WORKPLACE EXPERIENCE

Workplace Experience Research: Executive Summary

Research finds that a holistic approach is critical for workplace transformation

Workplace Experience: Global leaders weigh in

Most companies know that customer experience (CX) is crucial to competitive advantage. Many understand the contribution of employee experience (EX). But creating sustainable business value requires more: a dynamic and holistic approach to the entire workplace that encompasses technology, operations, culture and EX. This is workplace experience (WX).

How much of an advantage does it contribute? MIT Center for Information Systems Research finds companies can achieve double the customer satisfaction, twice the innovation and 25% greater profitability.

Findings from Avanade's new survey of nearly 1,400 global decision-makers, conducted by Vanson Bourne, shows how many executives are putting WX to work right now and what they expect to accomplish over the next 12 months. It highlights the changes they're making and the gains they anticipate in return. And it identifies the challenges that they – and you – may find along the way.

This report goes beyond the numbers with recommendations to help you identify and act on the full scope of WX transformation for optimal ROI in your organization.

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Key takeaways

There are huge benefits to be had from a holistic approach to workplace experience transformation

There's more to a successful WX transformation than using the most up-to-date technology.

Organizations understand that a holistic approach sponsored by executive leadership is required.

- 96% of senior decision-makers agree that a successful WX transformation requires a holistic approach across technology and physical workspaces, operations, culture and employee experience.

- Approximately half (47% to 58%) of senior decision-makers report that their organization's executive leadership should be involved in deploying a WX transformation.

Executives understand the importance of culture and an employee experience on par with the customer experience.

- 94% say reimagining culture and employee experience is important; 39% say their organizations have already implemented initiatives.

Senior HR and business decision-makers agree that creating employee experiences that are on par with customer experiences is crucial for:

- Improving talent retention (95%)

- Improving employee productivity (93%)

- Optimizing employee engagement (92%)

- Increasing recruitment competitiveness (91%)

Among the same group, the challenges are:

- Agreeing on/realizing the real business value of reimagining the employee experience (45%)

- Driving cultural change and adoption (42%)

Productivity (55%), employee well-being (48%) and efficiency (47%) are the top three benefits organizations expect to gain by reimagining culture and employee experience.

16%
Potential boost to revenue.

13%
Anticipated reduction in operating costs

94%
View their employees as a source of competitive advantage

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Modernizing secure workplace technology platforms, services and physical workspaces contributes to workplace transformation, but this hasn't come without challenges.

Organizations are moving towards sustainable, up-to-date technology and infrastructure, but often don't leverage the full value of their technology platform and workspace investments.

• 99% say modernizing workplace platforms and services is important; 43% say their organizations have already implemented initiatives.

• 95% say bridging the physical and digital gap is important; 44% say their organizations have already implemented initiatives.

The challenges senior IT decision-makers say their organization face include:

• Keeping up to date with the evergreen model and fully leveraging ongoing changes to technology platforms (49%).

• Sourcing the skills and experience needed to maintain and enhance technology platforms and services (45%).

Perhaps as a result of these challenges, only **22%** say that they have a mature, unified platform for WX, while **33%** are just now beginning to adopt such platforms.

Cybersecurity remains a large and growing workplace concern, with threats from inside as well as outside the organization. But help is available.

• 92% of respondents agree that the attack surface is increasing in scope and complexity.

• 87% say the "bad guys" are getting smarter and more sophisticated.

• 77% see a huge lack of security awareness among their end users.

• There are a growing number of security solutions available – but that may be part of the problem, as 81% say that proliferation of such solutions makes management difficult.

Rewiring the ways of working to reflect the emerging future of work is the final piece of the puzzle.

Integrating employee experience changes with operations optimization is key to a successful workplace transformation.

• 96% say optimizing/modernizing operations is important; 42% say their organizations have already implemented initiatives.

• 95% of the same group agree the most effective way to optimize business operations is to put WX at the heart of the business transformation strategy.

The main challenges identified by senior business decision-makers with optimizing operations are:

• The time it takes to implement operations improvements (48%)

• Realizing the real business value of optimization (38%)

• Resistance to change from employees (38%)

Innovation (39%), sustainable growth (34%) and new sources of revenue (30%) are three key benefits they believe their organizations would gain by optimizing operations.

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Looking beyond the numbers

Senior decision-makers across the business understand the potential gains from a successful WX transformation and are equally clear about the challenges.

Needed: A broad-based effort

Respondents are almost unanimous in confirming the importance of WX transformation. They know that enhancing WX to drive sustainable value requires mobilization across the enterprise. The range of factors that can contribute to WX includes culture, experiences, operations and technology. And the leadership for this comes from a coordinated unit, including IT, HR, facilities and line-of-business leadership.

The tools that companies are bringing to bear on WX transformation are equally broad, including a combination of strategy, implementation, managed services, industry-specific expertise, physical spaces, specialist tools and innovative IP.

Key drivers are cost efficiencies, productivity and growth

Executives anticipate that transforming their WX will deliver clear benefits to the bottom line, including increases in productivity, cost efficiency and growth. They also see benefits in greater employee well-being and engagement.

We see forward-thinking companies using WX as a competitive advantage in recruitment. As the job market continues to tighten, we expect to see the importance and impact of WX on recruitment grow.

Who's looking at the big picture

Typically, a member of the executive leadership team directs the WX effort, supported by a cross-functional group of business unit leads, IT and HR, although they'd like to see greater involvement from across that group.
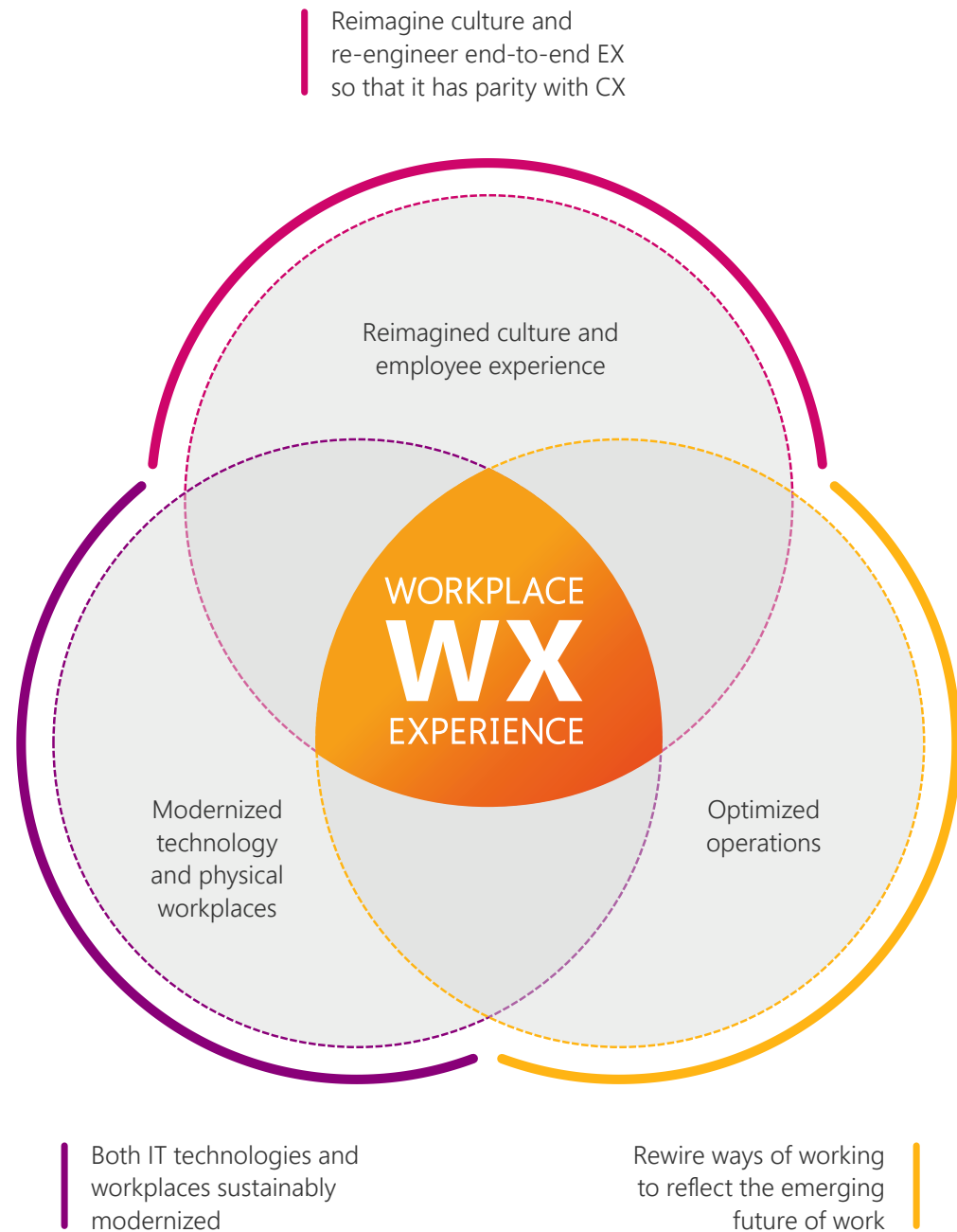
We think this preference reflects the distinct stakes that various executives and teams have in WX success. Technology leaders see WX as an opportunity to build and sustain cost-efficient, responsive and secure evergreen workplace platforms and services. CHROs and line-of-business leads look to WX to increase productivity and engagement of talent as it relates to the employee experience. And COOs and other business leaders look to drive the company's sustainable growth with new ways of working.

We believe that all these views and agendas need to be considered and coordinated for successful WX transformation.

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How to plan for your WX success

Many tools ... many goals ... many participants. Avanade believes that addressing the complexities of WX requires a holistic approach across technology and physical workspaces, operations, culture and EX that focuses on cost efficiency, productivity and growth.

Reimagine culture and re-engineer end-to-end EX so that it has parity with CX

Reimagined culture and employee experience

WORKPLACE
WX
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Modernized technology and physical workplaces

Optimized operations

Both IT technologies and workplaces sustainably modernized

Rewire ways of working to reflect the emerging future of work

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Here are our key recommendations:

Reimagine your culture and EX

Increase the productivity, well-being, efficiency and engagement of your talent by creating enhanced data and insight driven employee experiences that have a direct impact on customer experiences. Other high value initiatives include, modernized employee value propositions, cross-functional service teams, delegated decision-making, training to address gaps in digital skills, modern leadership styles and more. The goal is to motivate your employees to deliver great customer experiences – and to give them the tools to turn that motivation into reality.

Modernize your technology platforms, services and physical workplaces

Bring together IT, facilities and business leaders to design and deploy cost-efficient, highly responsive and secure evergreen workplace platforms, services and spaces to help your people to work in new ways. Doing so requires an investment in a broad range of technologies, including AI, intelligent automation at scale, internet of things, cognitive services, new devices, analytics and more. These will be sizable investments at a time when everyone's pinched by budget constraints, so they need to be made with an eye toward rapidly demonstrating business value in order to maintain the organization's support. If you're like many companies, you may be struggling to realize full business value from your investments.

Here's a potential quick win: Our data shows that while nearly every company has adopted Microsoft Office 365 as a core workplace technology, most haven't fully deployed it – especially the Teams collaboration tool. You need to know how to use Teams correctly to get the most out of it but, once you do, it can deliver tremendous returns. It's also worth noting that respondents believe that the built-in security features of Microsoft workplace products provide a better WX than "bolt-on" products do.

Optimize your operations

New sources of value and innovation, as well as sustainable revenue growth, spring from optimized business and technology operations. Done right, this optimization enables the business to continually improve services, open new markets, and create and evolve new business models that foster great customer experiences.

Look for ways to improve service delivery and boost efficiencies, such as reorganizing silo-based product teams into customer- or service-focused teams. And don't confine your optimization to a narrow subset of the organization; make it a core component of your business evolution and a commitment by leaders in disciplines as diverse as sales, R&D, customer service, product engineering, manufacturing, finance and more.

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Make WX your driver of sustainable value and growth

Sizable segments of our respondent base have started their WX transformations and they expect to make even more progress over the next 12 months. Some of these companies are your competitors. They're moving ahead with WX. It's time you did too. Here are three ways to begin:

Apply a data- and insight-driven approach to your EX transformation.

Use data and insights to shape and improve crucial moments that matter for employees, such as entering your business for the first time, just as you do for customers. **Start by mapping or revisiting potential data sources with a focus on driving value**.

Be clear about how you will enhance business performance.

Confirm business goals and understand how EX initiatives will deliver competitive advantage. **Start by building understanding about where you want to create value (a value framework) and mapping your EX initiatives to it**.

Extend your transformation partnership.

Ensure key groups across facilities, HR, IT and your business groups meet regularly to create an integrated EX. **Start by setting up a working group with stakeholders from these functions and groups**.

To learn more about how to redefine your workplace as a creator of sustainable value, visit www.avanade.com/wx

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Methodology

Avanade commissioned independent technology market research specialist Vanson Bourne to undertake the research on which this report is based. For the study, 1,375 senior decision-makers were interviewed in summer 2019.

Figure 1: Country breakdown

US and Canada	300
UK and Ireland	175
France	150
Germany	150
Netherlands	100
Italy	100
Spain	100
Nordics	100
Japan	100
Australia	100

Figure 2: Industry breakdown

Industrial manufacturing	178
Retail banking and general insurance	175
Consumer packaged goods	175
Resources	175
Retail	173
Other commercial sector	499

Figure 3: Functional role breakdown

HR decision-makers	278
Operations decision-makers	276
IT decision-makers	274
Marketing decision-makers	206
Service and support decision-makers	204
Other*	137

*including CEOs, CFOs and other board-level roles.

The interviews were conducted using online interviewing. All were undertaken using a rigorous multilevel screening process to ensure only suitable candidates were given the opportunity to participate. Respondent companies have a global annual revenue from $500 million to more than $50 billion, have 3,000 or more employees and participate in private industries only.

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We can help transform your WX

Avanade can help you redefine the workplace as a creator of sustainable value. We transform culture, technology, experiences and operations to increase cost efficiency, productivity and growth. Our end-to-end approach combines strategy, implementation and managed services, augmented by industry expertise, specialist tools and IP.

Visit www.avanade.com/WX to find out more.

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About Avanade

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