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## **Boundaryless HR services:**

A new discipline for  
delivering HR value

In today's world, organizations need to be redesigned for speed and agility to compete and meet the demands of the market. The pace of change is accelerating due to new customer expectations, technological innovations, the democratization of information, and the accelerated threat from competitors. Against that backdrop, the workforce has taken on an entirely new shape, with workers expecting more flexibility and even challenging the very definition of work.

For HR leaders seeking to support such agility, rigidity is a liability. HR organizations need to work faster and smarter. They may struggle if they remain bound by old assumptions about the nature of work.

Don't let one-size-fits-all operating models define the value that HR is able to deliver. Take a [boundaryless approach to HR](#) instead—

moving or erasing the boundaries that ordinarily exist between the organization and its workforce; people and technology; HR and other functions; and the organization and the ecosystem of service providers with whom it is engaged.<sup>1</sup>

This way, HR leaders can create the agility to proactively direct work where it makes the most sense. It's a fresh approach that lets HR functions—and those who run them—not only stay as efficient and cost-effective as possible, but also innovate and create greater value for both the business and workers they serve. And this is important, as Deloitte research shows that many executives believe HR's value is lagging.<sup>2</sup>

As HR leaders often feel pressed to do more—add more value, in more ways, for more stakeholders—dissolving the boundaries between HR and external service providers can free up capacity and drive new capability. A boundaryless approach can also connect HR strategy and operations, enabling HR operations and its data to inform strategy and enabling the two to work together to support a continual journey of transformation.

Here are four strategic choices chief human resources officers (CHROs) should consider making to get started on a boundaryless approach when it comes to delivering HR services—everything from employee benefits and payroll to workforce experience management to onboarding and offboarding—that can emphasize early wins and accelerated value delivery.



## Where work gets done

A boundaryless approach to HR involves moving work to the most logical place, regardless of where it was performed in the past. The HR service provider ecosystem, for example, has expanded its capabilities. It may be time to redraw the line between services that are outsourced and those that are kept in-house.

That's what a wholesale beverage distributor did with its payroll function. Faced with capacity challenges and skill gaps, the distributor shifted work to the provider who managed the company's cloud-based human capital management (HCM) platform. The move was seamless because the provider was familiar with both the technology and

the business processes associated with the distributor's payroll. It also positioned the HR team to evolve for the future by allowing them to tap into their vendor's leading-edge tools, expansive data sources, and hard-to-source talent.

A technology giant also utilized similar tactics after it decided to spin off one of its divisions. The soon-to-be-independent division began implementing a new HCM platform to replace the one it would lose access to once the transaction was complete.

In the past, the parent company had struggled to keep up with new releases of its HCM software, which kept the company from realizing the system's full value. A new system and sense of ownership offered the chance to do things differently. At the same

time, leadership worried about the division's HR team having to deal with implementation hiccups on top of all the other work associated with the business separation.

The solution was to bring in a partner who could perform application management services, business process outsourcing, and data analytics services for the duration of the transition—ultimately selecting a provider who operated the HCM system end to end, supported HR processes, and supported payroll processing in 22 countries. They also enabled the new system's analytics and workforce listening capabilities so that HR professionals had a steady stream of insights to inform their work, workforce, and workplace decisions, thereby helping dissolve the boundaries between strategy and operations.

## Thinking to the future

Traditionally, HR leaders looked to external service providers to perform transactional HR work or manage their systems, often with an arm's-length relationship. Increasingly, however, organizations are working with outside entities to be true co-creators and partners to accelerate their journey to value and innovation, working hand in hand in a seamless relationship.

And whereas HR leaders may have had multiple partners specialized in different transactional areas in the past—some for application management services, for example, and others for performing related HR business processes—many providers are now stepping up to be an organization's end-to-end journey partner. These providers orchestrate an entire ecosystem of services on behalf of an organization to help it scale fast—including integrating activities such as managed application services, business process outsourcing, data and analytics, and strategic advice.

## What work gets done

Internal or external, HR services are usually expected to deliver efficiency and cost reduction. But the benefits needn't stop there. By lifting limits around the scope of services you can expect from an external provider, you can break HR free of its transactional role and move it up the value chain.

Take technology as an example. Ongoing management and maintenance are necessary but insufficient to fully leveraging digital HR capabilities. When you erase the boundary between operations and strategy, you can get a solid pulse on your technology vendors' product roadmaps, be more prepared to deploy new capabilities, and quickly integrate them into enhanced business processes.

A multinational auto manufacturer realized it needed more than operational know-how when it sought a technology solution for complying with the European Union's Posted Workers Directive. Designed to protect the rights and working conditions of employees on international assignment, the directive requires a significant amount of pre-travel documentation. Compliance is further complicated by the relatively short lead time involved and the fact that each EU member state has implemented the directive in slightly different ways.

The company engaged a cross-functional team to build a system that employees could use to submit their travel information. The team chose a cloud-native deployment so the application management services provider could maintain high system availability and ensure all transactions (i.e., business trips) reached authorities within mandatory time frames. The same team also designed the solution to reflect the

nuances of compliance in each EU country—from proof of social insurance coverage to permanent establishment, economic employer, and payroll taxes—so HR could empower not just business travelers but also other processes within the company.

Although shared services centers are often seen as a cost-saving measure, they, too, can be more than transactional engines. Facing significant cost pressures, a regional hospital system is working to provide back-office services for finance, supply chain, and HR. It is engaging providers to support with change management, digital transformation, and application management services across all functions by taking a boundaryless approach, along with cloud-based business process outsourcing services for the HR team specifically. These services are valuable enough that the shared services center can charge back for its work, initiating their program to create a profit center within the organization.

## Thinking to the future

How far up the value chain can external providers go in helping an HR organization achieve its strategic goals beyond efficiency and cost optimization—the traditional playing field for external providers? Very far indeed, if we free ourselves from the mindset that clearly separates the boundaries between HR and its ecosystem of service providers.

Many HR leaders, for example, turn to external consultants to provide strategic advice for their top business priorities—bringing in consultants on a short-term, temporary basis to provide expertise on everything from future of work to strategic workforce planning to crafting a compelling workforce experience. But such strategic advice can be provided on an ongoing, real-time basis by long-term service providers as well—and can often be bundled together with operational and technology services too.

An external service provider could run and manage an organization's Future of Work office, for example, providing ongoing strategic advice, support, services, and technology to create a compelling virtual work environment, or redesign roles in the organization in light of artificial intelligence (AI). Or instead of turning to an external consultant to provide advice on creating an effective strategic workforce planning capability, an HR organization could turn to a service provider to not only gain the advice and specialist expertise, but also operate and implement strategic workforce planning on an ongoing basis. This can be an effective way to use external service providers to quickly achieve strategic goals, with the additional bonus of learning from the service provider along the way so that, eventually, the HR organization itself can take over and perform the activities when and if it desires.

## Who does the work

So far, we've talked about removing boundaries between different groups of people. But what about the ones between people and technology? Analytics and AI have now advanced to the point where it's possible to blend human and digital workers to enable the entire operating model, from employee learning and engagement to information-driven HR business partner capabilities.

A federal agency started down this road after its HR team found itself grappling with poor-quality outputs and long turnaround times. The system that supported the team was not only outdated but also tightly paired with legacy interfaces, forcing the HR staff to rely on error-prone manual workarounds.

The result was complicated, costly HR processes with little to no transparency for customers.

To help with this situation, the agency's service provider developed a modernized, cloud-based solution for employee onboarding and orientation. The provider hosted the new solution on the government's secure cloud platform, reducing maintenance costs and limiting agency overhead. Then it deployed a digital agent workforce to carry out roughly 40% of the workload. New employees gained an intuitive interface, HR professionals could focus their efforts on complex cases, and all stakeholders—including new hires, HR specialists, help desk workers, and quality-control personnel—could check on the progress of their tasks seamlessly.

## Thinking to the future

When it comes to who does the work, organizations are achieving greater agility, access to skills and expertise, and cost-effectiveness by seamlessly blending a whole ecosystem of resources that can perform the work—including digital agents, full-time employees, partner organizations, and external workers such as contingent, contract, or gig workers. While 86% of executives say that effectively managing this blended workforce ecosystem is critical to the organization's overall performance,<sup>3</sup> only 16% say they are ready to capitalize on this trend.<sup>4</sup>

Managing a blended workforce can be challenging and complex; thus, many organizations are turning to their service providers for help. These service providers can provide the strategic insights, analytics, and advice to determine who is best positioned to perform the work—human or digital worker; employee, service provider employee, or external worker—and ensure seamless integration and tracking toward optimal outcomes. Service providers can then tap into a curated network of contingent and contract workers, staffing agencies, subcontractors and boutique specialist firms, the latest digital agents, and their own workforce to perform the work—all while taking on the complexities related to risk and compliance, technology and data integration, and orchestration of a variety of different sources that perform the work.

## How the work gets done

In today's world of work in which transactional work can increasingly be automated, strategic decision-making based on insights gleaned through data and analytics are at a premium. Such insights enable HR leaders to spot what changes need to occur and keep them on track for achieving them. This is the new how of work—one in which work is less based on performing administrative tasks that can be increasingly performed by applied AI, and more based on the human capabilities needed to make judgment calls and continuously improve informed by a steady stream of data and analytics.

HR leaders can lean into new relationships with service providers to help—many of whom are already managing the systems that produce this data. Consider the experience of a large pharmaceutical and biotech company that was dealing with significant market disruption. Its top-selling drug was going off patent while its latest blockbuster drug candidate remained under review by the US Food and Drug Administration. Intent on retaining employees during this sensitive time, the company asked its HR service provider to help it understand what was driving employee attrition so HR could implement specific interventions.

The provider developed a retention predictive model based on data from

the company's human resources information system. Working with the model, the provider's analysts scored each employee's risk of voluntarily leaving the company, then identified top risk drivers at the individual level to customize interventions. The analysts discovered that a modest 1% retention improvement would yield the company \$19 million in cost savings. On top of that, the new analytics framework replaced six older analytics solutions, saving the company another \$750,000 or more per year.

## Thinking to the future

Soon, service providers may provide data and analytics as a seamless part of any engagement to manage an organization's systems or processes. Service providers that already manage an organization's systems and processes are in an ideal position to mine the data in those systems, combine it with other data sources such as labor market or competitive intelligence data, and provide ongoing insights and analytics to inform strategic decision-making. In this scenario, the boundary between operations and strategic HR decision-making dissolves.



## Meeting a dynamic new environment

Although every organization's journey to boundaryless HR is unique, the strategic choices that are required for launch remain consistent. They include the where, what, who, and how of HR service delivery.

Boundaryless HR means taking advantage of every available tool to meet the full suite of workforce needs—from the simplest transactions to the most strategic value-adding policies, programs, and decisions. It's a model that goes beyond traditional outsourced services into a world of integrated outcomes tied to business strategy. Along the way, it provides innovative, fit-for-purpose solutions that allow organizations to operate with greater agility and control.

Getting these results requires a change of mindset more than anything else. For years, organizations have considered service providers to be providers of labor—tapped to either decrease costs or access specialized skills. But they can be far more. Challenge your providers to break free of traditional boundaries and see what happens. Test their ability to increase HR value creation—by providing integrated labor, digital workers, technology, data and analytics, and advice on a continuous basis; by integrating services within and beyond HR; or by providing ongoing strategic advice on some of HR's most important priorities. By making them your partner along the HR journey, they can orchestrate a vast ecosystem of resources to help HR achieve not only better business outcomes, but also better human outcomes.



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#### References:

1. For more on a boundaryless approach to HR, see: Kraig Eaton et al., [From function to discipline: The rise of boundaryless HR](#), Deloitte Insights, February 5, 2024.
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4. Sue Cantrell et al., [Unlocking the workforce ecosystem](#), Deloitte Insights, January 9, 2023.

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