



Strategic Workforce Planning

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Contents



01

What is Strategic Workforce Planning?

- What are the key features of an SWP platform
- What are the roles of the functions in SWP

02

Market Analysis

- Distribution of features
- Distribution of topics
- Anticipated developments within SWP software

03

Vendor Profiles

- Distribution of SWP software market
- Workday Adaptive Planning
- Orgvue
- Anaplan Workforce Planning
- Oracle Strategic Modelling

04

Key Contacts

- Authors & key contacts

05

Appendices

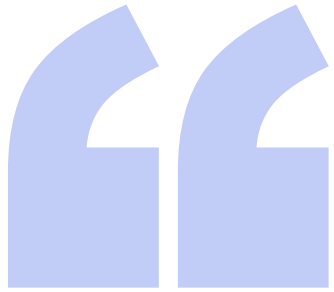
- Definitions of the feature map

01

What is Strategic Workforce Planning?



What is Strategic Workforce Planning?



Strategic Workforce Planning helps organisations to identify and cultivate the workforce they need, both now and into the future, enhancing organisational agility and efficiency. By thinking strategically about current talent and the impact of future business strategies, technology, and market trends on people, organisations can proactively address workforce gaps and ensure they have the talent needed to thrive.

Conor McCarthy, KPMG.



SWP platforms – what does good look like?



Demand Forecasting: The ability to predict future workforce needs using sophisticated algorithms that can integrate various factors like market trends, business growth, and technological advancements. Enables customisable forecasting models tailored to industry and company-specific dynamics.



Supply Analysis: Provides a comprehensive view of the current workforce, ideally at the level of skills, while also taking into account experience, and performance data. Should utilise near-real-time data for up-to-date analysis and therefore identifies critical roles and potential talent gaps early (rather than at a fixed point in the planning cycle.) Also helping identify whether the workforce & leadership of the organisation are representative of society.



Gap Analysis: Offers clear, actionable insights that pinpoint the exact nature and size of talent gaps. Supports strategic decision-making by highlighting priority areas for recruitment, development, or restructuring, recognising implementation timelines and impact analysis.



Scenario Planning: Allows for the creation and comparison of multiple "what-if" scenarios with ease. Good scenario planning tools are user-friendly – allowing non-specialists to capture operational logic, support complex variables, and provide visual representations of potential outcomes to aid in decision-making.



Action Planning: Facilitates the creation of detailed, step-by-step action plans with specific goals, deadlines, and responsible parties. Integrates with project management tools for execution and tracks progress against strategic objectives.



Skills Management: Offers a dynamic skills database that is easy to update and search. Supports skill gap analysis at both individual and organisational levels and is sufficiently granular to read across to learning management systems for targeted development programs.



Succession Planning: Identifies potential successors for key roles using criteria such as performance, potential, and readiness. Identifies the 'funnel' of talent related to a position and can assess in the context of diversity targets.



Reporting & Analytics: Delivers intuitive, interactive dashboards with the ability to drill down into data for deeper insights. Uses advanced analytics to forecast trends and model the impact of strategic decisions on workforce performance.



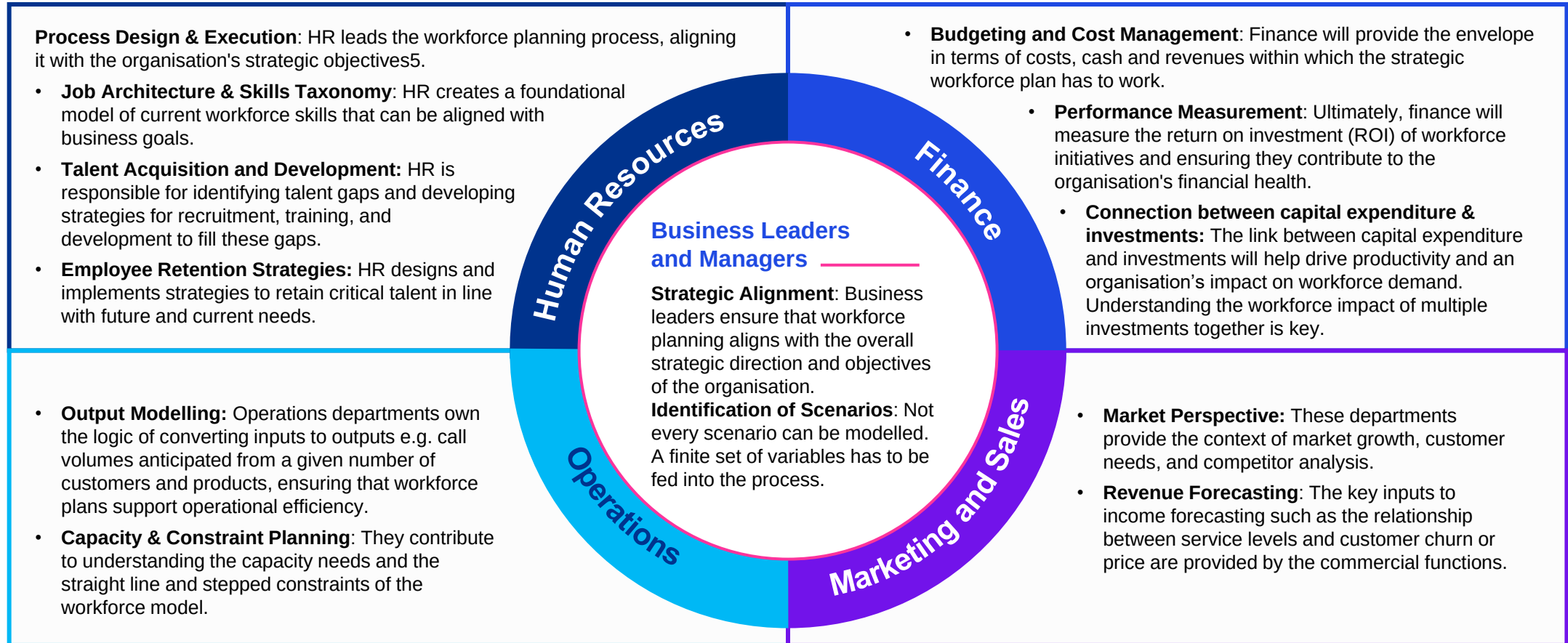
Integration: Seamlessly integrates with a wide range of HR and other systems (HRIS, Talent Management, Payroll, etc.) without disrupting existing workflows. Supports easy data exchange and maintains data integrity across systems.



Compliance and Risk Management: Automatically updates to reflect changes in legal and regulatory requirements, minimising compliance risks. Offers risk assessment tools that analyse the potential impact of workforce decisions on compliance status.

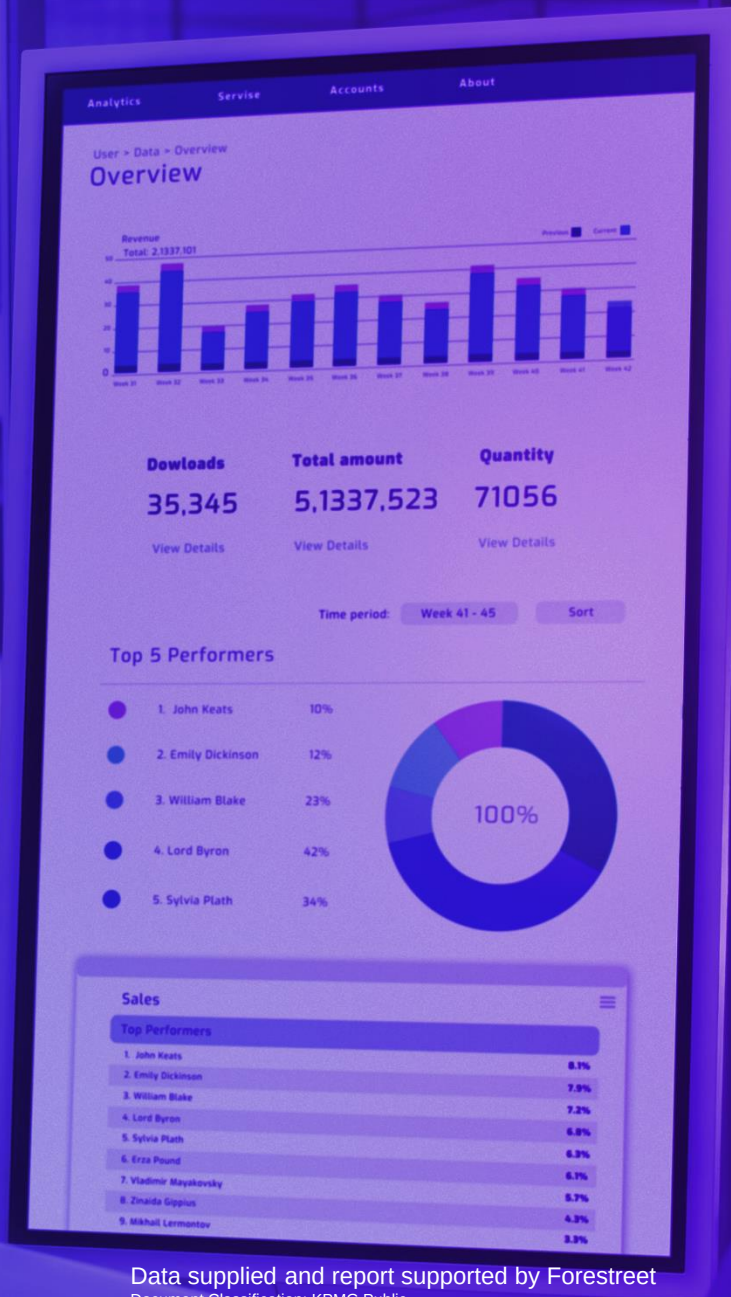
Effective SWP is a cross-functional process

SWP is not the sole responsibility of any single corporate function; rather, it requires collaboration across various departments to be successful. An 'HR only' strategic workforce plan, where HR operates in isolation without integrating insights and inputs from other departments will cause a lack of alignment with the actual needs and goals of the organisation.



02

Market Analysis



Key features of SWP software

More organisations will be adopting specialist SWP tools.

SWP is now a priority topic across all sectors/industries globally, it is moving up the list of corporate priorities.

It requires a broad, detailed data-set to execute, so

Enterprise Resource Planning (ERP) solutions are a key foundation. Failing that, powerful data integration tools are a necessity. Organisations need to be able to run scenarios and build a solution based on multiple data sources.

Effective gap analysis requires a 'Job Architecture' to

be in place. Reconciliation between the present and the future is often the point of failure in SWP. To some extent, AI is closing this gap.

It's not an HR initiative, it's a planning initiative

like manufacturing capacity, product roadmap, budgeting. It should be enterprise wide.

'Workforce' is losing its definition. Augmentation and automation through AI is challenging the traditional divide between labour and devices. The scope of SWP is likely to become even broader in the next few years.

Strategic Workforce Planning	Predictive Modelling	Scenario Analysis	Workforce Forecasting	Demand Planning	Talent Optimisation	Resource Utilisation
	Data Visualisation	Dashboard Reporting	Advanced Analytics	Real Time Metrics		
	Workforce Segmentation	Skill Mapping	Demographic Profiling	Succession Planning		
	Compliance Management	Regulatory Reporting	Audit Trails			
	Accreditations & Standards	ISO 30414	ISO 9001	ISO 27001	ISO 10667	
	Data Management	APIs & Connectors	Data Wrangling			

The darker the shade the higher the frequency.

Feature map of self-identified capabilities shaded by relative frequency on a sample of 73 vendors

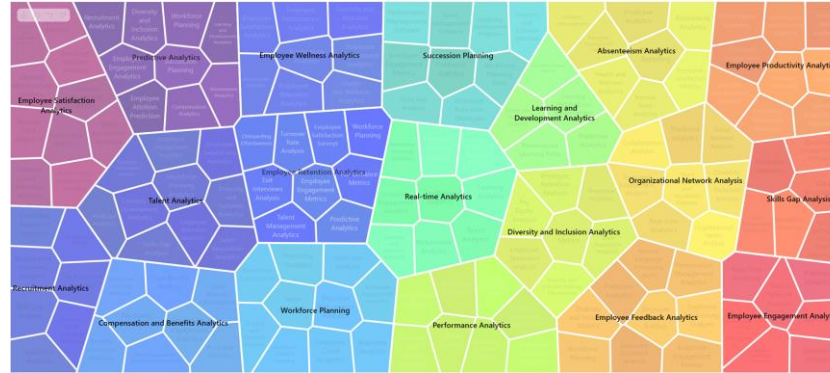
Emerging topics

Skills ontology and 'Job Architecture'

Job architecture refers to the structured organisation of every role within a company, defining each position's requirements, responsibilities, and how it aligns with the organisation's overall strategy and goals. This framework includes job families, functions, roles, levels, and the competencies required for each position. It's a foundational element that enables effective Strategic Workforce Planning (SWP) by providing a clear and consistent taxonomy on which all the SWP capabilities are built. In essence, job architecture serves as the backbone of strategic workforce planning.

Skills rather than roles

There has been a move away from traditional job-based workforce planning towards a skills-based approach. This involves breaking down roles into tasks and focusing on the skills required to perform those tasks, rather than planning for rigid job roles. Skills-based planning allows for greater flexibility and agility in deploying talent where it is needed most. There is an increased emphasis on building a more flexible and adaptable workforce through the use of contingent workers, gig workers, and alternative work arrangements. This allows organisations to rapidly scale their workforce up or down as needed.



An evolving definition of 'workforce'

Historically, the term "workforce" primarily referred to an organisation's full-time employees. Today, it encompasses a much broader array of contributors, including:

- **Part-time employees:** Individuals working less than full-time hours, offering flexibility and cost savings.
- **Contractors and Freelancers:** External professionals hired on a project or short-term basis, providing specialised skills.
- **Gig workers:** Individuals engaged in piecemeal work, often through digital platforms, adding flexibility and scalability.
- **Remote and Global Talent:** Employees and contractors who work from different geographical locations, expanding the talent pool.
- **Artificial Intelligence (AI) and Robotics:** Automation and AI are now considered part of the workforce, taking over repetitive tasks and working alongside human employees.



Overcoming data quality issues:

Data quality is never perfect but there are new approaches and technologies that can help close the gap:

- **The use of Artificial Intelligence (AI)** and machine learning algorithms can significantly improve data quality by identifying and correcting errors, filling in missing values, and predicting future changes in workforce dynamics. These technologies can also uncover patterns and insights that were not apparent through traditional analysis methods.
- **Data Integration Platforms:** Sometimes embedded within SWP tools and sometimes discrete, these facilitate a more holistic view of the workforce. These platforms often include tools for cleaning and harmonising data, further improving quality.
- **Natural Language Processing** can automate the extraction of relevant information from unstructured data sources, such as job descriptions, performance reviews, and social media profiles.
- **Integration of third party data sets**, such as LinkedIn, can enrich the internal data sets, compensation for the tendency for internal data to 'perish'.

01



Anticipated developments in Strategic Workforce Planning



Hyper-granularity: each employee has assigned characteristics in the model

Hyper-personalisation will leverage AI to provide targeted insights about individual employees, from their learning needs to optimal work settings – see Microsoft Viva for Skills. This granular data will be used to model scenarios with completely new levels of complexity.



IoT Integration: Beyond Digital — Real-World Analytics

The integration of Internet of Things (IoT) devices like wearables and environmental sensors will allow companies to gather data on employee well-being and office conditions. This "real-world" data will supplement traditional metrics, offering a more complete picture of workforce efficiency and happiness.



Natural Language Queries: Democratising Data Insights

Augmented analytics will integrate natural language processing, enabling anyone in the organisation to query the analytics platform in plain English (or Danish, or Portuguese etc) . This will make valuable data insights accessible to departments beyond HR, such as sales or operations, without requiring specialised skills. Note: The breakthrough here is not in natural language queries, which have existed for some time, but the ability for a system to explain and iterate results in a naturalistic way.



Emotional Analytics: The Uncharted Territory of Workforce Mood Metrics

As emotional recognition technology matures, companies might start to integrate mood and sentiment analysis into workforce analytics. For example this might feed into turnover estimates. While offering potentially game-changing insights into employee well-being, it also poses new ethical and privacy challenges.



Automated Skill-Matching: AI-Driven Workforce Agility

Advanced AI might predict not just when an employee is likely to leave but also when they would be more productive in another role within the same organisation. This could revolutionise internal mobility but does this reduce the agency of the individual?



Scenario modelling will evolve towards simulation Scenario modelling is a common capability but will move towards simulation e.g. running monte-carlo type analysis and probabilistic forecasting. As AI becomes more adapt at separating signal from noise in the data the predictive capability becomes more and more powerful, ultimately leading to....



Digital Twin of an organisation (DTO): Extending the 'twin' to the workforce

A DTO provides a virtual model of complete businesses, instead of just hardware, which enables business leaders to analyse, and tweak business processes as needed. DTOs enable the dynamic virtual representation of an organisation in its operational context, which can provide improved predictive analyses about:

- outcomes of changes in process, product, or service
- risks and costs of adopting new processes or leveraging new technologies.



SWP needs to take into account the impact of AI on workforce demand

As organisations roll out more AI technologies, SWP planning needs to be conscious of the impact that these new tools have on the shape of the workforce, impacting the level of demand required for various roles / business units.

03

Vendor Profiles



Market Overview: Not many 'full-service' vendors

As workforce planning becomes more sophisticated and more of a critical business activity, we see a growth in both focused vendors and a tendency for other types of software providers 'encroaching'

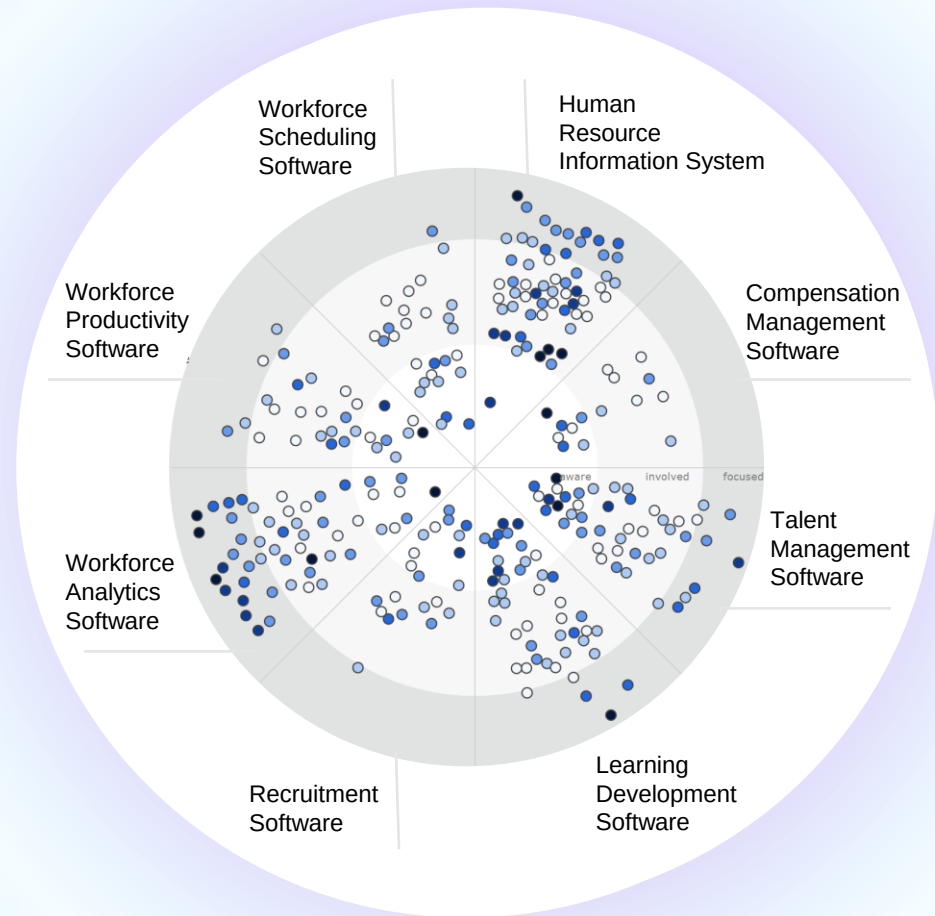
The outer ring of the diagram shows vendors that have a focused offering around SWP (the shading of the dot represents statistical confidence of the allocation, a darker dot is a higher degree of confidence). SWP capabilities emerge from four 'legacies'.

- **Workforce Analytics Software:** Here we find the analytics based platforms. Typically broad based people analytics with a workforce planning capability e.g. Visier, Sapience Analytics.
- **Human Resource Information Systems:** The advantage these companies have is, typically, ownership of the underlying data model.

This is especially true if they are have a broader functional footprint e.g. Workday, Oracle.

- **Talent Management Software:** As the scope of talent management software extends towards hire to retire so the overlap with SWP increases. Examples here would be 365Talents, Reejig and Kahuna Workforce.
- **Learning and Development Software:** In this case these tend to be the competency/ skills mapping foundations that have extended toward capability forecasting e.g. Skillties, Dossier.

Worth mentioning one outlier in the recruitment software category, **Eightfold.ai**. Though focused primarily on the first phases of the talent journey, the AI based architecture and skills inference would be a logical foundation.



Vendors in the outer ring have a more focused offering around SWP. Vendors can appear in more than one category

Workday Adaptive Planning

Workday is a cloud-based enterprise software provider that offers HR, finance, and planning software to help customers manage their businesses better. Workday offers a 'Skills Cloud' which uses external and client data to generate a foundational skills catalogue and taxonomy.

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	Data Management	APIs & Connectors	Data Wrangling			

 = offers the feature*

Overview:

Workday Adaptive Planning offers SWP as part of a comprehensive suite for enterprise performance management, embedding AI and machine learning to enhance decision-making and adaptability. It supports continuous planning and scenario analysis. Worth noting that Workday is not a full-scope ERP in the way that, say, SAP is. Therefore, there are some data sources that may require additional integration.

Strengths:

1. As expected, it offers Seamless integration with Workday's suite of Human Capital Management (HCM), financial management, and analytics tools
2. Intuitive for end-users, reducing reliance on IT and data specialists for report generation and data analysis.

AI Strategy:

Workday's approach to AI, particularly within its Adaptive Planning solutions, emphasises enhancing decision-making and planning capabilities. Workday has generally prioritised machine learning (pattern spotting and extrapolation) above AI. That said, Workday's roadmap includes generative AI capabilities for a streamlined user experience (e.g. natural language queries) and features to drive collaboration across finance and HR, for example streamlining headcount planning.

Typical Use Case:

Workday clients seeking an SWP planning solution that can integrate HR and Financial Planning in particular ¹³

Orgvue

Orgvue is a leading organisational design and planning software platform that provides HR, finance, and business leaders with analysis for making informed workforce decisions. Founded in 2005 and headquartered in London, the company offers cloud-based solutions for workforce analytics and has raised a total of \$56.4M in funding

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Overview:

Orgvue is distinctively focused on organisational design and workforce planning. It provides tools for visualising and modeling large-scale organisational changes. Orgvue is designed for handling large datasets and enables real-time scenario modeling to explore different organisational strategies. It is particularly useful for companies undergoing transformations, needing to align their workforce strategy with future business landscapes. Orgvue also emphasises the continual evolution of organisational design, helping businesses stay agile and responsive to change.

Strengths:

1. Visual representations are particularly helpful and intuitive.
2. Depth of functionality around organisational design.

AI Strategy:

Orgvue's approach to digital transformation and HR planning emphasises the strategic use of data to attract, develop, and retain talent. It offers specific capabilities around modelling the impact of AI on a workforce. However, we were not able to find specific AI strategies within Orgvue's roadmap, the focus is on leveraging data-driven insights for strategic workforce planning.

Typical Use Case:

organisations undergoing transformation or restructuring and therefore needing detailed, iterative scenarios around their workforce. The cost and effort of adding and integrating a new technology like Orgvue on top of their existing legacy often systems becomes compelling in this situation.

Anaplan Workforce Planning

Anaplan is a cloud-based, enterprise planning software company that offers businesses a comprehensive platform for dynamic, collaborative, and intelligent planning across various organisational functions such as finance, sales, supply chain, and HR. Anaplan was acquired by Thoma Bravo for \$10.4b in 2022

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 = offers the feature*

Overview:

Anaplan, as a dedicated planning software, focuses on providing a highly integrative and flexible platform for workforce planning across functions. It emphasises real-time data insights, scenario modeling, and ease of integration with existing systems. Anaplan allows for detailed "what-if" scenario planning and helps organisations align their workforce strategy with business objectives. It offers a dedicated workforce planning application as part of its Connected Planning platform.

Strengths:

1. Flexibility in handling various planning scenarios across different departments and functions.
2. Extensive library of connectors with other business systems for data flow and insights.

AI Strategy:

The company's AI-driven features, such as PlanIQ, Predictive Insights, and Optimizer, focus on improving forecast accuracy, strategic sales planning, and discovering optimal solutions for complex problems. Anaplan's AI capabilities are designed to empower users and allow them to use complex models without deep expertise. For example, **PlanIQ** uses advanced statistical forecasting and machine learning to improve scenario and forecasting accuracy.

Typical Use Case:

organisations looking for a comprehensive planning solution that integrates workforce planning in a comprehensive corporate plan.

Oracle Strategic Modelling

Oracle is a Texas based technology multi-national. The company sells database software (particularly the Oracle Database) and cloud computing. Oracle's core application software is a comprehensive suite of enterprise software products of which HCM is a key component

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 = offers the feature*

Overview:

Oracle Strategic Modeling is part of the Oracle Enterprise Planning and Budgeting Cloud Service (EPBCS) for complex financial forecasting and long-range planning. It offers scenario modeling capabilities, including balance sheet components like debt and capital structure management. It is aimed at complex corporate users who need to perform detailed financial impact analyses of workforce changes.

Strengths:

1. Complex financial and performance planning that is integrated with SWP.
2. Breadth of the integrated data-sources, as a result of the span of the Oracle suite within the enterprise.
3. AI foundations are built specifically for enterprise as opposed to being adapted from open-source.

AI Strategy:

Seeking differentiation, Oracle has partnered with Cohere and Mosaic. Both can work within the Oracle stack and have additional appeal in that they are built on the expectation of data privacy and, particularly, the need for corporates to train models on controlled data sets from the outset Oracle integrates AI and ML into its cloud infrastructure and applications, including HCM. The roadmap highlights the use of generative AI services, predictive analytics, intelligent process automation, and strategic modeling. Similarly to Workday, a key outcome of these initiatives is to augment operational know-how with powerful analytics.

Typical Use Case:

Best suited for large corporations with complex financial planning needs that include but are not limited to workforce considerations.

04

Key contacts

Key contacts

We'd love to continue the conversation with you and share more insights, please reach out to:



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05

Appendices



Definitions behind the feature map #1

Strategic Workforce Planning	Predictive Modelling	Scenario Analysis	Scenario analysis in Strategic Workforce Planning software allows organisations to model and evaluate various hypothetical situations to understand potential impacts on their workforce. This capability enables businesses to assess the effects of different strategic decisions, market conditions, or external factors, helping them prepare for a range of possible futures.
		Workforce Forecasting	Workforce forecasting is a feature that uses historical data and predictive analytics to project the future workforce as a combination of roles and skills. It helps organisations anticipate hiring requirements and labour costs.
		Demand Planning	Demand planning capability focuses on aligning workforce requirements with business demands. It involves analysing business activities, projects, and growth plans and translating that to a granular view of the types and quantities of roles required.
		Talent Optimisation	Talent optimisation is about strategically managing workforce resources to achieve the best possible business outcomes. This includes aligning employee skills and roles with business needs, enhancing engagement and productivity, and ensuring the workforce is adaptable to changing business strategies.
		Resource Utilisation	Resource utilisation functionality helps organisations maximise the efficiency of their workforce by tracking and analysing how employee time is spent. It identifies underutilised resources and opportunities for cross-training and re-deployment.

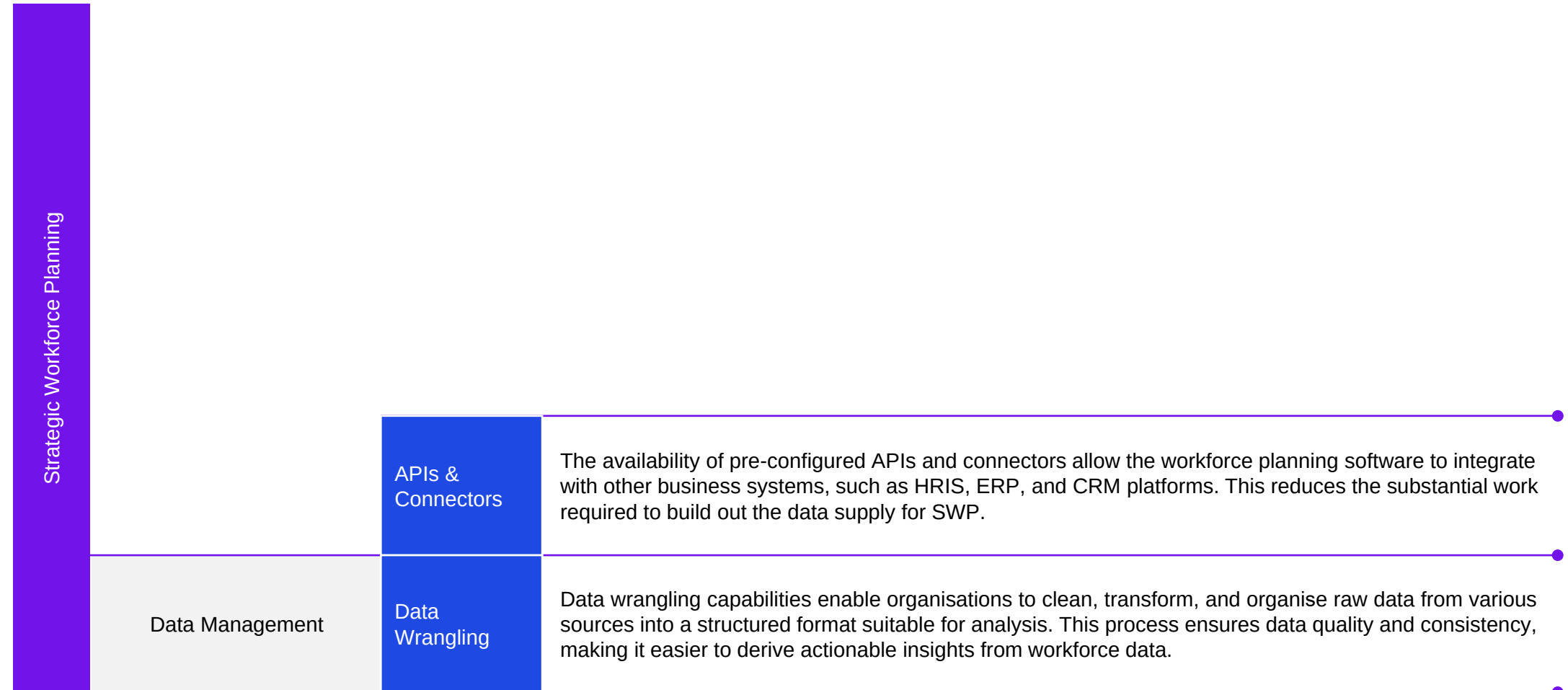
Definitions behind the feature map #2

Strategic Workforce Planning		Dashboard Reporting	Dashboard reporting provides a visual representation of key workforce metrics and trends in real-time. customisable dashboards allow stakeholders to quickly access and interpret data relevant to their roles, facilitating informed decision-making and strategic planning.
	Data Visualisation	Advanced Analytics	Advanced analytics in workforce planning software leverages machine learning, AI, and statistical methods to uncover deep insights from workforce data. It enables predictive modeling, trend analysis, and the identification of patterns, helping organisations make data-driven decisions.
		Real Time Metrics	A real-time metrics capability ensures that decision-makers have access to up-to-date information about their workforce. This includes live data on headcount, turnover, recruitment status, and other critical metrics, enabling timely responses to emerging challenges and opportunities rather than at a single point in the planning cycle.

Definitions behind the feature map #3

Strategic Workforce Planning		Skill Mapping	Skills mapping is a feature that captures the skills and competencies available within the organisation. It is a foundational model on which the people component of SWP is built e.g. identify skills gaps and allows business requirements to be translated into a people plan.
		Demographic Profiling	Demographic profiling provides insights into the composition of the workforce, including age, gender, ethnicity, and other demographic factors. This information supports diversity and inclusion efforts, helps predict retirement and succession needs, and informs targeted recruitment strategies.
	Workforce Segmentation	Succession Planning	Succession planning functionality helps organisations identify and develop internal talent to fill key leadership positions in the future. It ensures business continuity by creating a pipeline of employees ready to step into critical roles.
	Compliance Management	Regulatory Reporting	Regulatory reporting capability automates the creation and submission of reports required by government and industry regulators. It ensures compliance with labor laws and regulations, reduces the risk of penalties, and streamlines the reporting process.
		Audit Trails	Audit trails in workforce planning software track changes made within the system, including who made the change, what was changed, and when. This feature supports data integrity, facilitates compliance audits, and provides transparency into the planning process.

Definitions behind the feature map #4





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