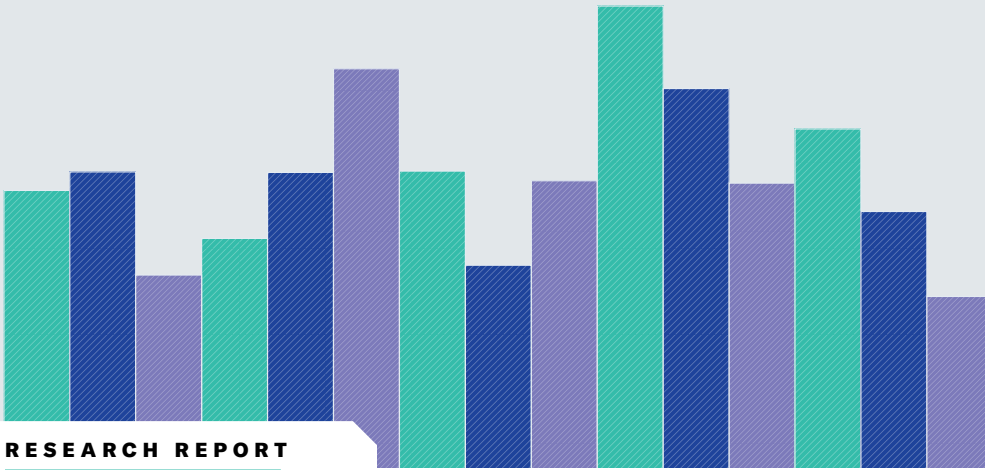




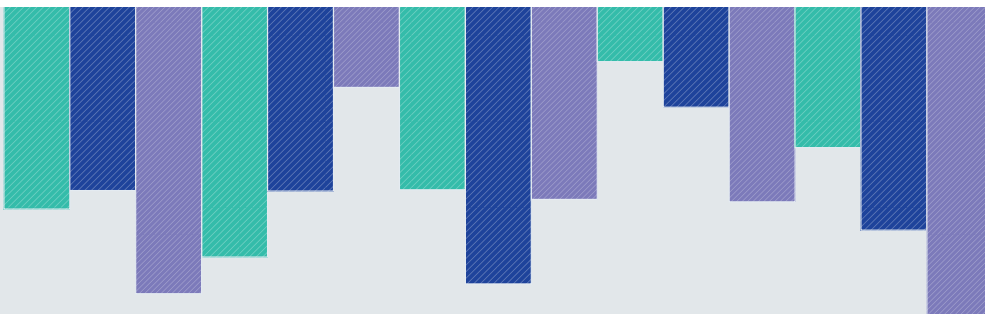
**Harvard
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ANALYTIC SERVICES



RESEARCH REPORT

Driving Digital Adoption for a Competitive Edge



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Software is no longer just a part of the workplace; it *is* the workplace—the place where collaboration happens, new insights come to light, and objectives are planned and met. Now more than ever, companies rely on software to realize key business outcomes. Yet these outcomes depend on how well employees use the tools provided for them.

The unfortunate reality is that most organizations fail to get their employees to adopt the digital tools they've bought. Indeed, consulting firm McKinsey & Co. has found that fewer than 20% of digital transformation plans succeed.¹ But this statistic uncovers an opportunity. When done right, digital adoption helps companies optimize the business processes that make them unique. In doing so, they solidify their competitive advantage in the market.

In today's world, companies have invested heavily to improve the customer experience. Now they need to apply the same principles internally. That starts with meeting employees where they are. Employees have their own ways of doing work, and those ways aren't always what managers assume. It is imperative that IT departments and the cross-functional teams they work with design their digital adoption strategy with the employee at the center.

Companies need to actively solicit and incorporate the voice of the employee into their plans for digital transformation, and tailor guidance around new policies and processes based on the specific ways employees are behaving and feeling. The result will be improved employee experience, which directly translates to a better customer experience. With minimal headaches around using software, a team will be more productive, more agile, and free to make the products and services its company provides even better.

So how do you get there? Where do you start? We've sponsored this report by Harvard Business Review Analytic Services to examine how some of the most important organizational leaders today think about digital adoption and what's crucial to driving it. We hope that readers will use the research presented here as an opportunity to reflect on and reexamine their own organizational systems and structures to ensure they're set up for a successful digital transformation. The path to success looks different for each company, but the principles that underlie those successes are the same. The future of the workplace is here; now is the time to guide your employees to thrive in it.



Tatyana Mamut
Senior Vice President,
New Products
Pendo

¹ McKinsey & Co.: "Unlocking Success in Digital Transformations," 2018

Driving Digital Adoption for a Competitive Edge

Now more than ever before, expectations of consumer-grade experiences in the workplace are challenging companies to prioritize the needs and preferences of employees—or face dire consequences, from high attrition rates to poor productivity. Most workers expect the same ease of use, functionality, and intuitiveness from the technology solutions they use in their place of work that they expect from common consumer apps. “The problem is the design of enterprise solutions doesn’t always have the end user in mind,” says Rich Nanda, a principal at Deloitte Consulting who specializes in strategy-led transformation. “That’s when you encounter friction and a lack of adoption.”

But companies generally do realize the importance of increasing digital adoption, or ensuring employees use the software, apps, and other digital tools available to them, especially in this era of digital transformation. Indeed, 89% of respondents to a recent survey of 638 executives conducted by Harvard Business Review Analytic Services consider driving adoption of employee-facing software a moderate to high priority for leadership. **FIGURE 1** And almost three-quarters of respondents agree that adopting new technologies rapidly, and embedding them in employees’ everyday work, is a key competitive differentiator.

Despite this recognition, there are considerable challenges to ensuring every employee is up to speed on the technology and processes required to do their jobs. This task involves meeting employees’ expectations, increasing digital adoption, and adapting to the rising prevalence of distributed work. “Change is a human-motivated movement that requires employees to sit near one another

HIGHLIGHTS



89% of survey respondents say **driving adoption of employee-facing software** is a moderate to high priority.



72% of respondents plan to **increase investment in employee training** over the next two years.



30% rate their organization as **highly effective at driving adoption** of employee-facing software.

Due to rounding, some figures in this report may not add up to 100%.

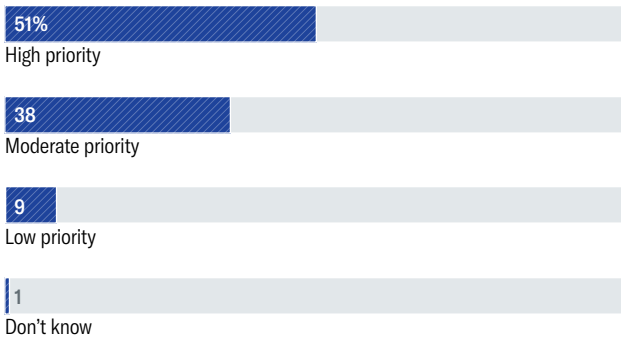
FIGURE 1

Driving Adoption Is Top of Mind

Encouraging employees to use software is a priority for the majority of executives.

In your opinion, how much of a priority is driving adoption of employee-facing software to your organization's leadership?

[ON A SCALE OF 0 TO 10 POINTS WHERE 0 = NOT AT ALL A PRIORITY AND 10 = EXTREMELY HIGH PRIORITY]



Source: Harvard Business Review Analytic Services survey, October 2021

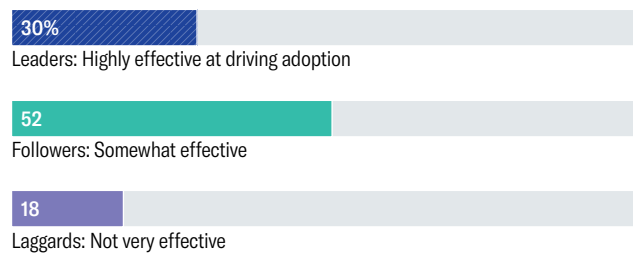
FIGURE 2

The Struggle to Drive Adoption

Leaders excel at driving adoption among employees, but they comprise barely one-third of respondents.

How effective is your organization at driving adoption of employee-facing software?

[ON A SCALE OF 0 TO 10 POINTS WHERE 0 = NOT AT ALL A PRIORITY AND 10 = EXTREMELY HIGH PRIORITY]



Source: Harvard Business Review Analytic Services survey, October 2021

and ask, “This is the next step, right?” It involves a human connection, and that’s been tricky in the last 18 months,” says Alan Brown, a professor in digital economy at the University of Exeter, Exeter Business School, in the United Kingdom. No longer within proximity to colleagues, he explains, employees are often left to figure things out on their own.

Organizations need to overcome these challenges to meet employee expectations and see value from their digital investments. “A top priority for every CEO is achieving greater impact with the bets they’re placing on digital transformation,” says Nanda. “But these business advantages won’t emerge if employees fail to adopt new technology.”

However, there is a difference between prioritizing an initiative at a strategic level and ensuring it is executed effectively across an enterprise. Only 30% of respondents rate their organization as highly effective at driving the adoption of employee-facing software. “If employees don’t adopt new technology, it’s just wasted money, effort, and time, and your ROI tanks,” says Scott Span, a senior advisor of change management and technology adoption at consultancy Tolero Solutions in Silver Spring, Md.

The result is a lost opportunity for organizations to achieve business outcomes ranging from increased productivity and employee retention to greater innovation and happier customers. In the past, it was not uncommon for large organizations to deploy sprawling, monolithic systems and hope they resonated with workers. “Companies would install

a \$20 million solution, achieve a 1.5% user uptake, and go find the next \$20 million technology solution to deploy,” says Tim Creasey, chief innovation officer at Prosci, a change management research firm and consultancy in Fort Collins, Colo. “People were so enamored by the technology.”

But many years and costly deployments later, “organizations see that they can’t leave the outcomes of change up to chance anymore,” notes Creasey. “It’s too important that employees adapt and adjust to what’s going on around them and the solutions companies deploy.”

This report examines the practices organizations employ, and the challenges they face, to drive adoption of employee-facing software. As such, it explores how a digital adoption strategy, and a focus on employee experience, actionable feedback, and cross-functional teams, can influence an organization’s success. The report also identifies three levels of digital adoption maturity based on the survey results: digital adoption leaders (the 30% of respondents who rate their organization as being highly effective at driving adoption of employee-facing software), followers (the 52% of respondents who rate their organization as being somewhat effective at driving adoption of employee-facing software), and laggards (the 18% who rate their organization as not very effective). **FIGURE 2** The report considers the factors widening the gaps among these three groups in the race to drive faster and more efficient adoption of new and innovative technologies.

Making the Case for Embracing Software

The time to drive digital adoption is now. “CEOs are asking, ‘Do we have the right tools in place for our employees to get their job done?’” says Deloitte’s Nanda. “Because if they don’t, employees will vote with their feet. That’s always been the case, but it’s especially intense now in this semi-post-pandemic world where the friction to change jobs is as low as it’s ever been.”

For many organizations, driving adoption begins by establishing a clear roadmap. In fact, not having a well-defined digital adoption strategy is cited by 50% of digital adoption leaders from the Harvard Business Review Analytic Services survey as among the top three obstacles to successful digital adoption—more than legacy systems (38%), insufficient expertise (30%), and poor leadership (26%).

The foundation for this strategy is establishing and communicating a clear and concise purpose for encouraging employees to embrace a new technology. Digital adoption often involves a steep learning curve and psychological hurdles; employees need to be assured it will be worth the effort.

“Companies can get stuck when leaders don’t make a compelling case for why the change of technology was needed in the first place,” says Creasey of Prosci. For instance, the implementation of a cloud-based messaging platform may strike some as a time-consuming nuisance. But that can change as remote teams discover its ability to ease collaboration and strengthen connection across geographical boundaries and disparate IT environments.

There are instances, however, that call for more drastic measures. “Companies often have legacy infrastructure that employees prefer, which can cause adoption of new tools to drag on and on,” says John Coles, a senior manager at Varian, a Siemens Healthineers company in San Antonio, Texas. Under these circumstances, he says, the best plan is to simply “kill some of your old applications” by phasing them out.

Just as organizations need to demonstrate the value to employees of embracing new technologies, they must also identify the business outcomes they wish to achieve from a digital adoption strategy. For example, leaders are particularly focused on a workforce’s output, especially given the pace of change and the pandemic’s acceleration of digital transformation. For this reason, increased employee productivity ranks among top favorable outcomes, according to 67% of leaders in the survey. Other much sought-after objectives among leaders include enhanced organizational agility (55%), greater cross-functional collaboration (45%), improved employee experience (44%), and improved innovation (25%).

“Successfully improving the performance of the organization is a really huge part of setting the right mindset for driving change,” says Creasey.



“Companies can get stuck when leaders don’t make a compelling case for why the change of technology was needed in the first place,” says Tim Creasey, chief innovation officer at Prosci.

The Employee Experience—Customer Experience Paradigm

Another way organizations can drive adoption of employee-facing tools is by making them easy to use. As it is, survey respondents say the increasing complexity of technology solutions is one of the technology factors most likely to negatively impact employee experience. Thirty-nine percent of executives say their employees find enterprise resource planning systems difficult to use; 29% of respondents believe employees struggle to use human capital management systems, while a full quarter of executives believe employees consider customer relationship management systems a source of difficulty. **FIGURE 3**

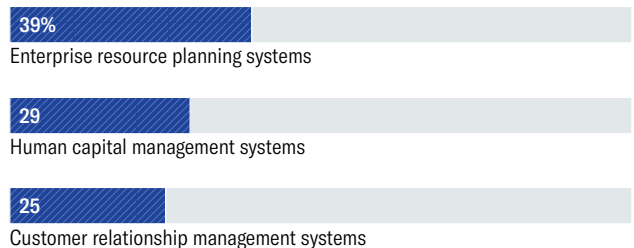
However, when organizations take the time to analyze how employees interact with these tools in their day-to-day activities, they can better configure those tools.

FIGURE 3

Ease of Use of Employee-Facing Software

Some of today’s most critical core systems are sources of frustration for organizations.

Rate the ease of use of the following employee-facing software platforms as experienced by the employees who use them regularly.



Source: Harvard Business Review Analytic Services survey, October 2021

For this reason, Span of Tolero Solutions emphasizes that organizations must “solicit information from employees on their processes and workflows prior to beginning to build the technology”—putting employees and their needs at the center of the experience. For example, Span points to one client who struggled to drive the adoption of new health care technology. The problem: A built-in rigorous approval process required staff to wait for health care providers to sign off on patient information before being able to input additional data into the system. Upon closer examination and discussion with staff, the company realized that it wasn’t the software itself that was stalling adoption but rather a cumbersome process that could be remedied by documenting processes and workflows and engaging in conversations with staff.

There are times, however, when processes can’t be reconfigured to accommodate employee needs. In such an event, tailored training can help bridge the gap between ease of use and friction-inducing workflows. “Training needs to be customized for what employees are actually doing, delivered as standardized off-the-shelf training,” says Span.

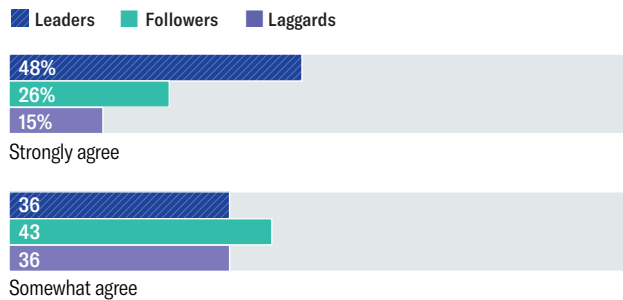
The good news is that about half of survey respondents strongly agree that employee experience suffers in the absence of effective software training, and 72% of respondents plan to increase investment in training over the next two years. Leaders are already one step ahead. Awareness of the inherent value of employee training is also on the rise, and for good reason: 70% of respondents say providing employees with software training has increased their digital aptitude, with leaders ahead of the pack. **FIGURE 4**

FIGURE 4

The Perks of Providing Software Training

Employee aptitudes stand to benefit significantly from high-quality software training.

Rate the extent to which you agree or disagree with the following statement: Providing employees with software training has increased the digital aptitude of employees throughout the organization.



Source: Harvard Business Review Analytic Services survey, October 2021

Yet only half of organizations provide the types of training that can help employees leverage the most beneficial aspects of the platforms they use. Survey respondents in the digital adoption leader category are doing a much better job than followers and laggards in terms of training quality, but there is still room for improvement. For instance, personalized user onboarding, peer support, and training that takes place within apps are all ways in which organizations can ensure a more sizable return on their software investments.

Customers stand to benefit: Delivering great customer experiences hinges on delivering empowering employee experiences. “Employee experience and customer experience are linked,” notes Span. “If your employees are happy, you’re more likely to have happy customers.”

Survey respondents concur: 86% of all executives agree it is impossible to provide a great customer experience (CX) without also providing a great employee experience. **FIGURE 5**

Effectively Managing Employee Feedback

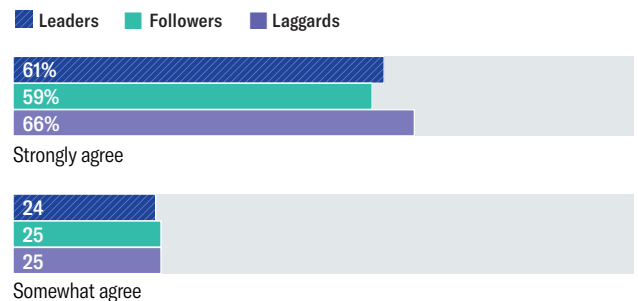
No one knows how employees are experiencing new technologies better than employees themselves. Indeed, 59% of leaders cite employee feedback as a metric for measuring the impact of initiatives designed to drive the adoption of employee-facing solutions. Yet almost half (45%) of organizations rate their ability to collect feedback from employees on how they use their software tools as weak.

FIGURE 5

The Employee Experience/Customer Experience Connection

Leaders and laggards alike recognize a correlation between happy employees and satisfied customers.

Rate the extent to which you agree or disagree with the following statement: It is impossible to provide a great customer experience without also providing a great employee experience.



Source: Harvard Business Review Analytic Services survey, October 2021

Part of the problem, says Shari Chernack, a client partner with Korn Ferry and transformation leader in Dallas, Texas, “is that many companies are not well-equipped for listening in general. They don’t necessarily have a listening strategy that yields insightful feedback.” Nor, she adds, do they always have a dedicated role or team member accountable for collecting and analyzing this user sentiment.

Another factor impeding ready access to employee feedback is today’s hybrid work environment. “With people working from anywhere, in-person connections have become less frequent,” says Andrew Lloyd, director of employee experience at Salesforce. As a result, he says, it “takes more effort to surface feedback from folks to really understand their needs. We have to lean into that and really understand and gather as much data as possible. We have to be proactive about it, perhaps to an extent that you didn’t before.”

Traditionally, employee surveys have served as a valuable tool for assessing and measuring engagement. But organizations often make the mistake of trying to boil the proverbial ocean when seeking insight. Craig Johnson, a partner at Mercer, recommends that, rather than launch “an organization-wide survey,” companies “pick a subset of the biggest stakeholder group that you want to adopt a certain technology and ask them why they’re not using it. What do you not understand? Is there something about the solution’s interface? Is it a lack of training? Asking these questions can provide a baseline understanding of why employees are not adopting a particular solution. From there, you can take action to address any issues.”

Acting upon a survey’s consolidated feedback is as crucial as conducting the survey itself. “Oftentimes employees have been surveyed to death and nothing ever happens or changes,” says Span. “When employees don’t see the outcome of their voices being heard in their day-to-day work, they can become hesitant to care or to give honest opinions.”

Supplanting surveys with other feedback mechanisms can help stave off survey fatigue in employees. Case in point: Lloyd says Salesforce also relies on its frontline network of champions to collect “qualitative feedback by gathering answers to questions such as ‘What are you hearing on the ground? What are employees struggling with? What are their success stories? How can we elevate and amplify these success stories while also trying to see what can be done to address less favorable feedback?’”

Broadening the scope of a survey’s audience can also lead to greater insight into digital adoption success. “If you can obtain a meaningful sample from a cross section of different functions, even different geographies and levels of the organizations, you might discover they have different concerns,” asserts Lloyd. “Change fatigue and disengagement can set in.”

In fact, companies that proactively gather feedback before a solution is deployed in a live IT environment can significantly



Companies that proactively gather feedback before a solution is deployed in a live IT environment can significantly increase the likelihood of adoption success.

increase the likelihood of adoption success. “Don’t wait until you’re rolling out a solution to engage your employees,” advises Greg Smith, a partner at management consulting firm Arthur D. Little and leader of the company’s digital problem-solving practice in London, England. “Those people who will use a solution’s capabilities should be part of the project from the outset.”

Smith offers the example of a sports betting company that wanted to replace one of its most frequently used, high-touch employee systems with a custom build. “The first thing we did was involve a couple of long-serving betting shop assistants and managers in the project and have them actually interact with early prototypes of the system and encourage them to make suggestions.” By gathering feedback from key players in the embryonic stages of deployment, Smith says, the betting company was able to build in more intuitive user shortcuts and touchpoints that ultimately helped improve ease of use and ease adoption.

However, employee feedback isn’t the only metric used to measure the impact of initiatives designed to drive adoption of software. For example, digital adoption leaders from the survey are as likely to cite productivity as a key metric as they are to cite employee feedback (59%). And for good reason: “If a salesperson is spending a lot of time trying to find documents, trying to figure out how to bring the right people together in a certain way, or digging through email, they’re not focusing their time and attention on the highest value-add activities,” says Lloyd. “Tools like Slack facilitate greater communication and collaboration among employees, leading to greater productivity.”

Other metrics commonly used by leaders include employee engagement scores (49%), speed of new technology implementation (34%), and speed of adoption (32%). It’s important to note that a full one-third of respondents categorized as laggards do not use any metrics to measure the impact of digital adoption efforts. “What I’m advising is for companies to rely on a fairly thoughtful and bespoke set



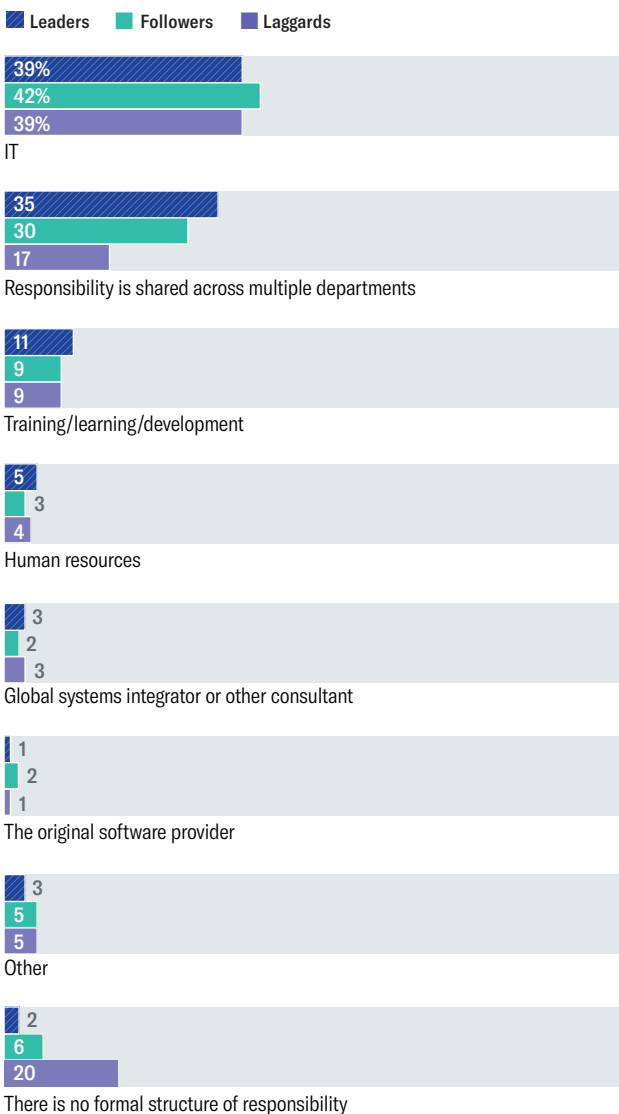
“It’s a disadvantage to have just one department drive adoption,” says Scott Span, a senior advisor of change management and technology adoption at consultancy Tolero Solutions.

FIGURE 6

Who Should Be Responsible for Digital Adoption?

Respondents overwhelmingly point to IT, although leaders believe in shared responsibility.

In your organization, what department is most responsible for driving digital adoption? [SELECT ONE]



Source: Harvard Business Review Analytic Services survey, October 2021

of metrics that can manage and track the behavior change they’re looking for in employees,” says Nanda. “If a company is thoughtful from the outset about what they want to measure, they can lay out a program plan that creates a data flow and a visualization of that data.”

In the end, though, metrics will vary among organizations. “Think strategically about the metrics that matter,” says Johnson. “Because if you’re not seeing the metrics you want, or the adoption you need, having those measures in place can help you to adjust quickly. You’ve already thought through the measure, and what it is you want to accomplish, rather than being reactionary.” For instance, a slower-than-expected technology rollout can lead to employee frustration and confusion. However, flagging unanticipated deployment delays early on in the process of driving adoption can help companies get ahead of mounting employee frustration with temporary workarounds and agreed-upon timelines.

The Value of Cross-Functional Teams

Establishing a clear purpose for driving adoption, determining business outcomes, shaping employee experience, and eliminating age-old applications involve making tough decisions. Deciding who should be responsible for making these decisions is even tougher.

Forty percent of all survey respondents say the IT department is most responsible for driving digital adoption at their organizations, with followers citing it the most (42%). **FIGURE 6** However, relegating digital adoption to a single department is a mistake, according to Brown of the University of Exeter. “When you put one department in charge, it’s easy for other people to abdicate responsibility. Companies need to make sure that responsibility transitions across the rest of the organization so that it doesn’t become siloed.”

Span agrees. “It’s a disadvantage to have just one department drive adoption. It often means having only one agenda or one point of view. Views and the voices of other impacted stakeholder groups are left out. To increase engagement and adoption and minimize resistance, all voices need to be heard.”

All categories of respondents most commonly cite IT as being responsible for digital adoption, but in contrast to followers and laggards, leaders are almost as likely to say that responsibility is shared across multiple departments. This cross-functional approach to digital adoption is favored by

“When you put one department in charge, it’s easy for other people to abdicate responsibility. Companies need to make sure that responsibility transitions across the rest of the organization so that it doesn’t become siloed.”

Alan Brown, professor, Exeter Business School, University of Exeter



“We need to change the logic behind what leads to adoption. We need to create an environment where people work in a way that is steered and educated, using techniques that we know people will respond to positively,” says Greg Smith, a partner at Arthur D. Little.

Lloyd. Although he and his team are primarily responsible for adoption efforts at Salesforce, Lloyd says, “We also partner with other teams throughout the company whose role might be in communications or enablement to help us steward adoption programs.”

More than simply an organizational construct, Lloyd says, such partnerships help make driving adoption a critical part of Salesforce’s corporate culture. For instance, he says efforts to improve digital adoption often involve “crowdsourcing and sharing tips” across disparate departments—a practice that encourages greater accountability for digital adoption success.

Even cross-functional teams require strong and decisive leadership. For this reason, Brown says, organizations should expect an increasing emergence of “roles focused on digital adoption, whether it’s a chief adoption officer or a chief transformation officer.”

But not all experts believe C-suite representation is the key to demonstrating the value of technology solutions to employees. According to Korn Ferry’s Chernack, “there should be somebody from the executive level in an organization who sponsors new tools and promotes adoption. But I prefer the idea of a director or senior manager who makes sure that implementation and adoption are smooth and successful versus creating a chief adoption officer role that may feel a little precarious to people” as a relatively new title.

Nor is there widespread agreement on the duties of those responsible for driving adoption. “The trick is defining the scope of what is under the purview of that group,” says Creasey. “Are they helping to make sense of adoption and setting direction to address collisions, or to manage the overall digital adoption portfolio and direction of the organization?”

In the case of the company Salesforce, the role of a digital adoption leader might even be to step back and allow other

individuals to facilitate the adoption of new solutions. A perfect example is Salesforce’s “network of champions”—individuals across the organization whose job is to “translate and apply function-specific guidance” so that employees make better use of a technology’s key features and functionality, explains Lloyd.

The reality is, he adds, that directors and other high-level executives “are never going to know well enough how different departments in the organization work to tell employees exactly how they should be using a particular tool.” Fortunately, Lloyd says, establishing a network of champions addresses this concern by acting “as a force multiplier, providing more meaningful and tailored [training] content to different groups of stakeholders.”

But the emergence of a chief adoption officer, or the domain knowledge of a network champion, should never “let HR or IT off the hook,” says Nanda. “They also have a job to do—namely, to bring the right tools, disciplines, and resources to the table.” This way, organizations can pull strengths and capabilities from multiple functions without “making adoption an ‘us versus them’ game, which almost always ends in a bad outcome,” he warns.

A Pivot in Time

Organizations are already directing substantial resources toward promoting adoption of new software with no signs of retreat. But making these investments pay off requires more than well-funded training programs; it will take a shift in corporate mindset.

“We need to change the logic behind what leads to adoption,” says Smith from Arthur D. Little. “We need to create an environment where people work in a way that is steered and educated, using techniques that we know people will respond to positively.”

A clearly defined digital adoption strategy, mindfulness of employee experience, strong feedback management, and collaborative cross-functional teams form a stable foundation for this sea change. These best practices clearly separate digital adoption leaders from their poorer-performing counterparts. After all, says Lloyd, “If driving adoption, learning and embracing change, and new technology are part of your company culture overall, you’re going to be more successful.”

METHODOLOGY AND PARTICIPANT PROFILE

A total of 638 respondents drawn from the HBR audience of readers (magazine/ newsletter readers, customers, HBR.org users) completed the survey.

Size of Organization	Seniority	Industry	Job Function	Region
44% 10,000 or more employees	21% Executive management/ board members	16% Technology	9% General/executive management	34% North America
12% 5,000–9,999 employees	34% Senior management	13% Financial services	9% Human resources	29% Asia/Pacific/ Oceania
25% 1,000–4,999 employees	30% Middle management	11% Manufacturing	All other functions, less than 8% each	24% Europe
8% 500–999 employees	16% Other	10% Education		12% Latin America
11% 200–499 employees		All other sectors, less than 8% each		7% Middle East/Africa
				6% South/Central America

Figures may not add up to 100% due to rounding.



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