



Every organization is a software company

The new reality of work



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Introduction: The workplace, transformed

There was once a time when people thought of software companies as companies that made software. The phrase would bring to mind images of tech teams hard at work building the next killer app or revolutionary digital product. And that was true—as far as it went. But even before the COVID-19 pandemic shifted countless jobs and teams to remote settings, the idea of what constitutes a software company was changing and broadening in unprecedented ways.

With the rise of the digital workplace, the days in which one can think of software companies as being synonymous with tech companies are over. No matter what industry an organization may be in, it relies on software to get things done and realize key business objectives. A financial services company, for example, may not think of itself as a software company, and yet software is what it uses to move money, engage with customers, and accomplish the countless other tasks that keep it going as a business. Even a government agency looking to deliver a better digital experience for citizens for tasks such as renewing a driver's license or paying property taxes, relies on software.

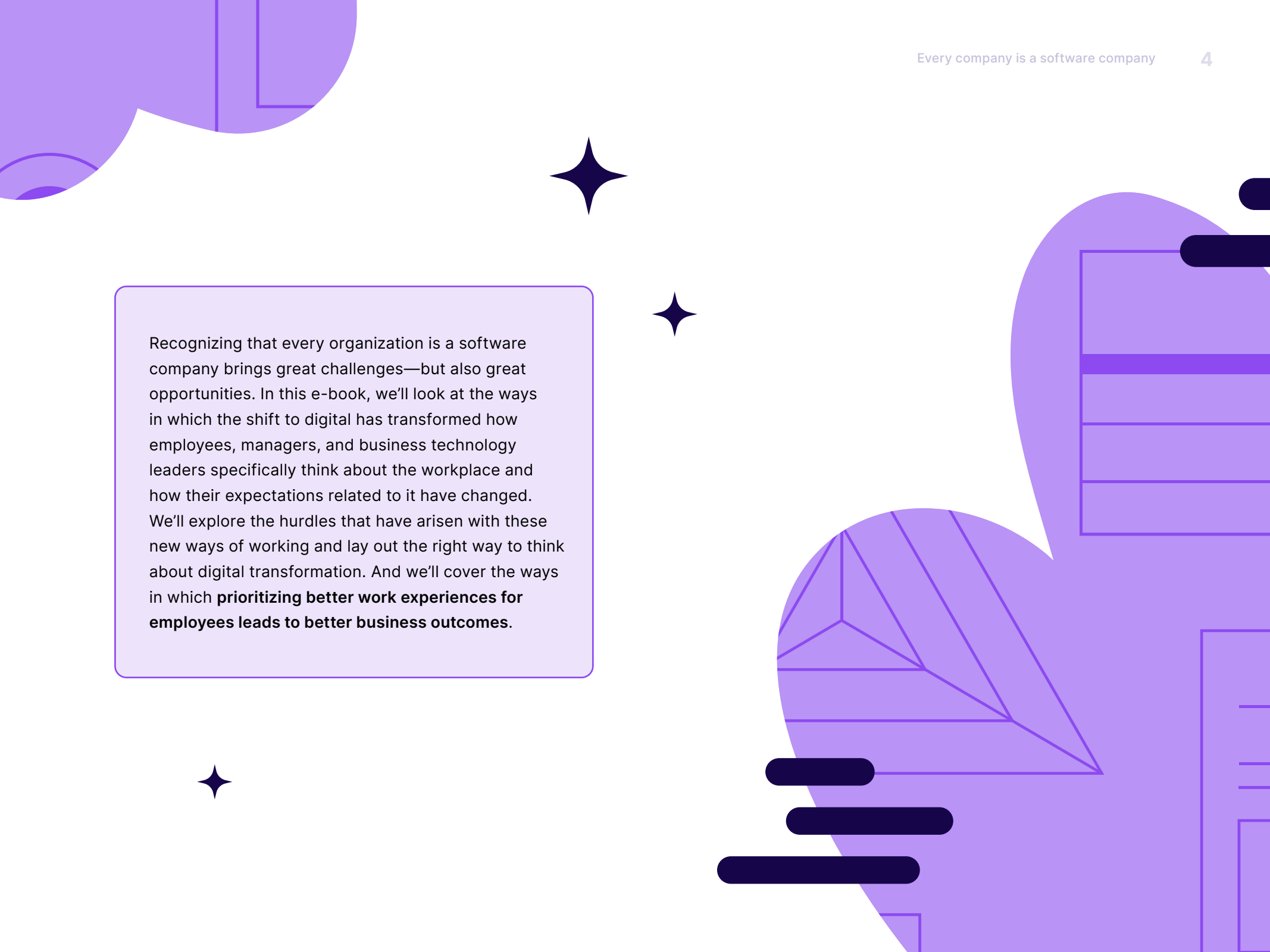
In so many ways, software has also gone from being a *part* of the workplace to the workplace itself. It's the place where teams come to new insights, form objectives, and execute against their goals. It's the means through which we communicate and collaborate. And it's the factor that plays an outsize role in shaping both the employee and customer experience.

In short, *every organization is now a software company*, whether they acknowledge it or not.

Software companies work differently

If traditional organizations want to thrive in today's digital work world, they should look at how [the most successful software companies operate](#). Those companies are [product led](#). They put the user at the center of how they think. They keep their interfaces simple and intuitive, with a focus on removing any digital friction points. They're not afraid to iterate and experiment, and they take pride in building a community around their product. In order to succeed, companies today need to apply these very principles internally—to their own employees and the software they use at work.



The page features several decorative elements: a large purple shape in the top-left corner, a purple shape in the bottom-right corner containing a grid and horizontal bars, and three dark purple four-pointed stars scattered across the page. A light purple rounded rectangle contains the main text.

Recognizing that every organization is a software company brings great challenges—but also great opportunities. In this e-book, we'll look at the ways in which the shift to digital has transformed how employees, managers, and business technology leaders specifically think about the workplace and how their expectations related to it have changed. We'll explore the hurdles that have arisen with these new ways of working and lay out the right way to think about digital transformation. And we'll cover the ways in which **prioritizing better work experiences for employees leads to better business outcomes.**

01

The transformation of work and its aftershocks

In recent years, the shift to the digital workplace has accelerated. Companies are buying more software—and spending more on it—than ever before. Between 2018 and 2020, the average number of software as a service (SaaS) apps an organization used [increased](#) 30%, and the amount it spent on them increased 50%. The average enterprise-level company now boasts over 270 apps in its portfolio. Both the number of SaaS products and the spend given over to them are staggering.

The digital disconnect

But if organizations are invested more than ever before in software, they are not invested in getting the most out of it for their employees. To be sure, according to a recent [Harvard Business Review Analytic Services report](#) sponsored by Pendo, a majority of executives say that getting employees to use software at work is a priority. Yet for too many organizations, making it a priority has not translated to effective results. A recent IBM survey [found](#) that while 74% of employers said that their companies or organizations were helping employees adapt to new ways of working, only 38% of employees felt the same. When PwC was conducting its [Tech at Work Study](#), it arrived at a similar finding: “Leaders say they’re choosing tech with their people in mind, but employees don’t agree.” What explains this digital disconnect?

One major factor comes down to changing employee expectations. When it comes to technology, employee expectations are higher than ever before. In their lives outside of work, they've grown accustomed to personalized, easy-to-use software experiences that provide moments of delight for them as consumers. This stems from the fact that traditional software companies have invested heavily in understanding the customer journey in order to improve the customer experience. Every organization, no matter what it does, should learn a lesson from this and make similar investments internally to improve their employee experience. Unfortunately, employee-facing software has not caught up to consumer-grade expectations. Experiences with it are too often cluttered, clunky, unintuitive, and frustrating.

These negative experiences can lead to adverse, sometimes horrifying, outcomes. To take just two examples, consider that CitiGroup [mistakenly paid out](#) over \$900 million to creditors (\$500 million of which it was unable to recoup) due to a confusing internal-facing user interface. A judge called the error "one of the biggest blunders in banking history."

In Arizona, a glitch in software led prisons to hold inmates past their release dates. In the United Kingdom, meanwhile, the British government [wrongfully](#) prosecuted and convicted postal workers of stealing large sums of money, all because of a bug in the UK Post Office's account management software.

The above examples may be extreme, but they are real results of a bad employee experience with software. More often, the

experience leads to workforce churn. When employers don't do enough to make it better, employees take notice—and vote with their feet.

The business tech challenge

A frustrating software experience for employees poses particular challenges for business technology leaders, including IT and operations professionals. Companies may be spending more than ever before on new software, but they won't realize their ROI on it unless employees actually buy into their vision and use apps in the ways intended.

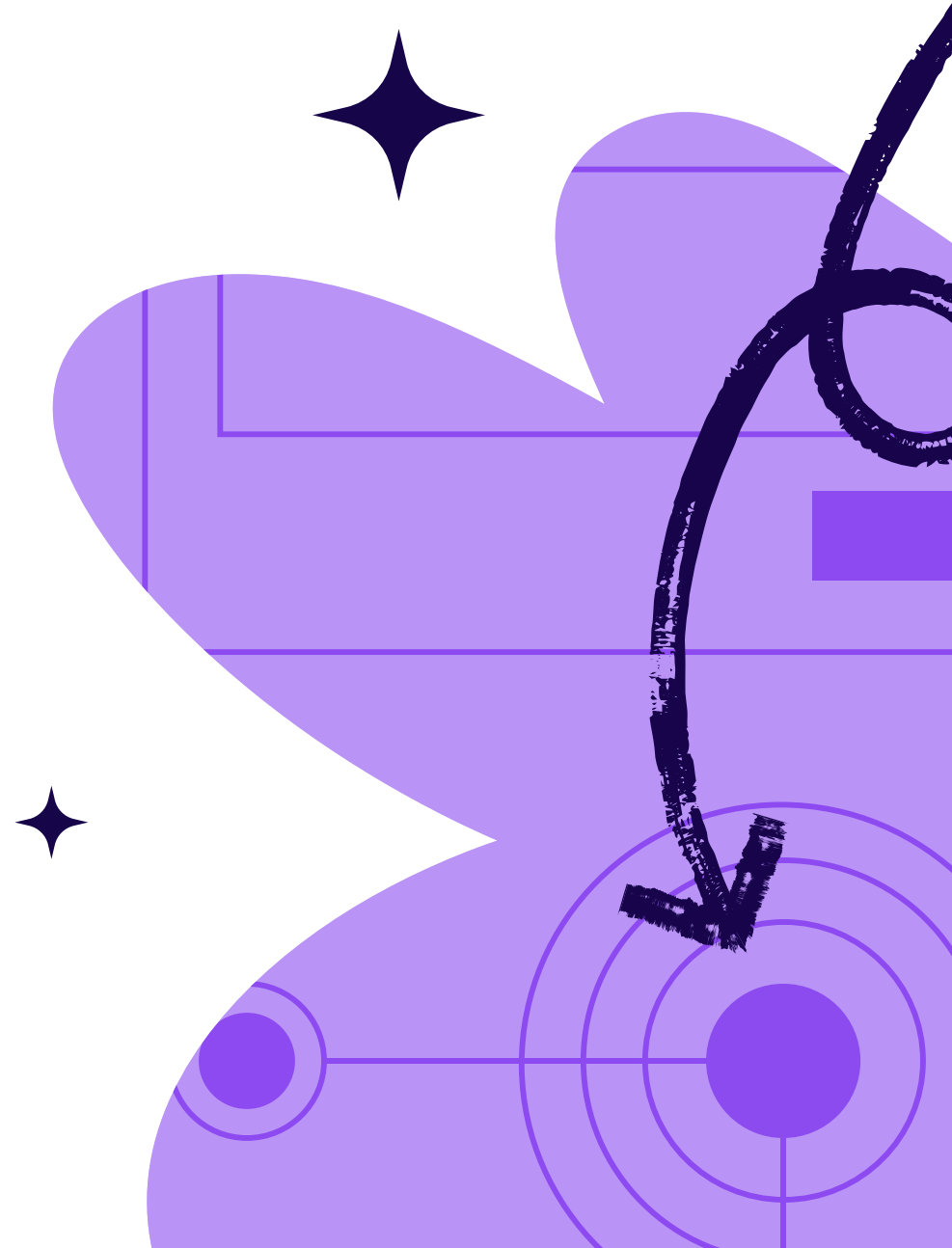
If employees don't feel comfortable or supported in taking up new software, then many will turn to IT for help in the form of manual support ticket requests. If IT becomes overwhelmed by these requests, then chances are those apps will go underused if not outright unused, and their functionality will remain unleveraged. Frustrated by their lack of progress, organizations then turn to yet more software to solve the problem. The issue of SaaS sprawl grows, fueled both by the presence of duplicative apps (apps that serve the same purpose and solve the same problems) in the organization stack as well as departments that "go rogue" and either buy or create (using "low code/no code" platforms) apps outside the purview of IT. The latter practice, sometimes known as "shadow IT," poses serious compliance and security risks.

For business tech leaders, driving adoption of software among employees is a challenging initiative, the failure of which will lead to countless other problems.

In sum, when your employees have a poor software experience, they become:

- ✦ Less productive
- ✦ More likely to leave
- ✦ Slower to collaborate, innovate, and drive transformation
- ✦ Unwilling or unable to adopt new workflows and tools
- ✦ Overdependent on IT resources with excessive support ticket requests
- ✦ More likely to not complete workflows in desired ways and/or find workarounds that could compromise security

Creating great digital experiences for employees may seem daunting. Luckily for organizations, there is a way forward, and it all starts with acting from a place of empathy for your employees.



02

Recognize that you're a software company —and act like it

In a world with growing employee expectations and turnover, the smartest organizations are changing the way they make business technology decisions. They're operating with the knowledge that, no matter what they make or sell, they are in fact software companies. And they're doing so in three key ways.

Understanding how work actually happens

Until recently, it was normal for organizations to plan a software implementation around “gut feel” or “expected” behaviors. If employees were “supposed” to be working in a given way, managers would assume that was the case and plan their digital strategies accordingly. Unfortunately, making those assumptions almost guarantees a digital transformation effort will fail.

The most forward-thinking organizations, in contrast, base their strategies around how work actually happens. Using the powerful cross-app analytics that a digital adoption solution provides, they can come to data-backed insights about how employees are engaging with software—what they're using most, how they're completing workflows, where they may be struggling—and form a plan grounded in empathy for them, based on what work is actually like.

There's also real business value in making strategic decisions based on data about how work happens. Teams can design better business process improvement initiatives using data. They can validate the right project and new software requests using data. They can configure new digital tools using data. In short, data helps organizations drive digital transformation that will succeed.

Leveraging insights to craft the right plan

Once they've arrived at real insights, organizations can leverage them to inform their roadmap and [plan the right course of action](#). That starts by defining the goals of their digital transformation project—what specifically they're looking to change, improve, or create—and securing funding for and managerial consensus around those goals.

The right goals look different for each organization and depend on any number of factors: Which apps are working best for which employees? Which software is under- or over-delivering on value? Which workflows should organizations be prioritizing optimization and support on? Are there duplicative apps in the portfolio that need to be retired? With clear data to back them up, business technology teams can answer these and other questions and execute the right strategy for their organization.

Once they do, they can scale up their efforts as a digital-first culture takes hold in the organization. In driving this kind of transformation, business tech teams will take concrete steps to help employees thrive, keep tech budgets in check, fix what isn't working, and make what is working even better.

Getting the right support to the right employee at the right time

Whether it's new employee onboarding, training on new apps, or resolving security issues, it's par for the course for organizations to provide their employees support. What separates digital-forward organizations—organizations that prioritize building a mature digital workplace and optimizing their employee experience—from the rest is that they understand that the best support is timely, contextual, and relevant. In other words, not every employee needs the same level or kind of support, and in some cases, the best thing that organizations can do for employees is [leave them alone](#).

“Organizations should be able to customize support based on position, tenure, and a slew of other categories, so that help is going to the people who need it.”

Organizations should be able to customize support based on position, tenure, and a slew of other categories, so that help is going to the people who need it, and not creating a nuisance for those who don't. They should also be able to leverage employee feedback to improve that support based on what is and isn't helping. With a digital adoption solution like Pendo Adopt, managers can segment guidance based on metadata (an employee's role, tenure, location, etc.) and behavior (for example, whether it's an employee's first time using the software in question), and deploy guidance within the app when people are using it.

CUSTOMER STORY

Accelerating adoption at scale

[Essity](#), a leading global hygiene and health company with over 1,200 employees spread over 38 countries, knows firsthand the importance of leveraging contextualized guidance at scale. When the pandemic pushed its teams remote, it utilized Pendo's in-app guides to support its global sales team and guide them through its internal CRM system whenever they were working, wherever they were working.

We all know the feeling of sitting through an hour-long training, only to immediately forget what was presented and need help with something relating to the training days, weeks, or months later. Having guidance delivered in the app and always accessible means those days are over.

When organizations put employees at the center of your business technology decisions, they realize myriad benefits:

- ✦ **Reduced employee churn:** Happier employees are more likely to stick around, and your company is less likely to become the next victim of the Great Resignation.
- ✦ **Increased productivity:** Employees no longer fretting over and overwhelmed by frustrating software experiences are free to collaborate, innovate, and do their best work unhindered.
- ✦ **Better ROI on their tech portfolio:** Understanding which apps provide value to employees helps organizations streamline their internal tech suite and eliminate duplicative or otherwise unhelpful software that isn't adding value.
- ✦ **Increased governance and compliance:** Employees that feel comfortable with the software they use are more likely to work in desired ways.

03

Common hurdles to putting employees first (and how to overcome them)

Despite the benefits (both obvious and not) of getting employees to successfully adopt software at work, McKinsey has found that the vast majority of digital transformations [nevertheless fail](#). And the reasons they fail almost always stem from not prioritizing employees themselves. There are many things that can go wrong, but we'll focus on three common challenges below—and offer ways to overcome them.

Taking a proactive rather than reactive approach

To drive successful digital transformation with employees at the center, teams need to proactively plan a strategy and iterate based on behavior and employee feedback. The problem is that business technology teams may already be struggling to stay above water in a sea of app sprawl and employee frustration. It's easy for IT to become overwhelmed by a proliferation of apps and employee behaviors within them. The risk here is “death by a thousand cuts”: Companies become so focused on addressing individual micro-issues and support tickets that they fail to step back and consider greater insights into employee behavior, support priorities, and what's working and not working within their tech suite.

The way forward for organizations in this situation is to acknowledge the reality of their situation and take steps to

better it one issue at a time. Rather than trying to boil the proverbial ocean, IT and business technology teams should leverage robust analytics to understand the current state of how employees are working and identify the most pressing problem to fix. Once they do, they should define the desired outcome and leverage a digital adoption solution to help guide employees to the finish. After that, they can repeat the process for additional issues that need solving.

Making sure everyone has skin in the digital transformation game

Digital transformation is a team sport. Putting employees at the center of technology decisions and elevating their experience with software should not be the purview of any one department. Yet too often that is what happens. IT, to be sure, has a leading role to play given its technical resources, knowledge, and expertise. But in order for them to succeed, they need to cultivate a network of “adoption champions” across departments to help them in their efforts. These “champions,” by nature of where they sit in the organization, will have closer day to day relationships with the employees adopting new software, and therefore be in a better position to help drive change. Siloing digital transformation in one department risks giving everyone else license to abdicate responsibility.

Collecting—and acting on—employee feedback effectively

Feedback is a priceless asset for honing support and informing tech decisions, because it’s coming from the people on the frontlines of receiving that support and using that tech. Yet nearly half of all organizations say they’re weak at collecting software-related employee feedback. What’s more, of those organizations that aren’t weak at collecting feedback, many are weak at acting on it. This is understandable. When feedback collection is limited to traditional in-person focus groups, it can be hard to come away with objective insights and discern the right path forward.

Luckily, the right digital adoption solution gives organizations the means to conduct comprehensive feedback collection and management. [Pendo Adopt](#) allows teams to leverage the voice of the employee using in-app polls and surveys and then incorporate their feedback into tech decisions and guidance. In doing so, they’re helping drive change not only from the top down, but from the bottom up.

Conclusion: Make your employees happier (and your business stronger)

With the Great Resignation still going strong and high employee turnover continuing to roil the job market, the organizations that will succeed in today's business world are those that can keep their top talent happy. The evidence is clear: Stronger levels of employee satisfaction translate to better business outcomes. Happier employees are [more productive](#) and less likely to churn. It's no wonder that the majority of executives [agree](#) that it's impossible to provide a great customer experience without providing a great employee experience. And in today's world, optimizing that experience starts and ends in the digital sphere.

There's no escaping the new reality: Every organization is now a software company. If organizations want to solidify their competitive advantage in the market, they have to know what their employees care about—and form a digital transformation strategy built on empathy.





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