

Total Economic Impact™ Spotlight: Red Hat's Success In Driving Digital Transformation Excellence With WalkMe Digital Adoption Platform

To better understand the benefits associated with using the WalkMe Digital Adoption Platform (DAP), WalkMe commissioned Forrester Consulting to conduct a [Total Economic Impact™ \(TEI\) study](#) and examine the potential return on investment (ROI).

One of the key participants of the study was the US-based software company Red Hat. As part of the TEI study, Forrester interviewed both Red Hat's Chief Information Officer, Mike Kelly, and the Transformation Center of Excellence.

This spotlight focuses on Red Hat's use of the WalkMe Digital Adoption Platform and its specific value to the organization.

DIGITAL ADOPTION AS A STRATEGIC ENABLER FOR THE CIO OF THE FUTURE

Business and IT leaders often overlook a critical component of great customer experience (CX) and customer loyalty: great employee experience (EX) via a digitally enabled and engaged workforce.

Forrester has researched the direct impact of EX on CX for years, and it has highlighted the impact of increased employee satisfaction via properly enabled employees on service value, customer loyalty, and ultimately revenue growth. Forrester research analysts found that digital enablement improves employee's satisfaction and retention rates, which creates the productivity and staff consistency necessary for good customer experiences and long-term growth.¹ This is highlighted by two factors:

1. Digitally enabled employees are happier and more productive at work. Highly enabled

employees rate their satisfaction and productivity to be at least 50 percentage points higher than those who feel low levels of enablement.

2. Employee retention rates are higher, and employees will remain with their companies in the long term, which has a direct impact on onboarding/offboarding costs as well as recruiting efforts.

Digital employee enablement engages the entire worker



Mind:

Ensures workers understand the experience they are to deliver and have the right information and contextual background to make the right decisions



Heart:

Provides workers with enough insight into the customer's situation to appreciate where the customer is coming from and respond in an empathic manner



Hands:

Gives workers access to the resources needed to create solutions to client problems



Feet:

Helps employees take the appropriate next step that will address customer issues, ensuring a good customer experience

The same study found that one of the main factors for digital enablement and engagement is that a company provides a productive technology environment. Enabling employees to use the applications and devices they want in a moment of need, to access relevant information, and to provide quick and efficient support when technology breaks down allows everyone to be more engaged and effective — especially in the face of change.

However, businesses are still relatively immature in their employee enablement practices. Just 47% of

CX professionals say that their organizations follow an effective, documented process for providing all employees with the information, training, and tools needed to deliver a good customer experience.¹ Employee satisfaction is even more critical for companies that are operating in a fast-changing environment, which has undergone a digital transformation that encompasses multiple change initiatives. Rapid changes to the work environment and technology (e.g., via the introduction of new tools, applications, platforms, and system upgrades) can have a negative impact on employees' engagement and productivity. It is therefore critical for CIOs and business leaders to understand the influence that change can have on employee morale, attitude, and overall engagement.

“[WalkMe] lets you understand in advance, and diagnostically, how people are using our tools and services. It helps to gain insights we would not be able to gain otherwise.”

Mike Kelly, CIO at Red Hat

Digital adoption platforms like WalkMe present a powerful opportunity for CIOs to increase employee engagement and enablement via increased self-service and in-application guidance as well as improved automation and workflow management.

Next to that, CIOs increasingly make use of the insights generated by a digital adoption platform to quantify the impact of change to measure and match short-term objectives with respect to their effect on long-term employees and customer experience.

In order to achieve this, CIOs need to be effective and adaptive at making the right technology decisions in response to fundamental change and

uncertainty like in the case of the recent pandemic crisis.

Red Hat is one of the companies Forrester spoke with that is a great example of an organization that understands and applies the concept of digital adoption from a strategic and operational perspective.

“[WalkMe] gives you the transparency that you can go back to the people that you’re serving (...) and show that you’re thinking about their needs.”

Mike Kelly, CIO at Red Hat

KEY STRATEGIC IMPLICATIONS

The interviewed company, which employs over 15,000+ employees, has been facing a digital transformation that led to increased complexity of the its application landscape with constant change in functionalities and processes.

The CIO at Red Hat stated how he was facing the challenge of empowering organizational scale and improving efficiency and productivity in times of rapid change and transformation. At the same time, he had to make certain employees engaged and digitally enabled to address the actual needs of clients.

He tackled these challenges by using WalkMe as a strategic tool to observe, measure, and proactively improve on change and transformation initiatives from an EX and CX perspective. To do this, he leveraged the insights from WalkMe to analyze the impact of change both technically and from a human perspective.



[READ THE FULL STUDY HERE](#)

As mentioned in one of the interviews he sees the WalkMe Digital Adoption Platform as a key solution to, “make employees efficient, productive, innovative, and collaborative,” while at the same time “[making] sure that the adoption is there and that employees are actually using things as intended so that we can get the most value.”

WalkMe’s Digital Adoption Platform helps him as a CIO to successfully align short-term objectives with his long-term strategy by handling change more effectively and efficiently, while at the same leveraging the insights generated by WalkMe that he needs to make the right technology decisions to accomplish that change.

This point was highlighted in one of the interviews where he mentioned, “Our job as leaders is to deeply understand what our business model is, how it works, how efficient it is, and then introduce and leverage technologies, and get everybody rallied around adopting them in a way that helps mitigate any issues associated with that.”

KEY OPERATIONAL CHALLENGES

Next to the strategic considerations, Red Hat identified several opportunities to address operational challenges and optimize processes using the WalkMe Digital Adoption Platform. The key operational challenges and results that ultimately led to an investment in WalkMe were:

- **The need to simplify the user experience in a complex tech stack.** The rapid digital transformation engendered multiple changes in applications, processes, and functionality within Red Hat. The need for employees to adapt quickly required support in both training as well as continuity in experience and productivity. The use of WalkMe enabled associates to seamlessly do their work, thereby increasing efficiency and enabling employees to focus more time and effort on value-added work. WalkMe ensured Red Hat

associates were efficiently and effectively leveraging the digital tools when required.

- **Facilitated change management, training, and educational tools for mass product adoption.** In the past when Red Hat launched a new product or application, they had a high dependency on instructor-led training to onboard users. Relying upon the traditional resources to train users limited reach and had a negative impact on time and cost. However, with the support of WalkMe, training became a scalable in-app effort, enabling mass digital consumption of knowledge, saving both time and money. This also supported IT initiatives in facilitating the change management necessary for all Red Hat employees. Moreover, it turned out to be a key benefit in the recent pandemic crisis where the increase in remote work added more complexity.
- **Customizing platforms to suit business needs.** Similar to many other organizations, standard out-of-the-box solutions did not often fit smoothly with their workflows, and those solutions had limited ability to be customized without incurring a heavy cost. The introduction of WalkMe enabled the organization to get the data insights about usage and adoption habits needed to tailor applications according to user needs. This provided the ability to specifically target content based on an employee’s region or role. Red Hat was also able to leverage

WalkMe's Digital Adoption Platform to identify areas to streamline processes and improve operational flow. As an example, the use of WalkMe helped enormously when Red Hat transitioned in the middle of the pandemic to a new human capital management (HCM) platform. By offering employees the flexibility to use the platform in the "old" way and proactively showcase the impact and value of the "new" way, WalkMe DAP accelerated the adoption of the new HCM platform and quality of the overall workflow.

- **Optimizing software assets and licenses.** Red Hat was experiencing increased costs on application and solution licenses due to the complex and extended digital enterprise solutions landscape that resulted from their rapid digital transformation. By using WalkMe, Red Hat was able to ensure enterprise applications were used to their full potential and provided visibility into software usage, subsequently identifying those who did not use applications.

DETAILED OPERATIONAL IMPLICATIONS

The following examples highlight in more detail the benefits Red Hat experienced due to the use of WalkMe's Digital Adoption Platform:

Savings from more efficient and effective application usage. The most significant benefit stated by Red Hat was the increased efficiency and usage of applications due to WalkMe. There were several drivers behind this impact:

- By customizing the applications, processes became more efficient and unnecessary steps were removed. In one instance, Red Hat mentioned, "For one application, we used WalkMe automation to reduce steps from 15 clicks to one click." For another application, WalkMe's in-app guidance and functionality helped users streamline and simplify their tasks. For instance, engagement with WalkMe more



Estimated \$915K in recaptured end-user productivity for one application.



\$683K in savings on design and implementation training for managers for a new platform.



Reduced support tickets for a frequently used application by 39%.

than doubled within the first three months after the implementation of a new HCM platform, enabling users to complete tasks in an easier, more efficient way. Users no longer had to find helpful resources elsewhere or ask for support. In the example of their HCM platform, the overall recaptured end-user time, that could be allocated for more higher value tasks, was around 1 hour per week. This single hour was calculated by Forrester to be worth a three-year, risk-adjusted present value (PV) of \$915,159. (See Table A in Appendix A for more details on Forrester's calculations.)

- WalkMe also provided visibility into how applications were being used. This information, in turn, was used to improve the customization of the application and optimize its usage, further enhancing user productivity and experience. An important contributor mentioned by Red Hat was the increased data accuracy enabled by features within WalkMe. For example, WalkMe ensured critical fields within contracts at the deal desk were populated correctly. Deals that were formerly delayed through human error and oversight were resolved through WalkMe automation, which resulted in zero errors and no approval delays. This ultimately reduced the time and effort spent in the sales cycle and was also

seen as a chance to increase compliance with company/regulatory policy.

Improved EX and engagement. It was demonstrated that by streamlining and simplifying tasks, WalkMe enabled Red Hat to be more productive and increase their overall satisfaction — reducing change fatigue and frustrating experiences.

- Not only was there higher engagement with general user sentiment surveys, but the results also indicated increased satisfaction in user experiences across various applications. For example, two weeks after implementing WalkMe on the HCM platform, 74% of time, absence, and talent users said that they were either satisfied or very satisfied with their WalkMe engagement.
- Red Hat mentioned as well that WalkMe enabled them to optimize workflows which led to the completion of tasks in a simpler, faster, and more productive way. According to Forrester’s research¹, an increased employee experience is mainly driven by the concept of “flow,” which means employees are enabled to focus on their most important work and get things done in a productive way with purpose and autonomy. In that respect, Red Hat reported a high engagement of employees with WalkMe content. For one application, they mentioned that “95% of users engaged with WalkMe to optimize their workflow” which was reported by employees to have enabled them to finalize tasks in a simpler, faster, and more productive way – thereby increasing “flow” and employee productivity.

Onboarding, change management, and training cost savings. All interviewees at Red Hat highlighted increased efficiencies in onboarding, change management and training due to WalkMe.

- In general, training dependent on human resources and bespoke training content limited the extent to which Red Hat could educate staff at scale. Whether it was new employees using

applications for the first time or existing employees using new applications or new features of application upgrades. The capability of WalkMe to automate training through in-app, real-time functionality enabled the scaling of knowledge consumption in record time and tremendously improved self-service support while lowering resource requirements. Moreover, it enabled a more interactive and tailored adoption programs that helped improve and manage the learning curve of employees regarding their onboarding to new tech and applications over time.

- As an example, Forrester calculated Red Hat was able to recapture productivity and savings worth \$682,813 in management training costs associated with the design and implementation of a new platform. (See Table B in Appendix A for more detail on Forrester’s calculations.)

Savings on IT support and help-desk tickets of 39%. Interviewees explained that adding WalkMe to applications reduced the need for IT support, resulting in fewer support calls and helpdesk requests. The leveraging of in-app guidance provided via WalkMe reduced the need for outside help and support.

- For example, in case one of the largest partner applications in use Red Hat was able to reduce the number of support tickets by 39%.

Expected 20% savings in software licenses. Red Hat reported that due to the increased transparency into the usage of applications, they were able to better ensure enterprise applications were used to their full potential which is expected to enable future license savings. Red Hat mentioned that these could possibly be in the range of 20%.

TOTAL ECONOMIC IMPACT ANALYSIS

For more information, download the full study: “The Total Economic Impact™ of WalkMe Digital Adoption Platform,” a commissioned report conducted by Forrester Consulting on behalf of WalkMe, October 2020.

STUDY FINDINGS

Forrester interviewed four organizations with experience using WalkMe and combined the results into a three-year composite organization financial analysis. Risk-adjusted PV quantified benefits include:

Reduction of 50% to 60% in onboarding and training time on applications.

Savings of 50% in IT support calls and help-desk tickets.

Savings of 20% in software licenses fees.

Savings of on average 50% in customer support calls costs.



Return on investment (ROI)
368%



Net present value (NPV)
\$15.757.883

Appendix A: Calculation Tables

Red Hat specific calculations are based on Forrester assumptions.

Application Usage And Process Efficiencies

This benefit represents the potential recaptured productivity gained via an increased usage and process efficiency for the HCM platform.

| Ref. | Metric | Calculation | Year 1 | Year 2 | Year 3 | Total | Present Value |
|------|--|---|-----------|-----------|-----------|-------------|---------------|
| A1 | Number of WalkMe users | Interview information | 11,000 | 11,500 | 12,000 | | |
| A2 | % of WalkMe users using HCM application | Interview information | 63% | 65% | 70% | | |
| A3 | Number of users applicable | A1*A2 | 6,930 | 7,475 | 8,400 | | |
| A4 | Total time spent of users with HCM application (in hours) | Forrester assumption: average 3% of user's time | 365,904 | 394,680 | 443,520 | | |
| A5 | Total time saved in using the application (hours) | Forrester Assumption: 5% | 18,295 | 19,734 | 22,176 | | |
| A6 | Average user labour cost per hour | Forrester Assumption: \$73,000/220 days/8 hours | \$41 | \$41 | \$41 | | |
| A7 | Productivity conversion factor | Forrester Assumption | 50% | 50% | 50% | | |
| At | Application usage and process efficiencies | A5*A6*A7 | \$375,048 | \$404,547 | \$454,608 | \$1,234,203 | \$1,016,843 |
| | Risk adjustment | ↓10% | | | | | |
| Atr | Application usage and process efficiencies (risk-adjusted) | | \$337,543 | \$364,092 | \$409,147 | \$1,110,783 | \$915,159 |

Total Savings On Design And Implementation Training For Management

This benefit includes the one-off savings in design and implementation training for managers for the HCM platform introduction.

| Ref. | Metric | Calculation | Year 1 |
|------|---|---|--------|
| B1 | Average management salary per hour | Forrester assumption | \$62.5 |
| B2 | Applicable managers for training | Interview information | 3,000 |
| B3 | Total design and implementation training time (hours) | 1 hour per session; 5 sessions per manager per year | 15,000 |

| | | | |
|-----|--|-----------------------|-----------|
| B4 | Training development savings (2-3 involved contractors) | Interview information | 250,000 |
| B5 | Productivity conversion factor | Forrester assumption | 50% |
| Bt | Total savings on design and implementation training for management | $B1*B3*B5+B4$ | \$718,750 |
| | Risk adjustment | ↓5% | |
| Btr | Total savings on design and implementation training for management (risk-adjusted) | | \$682,813 |

Appendix B: Endnotes

¹ Source: “A Good Customer Experience Requires Workers To Be Digitally Enabled,” Forrester Research, Inc., October 3, 2019.

DISCLOSURES

The reader should be aware of the following:

- The study is commissioned by WalkMe and delivered by Forrester Consulting. It is not meant to be a competitive analysis.
- Forrester makes no assumptions as to the potential ROI that other organizations will receive. Forrester strongly advises that readers use their own estimates within the framework provided in the report to determine the appropriateness of an investment in WalkMe Digital Adoption Platform.
- WalkMe and RedHat reviewed and provided feedback to Forrester. Forrester maintains editorial control over the study and its findings and does not accept changes to the study that contradict Forrester’s findings or obscure the meaning.
- WalkMe provided the customer names for the interview(s) but did not participate in the interviews.

ABOUT TEI

Total Economic Impact™ (TEI) is a methodology developed by Forrester Research that enhances a company’s technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders. The TEI methodology consists of four components to evaluate investment value: benefits, costs, risks, and flexibility.

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