



State of HRTech 2024: Product & GTM Insights

This research from Q1/Q2 2024 examines company and employee trends, product feedback, and buyer behavior research into the sales, marketing & customer journey for more than 70 categories of HRTech, TATech & WorkTech.

www.aspect43.com

State of HRTech 2024:

Product & GTM Insights Report

Aspect43 is a boutique strategy firm that supports enterprise technologies, high-growth startups, media outlets, events, and investors globally across all areas of B2B SaaS. We specialize in working with investors and solutions focused on HR, Talent, and WorkTech; supporting over 400 organizations, from pre-seed startups to the world's largest enterprise technologies, service providers, events, and investors (Angel, VC, PE, Institutional) on six continents with GTM, Marketing, Product, Custom Research and M&A Strategy.

Each year, we research how shifting business and employee priorities, voice of customer feedback, and buyer behavior research are shifting the dynamics of the sales, marketing, product & customer journey. Including market movement, buyer interest, and market disinterest scoring for more than 70 categories of HRTech, TATech & WorkTech.

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State of HRTech 2024: Baselines

Our global research includes companies of all sizes; this report is based on our US and Canadian responses collected in Q1 & Q2 of 2024.

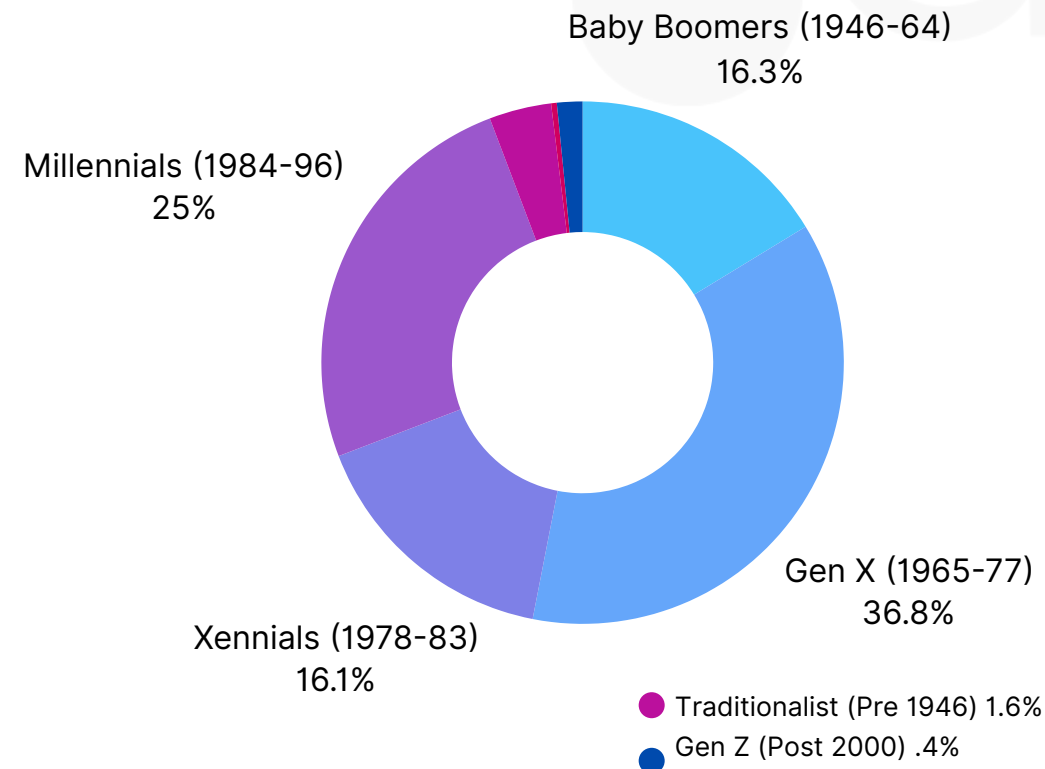
Industries Represented

- Bank/Insurance
- Business Services
- Construction
- Education
- Energy/Oil/Gas
- Financial Services
- Government
- Healthcare
- Hospitality
- Logistics
- Manufacturing
- Media/Entertainment
- Non-Profit
- Real Estate
- Retail
- Technology/Software

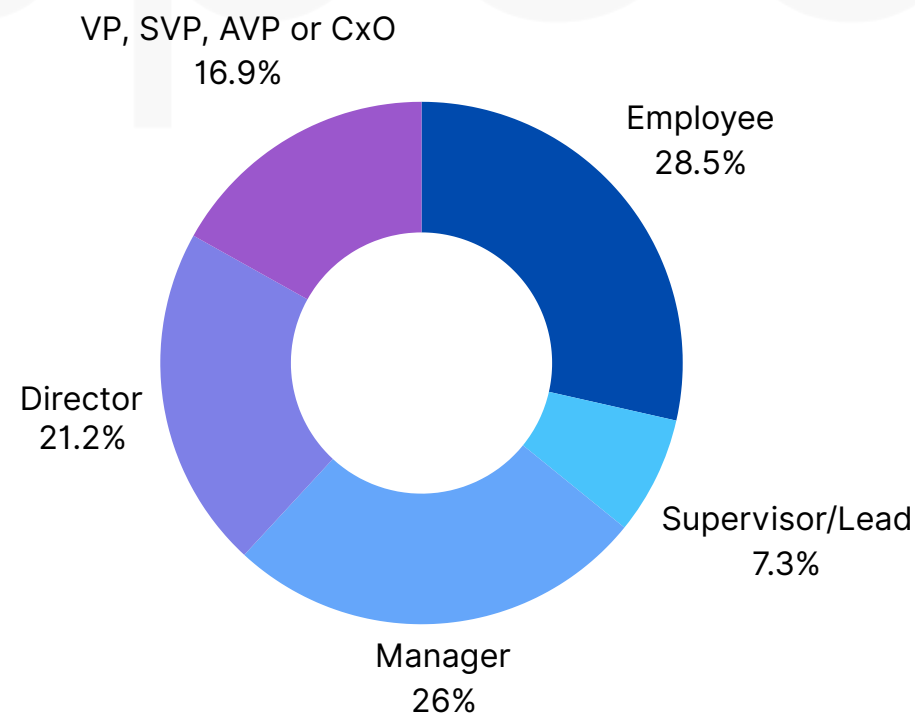
Departments Represented

- Accounting/Finance
- Administrative (Legal, Compliance, Operations, etc)
- Employee Experience
- HR (General)
- HR Analytics
- HRIS
- HR Ops/Talent Ops
- HR Shared Services
- Learning & Development
- Payroll/Comp/Benefits
- Sales/Marketing/Customer Service
- Talent Acquisition (Inc. Sourcing)
- Technology (IT, Engineering, Product)

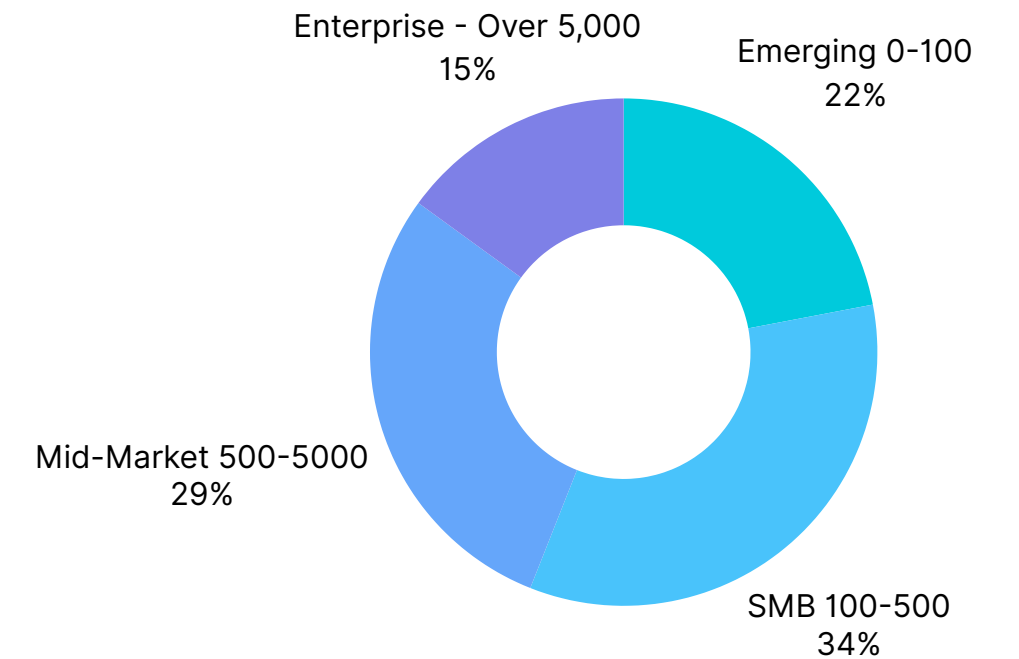
Generation Representation



Role Level Representation



Company Size Representation



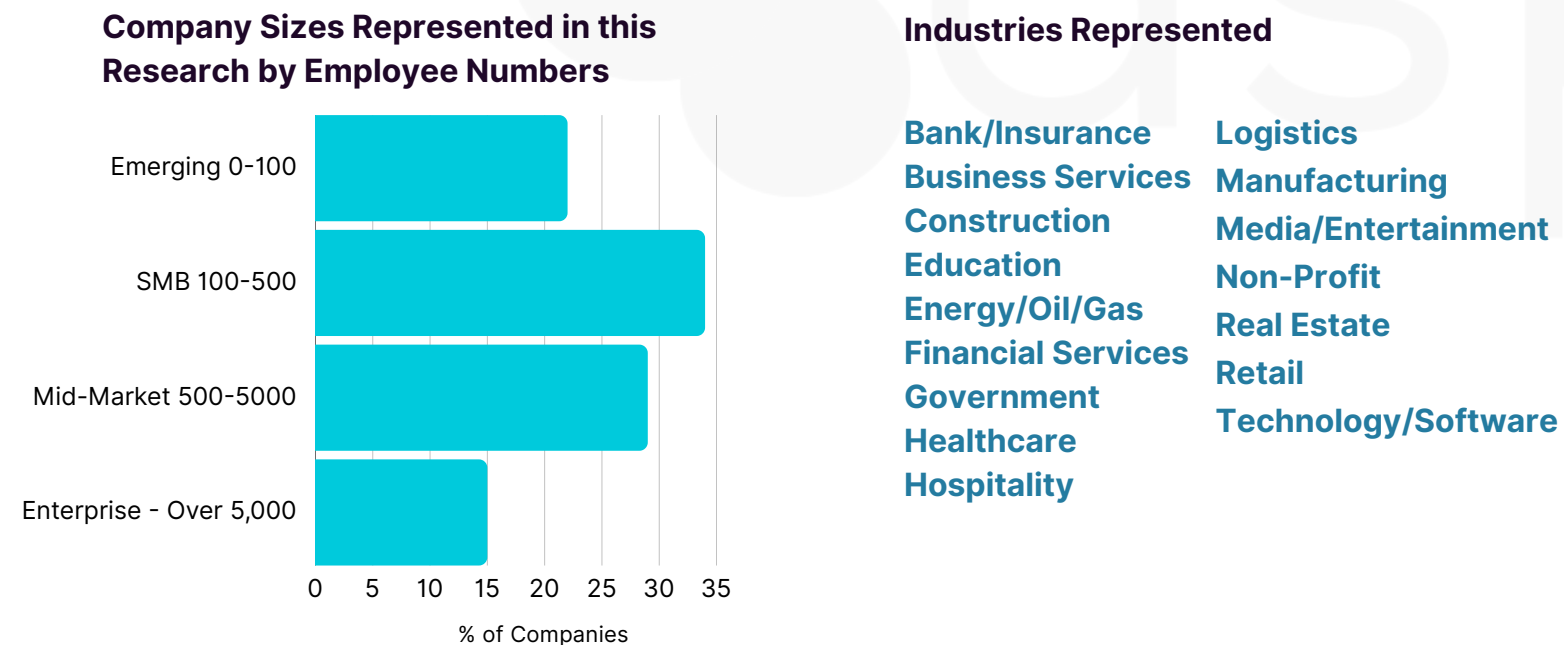


Section 1: Company Insights

Company Insights examines company-wide and employee priorities, concerns, and key trends. It includes baseline questions that are benchmarked yearly in the research and ones designed to gain insight into current events, trending topics, and areas that emerged from employee research in the prior year.

Company Insights Baseline

Our global research includes companies of all sizes; this report is based on our US and Canadian responses collected in Q1 & Q2 of 2024.



What this section looks at

Company Insights looks at the company-wide and employee priorities, concerns, and key trends. These include baseline questions that are benchmarked YOY in the research and ones designed to get insight on current events, trending topics, and areas that emerged from employee research in the prior year.

Who is included in these responses

This section includes a mix of employees, leaders, and executives from several departments both inside and outside of HR and Recruiting. We include feedback from 20+ roles and departments in these responses for an accurate representation of business perspectives. Where relevant, we also include key statistics from the employee/job seeker section of the survey.

Why this information matters

This section helps us identify concerns and challenges across the organization and disconnects between the HR practitioner, the non-HR leadership, and the executive teams on several questions. It also allows us to identify trends and concerns impacting the business and the employee that should improve decision-making, planning, and discussions around business cases and ROI when introducing technology.

Top Company Concerns

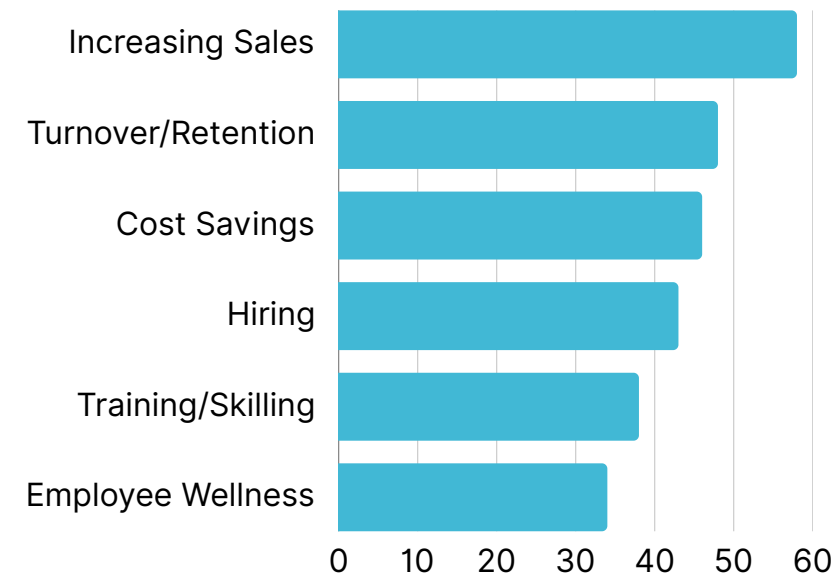
While the top priorities are the same for companies of all sizes, the order of importance varies. Smaller businesses are more concerned with increasing sales, while large companies prioritize cost savings. They all **include training/skilling in their top five, aligning with other data noting a rise in focus on skills.**

For multiple years, hiring and turnover/retention have held the #1/2 spot for every company size, but they have shifted significantly for small and enterprise companies. This notable shift aligns with other economic information we are seeing outside of this research.

Emerging Businesses
Under 100 Employees



Small Businesses
100-500 Employees



Mid-Market
500-5000 Employees



Enterprise
Over 5000 Employees



Top Concerns 2024: Money

Key Trend: Companies and employees are concerned about money.

Companies are looking to increase sales and revenues while struggling to meet candidates' and current employees' financial needs and demands. The economy and inflation are both hiring and retention issues.

We expect this trend to continue to increase for employees over the next few years.

For companies - the unlimited checkbooks are done, and products and services will be assessed more closely than in years past.

Company concerns

- 50% of companies are concerned about sales/revenues
- 47% are using HRTech to reduce costs
- 45% are focused on broader cost savings/budgets
- 36% report expected salaries are more than they can pay
- 28% say retention issues tied to not paying competitive salaries

Employee Concerns

- **52% are concerned with inflation**
- 38% list pay increases to keep up with rising costs & new hires as something companies can do to improve their employee experience

These answers come from various questions, including feedback on goals, priorities, and concerns and on the perception of compensation, inflation, and employee expectations of such issues. Respondents could select multiple "top concerns" for most of these questions.

Top Concerns 2024: Compliance

Key Trend: Compliance concerns are on the rise.

Navigating compliance and security has become a major concern for organizations, marking a significant shift from last year. The cause of this dramatic increase is likely two-fold: increased regulation and the introduction of generative AI.

The United States, UK, and Europe have proposed or passed legislation increasing employment regulations and accountability. Companies are trying to keep up and looking for resources to help, which is a growing area of HR technology.

Most technologies have not been great at explaining this in a way that isn't incredibly boring - but that will be a solid differentiation moving forward.

Company Approaches to Compliance

- 25% report compliance/regulatory changes is a top concern
- 36% are looking at the compliance and legal impact of AI
- Companies would consider replacing their HR tech for security (24%) and compliance (17%) concerns - an increase of over 200% since 2023
- Over half of companies currently use compliance HR tech
- 1:5 companies are actively buying compliance HR tech

55% of companies are using HR tech for compliance and security reasons - double the amount from 2023.

These answers come from various questions, including feedback on goals, priorities, and concerns and on the perception of compensation, inflation, and employee expectations of such issues. Respondents could select multiple "top concerns" for most of these questions.

Top Concerns 2024: AI

Key Trend:

AI brings mixed emotions from companies and employees.

Companies are eager to explore AI's capabilities for operational enhancements and improved employee experiences, yet they remain mindful of ethical considerations, compliance requirements, and seamless integration into existing workflows. Employees share this sentiment, recognizing AI's ability to handle routine tasks while emphasizing the need for thoughtful implementation.

Ethical AI and clarity in approach will be vital for adoption and trust.

Top Company Approaches to AI

- AI will improve process/efficiency (43%)
- The ethical use of AI is important to us (34%)
- We are looking at the compliance and legal impact (32%)
- We are slowly introducing it (28%)

38%

of companies are "Not sure yet," "Don't think it is ready," or "Avoiding AI"

17%

of employees are concerned how it's being used for hiring

These answers come from various questions, including feedback on goals, priorities, and concerns and on the perception of compensation, inflation, and employee expectations of such issues. Respondents could select multiple "top concerns" for most of these questions.

Top Concerns 2024: Skills

Skills-based everything has been in the headlines for the past year, and companies are actively engaging in this paradigm shift.

Over the past year, skills-related discussions have dominated the hiring, retention, and overall organizational agendas - even though many aren't exactly sure what moving more "skills based" even means. A lot of confusion on this area still.

Over 50% of HR technology buyers plan to add or increase their use of Skills Assessments this year.

34%
of companies are
concerned
about training, reskilling,
and upskilling initiatives

Hiring challenges include
talent availability with
the right skills,
affecting

47%
of companies

55%
of companies have already
invested in, or will be
investing in skills
management solutions

Top Concerns 2024: Retention

Key Trend:
Retention challenges continue to be primarily related to employee experience and pay issues.

Overall the top 5 remains consistent from 2023. Internal mobility has moved into the #2 spot after being #2 last year. Compensation remains at top.

We think this is in part due to visible layoffs and increased time between jobs, more employees are staying (for now).

Employee experience, engagement, succession planning and talent mobility will continue to be in focus for companies.

Company Perception on Retention Challenges

- Comp/Pay is not aligned with expectations(28%)
- Limited internal mobility opportunities (27%)
- Short-staffed/high-stress work environment (26%)
- Work/life balance (24%)
- Return to the office mandates (full or hybrid) (21%)

20% of companies have no retention challenges - an increase from 12% in 2023.

This question included a number of common retention and engagement challenges we have heard, as well as options for those with no issues currently. Respondents were able to select multiple "top concerns" for this question.

Top Concerns 2024: Hiring

Key Trend:

Hiring challenges continue to decrease - since 2021/2022.

While 4 of the top 5 remain consistent from 2023, the number of companies reporting each has dropped by 5-9%.

The new entrant into the top 5 is “candidates only want remote roles”

There is still spending on talent acquisition tools - but it looks very different and is shifting away from sourcing and more into automation and streamlining the experience. Many companies manage massive candidate flow that we haven't seen in nearly a decade.

Top Hiring Challenges

- Lack of Candidates with the Right Skillset (47%)
- Pay expectations (35%)
- More diverse applicant pool (26%)
- Candidates only want remote roles (19%)
- New hires leave in 60 days (18%)

18% of companies currently have no hiring challenges - double the amount from 2023.

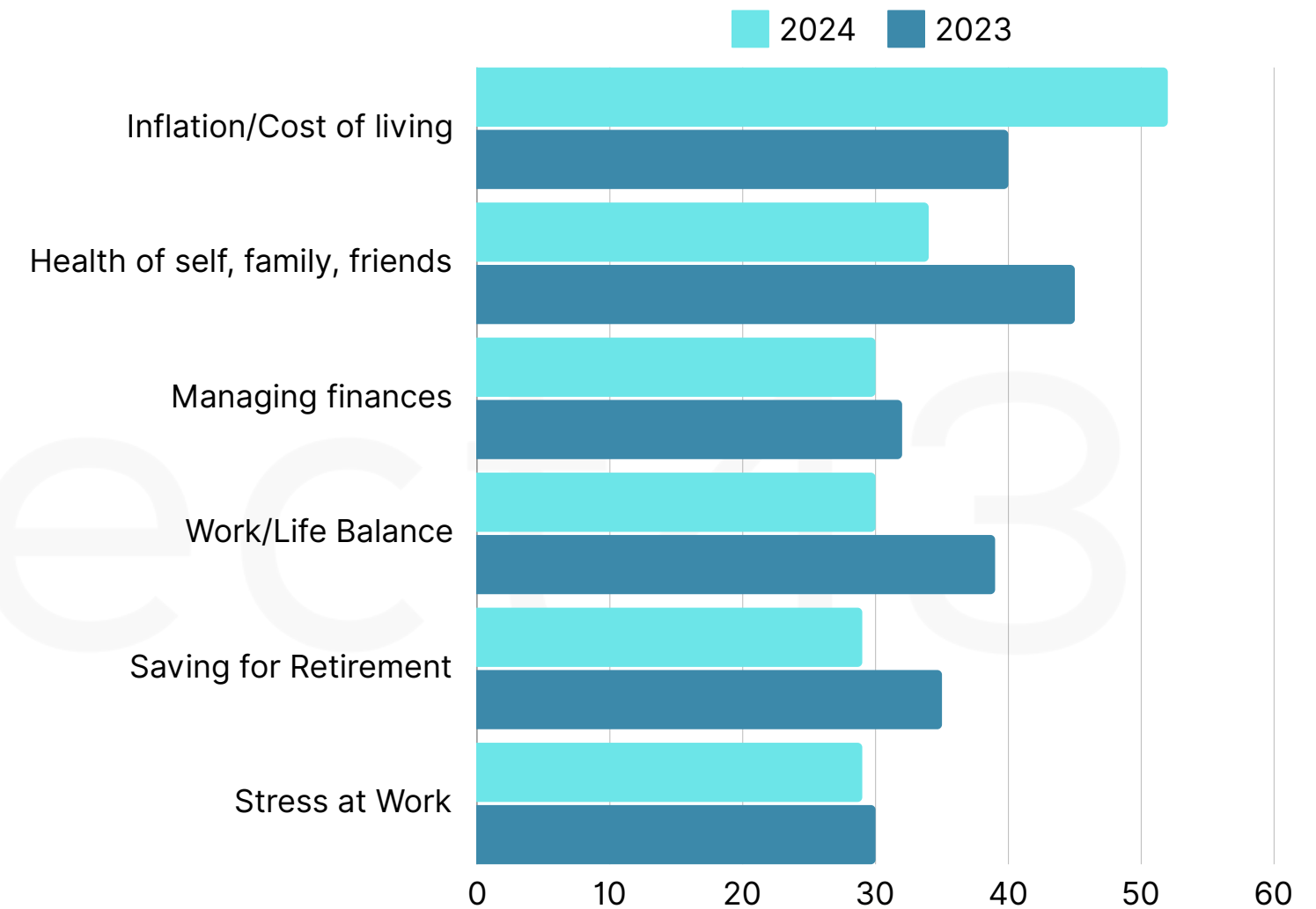
This question included a number of common hiring challenges we have heard as well as options for those with no issues hiring currently. Respondents were able to select multiple "top concerns" for this question.

Top Concerns 2024: Employee Perspective

Key Trend:
Finances have soared to the top spots, with health and work stress still struggles.

Inflation has changed the top concerns for 2024, placing a much higher emphasis on finances and cost of living - overtaking health and work/life balance. Consider implementing and ensuring competitive pay to address inflation-related concerns, as well as providing financial wellness resources.

Top "personal" concerns of employees



This question included a number of options for both HR and non-HR concerns to identify their priority and importance as they relate to each other. Respondents were able to select up to 5 "top concerns" for this question.

Voice of Employees 2024

1:4 are concerned about their mental health

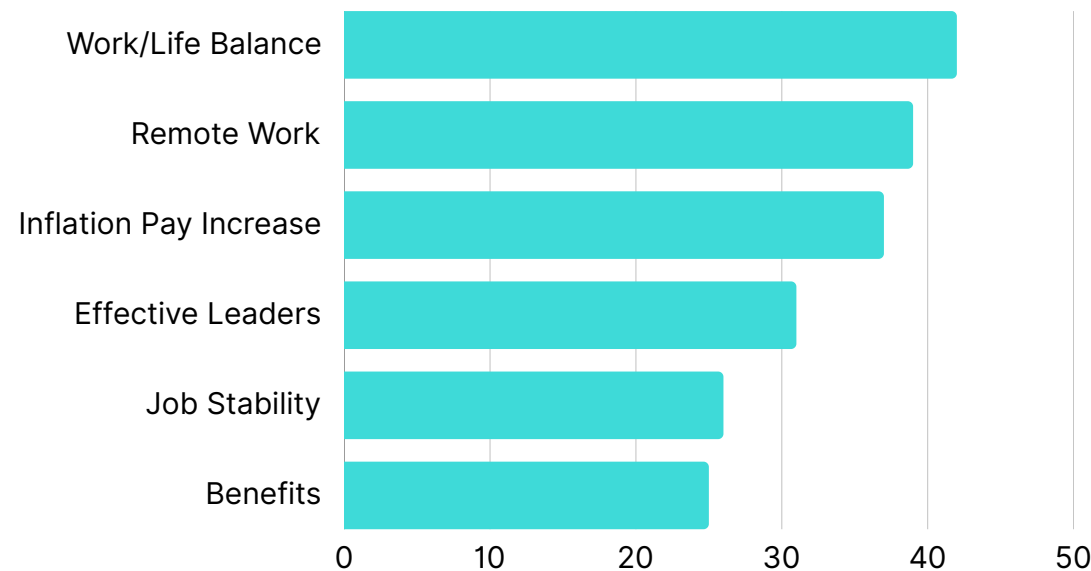
28% are concerned about their job/finding a job

20% are concerned about their debt loads

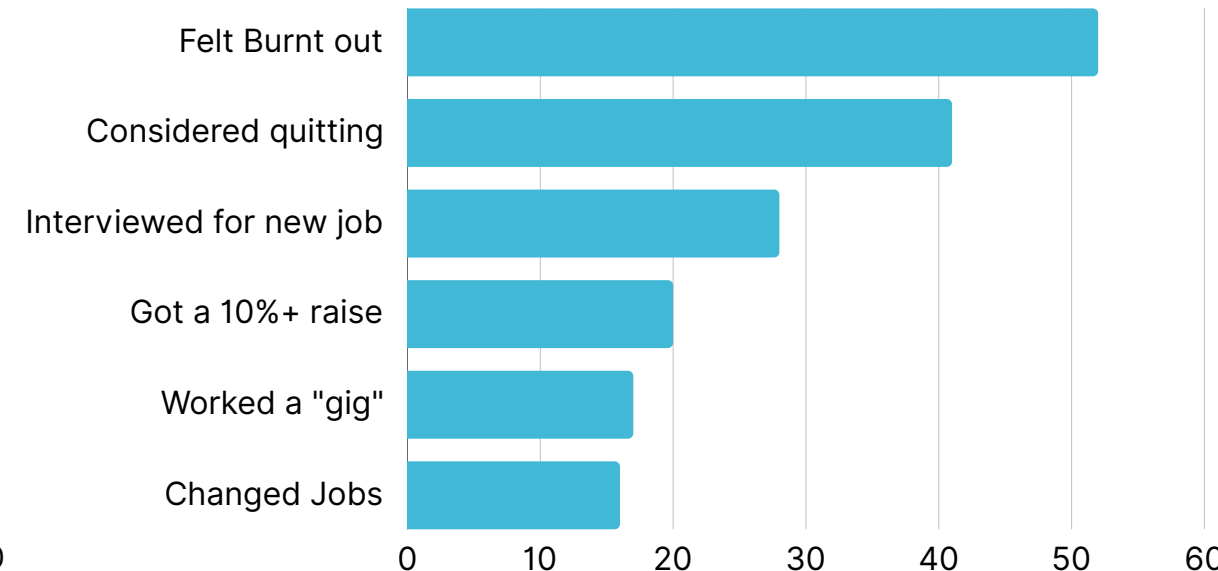
15% are concerned caring for aging parents

72% think they are more comfortable with tech than coworkers

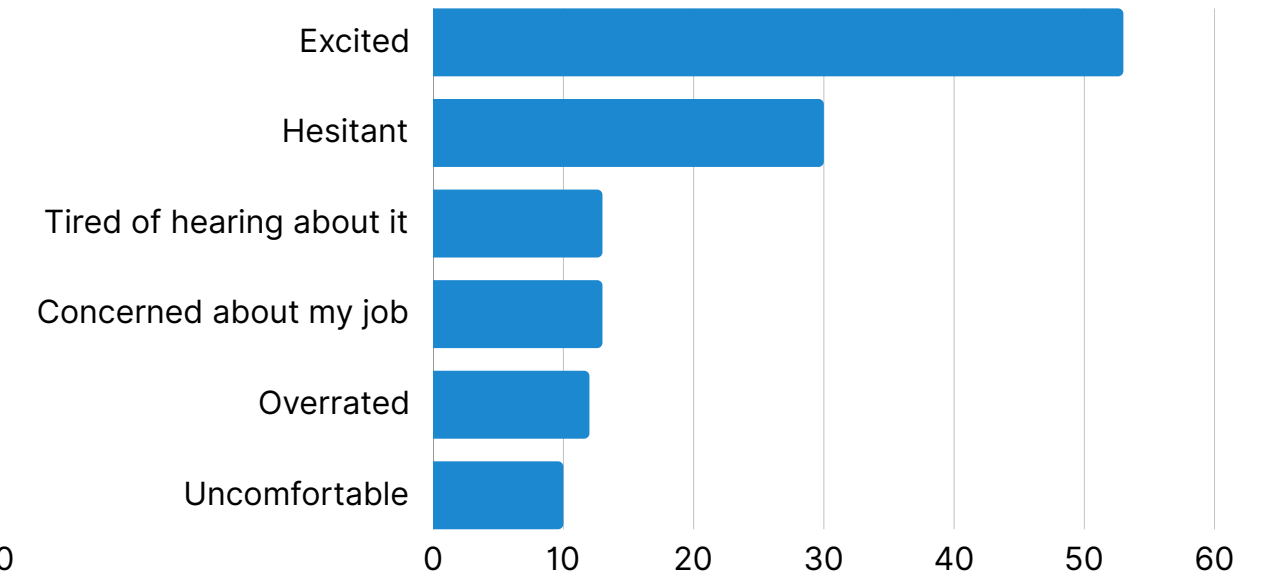
Most Important at Work



In the Past 12 months...



Thoughts on AI





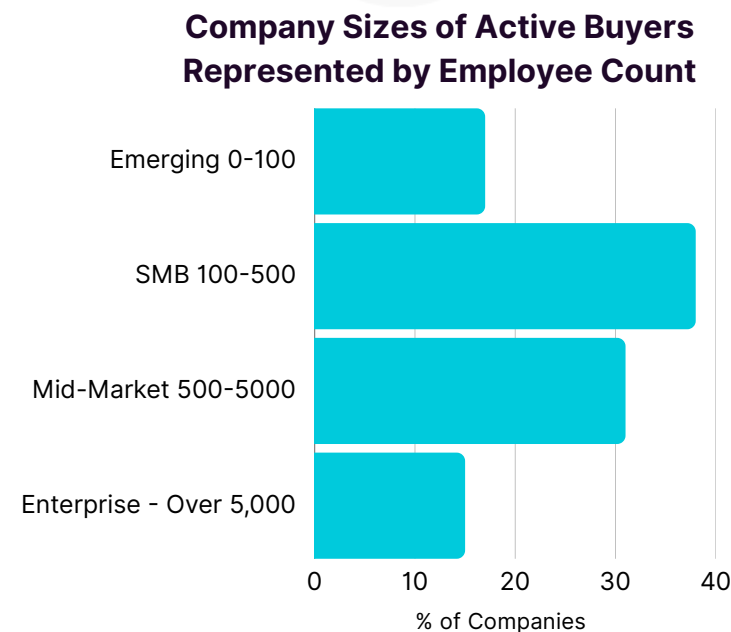
Section 2: Buyer Insights

Buyer Insights looks at the goals, frustrations, and budgets around HRTech, TalentTech, and WorkTech, along with understanding what buyers are looking for and expect from the vendors in the evaluation, sales and customer stages. These include baseline questions that are benchmarked YOY in the research and ones designed to get insight into current events, trending topics, and areas that emerged from employee research in the prior year.

Buyer Insights Baseline

This section exclusively highlights results from 700+ unique companies actively involved in the buying process for HR, Talent, and WorkTech tools and services for 2024-2025.

There is a heavier focus on SMB and Mid-market companies as there seems to be an increased demand for technology in those company sizes.



What this section looks at

Buyer Insights looks at the goals, frustrations, and budgets around HRTech, TalentTech, and WorkTech, along with understanding what buyers are looking for and expect from the vendors in the evaluation, sales, and customer stages. These include baseline questions that are benchmarked YOY in the research and ones designed to get insight into current events, trending topics, and areas that emerged from employee research in the prior year.

Who is included in these responses

This section is available only to those participants who identify as having a role in the evaluation and selection process. Respondents include a mix of employees, leaders, and executives from a number of departments both inside and outside of HR and Recruiting. We include feedback from 20+ roles and departments in these responses. Where relevant, we also include key statistics from the employee/job seeker section of the survey.

Why this information matters

This section helps us understand where the gaps in technology exist, what challenges and concerns companies are trying to solve and what about their current solutions aren't meeting the standard. By understanding these trends it helps discuss/plan around business cases and ROI better when presenting to the broader decision-making team.

What Are Companies Expecting from their HR Tech Investment

Key Trend:

Companies are increasingly turning to HR technology to support their existing workforce and optimize processes.

Companies can better address workforce needs and optimize operations by adopting solutions that streamline processes and improve employee engagement. These technologies must align with current business and employee priorities, including well-being and compliance, ensuring they provide robust support and adapt to evolving requirements.

Company Goals in Using HR Tech

- Streamline processes, more efficiency (87%)
- Improve employee experience (77% - **up 10 points over 2023**)
- Compliance/Security (55%)
- Innovate ways to work (47%)
- Reduce costs (47%)
- Get more done with smaller teams (40%)
- Become more agile (38%)
- Competitive advantage (23%)

The top 5 are the same topics, but the order of 3-5 varies with company size - Companies from 100-500 are more focused on cost reduction.

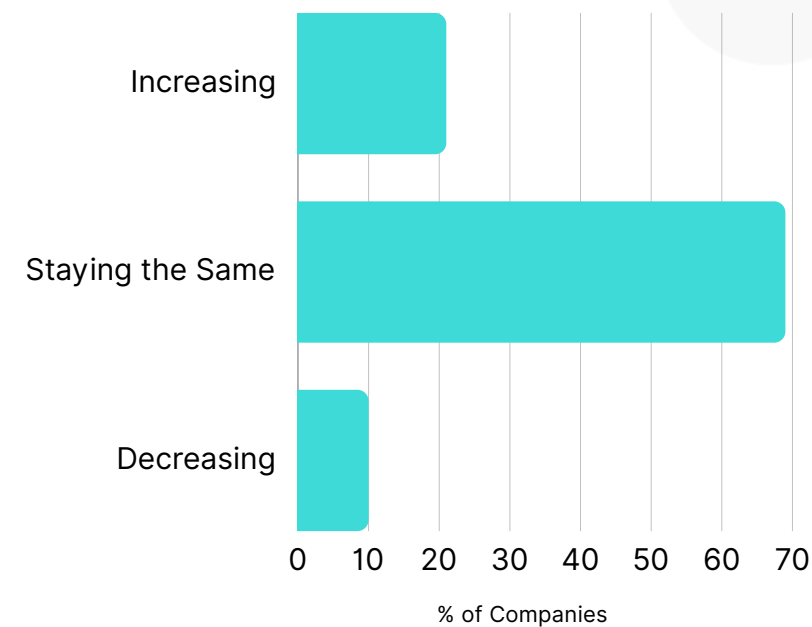
This question included a number of common reasons we have heard for company goals in purchasing, implementing, or researching HR Technology. Respondents were able to select multiple "goals" for this question.

What is Happening with Budgets in HR Tech

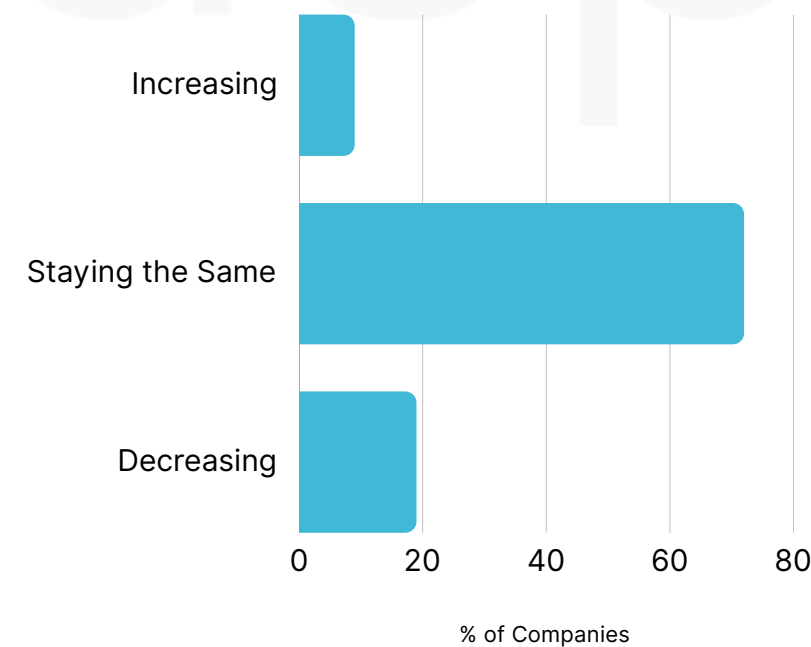
Key Trend:
Companies still have the budget, but they're being more deliberate about how they spend it.

Companies are investing in HR tech to boost efficiency and improve the employee experience, but they want to ensure the technology meets their needs. We saw an increase in HR tech investment a few years ago that did not provide the expected outcomes. Companies recognize that HR tech solutions can help and are willing to spend the money, but they need to ensure the ROI.

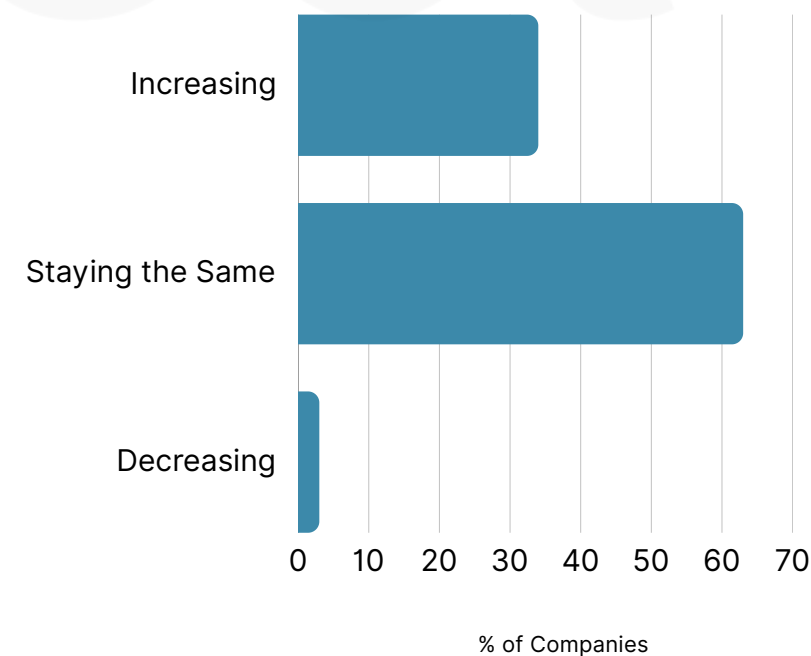
Emerging Businesses
Under 100 Employees



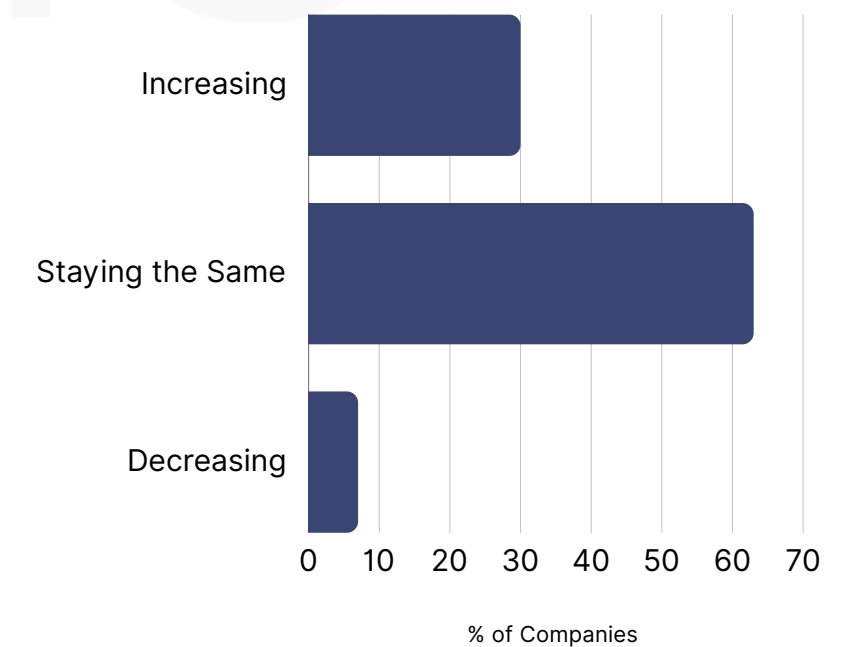
Small Businesses
100-500 Employees



Mid-Market
500-5000 Employees



Enterprise
Over 5000 Employees



Challenges Faced when Buying New Solutions

Key Trend:

Companies are unsure of exactly what they need and how to communicate effectively to gain buy in internally.

Companies will be looking to vendors and experts in the space to not only simplify the complex landscape - which has exploded with new product categories - but also provide better support in the sales process to help build the change management and business case.

Company Challenges to Technology Purchase Decisions

- Finding budget/building business case (62%)
- Understanding what we need/where to start (52%)
- Execs/Sr Leaders don't understand the need (40%)
- Finding Research/Information on Products (39%)
- Product adoption after purchase (37%)

Nearly 1:3 companies think the cost of the solutions currently exceed the value and ROI they offer

This question included many common challenges we have heard companies experience in purchasing, implementing, or researching HR Technology. Respondents were able to select multiple options for this question. Some similar response choices were combined to better represent buyer intent.

Top Buying Challenges By Company Size

Emerging

Under 100 Employees

Finding Budget (44%)
Too Many Options (39%)

Small

100-500 Employees

Finding Budget (44%)
Product Adoption (38%)

Mid-Market

500-5000 Employees

Understanding What We Need (41%)
Finding Budget (35%)

Enterprise

Over 5000 Employees

Product Adoption (40%)
Finding Budget (38%)



Top Frustrations with HR Technology

Key Trend:
Companies will replace technology solutions that don't meet the claims the marketing or sales teams' present.

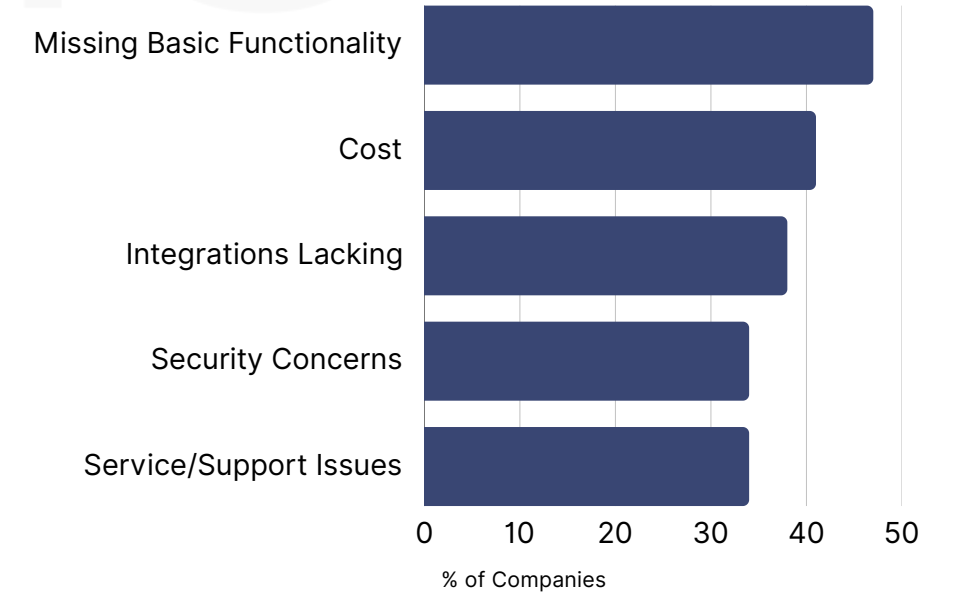
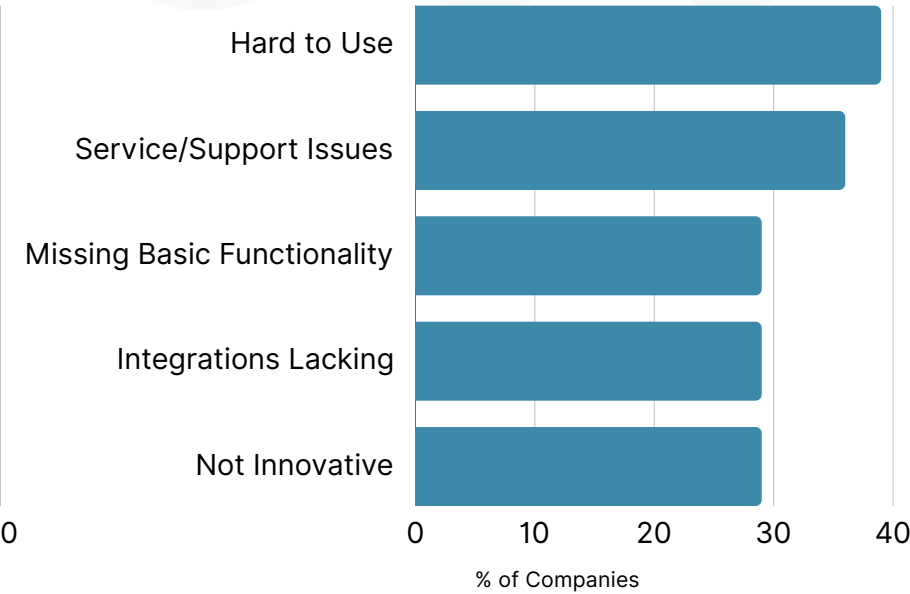
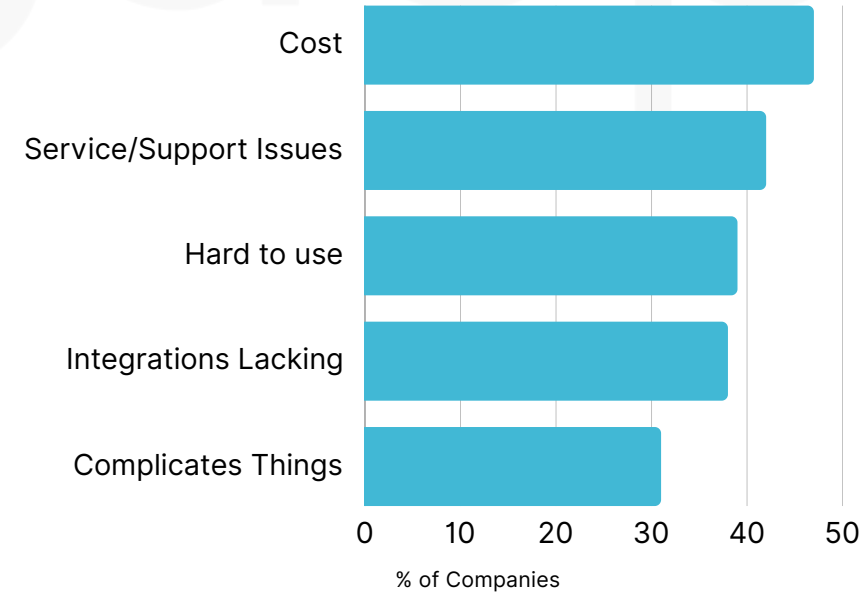
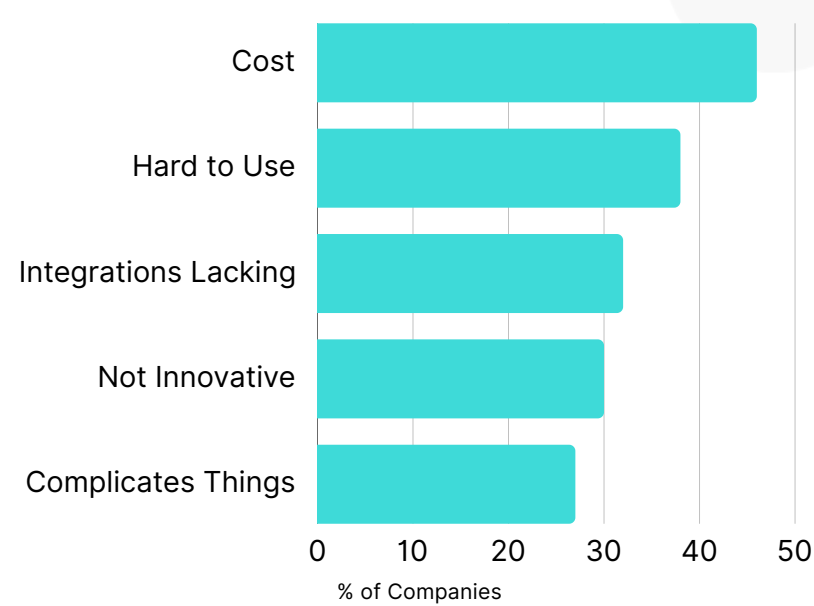
Cost concerns are often connected to the value perception of the tools and frustrations with existing vendors continue to be related to ones lacking ease of use, basic functionality like APIs and Reporting, and offer poor service/support.]

Emerging Businesses
 Under 100 Employees

Small Businesses
 100-500 Employees

Mid-Market
 500-5000 Employees

Enterprise
 Over 5000 Employees



47%

of talent and HR leaders want the technology solution providers to do more focus groups to understand from non-customers and customers what they actually need.

(This increases to 54% of mid-market buyers)



HR Professionals - Sign up to be participate in our focus groups: <https://aspect43.com/researchpanel/>

How are people learning about products?

Key Trend:
The most common way to learn about HR trends and solutions is through networking.

HR technology buyers are overwhelmed with problems and products, so they consult each other to identify companies. Interestingly, the weight of a random online comment is statistically the same as a client referral and the brand awareness tends to skew perception of quality.

More experienced buyers also know that implementation, internal processes, and change management are huge factors in a tool's success and are seeking out other sources, such as conferences, analyst resources and partner ecosystem.

HRTech Buyers and Clients stay updated & find new companies through:

- Networking/Online Comments/Linkedin (non-clients)
- Current and Past Users/Referrals
- Industry Conferences (SHRM, HRTech, Unleash, Etc)
- Technology Company Websites
- Analyst Reports/Ratings

How people are researching by company size:

Emerging

Under 100 Employees

Networking/Online Comments/Linkedin
Referrals - Past/Current Users
User Review Sites (G2, etc)
Industry Conferences
Blogs

Small

100-500 Employees

Networking/Online Comments/Linkedin
Referrals - Past/Current Users
Industry Conferences
Vendor Website
Analyst Reports/Ratings

Mid-Market

500-5000 Employees

Networking/Online Comments/Linkedin
Referrals - Past/Current Users
Analyst Reports/Ratings
Industry Conferences
Vendor Website

Enterprise

Over 5000 Employees

Networking/Online Comments/Linkedin
Referrals - Past/Current Users
Analyst Reports/Ratings
Industry Conferences
Partner EcoSystem

This question included a number of common resources we have heard that companies use when researching HR Technology. Respondents were able to select multiple options for this question. Google was excluded from results.

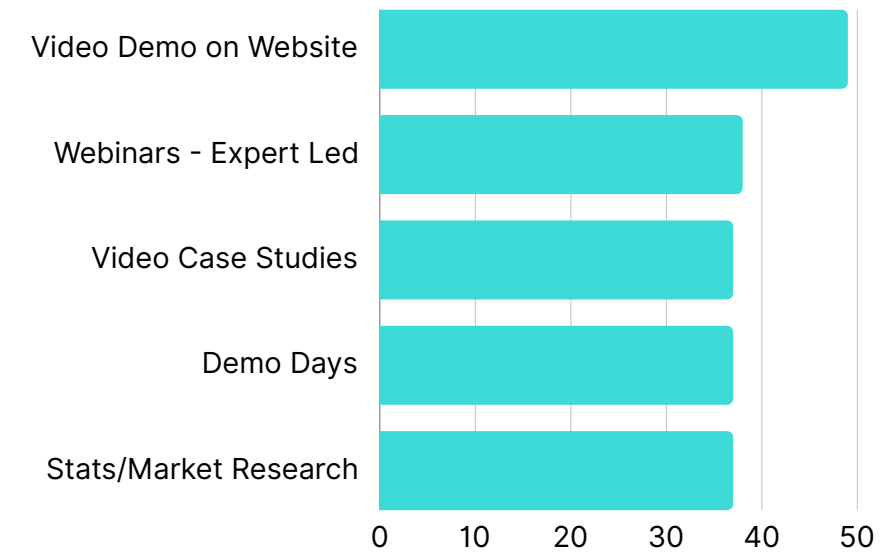
What do HR, Talent, and Business leaders want in the marketing & sales process?

With budgets for travel, events and development slowed at many organizations, more and more practitioners are turning to the technology companies they partner with or are considering to find market education, resources and ongoing training.

They are completely overwhelmed and tired of the sales calls and emails and want to be the ones reaching out.

We will see a much higher focus on targeted marketing and market alignment moving into 2025 to reduce noise and increase awareness.

HRTech Buyers and Clients want MORE:



Overwhelmingly, everyone wants LESS

Sales Calls and Emails.

This question included a number of common resources vendors provide for market education in HR Technology. Respondents were provided the list of content and asked if they wanted more, the same, less, or to end completely.



Section 3: Category Insights

Buyer Insights looks at the goals, frustrations, and budgets around HRTech, TalentTech, and WorkTech, along with understanding what buyers are looking for and expect from the vendors in the evaluation, sales and customer stages. These include baseline questions that are benchmarked YOY in the research and ones designed to get insight into current events, trending topics, and areas that emerged from employee research in the prior year.

Category Insights Baseline

This section of our research answers “What are people buying?” by indexing the planned purchases, future interest levels and disinterest levels of 66 categories of HR Technology - from a completely vendor-agnostic perspective.

Our goal is to go beyond the core solutions and dive into the supplemental and point solutions that HR teams are buying more frequently.

What this section looks at

Category Insights looks at market trends related to first-time purchases, replacements, future interest, and disinterest levels in 66 categories of HRTechnology. We are vendor agnostic and not looking to see whom they are buying, but rather what. This allows us to identify market movement (first-time purchases and replacements) to see what products will be entering the workplace most frequently in the next 6-18 months, as well as what to expect to be trending in months 12-36+ or is losing interest and will likely be moving off the radar.

Who is included in these responses

This section is available only to those participants who identify as having a role in the evaluation and selection process for not only hrtech; but is double validated into being part of the decision team for that particular segment of the technology.

Why this information matters

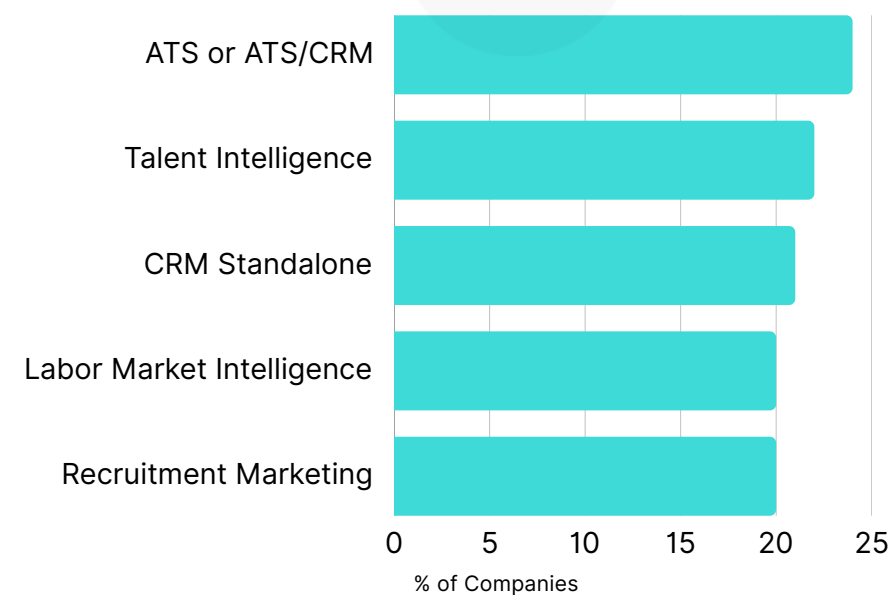
This section helps us understand where the gaps in technology exist, what is trending for interest and most importantly helps us understand where people have concerns or questions about the value and impact of certain technology categories so we can produce additional research and market reports on topics; or work with technology solution providers and marketing agencies to help them simplify their messaging and sales approach.

Where are technology investments going in 2024-2025?

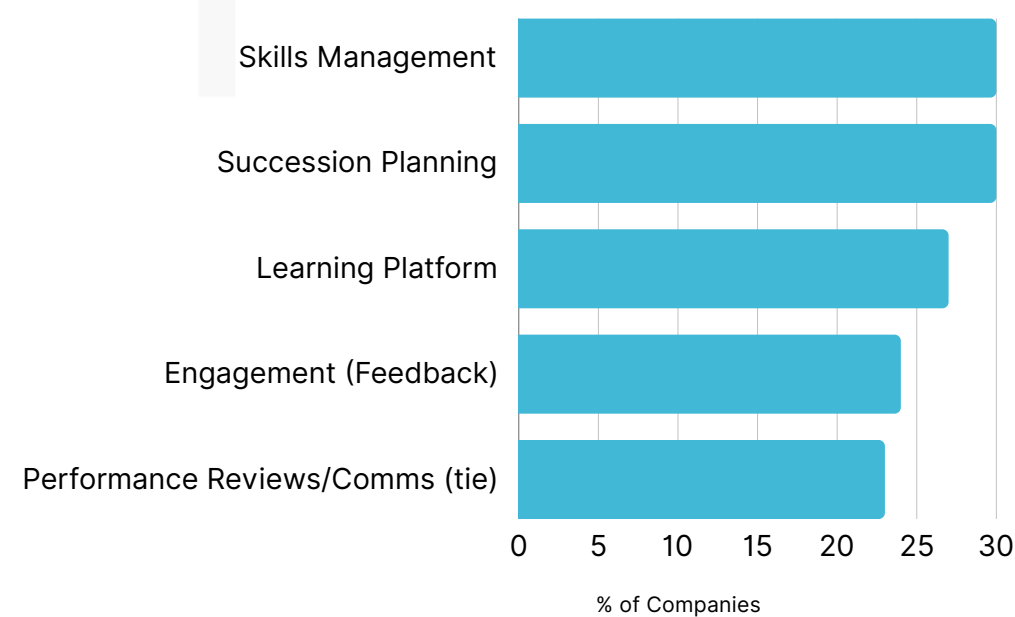
After an exceptionally slow HRTech/WorkTech market in 2023, the market movement (planned replacements or first-time purchases) is trending significantly higher and is back to the “normal” ranges. Talent Experience solution categories (merging talent management and employee experience categories) are still ahead of normal trends.

The overall surprise breakout across the board this year was labor market intelligence.

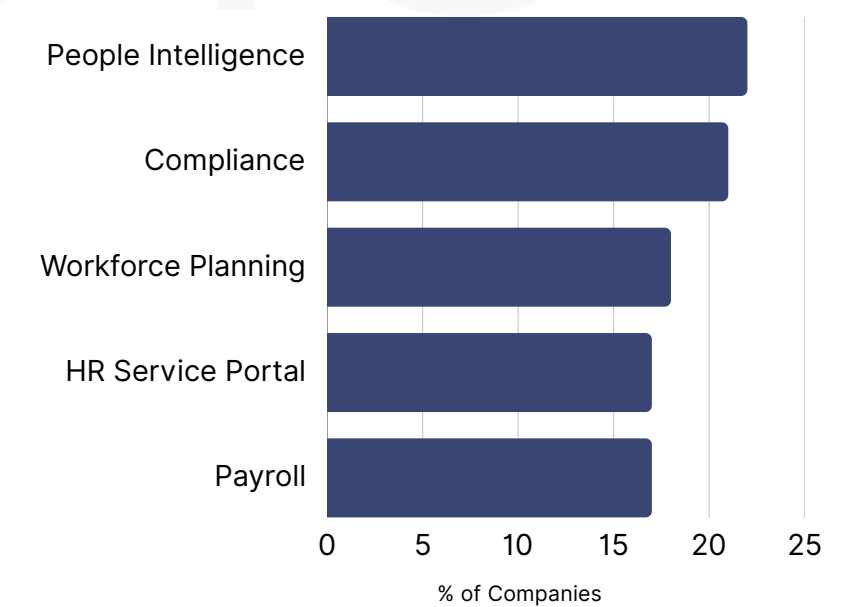
Talent Acquisition



Talent Experience



Core

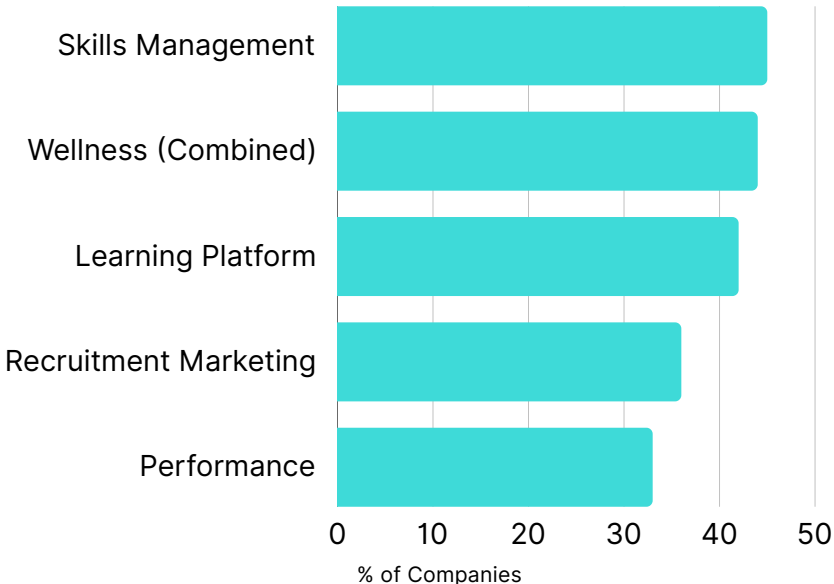


What are the different sizes of companies most looking at?

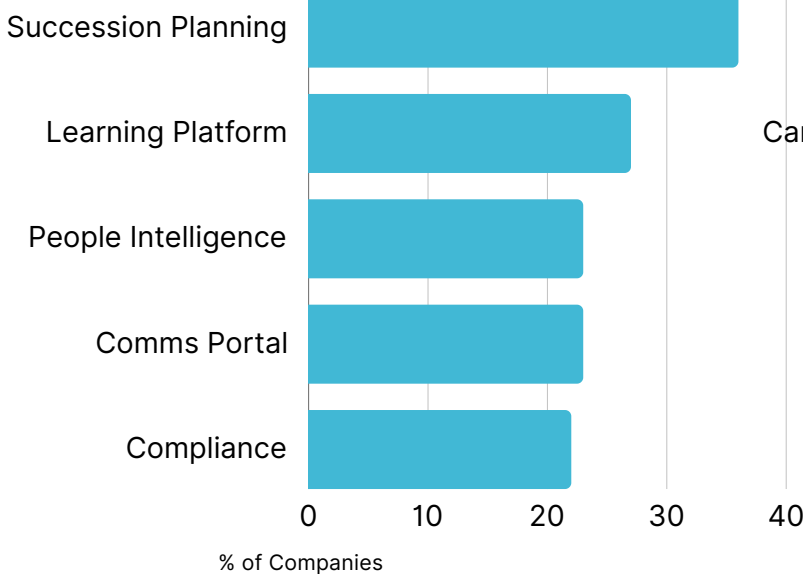
There is always a variation between company sizes, and this year was no exception. Midmarket and Emerging companies have the overall highest focused for adding new technology and strongest focus on wellness initiatives.

Skills, internal mobility/succession, rewards/recognition and people intelligence are very close for every group if not represented in top 5.

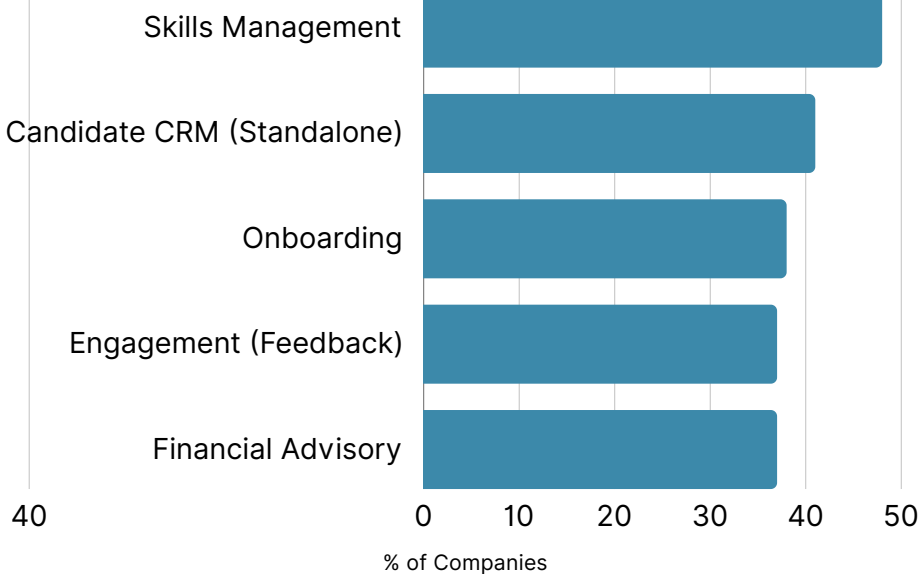
Emerging Businesses
Under 100 Employees



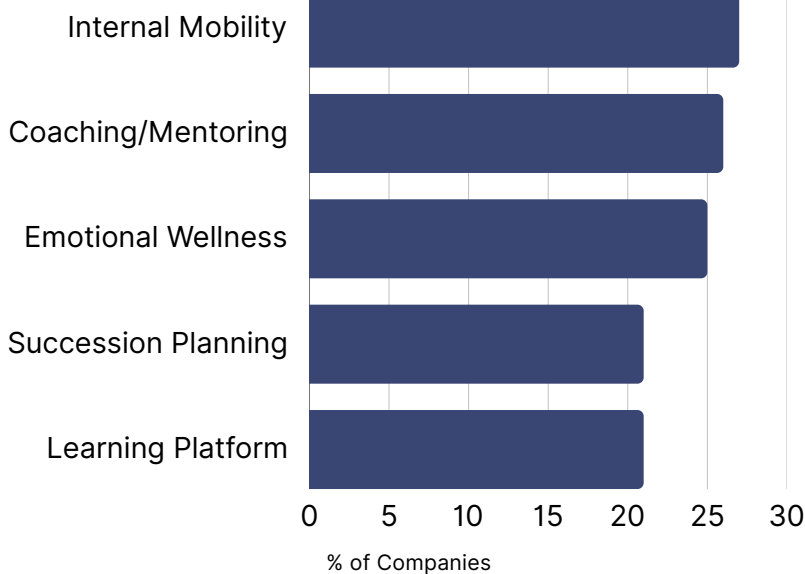
Small Businesses
100-500 Employees



Mid-Market
500-5000 Employees



Enterprise
Over 5000 Employees



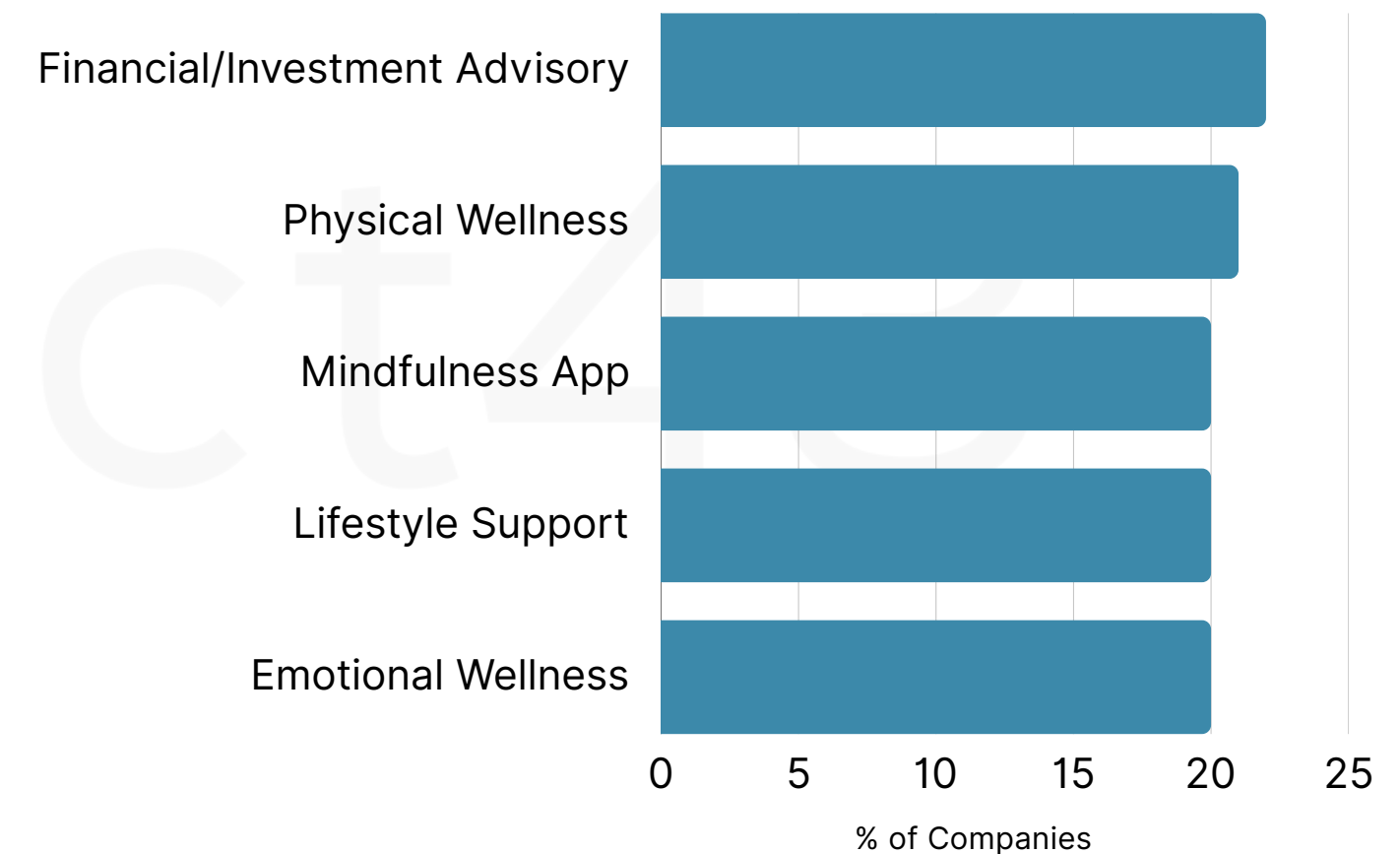
Special focus: Wellness

We have seen rapid growth in adoption and interest in various wellness tools across all company sizes and segments.

Of particular interest is the jump for mid-market and emerging company sizes which is higher than small and enterprise.

Also interesting is the focus on financial advisory. There is a correlation here based on the age of the respondents which is a concern to us, there seems to be a disconnect with “financial advisory/investment help” and what most of the workforce actually needs at this time.

Increased Investment in Wellness Categories over next 12 Months



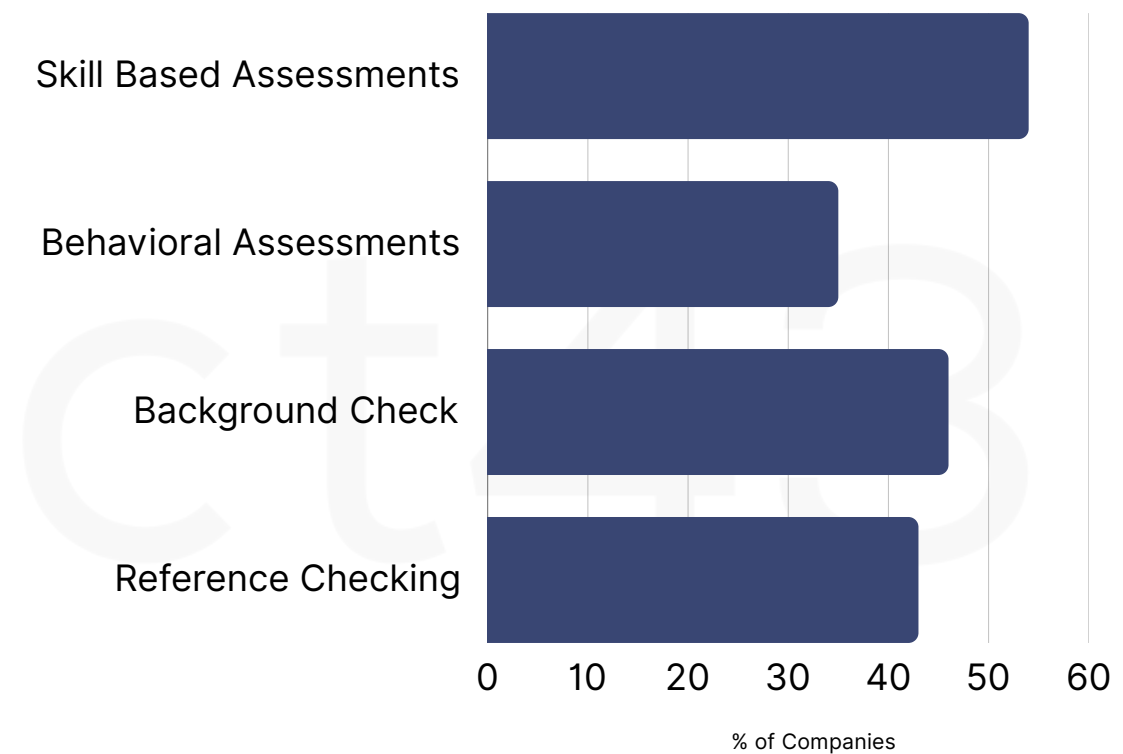
Special focus: Background Checks & Assessments

We track these a little differently, but each year we ask what products related to assessments and screening will you add or increase this year's usage.

As hiring becomes more challenging due to the influx of resumes and the fear of candidates using AI, we expect to see this trend continue.

Strategic companies are using assessments to identify strengths and weaknesses among candidates and employees to improve skill development and retention.

Increased Usage over Next 12 Months



What companies are least interested in- is hurting their employees and business.

There are a number of categories of concern for us as we review the data for this year.

There seems to continue to be a large disconnect between products that employees would benefit from and interest levels.

Some of these have disproportionately high “do not see the value” or “not interested” ratings compared to other responses from same demographic.

These areas need significantly more market education for practitioners and companies - and better GTM strategies and coverage at major industry events like SHRM in 2025.

The number of companies that “don’t see the value” or are “not interested” in various technology.

53%

Continuous Pay/Pay On Demand/
Earned Wage Access

43%

Pay Equity Software

33%

Student Loan Repayment
(in Lieu of 401k)

28%

DEI Tools

26%

Compliance Software



Section 4: Market “Favorites”

This section is all about the influencers, podcasts, analyst firms, and technologies you called out for being trusted resources. We have hundreds of comments submitted and review each one to balance out positive and negative. Not all mentioned are included for that reason.

"What tech makes your life easy?"

We asked users of various solutions to tell us what products that stand out in service and support. Multiple products were mentioned more than once, including companies, not research partners in 2024, showing how brand, service, and relationships matter.



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**Insights at Work 2024:
Customer Callouts**
(For products making life easier)



"Which sources do you pay close attention to and trust?"

We asked buyers, decision-makers and users of various HRTech solutions to tell us where they turn when looking for trusted research, industry blog or podcast.



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Insights at Work 2024:
Your Trusted Sources



21%

of talent and HR leaders are reading blogs and listening to industry podcasts to learn about market trends and new products.

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Media, HR Technology Solution Providers, Events, Podcasts/Blogs and Investors

[Send us an email](#)

Reach out to us for full access to our data or for a specific market. Become a research partner for our 2025 research and get in-depth data on your current prospects, customers or audience.

Business Leaders & HR Professionals - Join our Research Panel!

<https://aspect43.com/researchpanel/>

Joining our panel simply means you will be notified when opportunities arise. All client-interest focus groups offer compensation for those who participate.