TALENT INTELLIGENCE FUNDAMENTALLY SHIFTS HOW ORGANIZATIONS SHOULD MEASURE SUCCESS

As 2023 rang in, so did the hype over artificial intelligence, particularly with generative AI (such as ChatGPT). Seemingly overnight, the long-gathering buzz surrounding AI's applicability not only to the world of work, but also to business and everything else, became nearly deafening. AI has become seemingly pertinent to just about everything — and it probably is.

As more industries begin to realize the opportunities this rapidly developing technology presents to their operations and bottom lines, questions abound. Front-and-center among them is: where to start? In human capital management (HCM), the answer is, just about anywhere. We see vendors applying AI to their solutions for payroll, scheduling, employee self-service, performance management, benefits administration — the list goes on. Name a subdomain of HCM, and there's likely an angle that makes sense for AI.

Coming into focus with this growing and fertile ground for the use of AI will be an ever-growing necessity to rethink how we measure and benchmark success for the deployment of the latest innovations in software for HCM.

For an analogy, let's look back to the days, decades ago, when automation of operational HR had just barely become a possibility. Before this, during what 3Sixty Insights calls the Paper-Lithic Age, success in HCM often amounted to measuring how much administrative work the team could complete manually over the course of an hour, day or week. Enter automation, the technological innovation du jour of its day, and the aforementioned measurement of productivity suddenly became meaningless: an indication of inefficiency no matter how fast the team could work. To an ever greater and more fundamental degree, AI will upend many, many key performance indicators that leaders in HCM have for decades relied on as objective measures of success. These KPIs simply won't equate to success anymore.

Coming into focus with the growing and fertile ground for the use of artificial intelligence in HCM will be an ever-growing necessity to fundamentally rethink how we measure and benchmark success for the deployment of these latest innovations.

AI and Traditional Metrics

Over 10 years ago, the Center for American Progress found that the cost of losing a seasoned professional can be as high as 213 percent of the lost person's salary. The true cost of voluntary employee turnover is estimated around $1 trillion annually. Meanwhile, the U.S. Bureau of Labor Statistics' latest Job Openings and Labor Turnover Survey

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AT A GLANCE

Solution

Eightfold AI

Synopsis

This analyst insight explores the significance of new functionality deployed this year by Eightfold AI. The vendor's people-centered platform stands out in a crowded field of innovations in artificial intelligence. Employers that deploy Eightfold transform their talent acquisition and talent management into something entirely new: talent intelligence. With this comes a commensurately fundamental effect on indicators of success. The key performance indicators of the past just don't capture the benefits, and 3Sixty Insights recommends that employers fundamentally rethink the calculi they rely on to measure success in the future of work.

estimates nearly 10 million job openings across the U.S., but with the hire rate at only 4 percent. Translation: much money is probably being wasted on external hiring. It's good business sense, when a role opens, to investigate whether an internal candidate has the skills or could develop the skills to meet that new need.

As a concept, retention as a cost savings is nothing new to any industry. Neither is the innate efficiency, the further cost savings that internal talent acquisition brings. And, when AI improves retention and helps reduce external hiring, measures of success are straightforward — fewer dollars spent backfilling roles suddenly left open by otherwise avoidable attrition, external hiring costs decreasing because it's only done when the organization absolutely knows it's necessary.

> You can be effective in showing the value of AI in HCM to organizational leadership by sharing improvements in traditional KPIs — to a point. It's in getting from there to the future of work, however — where AI plays a definitive role — when things begin to fall apart for the uninitiated organization stuck in measuring success in only the old ways.

Customer Voices: Box

Nearly 100,000 companies, including 69 percent of the Fortune 500, are customers of file sharing provider Box, and those numbers are growing — so it's important for Box to attract the best talent to help it focus on delivering innovation to organizations across the globe. Bernardo Sosa, senior recruiting manager, and Lucy Tran, manager of recruiting programs, assessed Box's technology stack. When evaluating what elements Box needed to obtain or optimize, they prioritized Box's career site, where the team handles the company's activities. Although their current system for candidate relationship management (CRM) featured many bells and whistles as a customizable platform, its vendor wasn't providing the level of support Box needed.

"We were missing the relationship piece," says Tran. Sosa and Tran realized that Box needed a tool that provided good candidate rediscovery of their applicant tracking system (ATS). They had a good product in Greenhouse's applicant tracking system (ATS) but wanted to use AI to provide that missing rediscovery piece so they could match previous applicants to open positions. It was time for a new vendor to close that gap.

Eightfold, as a pioneer in AI, was recommended to Sosa and Tran to help them leverage their ATS career site's full potential, and the company was added to the list of partners Box explored. In 2021 the two future partners began talking, and Eightfold had the ability to integrate with Box's ATS. "We were really excited about that and how it tied back to our employment branding," says Tran. With Eightfold, Box was able to explore how AI would mesh with their existing system. "We got the level of support we needed when it came to matching our needs," she says.

Box wanted to hire people with more speed and agility, and the option of resurfacing talent they have a record of could reduce recruiters' time to hire and fill roles. The implementation happened just seven months prior to the publishing of this report, so Box was still exploring how to utilize Eightfold's Talent Acquisition solution at its fullest capacity — but so far, the team has been able to be more thoughtful of

their nurturing talents and where to find candidates with fewer steps, while Eightfold has shown a clear willingness to work with Box's needs.

"We're thinking about the holistic picture," says Tran of her team's intentionality in hiring since implementing Eightfold's solution. "And in the first few months, we've made some really solid hires."

These are the evergreen KPIs that make sense to traditionalists. You can be effective in showing the value of AI in HCM to organizational leadership by sharing these KPIs — to a point. It's in getting from there to the future of work, however — where AI plays a definitive role — when things begin to fall apart for the uninitiated organization stuck in measuring success in only the old ways.

Rethinking How We Measure Success in the Future of Work

Take internal and external talent acquisition. It's the blending of talent acquisition with talent management. Where talent intelligence platforms do their work, this intersection in HCM presents one of the most intriguing and promising business applications for AI. Think skills-matching and talent marketplaces. Solutions such as Eightfold's upend the fundamental, historical ways that hiring organizations have measured success. Talent intelligence opens new doorways for measuring success in new ways that may seem counterintuitive to an organization fixated on tried-and-true KPIs.

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Organizations already measure the cost savings that a need for less external recruiting brings. That's traditional. But what happens those times when external recruiting is indeed necessary? Recruiters have traditionally measured their own success as an increasing volume of incoming job candidates, for example. Because of its AI-powered skills-identifying and skills-matching functionality, however, a company that uses technology such as Eightfold's may consider itself successful by seeing fewer candidates for open roles. How does a smaller candidate pool equate with success? Two major factors: cost savings and higher quality talent. The candidates are far better matches and of far better quality. (Never mind that the system may find a potential internal-hire match for the organization, thus sparing the employer recruiting costs in the first place.)

AI: The Now-Indispensable Ingredient for Identifying and Developing Higher-Caliber Talent Competitively

It's become an imperative. When multiple companies are filling workforce gaps, no firm can afford to delay in identifying and developing a relationship with the best people to round out their teams. Historically, HR was built around processes; in the modern work climate, that focus must shift to people — and it is shifting in this direction, indeed. In any industry today, part of HR's charter is to identify exceptional people who are good matches for the organization. With deep-learning AI, they can screen these people, reduce bias, enable smooth relationship management, and provide a

About Eightfold AI

Provides: AI-driven software that helps organizations retain top performers, upskill and reskill their workforce, recruit talent efficiently and achieve diversity goals

Based in: Santa Clara, Calif.

Employees: ~600

Countries served: 155+

Synopsis: Eightfold provides the industry's first talent intelligence platform for enterprises to address talent acquisition and management holistically.

Eightfold AI's platform is built upon three pillars:

- Believing that people are every organization's greatest asset and therefore placing them at the center. All people are aggregated, from applicants to alumni, across different point solutions to create a comprehensive talent network.

- Using data to provide intelligence on what people are capable of, rather than only tracking what they have done in the past. This allows organizations to more effectively match people with the right opportunities.

- Using AI to continuously learn from enterprise and individual performance. This drives the prediction of future roles, performance and career alternatives.

Eightfold AI: Internal and External Talent Acquisition Designed for Inclusion

While yesterday's recruitment processes screened candidates out, today's are designed for inclusion. In April 2023, Eightfold AI announced that advances in generative AI-based large language models had led to the creation of two role-specific Talent Intelligence co-pilots that offer superior text generation capabilities and stronger language understanding to help in talent management. Generative AI is already impacting and improving the way work is being done, providing insight into which roles are changing and using that data to help enterprises better plan their workforce. Eightfold's solutions are empowering faster and more insightful decision-making for talent development leaders, helping enterprises architect an agile workforce.

The new recruiter co-pilot assists recruiters in their talent acquisition journey by using natural language interaction to help with interview scheduling, send candidate reminders, generate a job description and consolidate insights across the platform. AI can reduce the time to review CVs and identify candidates ready for the next stage, and recruiters can focus their first conversation not on evaluating past experience but on determining the best fit with the organization's culture, leading to better hiring success. The employee co-pilot assists in aggregating career insights, identifying career education opportunities and helping employees discover career options available to them within the organization. AI can reduce the time to review CVs and identify candidates ready for the next stage, and recruiters can focus their first conversation not on evaluating past experience but on determining the best fit with the organization's culture, leading to better hiring success.

positive employee (or pre-employee) experience. The enterprise benefits when recruiters and others within the organization have access to the right data for effective evaluation of external and internal candidates, which is supported by AI's algorithms that analyze potential employees' skills and experience. To get this insight, these stakeholders need a single view of talent across the enterprise, allowing HR leaders to drive retention and guide skills development.

Understanding Success in the Future of Work Requires a Shift in Mindset

To recognize success in the future of work, an employer must alter its mindset. For years now, AI has been simplifying and streamlining everything, from job postings to screening résumés to scheduling interviews and more. In doing so, AI has been enabling HR leaders to focus their time and resources on leading people rather than leading the completion of paperwork. Complex, intelligent automation is still automation. It makes sense and lends itself to traditional mindsets in how to measure success. The next logical step for organizations that are already mature in this way is to ratchet up their use of AI for finding and hiring, internally or externally, the right new members for their team. To attempt to do so without AI is labor-intensive, not to mention inefficient; that's the easily understood and measured part. Much in the way of savings is usually at play: the system may find a potential internal-hire match for the organization, thus sparing the employer recruiting costs in the first place. It's not too much of a stretch to posit that this newly promoted existing employee may decide, because of the development, not to leave.

To recognize success in the future of work, an employer must alter its mindset.

The trick — and competitive advantage — will come to those organizations smart enough to understand the subtleties in measuring the KPIs leading to those savings. Think clichés: Bigger isn't always better, as they say. Less is more. The organizations that

recognize the shift will stay the course and reap the greatest long-game benefits of talent intelligence platforms and the future of AI these comprise.

AI Innovation Further Amplifying the Need to Rethink KPIs

LinkedIn's 2018 Global Recruiting Trends report found that 67 percent of recruiters and hiring managers saved time by using AI. And, as we have shown, time savings constitute only the most readily apparent benefits. The latest advancements in talent intelligence will only amplify a necessary and fundamental rethinking of KPIs' relationship to traditional measurements of success in business.

Eightfold's Data-driven Skills Development for a Future-Ready Workforce

To meet a growing need for speed in competition for candidates, Eightfold AI launched a new solution in May 2023 for enterprises to analyze, forecast and future-proof their workers by assessing skills and resourcing gaps in real-time. "The speed at which business is evolving is too great for anyone to manage alone: our platform translates massive amounts of talent data into a blueprint for what skills a business has today and will need tomorrow," said Ashutosh Garg, CEO of Eightfold AI, in the related press announcement about the new solution to help business leaders be proactive rather than reactive to workforce changes.

A McKinsey & Company report found that HR is most successful when moving to a skills-based approach to hiring that assesses candidates based on holistic skill sets rather than just industry experience or credentials. In addition, enterprises must facilitate internal moves

The trick — and competitive advantage — will come to organizations smart enough to understand the subtleties in rethinking the key performance indicators AI drives in leading to traditional measurements of success in business. Think clichés: Bigger isn't always better. Less is more. The organizations that recognize the shift will stay the course and reap the greatest long-game benefits of talent intelligence platforms and the future of AI these comprise.

Leveraging AI to Meet Goals in Diversity, Equity & Inclusion

From halo effect to status quo bias to affinity bias, some form of hiring bias has been nearly impossible for recruiters to avoid in the past, preventing organizations from embracing change, encouraging innovation and ensuring diverse perspectives and experiences. Yet today, AI can reduce or even eliminate bias and create more equitable hiring practices, from program design of bias-free algorithms to the ability to evaluate and build an entire pipeline of candidates. Moreover, AI can help create more accurate job postings that are effectively advertised to the right prospective employees. Where many applicants, especially minorities and women, may undersell their qualifications, Eightfold's explainable AI shows people the jobs that are relevant to them, boosting their confidence. When AI screens applications using bias-free software, candidates are judged purely on their skills and experience, leading to recruiters getting the best talent possible. When recruitment decisions are based on data and credentials and not bias, organizations have an opportunity to recruit the best employees based on their genuine potential.

To adhere to DEI goals, enterprises should leverage bias-free algorithms and tools. For instance, Eightfold AI's Talent Acquisition solution is designed to deploy real-time diversity analytics to mitigate bias, measure equity efforts and increase diverse hires. Recruiters can review masked profiles of candidates that lack personal information ranging from gender to ethnicity, guaranteeing a focus only on applicants' current qualifications and their future skills potential.

Eightfold AI: Improving Traditional KPIs in Talent Acquisition

Users of Eightfold AI's talent acquisition solution have reported increases in application completions, email open rates and minority hires, all by using technology and data transparency that can help transform recruiters into talent advisors. When AI improves accuracy in matching candidates' skills to the right roles where they're most needed, applicants can be motivated to improve their skills, and the aforementioned stakeholders have more time to identify or create professional development opportunities to upskill current talent.

Making the World of Work Feel More Human with AI

As paradoxical as it sounds, AI enables a more personal talent experience for both hirer and hiree. Quality of hiring improves when candidates have a smooth recruitment process supported by AI that can communicate with candidates at any hour. Even outside business hours, AI-powered tools continue messaging with candidates about topics such as compensation expectations, creating a smooth, responsive experience. The ability to apply in just a few clicks is a final boost to an efficient process, a nice counterpoint to practices of the past.

to respond faster to new demands; organizations can be much more agile when they have insight into skills both needed and possessed internally, as well as when they can provide growth opportunities to help ensure retention. AI can also help organizations find adjacent skill pools for in-demand roles and to help with skill-building.

For example, Eightfold AI's Talent Management solution's Career Hub capability has been helping organizations strategically develop their employees' skills beyond current roles, creating portfolios relevant to both current and future roles. AI-powered algorithms match every employee's career goals with opportunities to achieve them, with this skills-matching completed in real time and at scale. Backed by data, these talent initiatives are built upon equity and focused on growth. This AI-enabled mapping of opportunities to skills reflects HCM's shift away from hiring for fit and toward hiring for potential, pairing candidates with the jobs holistically best matched to them.

> 3Sixty Insights sees AI reaching ever greater levels of maturity very quickly in enabling organizations to increase effectiveness, productivity and talent success. In what McKinsey & Co. has dubbed "The Great Acceleration," organizations will continually need to update business models and increase their use of technology such as AI and machine learning.

Looking Ahead

With the help of AI-powered talent intelligence, HR leaders can obtain insights on people and industry talent trends; understand which skills will become more or less important in the wake of market disruptions; capture talent plan progress; and identify the talent to attract, engage, upskill and re-deploy current employees into future roles. AI's evolution in these areas will continue at a breakneck pace. In what McKinsey & Co. has dubbed "The Great Acceleration," organizations will not only have to update business models continually, but also increase their use of technology such as AI and machine learning.

Customer Voices: Faurecia

As a company of FORVIA group, France-based Faurecia had already expanded to become a top 10 global automotive supplier with over 113,000 employees in 33 countries. But mobility is evolving quickly. In order to meet its goals of developing technologies for safe, sustainable, advanced and customized mobility that meet the growing automotive challenges of today and tomorrow, Faurecia needed assurance that they could hire, upskill and retain highly skilled engineers, researchers and designers in addition to high-quality managers, analysts, controllers, specialists and more. Beyond this, diversity, equity and inclusion (DEI) is a core component of Faurecia's workforce and culture, which meant that reducing bias in its HCM was paramount.

Faurecia was already leveraging technology for success, from its 1,100 automated guided vehicles (AGV) in its plants to its over 2,500 smart robots to its data-driven analysis systems. It was time to similarly invest in the right technology for HCM success to ensure that its workforce was keeping up with Faurecia's digital manufacturing transformation. "We're a great company, and that means recruiting great talent, and enabling them to continue growing once they've joined our organization is our priority," said Faurecia Executive Vice President of Group Human Resources Jean-Pierre Sounillac in a joint press announcement with Eightfold. For this, data and skill-building was needed.

Enter Eightfold AI. Faurecia leveraged Eightfold's solutions to further modernize its hiring programs and AI-powered employee experience, creating a consistent global experience in its talent operations while upskilling current employees. By leveraging insights into job postings, candidate profiles, compensation trends and other metrics, Faurecia was able to make more informed decisions and develop strategies for recruitment and retention. "Their strategy to become a skills-based organization will serve as the model for future-ready organizations going forward," said Eightfold AI CEO and Co-Founder Ashutosh Garg in the same press announcement.