can support upskilling within and reskilling across career paths.

Work tech will tailor individual user experiences with data on their preferences and personal style.

More and more of the workforce is becoming comfortable with using GenAI in their daily work, from prescribing meeting agendas and talking points to transcribing meeting minutes. The use of generative capabilities in work technology to automate routine and tedious tasks is now commonplace just as it is within HR tech applications. From observing successful past outputs to improving prompts, work tech is advancing how to better support human users. As workers continue in 2025 to refine and advance their use of GenAI capabilities in work technology, so too will their user-specific data be used to personalize their preferences and representations.

Work tech becomes more "human"

GenAI has fostered exponential growth in the volume, variety and velocity of data in recent years. As large language models become a standard source of knowledge for executing work, they will likely become increasingly tailored to the style, tone and preferences of individual users. As examples, augmented writing tools can offer sentence completion suggestions or chat responses based on the specific language and mannerisms of a given worker, and the increased use of avatars in digital spaces present opportunities to reflect worker likeness via prompts and suggested responses.

> As large language models become a standard source of knowledge for executing work, they will likely become increasingly tailored to the style, tone and preferences of individual users.

Preparing for workers' increased digital presence

As work technology becomes more human in 2025, HR organizations and workforces should consider how much personalized likeness and other personal data is useful—and what to do with that information when a worker leaves an organization. To prepare for work technology's increased personalization of the workforce, HR leaders can consider:

Labeling GenAI content
Explicitly note when AI was used in creation of content with digital watermarking or other methods of provenance verification.

Maintaining cybersecurity standards and training
Ensure the cybersecurity practices of providers that engage with worker images and likenesses are equipped to safeguard against identity theft and the creation of deepfakes.

Staying aware of personal identity regulations
Remain vigilant amid developing personal identity regulations, stay in touch with relevant providers when new rules and laws are enacted.

Workforce experience will emphasize microcultures to target agile change.

Efforts to quantify the employment value proposition can provide invaluable insights into the workforce experience of a given organization, and annual talent surveys can bolster those insights at the macro level. But organizations aren't monoliths. Instead, they're composed of microcultures that can vary at the department, office location and team levels.

In Deloitte's 2024 Global Human Capital Trends report, 71% of survey respondents indicated that individual teams and work groups were the best place to cultivate culture, fluidity, agility and diversity.[13] With a divergence of microcultures within an organization, workforce listening tools—including surveys, focus groups, and active and passive experience-gathering tactics—will likely increasingly report on culture metrics at the macro- and microlevels in 2025.

Culture is influenced at the microlevel

By taking a granular approach to cultural assessments, HR leaders can reassess how culture is presented within each team or department. Microcultures represent variations in workforce experiences brought on by changes to work location arrangements, workforce composition, and the nature of the work being done by teams or job functions, and they can yield powerful insights into an organization's overall culture.

An ideal approach to understanding microcultures is to concentrate on the work being done and the workers doing that work at the team level. HR technology solutions can help team leaders respond faster and shape the microcultures of their teams through natural language processing and sentiment analysis. These tools can highlight and provide recommendations for leaders to adjust where, how and when team members execute and collaborate to better meet work requirements and enhance worker engagement.

> Microcultures represent variations in workforce experiences and can yield powerful insights into an organization's overall culture.

Surfacing powerful insights on microculture

Most organizations have already invested in workforce listening practices and enabling solutions, and team-level data is often already available. Rather than waiting for regional or department-focused reports, HR leaders can prioritize delivering insights to relevant team leaders and managers to influence culture at the operational level. These leaders should consider:

✓ **Focusing microcultures on work**

Look at team-level priorities and help shape microcultures by providing workers with the agency to determine where, how and when they execute and collaborate on work.

✓ **Embracing microcultures in talent processes**

Encourage senior leaders to promote transparency around microcultures as an opportunity to align on teamwide personality and preferences.

✓ **Continuously sensing microcultures**

Deploy workforce listening capabilities at the microculture level to provide information and feedback; this enables team leaders to immediately react to challenges or divergences from the broader values of an organization.

Embracing the intersection of humans and technology

The HR technology market continues to represent promises of innovation and work improvement—but those promises are contingent on factors including system complexity, workforce preferences, and greater macroeconomic and regulatory influences. The year ahead carries no shortage of uncertainty, but organizations can count on humans and technology interacting and collaborating to execute specific work tasks in a more integrated and personalized way than ever before.

By consistently sensing the way specific solutions evolve and work within the HR technology stack, HR leaders and teams responsible for these technologies can make that intersecting experience productive and comfortable for their workforce. The role of technology as a component of the workforce will continue to shift, and organizations must account for and communicate these changes to the workforce to realize the true value and potential of their tech investments.

As new technology continues to spark industry disruption, prioritizing ways to augment—and not displace—workers has proven to yield smoother and more effective tech adoption. HR technology is at the intersection of humans and technology for today's organizations—and that brings the challenge and opportunity for seeing the successful deployment and enablement of both.

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