The State of the Digital Workplace

2020 Q3 EDITION

A new era for the digital workplace: Advancing maturity and real-world impact

PERSPECTIVES FROM 450 + EXECUTIVES

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Introduction

This year's State of the Digital Workplace report arrives at an extraordinary time. COVID-19 has thrust the digital workplace into the limelight, dramatically scaling up remote work and becoming a critical lifeline for organizations and employees to continue operations.

The long-term effects on our working patterns will likely be permanent, but the coronavirus also acted as a catalyst for trends that were in motion months and in some cases, years before the pandemic hit. Work was already becoming increasingly portable and the adoption of collaborative tools like Microsoft Teams was already advancing. Systems were becoming more intelligent and platforms increasingly integrated.

The findings are based on the results of two surveys; one that ran from January to March and an updated survey that ran from July through September 2020. The data suggests we are entering a new era for the digital workplace, one characterized by maturing platforms, increasingly effective tools and successful execution of engagement and adoption strategies.

Organizations are finally realizing the importance of the digital workplace.

While the initial survey gave us insights into what organizations were thinking at the beginning, the updated survey allowed us to look at ways the pandemic affected businesses worldwide.

This fifth State of the Digital Workplace report synthesizes responses from more than 700 organizations to give us a compelling snapshot of where we are and where we may be heading. It is from this point we move forward.

We hope the insights from the report help you to deliver, manage and improve your digital workplace, and to support your workforce through the difficult months ahead and the better times that will follow.

Brice Dunwoodie
Founder and CEO of SMG/CMSWire

8 Digital Workplace To-dos for Tomorrow

1 Get the digital workplace and employee experience on the agenda.

Start those conversations that are going to grab the attention of senior leaders. Speak with your boss and get them to talk to their boss. Try and get your peers to do the same. Focus in on the digital workplace and the employee experience.

2 Reach out to fellow travelers.

Find those forward-thinking stakeholders and those early adopters driving the pockets of digital workplace progress. Get a group together who see the value of a more holistic and strategic approach to the digital workplace.

3 Discover and aggregate your digital workplace data.

Aggregate digital workplace data from inside and outside your organization (including this report) to build up a picture of what is happening. Undertake new research where necessary. A position of knowledge is a position of strength.

4 Try to get the ball rolling on formulating a strategy.

What's the plan? Where's the roadmap? Even if you haven't got anything formal in place and you're just coalescing the thoughts of early adopters, working towards a cohesive, well-reasoned strategy that is based on evidence rather than assumptions should be your direction of travel.

5 Commit to improving failing tools.

You know which tools aren't working as well as they should. Commit to doing something about it. Even modest steps and quick wins can have a powerful impact on your users.

6 Leverage the power of measurement to improve.

Pledge to use metrics to make your digital workplace more effective. Review your approach to analytics and reporting and set time aside each month or quarter to use the numbers to guide improvements. And then measure again!

7 Connect to the global digital workplace community.

Network with peers, go to conferences, discover what others are doing, share your story. We can all learn from each other to move the digital workplace forward.

8 Enjoy the journey.

The digital workplace and employee experience are an exciting, stimulating, challenging, emergent and highly satisfying area to work in. You can really make a difference. Make sure you enjoy the journey.

6 Insights Into How Businesses Shifted to Remote Work

1 The pandemic significantly moved the needle on digital workplace maturity.

More organizations than ever before are paying attention to the digital workplace. The number of respondents who said they were about halfway regarding digital workplace maturity increased from 36% to 51%.

2 Top challenges for the digital workplace shifted thanks to the pandemic.

More organizations are prioritizing technology processes in the third quarter over the focus on culture changes in the second quarter. Also, removing silos and increasing cross-functional collaboration have emerged as top challenges.

3 The shift to remote work/ digital workplace was easier than expected.

Change is never easy, but in the open comments respondents were surprised at how smooth the shift to remote work went for them.

4 The pandemic impacted — but didn't stop — purchasing plans for digital workplace technology.

The pandemic impacted budgets, to be sure. However, only a minority of organizations put all purchases on hold. More often, organizations shifted their spending; increasing it in some areas while decreasing it in others.

5 The shift to a digital workplace looks like it will have some staying power.

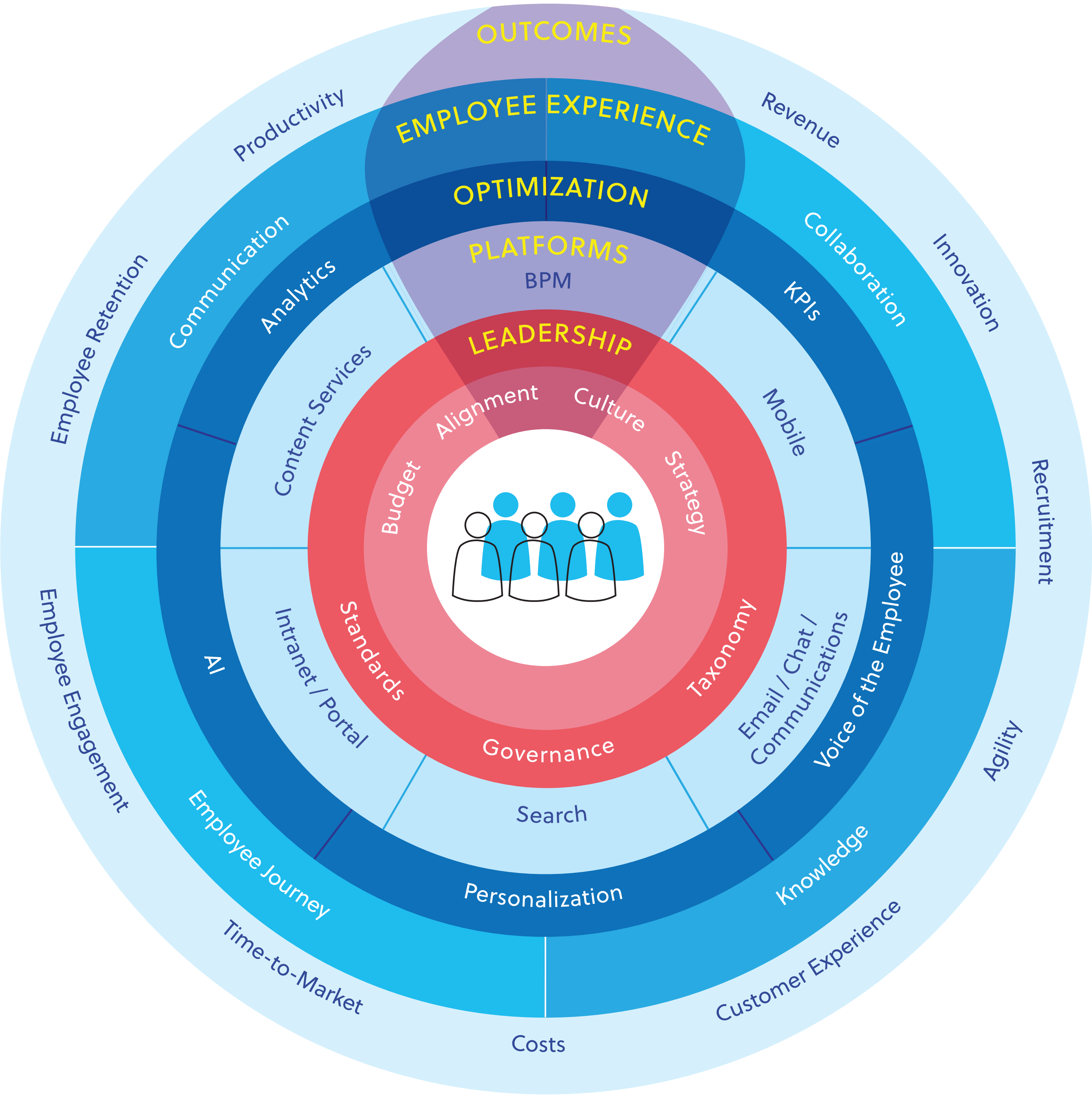
Very few organizations believe there will be a complete return to pre-pandemic operations. Most say there will be some sort of remote work plan even after the crisis has passed.

6 Organizations are already thinking about a safe return to the physical workplace, even though they're not necessarily sure when they're returning.

Many organizations have started return-to-the-office plans; 51% describe their plans as Intermediate.

Defining the Digital Workplace

Ever-evolving, the digital workplace combines leadership, culture, technology and practices to yield critical outcomes that positively impact both operational effectiveness and employee experience.



Digital Workplace Evolution

The COVID-19 pandemic quelled any lingering doubts about the strategic benefits that a high functioning digital workplace provides. However, progress has been slower than might be expected over the last few years and digital workplace maturity varies dramatically from organization to organization. Each year a key question for us is how much has the digital workplace journey progressed and in which ways have things evolved.

More specifically, we wanted to get a sense of if the digital workplace had grown in significance and as a strategic priority. We wanted to ascertain the overall level of digital workplace maturity and also find out to what extent organizations were formalizing their approaches to managing the digital workplace.

The Digital Workplace Has Taken Center Stage

The enforced shift to remote working dramatically changed perceptions of the digital workplace, but our survey suggests this trend was already happening to a certain extent before the pandemic hit.

The results suggest a rapid shift in attitudes towards the digital workplace as it moves higher up on the corporate agenda. After three years of relatively static figures, for the first time a clear majority of organizations (56%) stated the digital workplace was an "extremely" or "very" important priority, up from 48% in 2019.

Although the emerging coronavirus crisis may have influenced the figures, we can reasonably expect those numbers to be even higher now as the full impact on the way we work has become clear.

The growth in the digital workplace's importance is also likely a result of programs such as Office 365 roll-outs coming to fruition and tools becoming more embedded in everyday processes.

How does the digital workplace rank in terms of your organization's priorities?

Answer	2019	2020
Extremely or Very Important	48%	56%
Important	29%	25%
Slightly or Not Important	23%	19%

SOURCE: SMG/REWORKED STATE OF THE DIGITAL WORKPLACE REPORT 2020

A Significant Advancement in Digital Workplace Maturity

We asked organizations how they rated their digital workplace maturity. After three years of relatively static numbers, we saw considerable growth in the second quarter of 2020 around organizations stating their digital workplace was at a mature phase (22% in the second quarter 2020 as compared with 14% in 2019) or mid-way (36% vs. 25%). This means that earlier this year, at the start of the pandemic, 58% of organizations were reporting significant maturity in 2020 compared with 39% in 2019, representing a notable change in digital workplace maturity and its potential impact.

Since the second quarter however, there has been a noticeable uptick in maturity. A quarter of respondents (24%) now say they are at a mature phase, while 51% say they are mid-way. Only 23% say they are at an early phase, with no one reporting they haven't started. From March to September, the number of organizations reporting significant digital workplace maturity has jumped from 58% to 75%, an increase of 17 percentage points. The digital workplace is now on everyone's minds.

How do you rate the maturity of your organization's digital workplace?

Answer	2019 Responses	2020 Q2 Responses	2020 Q3 Responses
At a mature phase	14%	22%	24%
About mid-way	25%	36%	51%
At an early phase	42%	33%	23%
Not yet started	16%	5%	0%
I'm not sure	3%	3%	1%

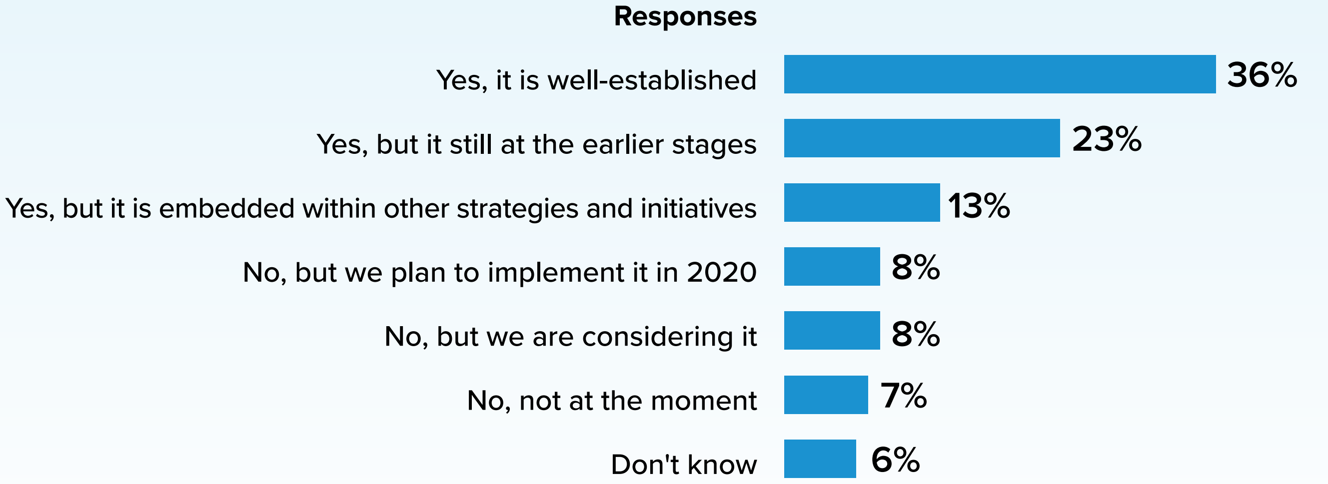
SOURCE: SMG/REWORKED STATE OF THE DIGITAL WORKPLACE REPORT 2020 AND DIGITAL WORKPLACE IN THE GLOBAL CRISIS SURVEY

More Organizations Are Formalizing Their Approach

Signs of growth could also be found in the formalization of digital workplace strategies and programs. Well over a third of organizations (36%) have what they described as a "well-established" digital workplace strategy or program; a further 36% reported strategies either in the early stages or embedded in other strategies. A further 16% stated they were considering or planning a strategy or program, while only 7% said they had nothing in place.

These numbers reflect a long-term trend. The survey data over the past four years shows a steady increase of organizations formalizing a digital workplace strategy or program, growing from less than half of all organizations (46%) in 2017 to nearly three quarters in 2020 (72%).

Do you feel your organization has an established digital workplace strategy or program?

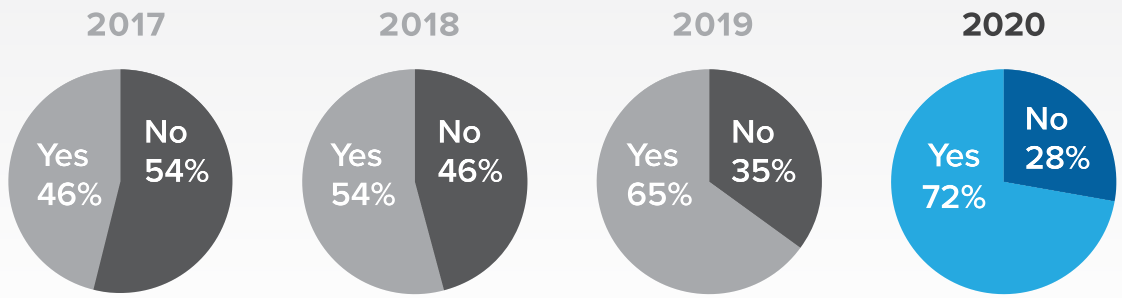


SOURCE: SMG/REWORKED STATE OF THE DIGITAL WORKPLACE REPORT 2020

The growth is highly encouraging. Digital workplaces need planning and stewardship to flourish. Several factors have contributed to this growth: on top of the recognition of the digital workplace's strategic importance, anecdotally we have seen greater awareness of digital workplace concepts among IT functions as well as investment in cloud technologies, particularly Office 365 and related Microsoft products, that lead to specific programs.

Unsurprisingly, there is also a strong correlation between digital workplace maturity and those with a formalized program or strategy. Fifty-seven percent of those organizations with a mature or middling mature digital workplace have a "well-established" digital workplace strategy or program as compared with 8% of organizations in an early phase of digital workplace maturity.

Do you feel your organization has an established digital workplace strategy or program? Four year trend.



SOURCE: SMG/REWORKED STATE OF THE DIGITAL WORKPLACE REPORT 2020

Investment Becomes a Priority for More Organizations

We also asked where organizations were in terms of implementing the core elements of their digital workplace. Given the increase in digital workplace maturity, we expected a greater proportion of organizations to tell us their core tools had been fully or partially implemented. However, compared with 2019's results, a greater proportion of organizations stated they were preparing the grounds for further investment, whether by building a business case, carrying out research or developing requirements. Overall while 49% percent identified as being in the implementation or post-implementation phase in 2020, this number was 66% in 2019, a relatively significant shift.

Several factors may cause this. It could be a reflection of the investments organizations needed to make to meet the demands of the COVID-19 work from home mandate. Similarly, some more digitally mature organizations were already in the process of reinvesting in tools or had moved to a model of continuous improvement, with its constant churn of investment and roll-out of tools. The numbers may also reflect the huge expansion of Microsoft Teams, with many organizations accelerating planned implementations due to the impact of COVID-19.

Considering your investment in the core elements of your digital workplace, which of the following options best describes where your organization is?

Answer Choices	2019 Responses	2020 Responses
Not started / not active	5%	8%
Building a business case	6%	14%
Researching tools and trends	8%	13%
Developing / thinking our requirements	10%	13%
Researching vendors	2%	2%
Conducting an RFI or RFP	3%	1%
Purchases made, implementing now	15%	9%
Some implemented, some pending	40%	25%
Fully implemented	11%	15%

SOURCE: SMG/REWORKED STATE OF THE DIGITAL WORKPLACE REPORT 2020

Priorities and Challenges

As a digital workplace matures, it can open up opportunities to drive efficiencies, develop new services and influence corporate culture. New challenges may also arise too, such as the ability to maintain governance.

Digital Workplaces Never Remain Static

New technologies, user expectations and economic pressures present both opportunities and challenges in themselves. Indeed, the impact of COVID-19 may well influence the direction of the digital workplace for many years. Because of this, we wanted to get a better sense of the strategic priorities and related challenges that digital workplace teams face.

Organizations Are Considering a Range of Priorities

When we asked survey respondents about strategic priorities for their digital workplaces in the second quarter, the variety of drivers for advancing the digital workplace had changed little over the last year. Many of the most common priorities received more or less the same proportion of responses as in 2019.

However, the COVID-19 pandemic changed all of this, causing major shifts in digital workplace priorities.

First, the deltas rose in all responses, with the number of respondents identifying digital workplace priorities increasing by wide margins from the second to third quarter. For example, in our initial 2020 survey, 29% of respondents called out culture and change as a top strategic priority. In our Digital Workplace in Global Crisis survey, it jumped to 40% of respondents. Digitization and process improvement experienced a similar jump, from 28% in the second quarter to 41% in the third. Big data had a similar jump, from 22% to 35%. In a relatively short period of time, more survey respondents are starting to prioritize the digital workplace as they navigate the current reality of remote working.

What are your organization's top 5 digital workplace priorities?

Q2 Top 5 responses.

- 29% Culture and change
- 29% Improving customer service
- 29% Knowledge management
- 28% Digitization and process improvement
- 28% Learning and development

What are your organization's top 5 digital workplace priorities?

Q3 Top 5 responses.

- 42% Integrated digital workplace environment
- 41% Digitization and process improvement
- 40% Culture and change
- 35% Big data (advanced analytics and decision support)
- 31% Standardization of tools and processes

SOURCE: SMG/REWORKED STATE OF THE DIGITAL WORKPLACE REPORT 2020 AND DIGITAL WORKPLACE IN THE GLOBAL CRISIS SURVEY

Budgetary Constraints Top Digital Workplace Challenges

Implementing a digital workplace program can be difficult, so we wanted to hear about the specific challenges organizations face. Here the responses in the second quarter remained broadly consistent with 2019, with four out of five carried over: “budget constraints,” “lack of cross-departmental collaboration,” “competing initiatives or departments” and “organizational culture.” Only “digital adoption” emerged as a new key challenge.

The COVID-19 pandemic highlighted certain challenges, while making others more apparent. Budget constraints have become a challenge for a larger number of organizations, with 41% of respondents in the third quarter calling it a challenge — an 8% increase from our spring survey. Siloed systems and data also became more challenging. While not a top-5 priority in the second quarter, by the third quarter 26% say this is a top challenge.

Of the top challenges respondents identified in the second quarter, only one (digital workplace adoption) did not increase by a statistically significant margin. Also, lack of cross-departmental collaboration dropped as a challenge, from 20% in the second quarter to 16% in the third. Certain areas became significantly tougher as the year progressed, with more respondents identifying budget constraints, competing initiatives and culture as challenges in the third quarter. While digital workplace adoption holds steady, more organizations might be currently overwhelmed with the state of their workforce. Also, the sudden shift to remote work may have taken a toll on workplace cultures, which would explain the increase in respondents identifying it as a challenge.

What are your organization's biggest digital workplace challenges? Top five responses.

Answer	2020 Q2 Responses	2020 Q3 Responses
Budget constraints	33%	41%
Lack of cross-departmental collaboration	20%	16%
Competing initiatives or departments	20%	24%
Digital workplace adoption	17%	15%
Organizational culture	16%	24%

SOURCE: SMG/REWORKED STATE OF THE DIGITAL WORKPLACE REPORT 2020 AND DIGITAL WORKPLACE IN THE GLOBAL CRISIS SURVEY

Q3 Updates: Digital Workplace in the Global Crisis

Breaking: Shifting to Remote Work Was Easier Than Expected

Organizations didn't have a lot of notice to shift their workforce to remote work. When many state governments ordered large-scale shutdowns in March and April 2020, companies were forced into virtual working situations whether they wanted to or not. Top publications have predicted for years that a shift toward remote work was imminent. With the pandemic, the shift became a reality.

What surprised survey respondents was just how prepared they were for the change. We attribute the smoothness of the transition to several factors. First, organizations were more advanced in their digital workplace infrastructure than they had ever been. Additionally, employees were familiar with many of the digital workplace tools. Finally, the immediacy of the crisis removed obstacles around adoption and more, while motivating workforces to change and collaborate to make it work.

Nearly 45% of respondents described their shift as Smooth, with little to no difficulties experienced. Further, 34% took an Iterative approach, improving on their transition plans little by little, in an agile manner. Only 20% described their approach as Fitful (reactive), while just 2% called their approach Chaotic, featuring many roadblocks and challenges, As a result, 59% of respondents said they were extremely prepared for the shift, while another 35% said they were moderately prepared.

How satisfied are you with your organization's shift to remote work amid the pandemic?

DIGITAL WORKPLACE IN THE GLOBAL CRISIS SURVEY

Purchasing Plans for Digital Workplace Technology, Impacted

As priorities and challenges changed, so too did spending patterns for digital workplace technologies. The pandemic had a significant impact on budgets and purchasing plans. However, even as a large number of organizations cite budget constraints as a major challenge to implementing digital workplace technology, organizations didn't simply cut spending in all areas. The actual

QUESTION

What surprised you the most about your organization's experience of shifting to remote work?

ANSWERS

"It was much less bumpy than expected. We were well positioned for it, but even so, was smoother than expected."

"Half of our employees had not previously worked remotely before the pandemic. We moved them to remote work in 3 weeks."

"Eight months ago the org appeared significantly opposed to flexible working and digital development. The pace at which it reacted and adapted was excellent."

— from the DIgital Workplace in the Global Crisis survey, open comments scenario is a bit more nuanced. For the most part, purchasing wasn't curtailed, it merely changed.

Only 17% of respondents put all their purchasing on hold, while 19% of respondents say their organization reduced spending by more than 20% as a result of the pandemic. Other respondents describe scenarios that required either investing in new technologies or reducing spending in some areas while boosting it in others. Of note are those organizations that needed to increase training and enablement in technologies they'd started using before the pandemic, but which exploded during the shift to remote work — think instant messaging tools, conference software or project management technology. The shift to remote work necessitated a dependency on remote working technology and many organizations have stepped up with investment in this area.

How did your organization change its purchasing plans for digital workplace technology as a result of the pandemic?

DIGITAL WORKPLACE IN THE GLOBAL CRISIS SURVEY

The Staying Power of a Digital Workplace Shift

As of September 2020, the COVID-19 pandemic showed no signs of ending, with many offices remaining shut until at least October, and some large tech enterprises remaining all-remote until mid-2021. However, a clear majority of survey respondents expect that even after the crisis abates, their organizations will have a substantial increase in remote working.

When considering their post-pandemic arrangements, a majority of respondents think the future is remote work. Five percent of respondents say their organization has made a permanent shift to a fully digital workplace. Fifty-five percent of respondents say their organization will have a substantial increase in remote working, while only some will return to the office. Another 28% expect a slight increase in remote working. Only 3% say there will be a return to the way things were before, with most employees returning to the office after the crisis.

Looking to the future, what do you think your organization's mix of remote/distributed workforce will look like once the crisis has passed?

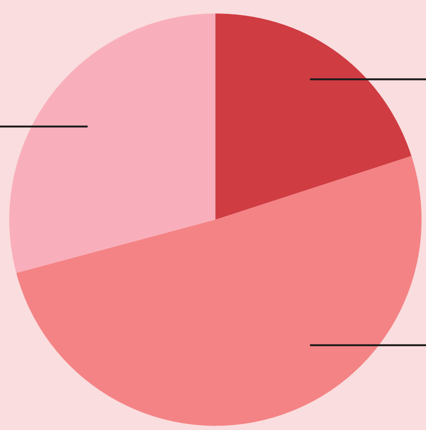
DIGITAL WORKPLACE IN THE GLOBAL CRISIS SURVEY

Returning to the Office ... Eventually

When considering what will happen once the crisis has passed, organizations are already thinking about safe return to the physical workplace — even though they're not necessarily sure when they're returning to the workplace.

Like their shift to remote work, many organizations are also iterating their eventual return to the office. More than half of all respondents (51%) describe their organizational return-to-office plans as Intermediate; they have partial plans in place and are making changes as they go along. Given that the pandemic looks to stretch into the winter, it's unsurprising that most organizations are revising and iterating this way. Some organizations already have a plan in place to return employees to the office — 29% of respondents are only making minor changes and tweaks to their plans. Finally, 20% of respondents are at the beginning with their plans, making initial policy decisions and strategies that will allow them to return workers to the office safely.

At what stage is your organization in planning for employees to safely return to the physical workplace?



29%
Advanced
We have a complete plan in place to return employees to the workplace and are only making minor changes from here.

20%
At the beginning
We are thinking through contingencies and planning policy for safely returning employees to the workplace.

51%
Intermediate
We have a partial plan in place and are iterating on new challenges as they arise.

DIGITAL WORKPLACE IN THE GLOBAL CRISIS SURVEY

Q2 Results:
The State of the Digital Workplace

Tools and Technologies

A digital workplace isn't a monolith: it's a collection of separate applications and tools, all of which are at different stages of maturity and effectiveness.

With organizations reporting a growth in maturity and an increase in the formalization of digital strategies and programs we wanted to understand the relationship between strategic views of the digital workplace and the real world impact on tools.

In short, are users experiencing the benefits by finding better tools in their everyday work?

Satisfaction With Digital Workplace Tools Grows

Each year in the survey we ask organizations how important and how effective the different individual workplace technologies are for their needs. Each year the responses reveal a level of disconnect between the importance awarded a tool and its reported efficacy.

For example, 54% of respondents said an intranet or employee portal was "very important" but only 27% told us theirs was "working well." Meanwhile 49% identified "forms and workflow" as "very important," but only 26% said it was "working well." This pattern is repeated more or less across all the tools with the exception of email.

A number of reasons can potentially explain this disparity.

One explanation indicated in the survey was the lack of tool maturity. As we will see below, there is a strong correlation between the level of maturity of a digital workplace program and the effectiveness of its tools.

Another reason may relate to the perceptions and expectations of what is possible. Users have a frame of reference that is guided by highly effective apps and experiences in the consumer world and want the same experiences in their workplace technologies. Meanwhile digital workplace professionals know improvements can always be made, and take a more critical eye of their tools.

Despite the usual "tools disconnect," this year showed some highly encouraging signs of improvement around the effectiveness of tools. Across the board, respondents claimed tools were more effective. Every single tool had both an increase in the proportion of organizations saying it was "working well" and a decrease in the proportion declaring the tool "needs work."

To give a sense of how dramatic a shift this was, after removing email (an outlier), the average of all tools identified as "working well" in 2019 was only 11%, but in 2020 this rose to 23%. Correspondingly, those tools "needing work" fell from 45% to 27%. We believe this is again a reflection of the maturity of digital workplaces, now capable of delivering improved experiences for the workforce and the teams that run them.

Average perceptions of effectiveness of digital workplace tools (minus email)

Answers	2019 Average response rates	2020 Average response rates
Working well	11%	**23%**
Satisfactory	30%	**39%**
Needs work	45%	**27%**
Not applicable	14%	**11%**

SOURCE: SMG/REWORKED STATE OF THE DIGITAL WORKPLACE REPORT 2020

It's also interesting to examine some of the year-on-year trends related to individual tools. While fluctuations are inevitable, a few changes raised our eyebrows.

One such surprise was "enterprise search," which came in second place of the "very important" tools in 2019. This year it landed in 15th place. Another surprise was the "HR portal and related self-service" — a digital workplace staple for many — ranked last of the "very important" tools. (This was the first year we included that category.)

It's difficult to explain why these tools rated the way they did, but it does serve as a reminder to always base workplace tool decisions on user and stakeholder research rather than assumptions.

How important do you consider the following digital workplace technologies?

Answers	Very Important	Somewhat important	Not important
Document management	62%	32%	6%
Email	62%	32%	6%
Unified communications	59%	33%	8%
Knowledge management	57%	38%	5%
Group chat / Team collaboration tools	57%	33%	10%
Intranet / Employee portal	54%	36%	10%
Personal productivity tools	54%	38%	8%
Mobile enablement	51%	39%	10%
Community and social platform	50%	39%	11%
Forms and workflow	49%	43%	8%
Enterprise service center (Helpdesk, Travel etc.)	46%	44%	10%
E-Learning / Microlearning	45%	47%	8%
AI / Machine learning / Automation	42%	43%	15%
External collaboration tools	42%	47%	11%
Enterprise search	41%	44%	15%
Integrated task centers	35%	50%	16%
Ideation management	31%	52%	17%
Microservices / Aggregator services	25%	50%	25%
HR portal and related self-service	19%	23%	58%

SOURCE: SMG/REWORKED STATE OF THE DIGITAL WORKPLACE REPORT 2020

How effective do you consider the following digital workplace technologies?

Answers	WORKING WELL	SATISFAC-TORY	NEEDS WORK	N/A
Email	47%	39%	10%	4%
Intranet / Employee portal	27%	37%	27%	8%
Group chat / Team collaboration tools	26%	46%	20%	7%
Knowledge management	26%	35%	34%	5%
Enterprise service center (Helpdesk, Travel etc.)	26%	40%	24%	10%
Forms and workflow	26%	40%	30%	5%
Document management	25%	38%	33%	4%
Community and social platform	24%	43%	25%	8%
Unified communications	24%	39%	30%	8%
Personal productivity tools	23%	42%	27%	8%
E-Learning / Microlearning	23%	39%	31%	8%
Mobile enablement	22%	38%	31%	9%
External collaboration tools	20%	40%	29%	11%
Integrated task centers	20%	37%	28%	15%
Ideation management	20%	34%	30%	17%
Enterprise search	19%	44%	25%	12%
AI / Machine learning / Automation	18%	32%	29%	21%
Microservices / Aggregator Services	17%	33%	27%	23%

SOURCE: SMG/REWORKED STATE OF THE DIGITAL WORKPLACE REPORT 2020

The More Mature a Digital Workplace Is, the More Effective Its Tools

We also wanted to confirm the impact of a digitally mature workplace on the effectiveness of tools to get an indication of whether maturity delivers real world benefits. We did this by comparing the tool effectiveness rated by those organizations with a mature or midway digital workplace and those in the early phase. The results were striking.

For every single tool (with one minor exception) the mature and midway group has

- **A greater proportion of tools working well.**
- **A greater proportion of tools rated as satisfactory.**
- **Lesser proportion of tools needing work.**

In many cases these gaps were considerable.

Part of the correlation can potentially be explained by the fact that people may see more effective tools as a sign their digital workplace is more mature. However just as likely is an organization with a mature digital workplace will have more experience of effective deployments, more advanced support for users, more well-defined processes and even more confident users. All of these factors may contribute to the feeling that digital workplace tools are more effective.

The effectiveness of digital workplace tools: digital workplace maturity impact

	WORKING WELL		SATISFACTORY		NEEDS WORK	
Answers	MIDWAY/ MATURE	EARLY	MIDWAY/ MATURE	EARLY	MIDWAY/ MATURE	EARLY
Email	52%	41%	38%	39%	8%	14%
Knowledge management	37%	10%	40%	25%	21%	58%
Intranet / Employee portal	36%	14%	40%	36%	20%	38%
Group chat / Team collaboration tools	36%	12%	48%	44%	13%	35%
Enterprise service center (Helpdesk, Travel etc.)	35%	11%	42%	38%	19%	36%

SOURCE: SMG/REWORKED STATE OF THE DIGITAL WORKPLACE REPORT 2020

Ownership

No clear owner has yet to emerge for the digital workplace. We wanted to get a sense of who is taking ownership in respondent's organizations, and in particular, who is in charge of making investment decisions, especially in light of the budgetary challenges highlighted.

IT and C-Suite Lead Investment Decisions

Of the multiple choices respondents could select, the IT department was unsurprisingly identified as the leader of investment decisions, but a range of other functions still have a say. The high presence of the C-Suite and executives in making purchasing decisions indicates a healthy interest on their part in digital workplace strategies.

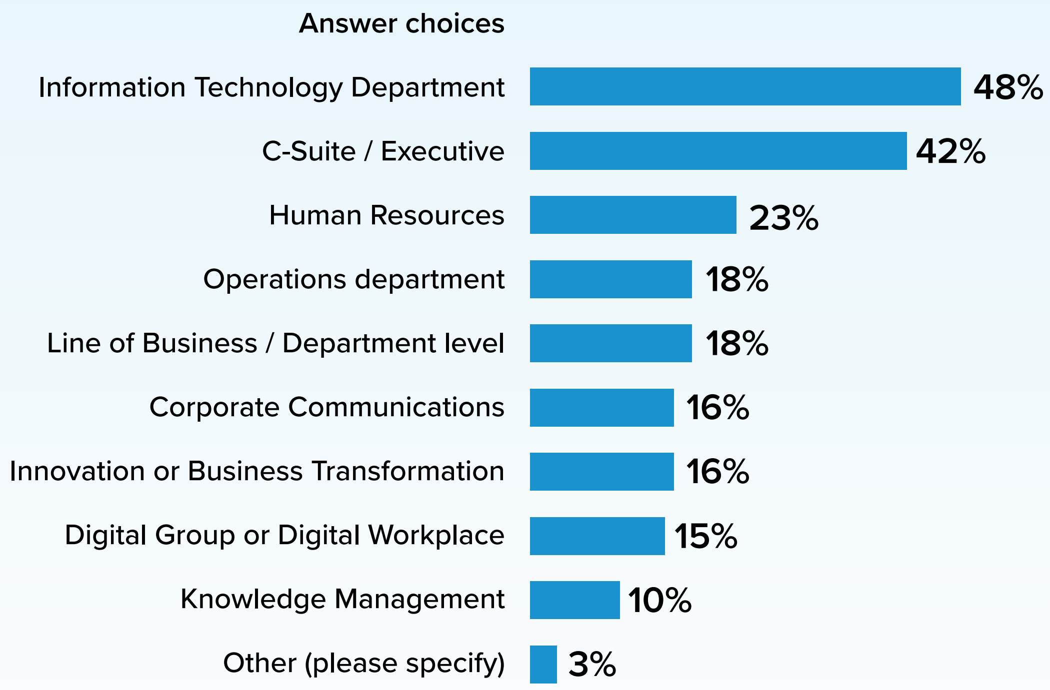
When we analyzed responses from an organizational size perspective, the C-Suite's involvement appeared to grow as companies got smaller, while investment decisions within support functions like HR and Corporate Communications tended to be more significant. Despite some differentiation, IT and the C-Suite clearly hold the keys when it comes to investment decisions.

The results were similar to last year, except for a significant decline in the numbers indicating the IT function (67% down to 48%) and the C-Suite (71% down to 42%).

One potential reason for this is that as more organizations become more digitally mature, investment decisions become more operationalized, with less examples of the original strategic platform-level investment that drives digital transformation and needs the C-Suite's stamp of approval.

We also compared the responses of organizations with more mature and less mature digital workplaces and while some small differences arose reflecting operational control filtering back into different support functions like HR and away from the C-suite and IT, the differences were negligible.

Who makes digital workplace technology purchase decisions in your organization?



SOURCE: SMG/REWORKED STATE OF THE DIGITAL WORKPLACE REPORT 2020

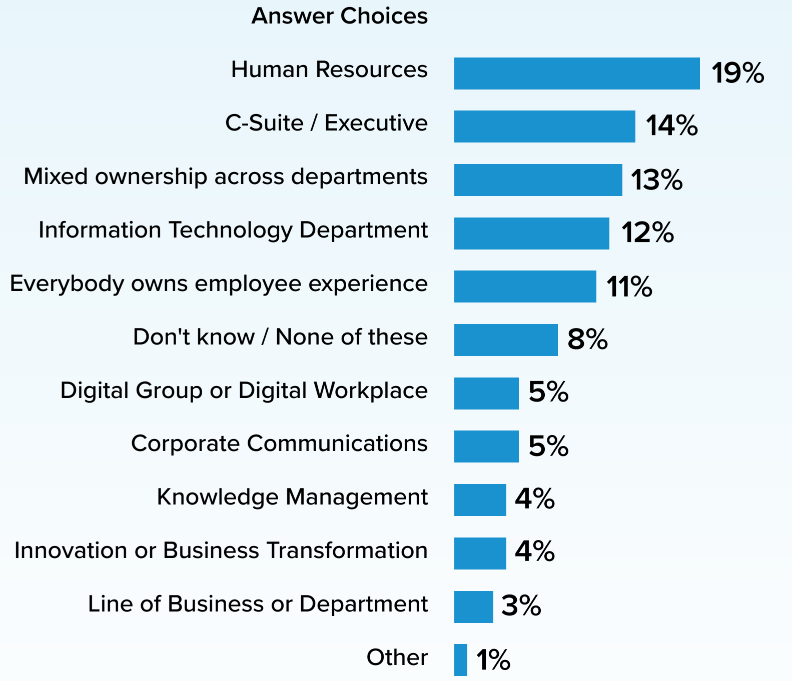
Employee Experience Still Has No Firm Ownership Pattern

Do some functions wield more influence in shaping the future direction of the digital workplace? Employee experience and more specifically “Digital Employee Experience” are increasingly popular concepts that resonate with both digital workplace teams and senior executives, who understand these to be inward-facing equivalents to customer experience.

We wanted to see if there was an emerging consensus around the ownership of employee experience. Here, the results were similar to last year. The concept still suffers from a lack of formalization, with no visible consensus on patterns of ownership.

HR seemed a clear contender for ownership, with 19% of organizations identifying it as the owner compared with 20% last year. But with nearly a third of organizations reporting that “everybody” owned the employee experience, ownership was mixed across departments or they didn’t know, there’s clearly still room for movement here.

Which function owns 'employee experience' in your organization?



SOURCE: SMG/REWORKED STATE OF THE DIGITAL WORKPLACE REPORT 2020

Managing the Digital Workplace

A digital workplace never reaches a final state: there's always more work to do. The practices, tactics and interventions that digital workplace teams carry out to implement, manage and improve the digital workplace can make a huge difference to success.

In the State of the Digital Workplace survey we try to surface the tactics digital workplace teams use that have the greatest impact. We once again asked how teams measured digital workplace success and to what extent they were implementing agile practices. Additionally, we asked about change management and digital literacy, a factor which helps the workforce make the most of the tools provided.

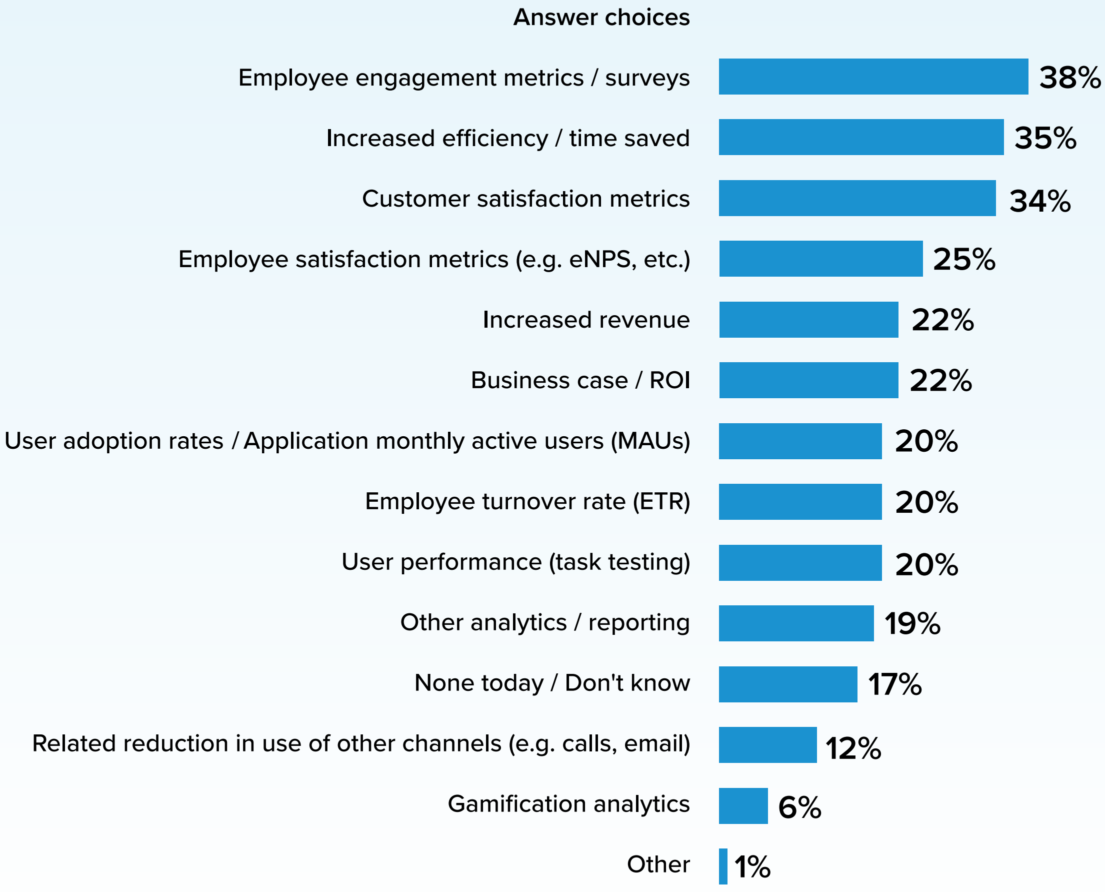
Digital Workplace Measurement Practices Still Nascent

Organizations employ a wide variety of metrics to measure digital workplace success. Some of these relate to employee sentiment (38% use employee engagement metrics and 25% use employee satisfaction metrics) while others focus on harder outcomes such as increased efficiency (35%) and increased revenue (25%).

The continued relatively high proportion of organizations mentioning customer satisfaction metrics (34%) is intriguing, as it links the digital workplace with customer experience. More research is urgently needed in this area.

One encouraging trend was user adoption rates, an "easy" measurement option which offers questionable overall value, is only the seventh most popular metric.

Which metrics does your organization use to measure the success of digital workplace improvement efforts?



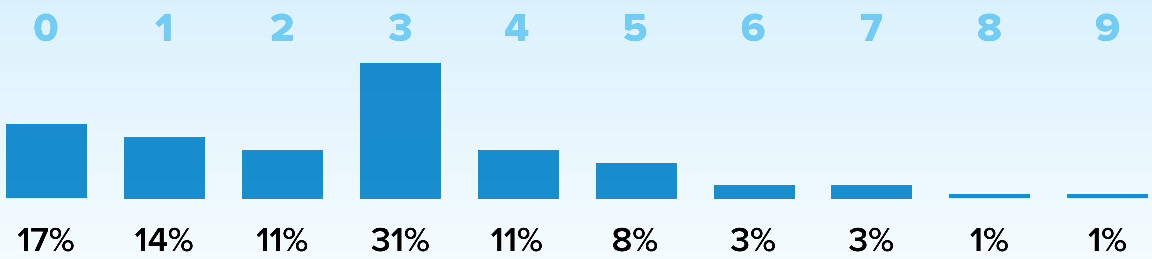
SOURCE: SMG/REWORKED STATE OF THE DIGITAL WORKPLACE REPORT 2020

We also wanted to get a sense of the level of maturity around measurement. Digital workplaces are multi-channel environments with a number of use cases and impacts. In general, any measurement approach would ideally include a range of metrics.

The survey indicated that digital workplace measurement still lacks maturity in many organizations, with nearly three quarters of organizations (73%) only using three or less measures, and 17% not measuring at all.

We also found a link between overall digital workplace maturity and the number of measures in operation. More mature organizations (midway or fully mature) used an average of 3.1 measures, while those in the earlier stage used 2.4 measures, suggesting measurement both contributes to and is a result of a more digitally mature workplace.

How many metrics does your organization use to measure the success of digital workplace improvements?



SOURCE: SMG/REWORKED STATE OF THE DIGITAL WORKPLACE REPORT 2020

Agile Continues to Grow

Another key and now relatively mature practice is the use of agile. When asked the extent to which agile methodologies were used in the development and roll-out of digital workplace technologies, there was a year-on-year increase. Roughly two thirds of organizations (66%) reported using agile for “most” or “some” projects compared with 52% in 2019.

There is also a strong correlation between digital workplace maturity and the use of agile practices. Thirty-seven percent of more mature organizations reported using agile methodologies most of the time, compared with only 15% of those in the early phase of maturity. Again, the inference here is that agile both contributes to and is a result of digital workplace maturity.

To what extent do you use agile methodologies in the development and roll-out of your digital workplace tools?

Answer Choices	Responses
Most of the time / most projects	28%
Some of the time / some projects	36%
We follow an iterative, short-cycle approach, but it is not strictly agile	23%
Don't know	12%

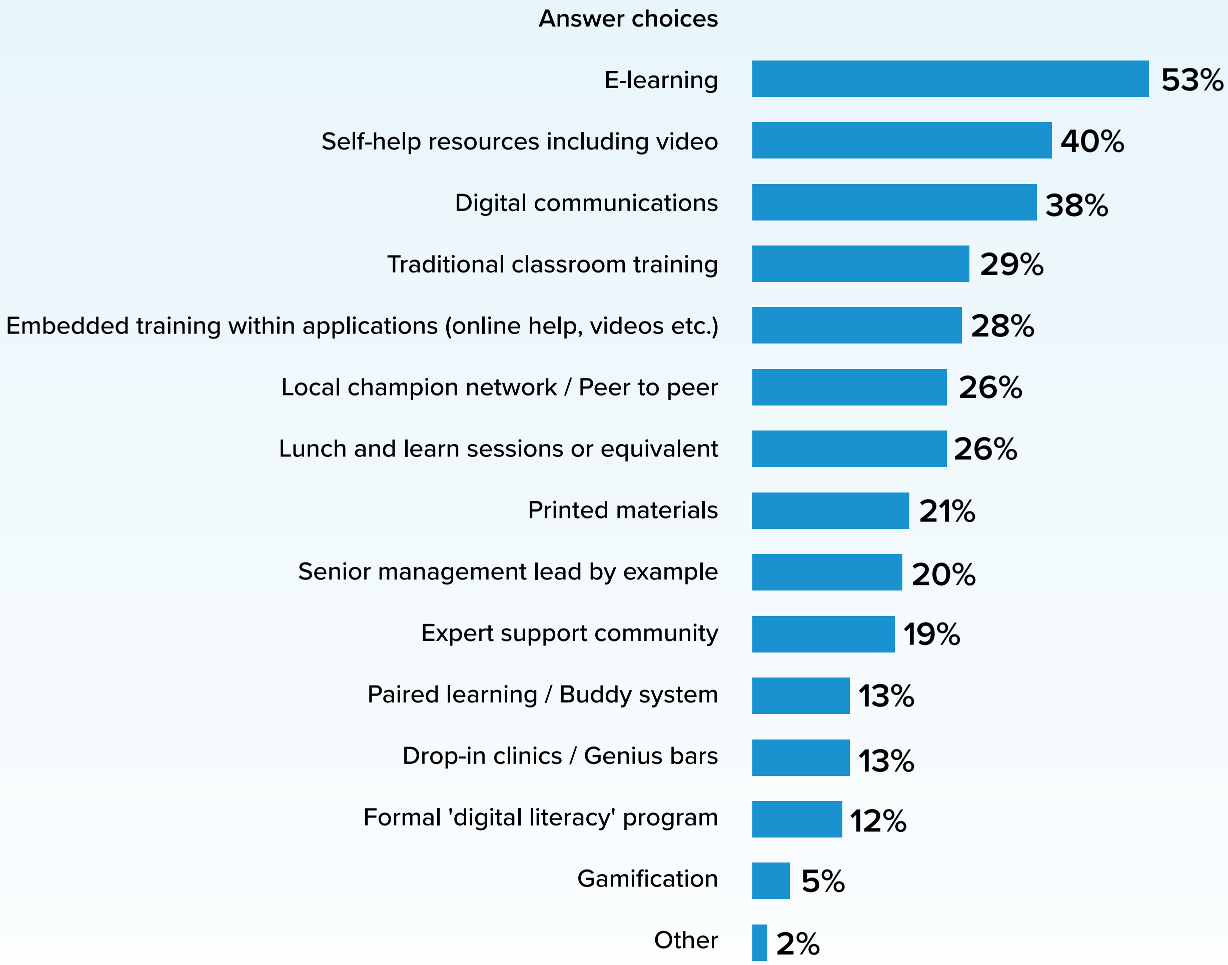
SOURCE: SMG/REWORKED STATE OF THE DIGITAL WORKPLACE REPORT 2020

Change management plays an influential role in the creation of effective digital workplaces. Efforts in this area help digital workplace teams raise awareness and improve usage of digital workplace tools, often going well beyond "how-tos" to explore "why," "when" and more advanced usage techniques. Ultimately the ability to drive knowledge and confidence can, in theory, influence adoption, enablement and even lead a more agile and innovative culture.

More Work to Do on Digital Literacy

Efforts to raise digital literacy continued to emphasize traditional methods, such as elearning and resources according to respondents. More advanced and potentially impactful efforts such as using a local champion network and peer-to-peer efforts (26%), a support expert community (19%) and even a formal digital literacy program (12%) were not as prevalent as we may have expected. Indeed, it feels like there is more work to do when it comes to driving digital enablement and dexterity.

What methods are you using to raise digital literacy and improve use of tools across the digital workplace?



SOURCE: SMG/REWORKED STATE OF THE DIGITAL WORKPLACE REPORT 2020

Once again, we wanted to ascertain if a relationship could be established between digital workplace maturity and digital literacy tactics in place. We found some interesting trends.

Similar to the number of measurements in use, more mature digital workplaces were more likely to operate a greater number of digital literacy approaches. The average number of digital literacy measures in place for organizations with middling or mature digital workplaces was 3.7, whereas companies in the early phase had 3.3.

The latter group were also less likely to have more enterprise-wide programs mandated from the top. For example, only 8% had a digital literacy program, a figure that doubled for more mature digital workplaces, and only 14% of senior managers led by example as compared with 25% for maturer digital workplaces.

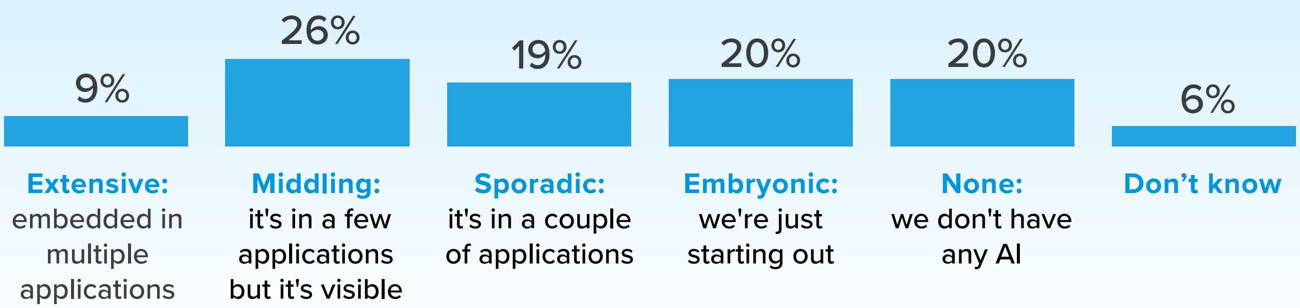
The Impact of Artificial Intelligence

Artificial intelligence (AI) is increasingly prevalent in the digital workplace and its constituent tools. For example, though still early in their evolution, chatbots have by now become a relatively common feature. Despite these inroads, AI is still subject to media hyperbole, both positive and negative. We wanted to get a more level-headed take on where we are with AI and where it might benefit the future digital workplace.

AI Grows in Visibility Across the Digital Workplace

Roughly a third of organizations (33%) report either extensive AI use, with it embedded in multiple applications, or state it's visible in at least a few applications. Another 39% are early in their AI journey, with either sporadic AI use or are just starting out.

To what extent are you using artificial intelligence and machine learning in your digital workplace?



SOURCE: SMG/REWORKED STATE OF THE DIGITAL WORKPLACE REPORT 2020

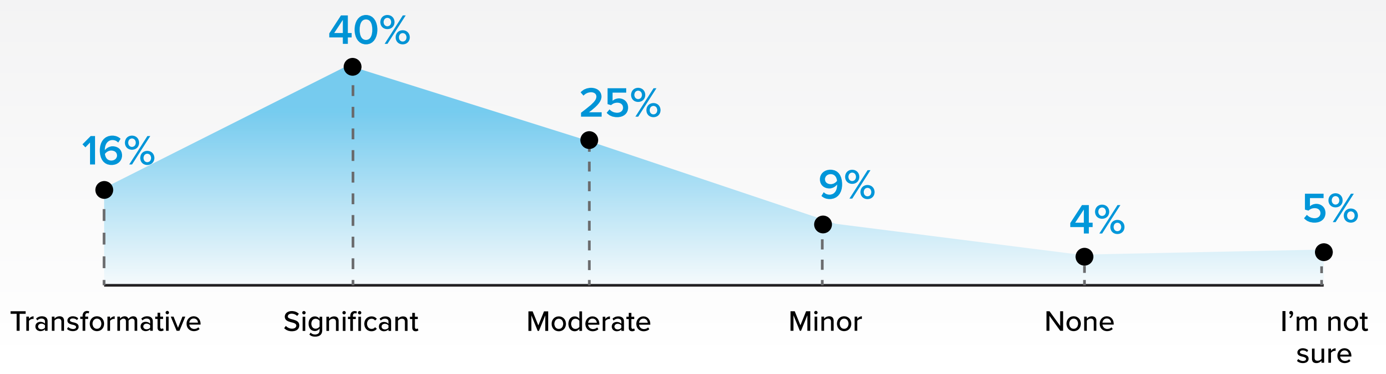
With AI now a "visible" presence in over a third of organizations, we asked about its potential future impact and positive benefits. A significant proportion of teams believe AI and machine learning will impact both the digital workplace and the related digital employee experience.

Well over half of organizations (56%) believe AI will have either a transformative or significant impact on the digital workplace, while only 4% believe it will have no impact.

Interestingly, these responses lag slightly behind those in the customer experience field, where AI is arguably more prevalent in products. Answers from SMG/CMSWire's sister survey into digital customer experience show more respondents regarding AI as potentially transformative (25% compared to 16%) and significant (43% compared to 40%).

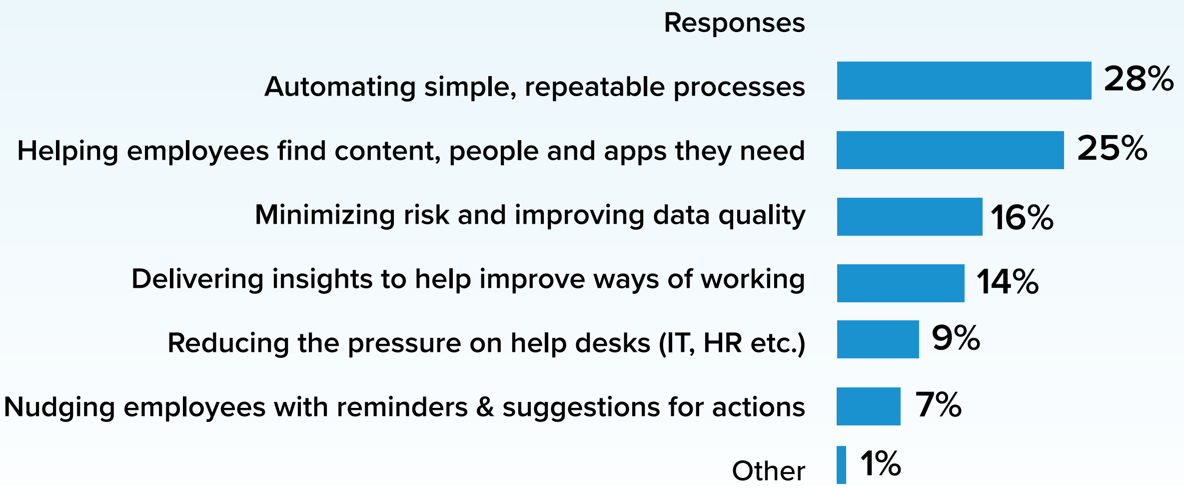
Meanwhile opinion varies on where AI will have the biggest impact, with automation of simple processes (28%) and improvements in findability (25%) the most popular answers.

What impact do you expect artificial intelligence and machine learning to have on the digital workplace and related digital employee experience over the next two to five years?



SOURCE: SMG/REWORKED STATE OF THE DIGITAL WORKPLACE REPORT 2020

Where do you expect artificial intelligence and machine learning to have the most impact on your organization's digital workplace and related digital employee experience?



SOURCE: SMG/REWORKED STATE OF THE DIGITAL WORKPLACE REPORT 2020

CASE STUDY

DRIVING DIGITAL WORKPLACE ADOPTION AND CHANGE AT GANNETT

Gannett operates daily newspapers in 260 communities across the U.S. and Guam, as well as USA TODAY, and owns one of the largest groups of U.K. community newspapers through its subsidiary, Newsquest. The company has a rich journalistic heritage with roots stretching back to 1906. In 2019 Gannett merged with GateHouse Media and is in the process of integrating both companies, including creating a new unified digital workplace.

MARY LOU THEOBALD
Senior Manager, Technology Learning Services, Gannett

DRIVING DIGITAL WORKPLACE ADOPTION

Mary Lou Theobald, Senior Manager, Technology Learning Services leads a team of six that is responsible for change and adoption across various digital workplace tools, while a Microsoft 365 team looks after the technology side.

Theobald explains "We work really closely with the Microsoft 365 team. We are in the technology department, but we really bridge the people side. We're constantly looking at, from a change management perspective, what we need to do, when to make interventions and the language we should use."

For the next few months much of the team's focus is going to be on supporting the integration effort, some of which involves onboarding former GateHouse Media employees (who were primarily G-Suite users)

CASE STUDY

onto the Microsoft 365 platform. “Migration and integration will be a big part of my life in the next six months. It will be a fascinating journey!” exclaims Theobald.

In supporting this effort, Gannett has some advantages over other organizations. First, as a media company it is already quite digitally mature with collaboration, automation and digital workplace tools already built into its core publishing processes. Microsoft Teams is heavily used in editorial and content processes, ensuring strong communication, for example among some of Gannett’s centralized hubs and different publications. If a local publication had a story that is fit for national publication in USA Today, this might be communicated via Teams.

Theobald explains “We use Microsoft Teams for work for daily work processing. And it's not just ‘how do we communicate and collaborate with each other’; it's actually part of the way we put out our websites and newspapers every day.”

APPROACHES TO CHANGE

Another advantage that will support a successfully integrated digital workplace are tried and tested approaches to driving adoption and change through Theobald’s team.

Theobald has had a relatively unusual career trajectory taking in stints as a teacher, a volunteer program manager and training customer service agents, so she has always had a worldview where learning and change management are central. This interest drove her to study for a Masters in Organizational Development and Knowledge Management, which has helped to guide her thinking on how to drive change in the digital workplace.

CASE STUDY

“Over the years I’ve seen that collaborative tools can be a catalyst for cultural and organizational change. When you give people a new tool, they start thinking about their work differently, and then they start acting differently.”

“In the past we had some really good use cases where we told people to collaborate and share content. Nobody changed their work process. But once we gave them this collaborative tool, they started to get it, seeing different possibilities. So, we went in and took the tools that we were promoting and modified them enough to meet their business needs, and they started to share content. Now I try to use this as part of our adoption strategy and also push various behaviors that encourage them to actually use the tools, such as ‘experiment your way to success’ or ‘have fun along the way’.”

Theobald’s team also works with five week plans with the detailed communications for each week, carefully accentuating and repeating the message from the previous week. Efforts are also supported by Champion networks who can also bridge the gaps in understanding and different work cultures that exist across a large and diverse global company like Gannett.

Theobald’s team also tries to do groundwork by understanding the pain points that users are facing. Before the merger created other priorities, Theobald and her team had been working on an initiative to create a standard approach to identify inefficient processes within a department that could then be solved by digital workplace tools.

CASE STUDY

THE NEED FOR GOVERNANCE ACROSS THE WHOLE DIGITAL WORKPLACE

Of course, in Gannett's approach to the digital workplace there are gaps. Despite digital tools being at the center of the editorial process and there being a formal Microsoft 365 team, there is not an overarching digital workplace program with defined ownership and governance.

Theobald comments "We don't really have specific roles for the digital workplace or a formal governance framework as yet. We do have C-level support for taking that kind of approach, but so far time and resources have meant that hasn't been possible. In an ideal world, we would have specific roles for the overall digital workplace."

FOCUSING ON PEOPLE AND SUCCESS

Finally, when asked what advice she would give to another team wanting to drive adoption of a digital workplace, Theobald considers there are two essential elements. "First, too many people think digital workplace adoption is about technology when it's actually about people. Secondly, before you start a project, define what success looks like. You can't really know if you've achieved something until you know what you're actually delivering and then you need to use measurement to tell if you've reached there."

CASE STUDY

EVOLVING THE DIGITAL WORKPLACE AT STANDARD LIFE ABERDEEN

Standard Life Aberdeen is an international investment management company, headquartered in Edinburgh, Scotland. We featured the company's progress on their digital workplace journey in last year's report, much of which involved integrating systems following the merger between Standard Life and Aberdeen Asset Management. As Allan Tanner, senior digital communications manager, acknowledged at the time, "The changes in the business have had a massive impact on the digital estate."

ALLAN TANNER
Senior Digital Communications Manager, Standard Life Aberdeen

Fast-forward one year and much progress has been made in bringing all parts of the merged organization together under one unifying digital workplace. The company undertook the huge task of moving to a new enterprise HR system, establishing one global desktop, unifying two distinct SharePoint farms and establishing Single Sign-On, with some work still ongoing. However, there is a real sense that progress is being made.

A NEW GLOBAL INTRANET

Another significant development will be the launch of a new global intranet called iSLA this summer, which will not only underpin global communications, but also help to drive a truly unified digital workplace.
After a detailed procurement process, the team selected an intranet "in-a-box" solution. Tanner explains, "It's got some great features on it and will really support effective internal communication as well as driving a

CASE STUDY

personalized experience. In the long-term, it will also move us towards a digital workplace with integrations in systems such ServiceNow, allowing employees to carry out key tasks directly from the intranet without having to jump into the application."

THE IMPACT OF THE CORONAVIRUS PANDEMIC

Like many organizations, Standard Life Aberdeen reacted to the COVID-19 crisis with a rapid increase in remote and home working, which has served as a catalyst for the digital workplace. For example, the company had previously spent over a year considering its approach to rolling out Microsoft Teams, but has now rolled out a limited version of Teams in just six weeks.

Tanner believes this has changed perceptions about the impact that digital workplace tools can have. He comments, "It's shown what you can do when you turn your attention to it and perhaps opened our eyes to some of the unnecessary barriers that have previously been put in place. It's accelerated so many of the things that we would probably have wanted to achieve anyway, such as more capability around flexible working."

Tanner himself is also impressed with both how the organization and employees have responded to the crisis. "The business has been brilliant in supporting remote work very quickly. They have looked at team structures and given us an allowance to buy kit if we need it and told us it can be kept beyond the end of the COVID-19 crisis to help us carry on working remotely if required. The emphasis has been on making sure people have the access we need. People have also been very tolerant and patient, even though there was already a fair amount of change fatigue among employees."

CASE STUDY

THE NEED FOR GOVERNANCE

As the digital workplace continues to advance, Tanner would like to see more governance being applied. “We still don’t have that overarching, holistic view of all of these tools, and what they're for, and what we're asking employees to do. We are still seeing people going out and procuring new tools because they have a legitimate use case but without really any consultation with other parts of the business. They are not necessarily standing back and saying, ‘Well, actually, what else have we got? Could we use something we've already got?’”

THE FUTURE INTELLIGENT WORKPLACE

Looking further into the future, Tanner would also like to leverage AI, for example, deploying chatbots to deliver a more “intelligent” workplace. Indeed, chatbots have already been used on an external recruitment website. Tanner comments, “That does give us a little foothold in the technology and in understanding the practices around it. And in terms of AI, we would love to get there. But I think we will see an acceleration in the capability of these sorts of machine learning and AI-driven bots pretty rapidly. By the time we are in a position to explore that, I would expect them to have matured even more, and there to be more options in the market.”

With a new global intranet to launch, a scaled-up ability for remote working and an increasingly integrated digital environment, the digital workplace at Standard Life Aberdeen continues to evolve and thrive.

Methodology

Readers and followers of Simpler Media Group's (SMG's) CMSWire and Reworked publications, and other digital workplace professionals were invited to respond confidentially to the 2020 State of the Digital Workplace online survey between Jan. 13 and March 18, 2020. A second survey, DIgital Workplace in the Global Crisis was conducted from July to September 2020.

This report is based on an analysis of the full and partial responses of 456 total respondents of the State of the Digital Workplace survey (Q2) and the 254 respondents of the DIgital Workplace in the Global Crisis survey (Q3). The individuals completing the survey came from a range of different functions and job levels.

Where noted, responses have been compared with responses from SMG's 2017, 2018 and 2019 surveys, as well a sister survey relating to customer experience. Percentages may not total 100% due to rounding.

Survey respondents were also asked if they would be prepared to have a follow-up interview. A sample of these were approached and interviewed to make up the case studies in the "Digital Workplace Stories" section. Everyone interviewed was invited to approve the accompanying case study. Some of the survey findings were also discussed in an interview with a leading digital workplace practitioner.

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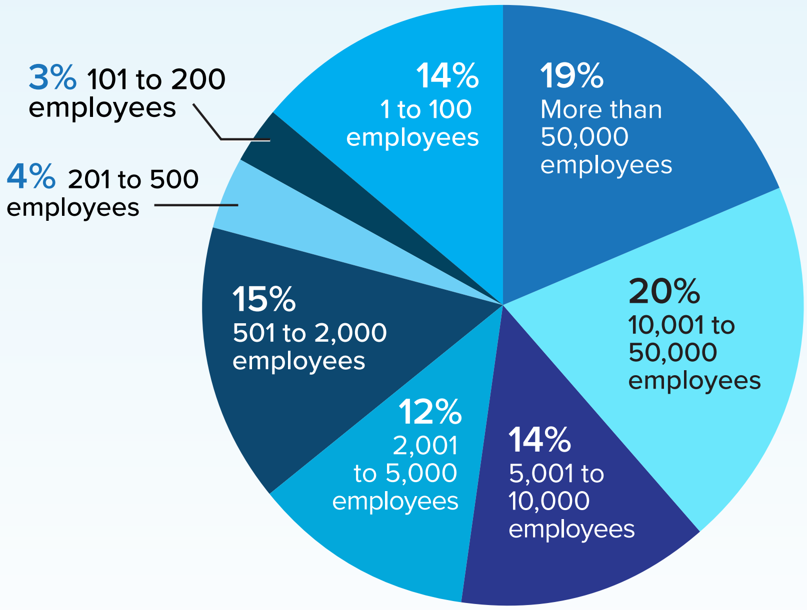
APPENDIX

What is your organization size?



SOURCE: SMG/REWORKED STATE OF THE DIGITAL WORKPLACE REPORT 2020

APPENDIX

Which of the following best describes your sector?

Industry Sector	Responses
IT Services	9.2%
Hospitals/HealthCare	6.6%
Computer Software	6.1%
Professional Services	5.7%
Retail	5.7%
Government	5.3%
Manufacturing-Durables	5.0%
Higher Education	4.6%
Financial Services	4.4%
Insurance	2.9%
Non-Profit	2.9%
Telecom/Comm Services	2.6%
Advertising/Marketing	2.4%
Banking	2.4%
Manufacturing-Non-Durables	2.2%
Services	2.2%
School Districts	2.0%
Accounting Services	1.8%
Energy/Utilities	1.8%
Real Estate/Property Mgmt	1.8%
Agriculture & Forestry	1.5%
Health Insurance	1.5%
Automotive	1.3%
Construction	1.3%
Defense & Aerospace	1.3%
Pharmaceuticals	1.3%
Logistics/Transportation	1.1%
Oil & Gas	1.1%
Print & Digital Media	1.1%
Architecture & Engineering	0.9%
Consumer Products	0.9%
eCommerce	0.9%
Food Processing	0.9%

Industry Sector	Responses
Legal Services	0.9%
Restaurants	0.9%
Beverages	0.7%
Gaming Software/Systems	0.7%
Medical Devices	0.7%
Travel & Tourism	0.7%
Broadcast/Media	0.4%
Social Media	0.4%
State	0.4%
Casinos & Gambling	0.2%
Chemicals	0.2%
Federal	0.2%
Local	0.2%
Lodging	0.2%
Minerals & Mining	0.2%
Staffing & Recruiting	0.2%
Wholesale	0.2%
Department Stores	0.0%
Holding Companies	0.0%
Leisure	0.0%
Professional Sports	0.0%
Religious Organizations	0.0%
Supermarkets	0.0%
Venture Capital & Private Equity	0.0%
Waste Management	0.0%

SOURCE: SMG/REWORKED STATE OF THE DIGITAL WORKPLACE REPORT 2020

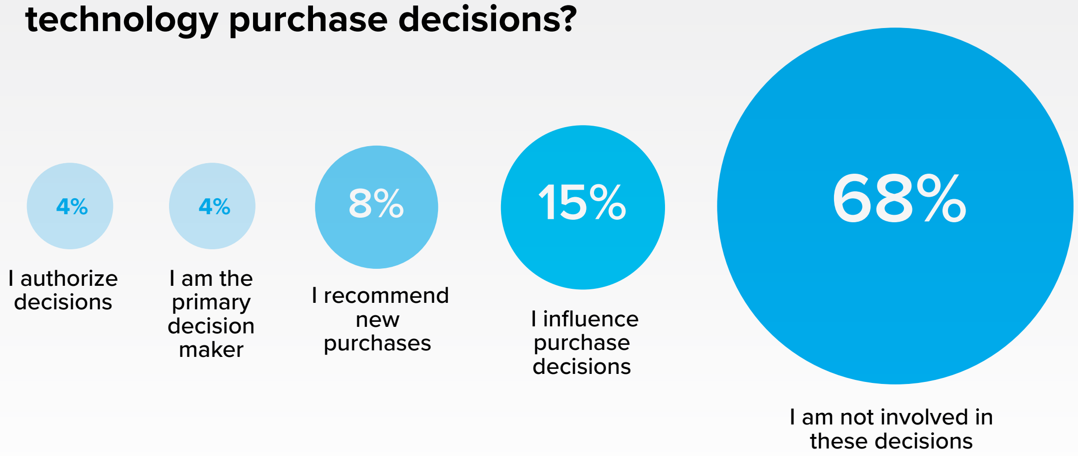
APPENDIX

Which department do you work in?

Department	Responses
IT / Engineering	18%
Operations	15%
Sales / Business Development	9%
C-Suite / Executive	8%
PR / Marketing	8%
Administrative	7%
Digital / Web / E-commerce	7%
Human Resources	6%
Knowledge Management	4%
Independent Consultant	3%
Finance	3%
Internal Communications	3%
Research & Development	3%
Line of Business	3%
Real Estate / Facilities	2%
Legal	2%

SOURCE: SMG/REWORKED STATE OF THE DIGITAL WORKPLACE REPORT 2020

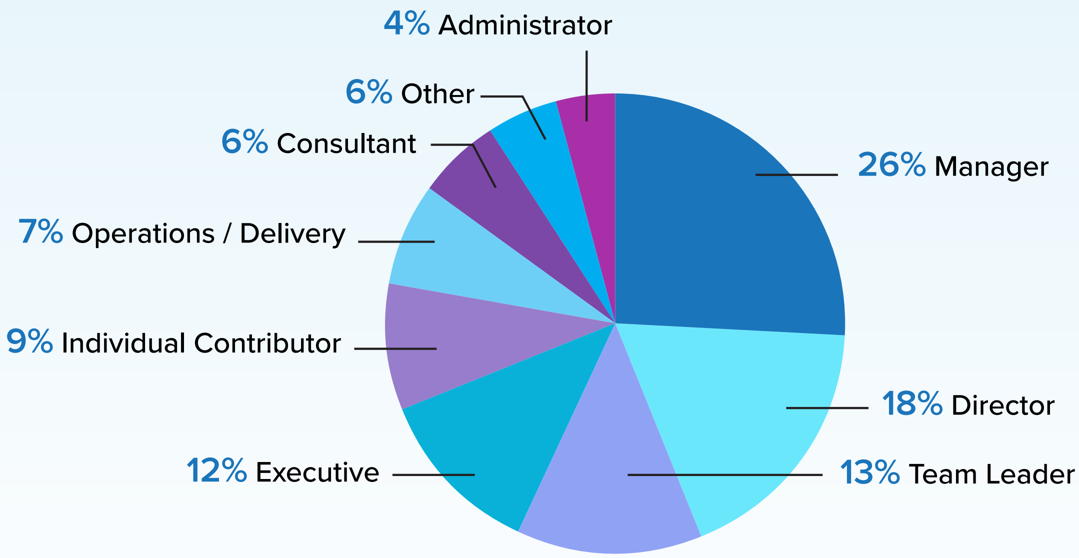
Which best describes your role in making digital workplace technology purchase decisions?



SOURCE: SMG/REWORKED STATE OF THE DIGITAL WORKPLACE REPORT 2020

APPENDIX

Which of the following best describes your job level?



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