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Asia-Pacific Human Capital Management Software Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 120 pages | Mordor Intelligence

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Report description:

The Asia-Pacific Human Capital Management Software Market is expected to register a CAGR of 6.7% during the period 2022 - 2027. Many companies are onboarding HCM vendors who provide robust and reliable software solutions to increase workforce productivity. Organizations are increasingly adopting strategies to focus on their employees to offer them comparatively better growth opportunities at their organizations.

Key Highlights
The employee's mobile-centric internet usage patterns are persuading the enterprises to deploy the mobile application for extending the employee management functions to enhance the culture, i.e., people management, thus providing growth prospects to the HCM vendors. As several companies have had the same HR software for over seven years, which needs to be updated to stay on par with the market, such factors are expected to influence the growth of the human capital management software market.
Internet usage shift from browser to a mobile phone is influencing the HCM vendors to develop mobile applications based on their web-based systems. It is estimated that approximately 40% of candidates apply for jobs through mobile phones, and more than 60% of all online video is now consumed on a mobile device. Also, according to Aruba Network's survey, a networking giant, 64% of employees believe using mobile devices made them more productive.
In addition, mobile apps offer features like embedded video, gamification, and analytics are contributing to enhanced employee onboarding and engagement. This persuades the enterprisers to use mobile-based HCM. Companies providing HCM through the cloud (SaaS) are expected to have huge growth opportunities, considering the end users' on-premise to cloud migration trend. Cloud computing giants like IBM and Microsoft are expected to increase their SaaS offerings during the forecast period, anticipating cloud migration and adoption. This push from the vendors contributes to the growth of the cloud-based HCM software market segment.

However, Data Security is a major concern after the implementation of HCM software. The software must prevent unauthorized access to sensitive and confidential data. Multiple levels of security must be put in place, hampering the market growth.

APAC Human Capital Management Software Market Trends

Cloud to dominate the market

The feature-richness, ease of use, and data capacity characteristics of the cloud-based applications drive cloud adoption across all enterprise application solutions, of which CRM and HCM were the first to be taken to the cloud. The cloud-based HCM solutions enable enterprises to make effective employee engagement tools leveraging social media integration and other APIs for learning, coaching, and recruiting tools that disrupt the market.
Anticipating the growth in cloud adoption across enterprises, the HCM vendors also offer cloud-based solutions while continuing their on-premise offerings, but with a lesser focus on innovation than the cloud-based solutions. For instance, in South Korea, the sales revenue made with Infrastructure as a Service (IaaS) was around KRW 2.09 trillion, and the sales revenue for cloud services was around KRW 3.99 trillion in 2020, according to the Ministry of Science and ICT (South Korea).
The cloud-based deployment strategy has several advantages, including cost-effectiveness, ease and speed of deployment, and more agile software management and operations. By offering a single consolidated platform, the cloud platform aids the needs of globally distributed business units, driving organizations to migrate from on-premises HCM to cloud-based HCM software. HCM suppliers focus on providing SaaS-based software that helps cut costs and achieve higher ROI, given the demand for cloud software.
Most vendors anticipate transitioning from on-premises to cloud-based deployment, as on-premises deployment is more expensive and risky than SaaS-based deployment, which provides more flexibility and stability to most enterprises. Furthermore, it also limits capital expenditure and optimizes the return on assets. Thus, the transition to the cloud is an added opportunity for HCM vendors. It also reduces capital expense and maximizes asset return on investment. Hence, HCM vendors will benefit from the move to the cloud.

China is expected to witness significant growth opportunities in the forecasted period.

Increasing adoption of software to manage the entire lifecycle of employees coupled with the growing need to comply with government regulations is a critical factor responsible for driving the demand for software in the country. Further, businesses in China increasingly operate within a digital eco-system of government and supplier parties, facing a complex and ever-changing compliance environment, driving the need for HCM software solutions.
Companies are increasingly moving away from separate, localized payroll software or Excel and towards integrated HCM platforms that streamline multiple HR processes, often including onboarding, attendance, leave, claims, and possibly even areas like talent management and training. Such integrated HCM platforms offer a game-changing shift in how a company can manage its collective areas of HR internally and beyond the department and firm itself.
Due to the high number of variables involved, HR administrators often struggle to maintain complete accuracy and high levels of efficiency during the payroll process. An automated payroll system can assist HR administrators by centralizing all the employees' information in a portal. Further, during the COVID-19 pandemic, the HCM portal has an inherent advantage in managing HR and payroll for employees who work remotely. Since it integrates different processes relating to HR and payroll, the remote employee can be easily managed and self-serviced by following the pre-decided protocols set in the HCM portal. Hence, there has been a greater demand for HCM software in the country during the pandemic era.
Various companies have also been working on providing integrated solutions to the hospitality industry. For instance, Shiji Group's

Human Resources Management Software (HRMS) is one of the leading hospitality HR solutions in China, which provides an integrated solution to all hotel Human Resources operations, including HR, payroll, attendance, and staff meals. The company's HR solution is used by almost all domestic hotel brands and groups in China and is considered a standard for HR software.
In November 2021, Moka, a Chinese provider of software-as-a-service (SaaS) human resources services, announced the completion of a USD 100 million Series C financing led by Tiger Global Management, LLC. With the funding, the company plans to continue expanding into the HR sector by developing comprehensive SaaS-based HR solutions and investing in product innovation and enhancement.

APAC Human Capital Management Software Market Competitor Analysis

Asia-Pacific Human Capital Management Software Market is fragmented and has very few major players who have adopted various growth strategies, such as mergers and acquisitions, new product launches, expansions, joint ventures, partnerships, and others to strengthen their position in this market. The major players in the market are Cornerstone Ondemand Inc, Infor, Employwise Inc, SumTotal Systems LLC, and International Business Machines Corporation, among others.

January 2022 - AllianceHCM, human capital management (HCM) software provider, has announced its latest HR software product, an expense management platform that automates the recording, tracking, approval, and payment of reimbursable expenses incurred by employees. The solution allows the users to streamline the submission process by creating multiple expense line items from receipts.
November 2021 - Cornerstone, an adaptive HR solutions provider, launched a new product, Cornerstone Xplor, a new skills-based, AI-powered platform designed as an LXP, talent mobility, career, and skills platform, that has the potential to change the L&D landscape. The company stated that the Cornerstone Xplor has the potential to transform the HR Tech Market by combining the features of learning experience platforms, talent marketplace, career pathways, and advanced skills technology into one integrated system.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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