The Employee Experience Platform Market Has Arrived

Employee Service Delivery as a Foundation for Great Experiences

joshbersin

Introduction

In this whitepaper, we will discuss the emergence of a new category of HR and workforce productivity software, the employee experience platform (EXP). The EXP provides middleware connectivity, digital workflows, case management, process management, and knowledge management to help companies give their employees a single place to manage work-related tasks, HR requirements, and job transitions. Grown out of the case management and employee portal market, EXPs shield employees from complex and heterogeneous back-end systems and give employees a single place to go for a wide range of services. When implemented well, the EXP platform can also enable AI, nudges, mobile apps, and cognitive interfaces to make employees' work lives more productive and engaging.

To understand today's interest in employee experience, let's first examine the problem. Over the last several years, the proliferation of new technologies, coupled with economic growth, have brought complexity to the workdays of most employees. Recent research shows that 27% of workers believe they waste an entire day a week on irrelevant emails and messages[1]; more than 40% of professionals now work over 50 or hours per week, and in the United States, employees are taking 15% less vacation time than they did 20 years ago[2].

Productivity, the measure of output per hour worked, is only slightly increasing. Despite the proliferation of digital workplace tools, productivity in most developed countries, including the United States, UK, Germany, Japan, and Russia, is barely growing[3] (currently it is at around 2.2%).

Meanwhile, the number of technology systems used by employees is increasing. New research by Sierra Cedar shows that the average number of HR systems of record increased from 8 to 11 this year, creating an even more complex environment for employees[4]. Additionally, on average, companies are using seven different tools for messaging,

communication, file sharing, and scheduling.[5] Is it any wonder employees are overwhelmed and companies are spending more than $40 billion a year on wellbeing programs[6]? We simply need to make work easier.

Careers and Jobs: Employees' Lives Have Become More Dynamic

Just as work itself has become dynamic and complex, so have employees' careers.

We used to look at careers as a somewhat predictable. You would go through a recruitment and interviewing process, accept a job with a well-defined job description and salary, go through a few days of onboarding, and then start actual work. If you went to work for a very large company, there might be several months of introductory training before starting your job, and from then on, your manager would direct your career.

Every few years you might change jobs or get promoted, and in that case, you might relocate and go through additional training before starting your new job. If you were suited for management, you might go through leadership development and management training. This process would continue for decades until eventually you retired.

Until the last 20 years or so, most employees spent their work careers in one or two companies. In fact, the U.S. industrial economy and most European economies are based on this talent model, as are traditional retirement and pension programs and most career models. The corporate landscape was also different then. In the 1970s, the top 20 companies employed almost 10% of the workforce[7].

All this has changed. Young workers today find their jobs on the internet, and they interview for new positions on a regular basis throughout their career. Millennials change jobs and companies every two to three years, and they expect to learn and progress continuously[8]. Onboarding – related to new

1 https://www.linkedin.com/pulse/want-happy-work-spend-time-learning-josh-bersin/

2 https://projecttimeoff.com/reports/state-of-american-vacation-2018/

3 https://tradingeconomics.com/united-states/productivity

4 https://www.sierra-cedar.com/research/annual-survey/

5 https://www2.deloitte.com/insights/us/en/focus/human-capital-trends/2018/network-of-teams-connected-workplace.html

6 https://www.grandviewresearch.com/press-release/global-corporate-wellness-market

7 The Vanishing American Corporation: Navigating the Hazards of a New Economy, by Gerald F. Davis

8 https://www.linkedin.com/pulse/want-happy-work-spend-time-learning-josh-bersin/

Figure 1
Employee Journey

technologies, company initiatives, or business transformations – can seem almost continuous. In the most sophisticated companies, new employee onboarding is now a multi-month journey, with different types of developmental experiences along the way.

Each employee embarks on a unique journey when she joins an organization. Employee journeys will have twists, turns, detours, and maybe even a few bumps, but they will all be full of moments that matter. These moments combine to define the employee experience for your organization.

When it comes to services and support, employees have critical needs at all times of day. Professionals who travel frequently need supporting travel services. Remote employees need new laptops, phones, and tablets, as well as support for these devices. Companies need to provide VPN and file storage systems, in addition to smart badges that have to be provisioned and maintained. In secure and regulatory environments, employees must clock in, maintain certifications, and stay current on process changes all the time. And when a company merges, upgrades a major system, or goes through a downturn, all these problems are magnified.

Employees really care about all these things. If you look at how employees rate their employers on websites such as Glassdoor, Indeed, Fairygodboss, and Kununu, they regularly discuss culture, management, and the work environment as the most important factors at work. Pay is important too, but it's the employee experience that really matters. Whether it's something simple like fixing a paycheck discrepancy or an issue related to a complex program such as paternity leave, these moments that matter are opportunities to delight employees. When organizations succeed, employees become raving fans. When they fail, employees complain or post comments on social media.

The State of HR and Workplace Technology

Companies are replacing older IT systems with integrated cloud platforms (more than 30% of companies now have cloud-based HCM systems[9]) with the hope that the new systems will make employees' lives better. And the pace of replacement is increasing. Not only are companies replacing in-house HCM systems with platforms such as Workday, Oracle HCM, and

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9 https://www.sierra-cedar.com/research/annual-survey/

SuccessFactors, they are also replacing office productivity systems too. Office 365, Microsoft Teams, Slack, Google G-Suite, and tools from Facebook, Cisco, and Atlassian are revolutionizing the workplace[10].

In fact, I have never seen such a massive proliferation of technology hit the enterprise at once. I am tracking more than 1,400 vendors that sell new tools for recruitment, performance management, wellbeing, learning, employee surveying, and other HR applications. How can we use them all?

If you look at overall satisfaction with new cloud-based systems, it's not as high as you might imagine. The most recent Sierra-Cedar study found that only 17% of respondents believe their core HR system always meets company needs; the average user experience rating among more than 1,000 talent software companies is only 3.1 out of 5. While some vendors score higher than others, even the top performers are struggling to deliver a complete experience. (Sierra Cedar's research shows a 3% drop in user ratings over the last year.)

These satisfaction levels are not the result of poorly designed products. Rather, they are a reflection of an ever-expanding, ever-changing landscape in which no single vendor can do it all.[11] As AI becomes more mature and workplace software becomes more intelligent and predictive, new systems that provide employee nudges, wellbeing suggestions, training, coaching, and tips for time-management and expense management are exploding. Organizations find themselves with a continually expanding portfolio of applications while trying to figure out how to get them adopted and used by employees.

10 https://www.geekwire.com/2018/new-word-processor-wars-fresh-crop-productivity-apps-trying-reinvent-workday/

11 https://joshbersin.com/hr-tech-disruptions-for-2019/

Employee Service Delivery Is Foundational for Great Experiences

We need to think about the employee experience the way we think about the consumer experience. Information must be available as needed, people are efficiently guided to the right systems and departments, and employees can get relevant help at any time.

Can a single platform help address these challenges? The employee experience platform (EXP) is the solution.

In many ways, this new product category represents the evolution of employee service delivery, which goes back to the 1970s when companies first realized they needed employee-facing systems for HR. The following chart shows the stages most companies go through to arrive at a modern, efficient, and relevant employee experience.

- **Level 1:** Companies rely on HR business partners or generalists to help employees with their needs. This works well for small companies. However, even with more specialized partner roles and additional personnel, this approach quickly becomes dysfunctional as companies grow and business becomes more complex.

- **Level 2:** Companies build specialized service centers. This phase, which is where most companies are today, involves centralizing employee services, creating specialist roles, and integrating the HR service center with IT, finance, and other functions. At level 2, companies buy an integrated case management system and provide case-level integration between different functional areas.

Automated Services
(voice, apps, AI, nudges, intelligent proactive solutions)

Self-Services Systems
(portals, apps, case management, knowledge base, expertise mgt)

Managed Service and Service Delivery
(integrated service delivery strategy, call centers, outsourced HR services)

Ad-Hoc Service or No Service
(deliver as needed, random, business partner driven, difficult to manage)

Figure 2
The Evolution of the Employee Experience Market

• **Level 3:** Companies invest in the employee self-service portal (or ESS), which is now often designed as a series of employee apps. Because of the continuous proliferation of tools and services, an ESS typically requires significant ongoing investment and maintenance, and often requires resources from IT, finance, employee communications, and other functions.

• **Level 4:** At this level, companies add intelligence, design thinking, proactive and predictive systems, and chat and voice to the platform to create a consumerized and efficient solution.

Critical Capabilities of Employee Service Delivery

Employee experience solutions go far beyond the traditional functions performed by HR.

When my laptop is broken, I may not know if IT or HR "owns" my problem. I just need my computer fixed as soon as possible. So today, a standalone HR self-service center is no longer limited to HR-related functions. It must operate in the context of all the employee services the company wants to provide.

In fact almost all employee journeys cross HR, IT, and other organizational areas. Many include facilities, finance and legal. Therefore, we need a platform upon which to build cross-functional journeys. (This begs the question of whether the standalone functional service organizations should not also be more integrated. For a good discussion of this issue, I recommend reading McKinsey's discussion of the Global Services Business model[12].)
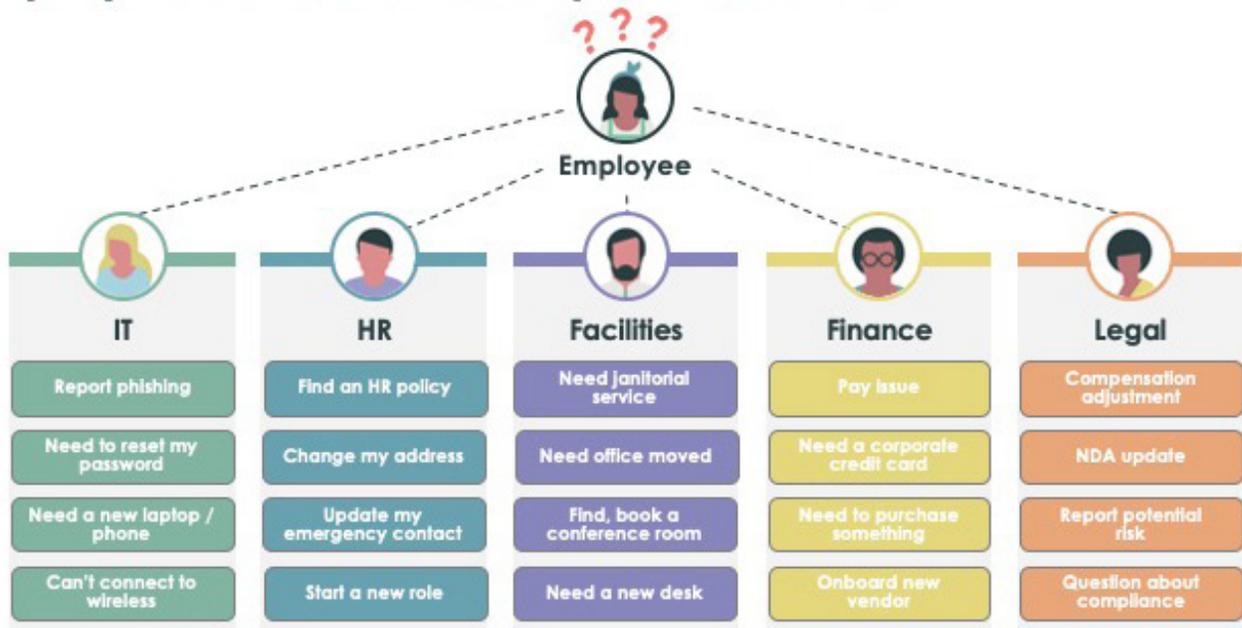
For each employee need or journey, there is a myriad of systems behind the scenes. While many HRMS vendors believe

12 https://www.mckinsey.com/business-functions/digital-mckinsey/our-insights/does-the-global-business-services-model-still-matter

Figure 3
Employee Journeys Cross Multiple Functions

Dell Creates A Consumer-Like HR Experience for Employees During the EMC Acquisition

When Dell announced its intent to purchase EMC, the company was already on a path to improve the employee experience when dealing with HR as part of a larger effort to modernize its corporate HR function. Dell had implemented online self-service for many HR-related tasks several years earlier, but the user interface could be difficult for employees to use, and the company's existing HRIS lacked the functionality needed to manage calls.

The pending acquisition of EMC posed new challenges to Dell's HR technology team, which had recently selected a new enterprise HRIS. When the acquisition was finalized, the new company – to be called Dell Technologies – would have approximately 140,000 employees working in 180 countries. Dell and EMC were operating on two different instances of a legacy HRIS and had a large portfolio of other workforce-related applications with more than 400 integrations.

"At the time of the acquisition announcement, EMC was also considering moving to a new HRIS but not to the system we had selected. So, we had to go back to the drawing board to ensure our selection could scale to our needs post-acquisition," said HR Director Mairead Coughlan. "We also had to rescale our own vision to encompass all of the work needed to bring together two large workforces into a single employee experience."

While consolidating two organizations into a new enterprise HRIS would be a daunting challenge in and of itself, the Dell HR technology team decided early on it had to take the initiative even further. The selected HRIS lacked the consumer-like user experience the company was seeking, as well as advanced functionality for case management and knowledge management.

When Dell began work with ServiceNow in January 2017, it was with the understanding that the company would roll out the new HRIS as well as an employee portal (My HR), and case and knowledge management, powered by ServiceNow by that October. The "big bang" rollout would take place over a weekend – the legacy Dell and EMC HRIS systems would be turned off on Friday and the new solution would be up and running and available to all employees the following Monday. The launch date was immovable.

> We relied on design thinking to help us design the My HR portal, which we wanted to build from an employee's perspective. We envisioned it as a 'front door' to HR information, which would clearly direct employees to the information and services needed in the moment.
>
> Mairead Coughlan
> HR Director

that employees can use their systems as a single point of contact, in reality this is nearly impossible. There are simply too many back-office systems involved.

Given these issues, what should capabilities should an EXP have in order to deliver critical employee services? First, it must be intelligent, workflow-based, context-sensitive, and accessible from a workers' device of choice. It must also bridge the gap between heterogenous systems, disparate functional service centers, and the ultimate employee needs. Other important criteria are as follows:

Span HR, IT and other departments. Employees often need routine services from multiple departments such as IT, HR, facilities, finance, and even legal. Complex moments in employee journeys – such as onboarding, offboarding, or a leave of absence -- require coordinated support and services across multiple departments. When departments deliver services separately through different portals, systems, and processes, they are only solving a piece of the puzzle. The resulting experience is fragmented and inconsistent. The burden is put on the employees to interact across these departments. Accomplishing what should be simple tasks can be time consuming and frustrating. An EXP needs to drive workflows across different departments and systems. By doing so, back office complexity is hidden from employees, replaced with a single, easy-to-use mobile-first experience.

Easy to use. An EXP serves as a destination for employees – a place to find answers, collaborate, and share information – as well as a set of tools to create and manage cases, direct queries to the right person or group, and develop insights over time. When an employee asks a question, it's highly likely that the question has been asked before and will be asked again, so the system must learn over time.

Help build and manage different employee transitions and journeys. A new employee has one set of needs; an employee who is relocating has others; an employee with a grievance has others. These journeys should be mapped into the system, so organizations can organize their support resources around the real needs employees will have.

Track the progress of all employee interactions. When an employee opens a case, he or she needs status updates. For instance, if an employee is participating in a three-month onboarding or compliance process, the system must track his status. The solution should also manage employee documents. While most back-end systems manage information related to payroll, job level, location, and job title, there are cross-functional documents such as work agreements and compliance forms that may not be automated in back-end systems. The EXP should be able to manage such documents centrally.

Accommodate many modes of access. In the past, self-service systems were portals. Today they are being extended into virtual agents, apps, and both chat, voice, and conversational interfaces – all available from a worker's mobile device. Over time, as the maturity model illustrates, service-delivery systems will be intelligent, predictive, and even provide "nudges" to help employees remember what to do at various times.

Track and manage performance analytics. Since an EXP may well manage and process hundreds of interactions a week, it can provide analytics to help managers identify urgent needs and problematic processes, as well as assess employee feedback. In some sense, this platform becomes a new place to measure employee engagement, since employees interact with it so frequently.

Employee Experience Platform: An Essential Component of HR and IT Systems Plans

For many years companies considered the core HRMS as the foundation of HR technology. These systems of record were considered to be foundational, and companies spent the bulk of their HR-IT budgets on these software platforms.

This is no longer the reality. Many companies now have multiple payroll and HCM systems. More than 70% of companies have legacy systems and multiple cloud HCM platforms[13]. Acquisitions, local country legislation and payroll practices, and the proliferation of new talent applications create even more technology complexity. And the number of employee-facing systems keeps increasing.

Just as Amazon.com, Google, and Facebook deliver a single, integrated, productive experience to consumers, we need a similar "user-centric" architecture for employees as well.

13 Sierra Cedar
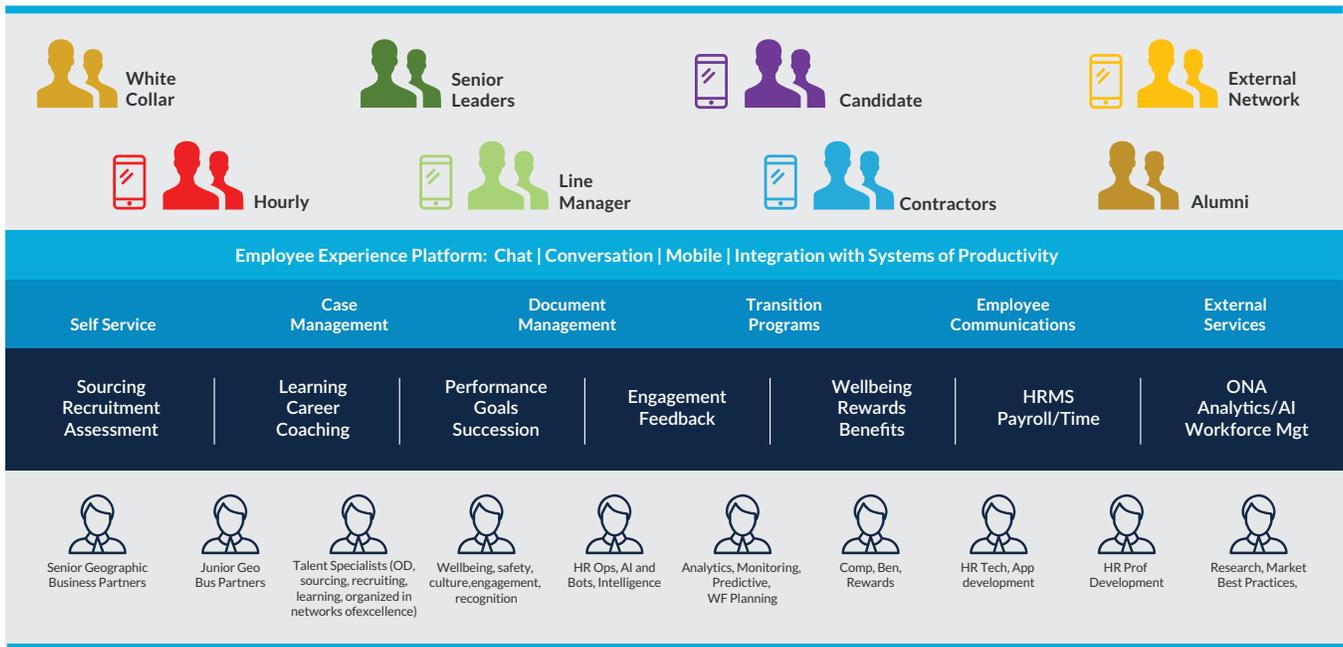
Figure 4
HR Technology Architecture: 2020 and Beyond

Nobody really knows how many heterogenous back-end systems power Amazon or any other consumer platform.

Likewise employees should not need to understand which back-end systems they need to use either.

Many companies acquire Workday, SuccessFactors, Oracle HCM, or other cloud HR system with the goal of creating an integrated employee experience. What they find only a year or less after implementation is that while this new platform may be more integrated, they still need standalone systems for time and scheduling, benefits, learning, and much more. New software tools are being created every year for wellbeing, coaching, benefits administration, and payroll.

The employee experience platform solves this spectrum of applications, while at the same time making the employee experience easier, more complete, and more productive.

Consider the architecture diagram. ERP and specialized vendors typically provide the functions in blue. However, there is no way all of these functions can be provided by a single application. Therefore, we need light blue layer of

software to mask the complexity of the back office systems and create a service-oriented interface that employees find easy to use. This is the EXP, and it needs to be included in every organization's technology plan.

Summary: The Employee Experience Platform Is Here to Stay

In the world of enterprise software, it's unusual for a new category to emerge. But with the expansion of corporate technology, the need for employees to be more productive, and our expectations for consumer-like experiences, the employee experience platform market and vendors like ServiceNow are here to stay. Regardless of your current infrastructure plans, I believe almost every company needs to consider an employee experience platform in their HR and IT systems strategies.

Key Drivers

- Work has become more complex, as people change roles and jobs more frequently than ever.

- Employees are overwhelmed and looking for a simplified, consumer-like experience at work.

- The IT business environment has become more heterogeneous and consists of large cloud and many best-of-breed systems.

- HR departments have organized themselves into service delivery teams but need tools to manage the flood of employee interactions.

- Employees want help with transitions and journeys throughout their careers.

- CHROs and CEOs want to give employees new and better benefits and services with innovative new programs on a regular basis.

- AI, big data, and cognitive systems can learn and predict what employees need and deliver an even more useful and enjoyable way to provide service.

Benefits of the EXP

- As cloud systems grow in popularity, companies are creating more heterogeneous systems architectures. The EXP is a single place to design, manage, and measure all employee interactions across the company.

- Employee transitions and service demands are complex, voluminous, and need to be managed in one place. The EXP provides IT and HR data, a centralized management platform, tools to create automated workflows, and a unified experience for employees.

- The EXP enables organizations to deliver a great employee experience by making employees feel as if their organization has an understanding of needs throughout the entire employee journey.

- Employees want a single place to find information and solve problems. The EXP eliminates the need for employees to learn how to use the ERP and other systems for service-related issues, thereby making employees more productive and engaged.

- Cross-system digital workflows and applications can be tremendously empowering for employees. By using the EXP to develop programs for strategic programs such as onboarding, performance management, and job transitions, the HR and IT department can work together to build best-of-breed solutions for the company and dramatically increase departmental efficiencies.

- The EXP dramatically reduces the cost and time spent developing custom portals, integrating back-end systems, validating security, and measuring service interactions across multiple backend systems.

- The EXP enables internal HR and IT transformation to evolve without changing the employee experience, as companies build more integrated service organizations to meet employee needs.

About Josh Bersin

Josh Bersin is an internationally recognized analyst, educator, and thought leader focusing on the global talent market and the challenges impacting business workforces around the world. He studies the world of work, HR and leadership practices, and the broad talent technology market.

He founded Bersin & Associates in 2001 to provide research and advisory services focused on corporate learning. Over the next ten years, he expanded the company's coverage to encompass HR, talent management, talent acquisition, and leadership. He sold the company to Deloitte in 2012, when it became known as Bersin™ by Deloitte.   Bersin left Deloitte in June 2018, but he continues to serve as a senior advisor and contributes to major research initiatives. He also sits on the board of UC Berkeley Executive Education.

In 2019, Bersin founded the Josh Bersin Academy, the world's first global development academy for HR and talent professionals and a transformation agent for HR organizations. The Academy offers content-rich online programs, a carefully curated library of tools and resources, and a global community that helps HR and talent professionals stay current on the trends and practices needed to drive organizational success in the modern world of work.

Bersin is frequently featured in talent and business publications such as Forbes, Harvard Business Review, HR Executive, FastCompany, The Wall Street Journal, and CLO Magazine. He is a regular keynote speaker at industry events around the world and a popular blogger with more than 700,000 followers on LinkedIn.

His education includes a BS in engineering from Cornell University, an MS in engineering from Stanford University, and an MBA from the Haas School of Business at the University of California, Berkeley.