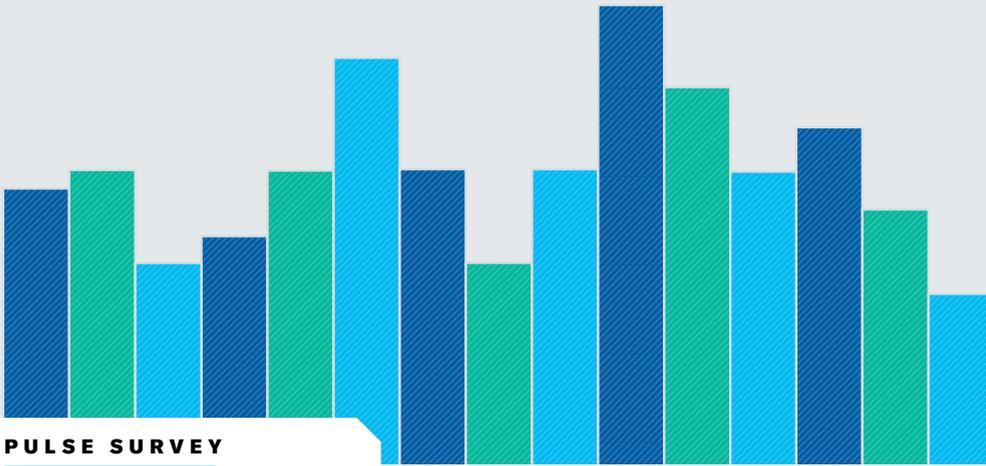


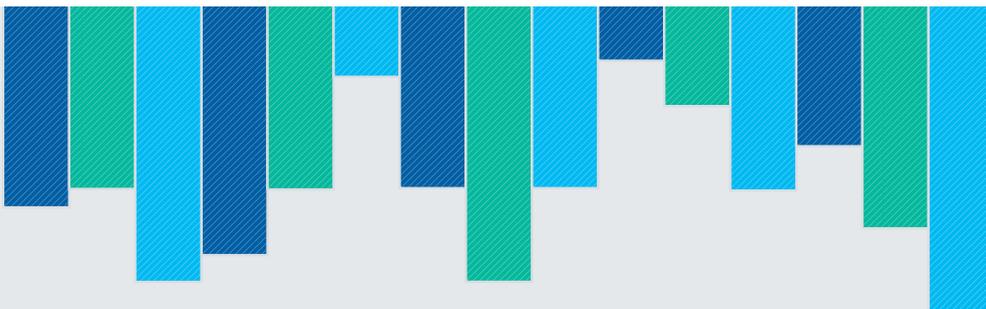


**Harvard
Business
Review**

ANALYTIC SERVICES



The State of Digital Adoption 2021



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Rafael Sweary
Cofounder and President
WalkMe

When it comes to digital transformation, organizations are investing billions of dollars a year in point solutions that promise specific business outcomes. However, when we look at a department or organization as a whole, we fail to see a cohesive approach that ties together all software under a clearly defined digital transformation strategy to attain or drive a common value.

The disruptive, sudden shift to remote work accelerated by Covid-19 shook organizations around the globe. From managing resources and keeping the organization afloat to finding the right solutions to empower long-lasting change, digital took the front seat in ensuring business continuity. And while successful digital transformation had been a pain point even before Covid-19, 2020 was the year successful change became imperative to maintaining business continuity.

Digital transformation affects every part of the organization, touching and shaping the experience of employees and customers. The magnitude of these efforts resides not only in the costs or resources required to see them through, but also in the impact on employees, customers, and business goals. So, when digital transformation efforts fail—and most do—the impact is detrimental.

Resistance to change and costs of retraining often overshadow the benefits of digital change. In an ideal world, all teams would have high levels of digital aptitude and welcome technological change with open arms. In reality, change is much harder. It's therefore no surprise that the majority of enterprises fail to scale their digital transformation initiatives. And they are failing not because of the wrong strategy or bad technology—they are failing because of poor, and mostly incomplete, execution.

Digital transformation encompasses all transitional efforts in which businesses adopt digital technology, digital business practices, and a digital culture, but it is not solely about the implementation of new technology. Digital transformation is also about getting more value out of existing technologies; it's about realizing the entire value of tech investments to achieve business ROI and continuing to reap that value as time goes on. No matter how small or large the transformation, the ultimate goal is to drive change and to achieve a promised business goal.

Technology has not only inflicted major changes to our well-being, but it has also changed the course of how we do business. This technological impact is why we've partnered with Harvard Business Review Analytic Services to unveil how organizations approach digital change, their approach to digital adoption, and the gaps that offer opportunity. Digital adoption is the process by which companies ensure that their employees and customers are making use of their digital assets—from visibility into assured user adoption of digital assets on the one hand and the data and insights to back up, measure, and optimize digital journeys for employees or customers on the other.

While most businesses decide to use the most cutting-edge and innovative software in order to sell and perform, digital transformation efforts become irrelevant without a long-term adoption strategy and execution plan in place. This ability to deliver will define the difference between successful and unsuccessful digital transformation.

The State of Digital Adoption 2021

Legacy companies seeking to transform themselves into digital businesses were once considered audacious pioneers. These days, though, the companies that have not yet embarked on digital transformation (DX) are the outliers. Companies are spending hundreds of millions of dollars on their digital experience initiatives, and some have seen transformational business results. Yet only 20% of executives surveyed by Harvard Business Review Analytic Services in November 2019 rate their transformation strategies as effective. Why the weak showing? “Companies have more technology, and that technology is more powerful,” says Andrew Young, a managing director at Accenture and a global leader in the firm’s change management practice. “But often they’re just not scaling or using it well in a way that works for their people or transforms the business.”

To derive more value from their technology investments and boost their employees’ digital aptitude (referred to in some quarters as digital dexterity, digital fluency, or digital IQ), a growing number of companies are turning to digital adoption platforms (DAPs). Such platforms typically show users how to operate across desktop, mobile, and web interfaces, all without leaving the screen they’re working within. The most advanced DAPs feature digital experience analytics and leverage artificial intelligence to combine analytics and user experience data with situation-specific content that guides users, increases productivity, and enables organizations to realize higher returns on their digital assets. The versatility of those high-powered DAPs, says Joseph Poyma, digital adoption leader at Cross-Country Mortgage LLC, explains why “we call our DAP our Swiss Army knife.”

HIGHLIGHTS



82% of survey respondents say their **typical employee interacts with four or more digital touchpoints** day to day.



81% agree or strongly agree that the **ability to rapidly adopt new technologies and embed them** in their employees’ everyday work is a competitive differentiator in their industry.



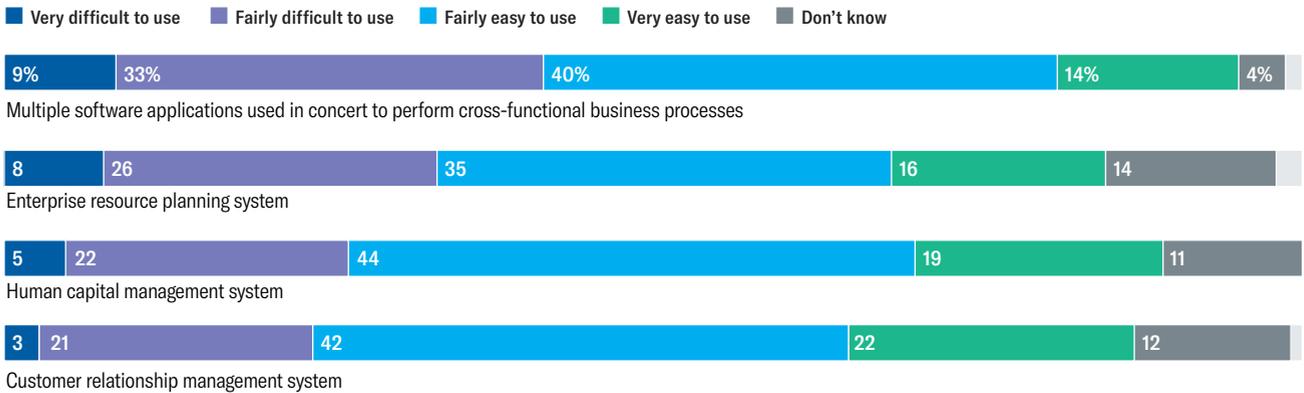
56% say their typical employee is **expected to master at least three new digital touchpoints** every year.

FIGURE 1

Easy for Some

Sizable minorities of respondents struggle to operate common software and platforms

Rate the ease of use of the following software/platforms, as experienced by the employees who use them regularly.



Source: Harvard Business Review Analytic Services Survey, December 2020

To learn more about the uptake of DAPs and the results they are generating and to set a baseline for future reports tracking year-over-year digital adoption trends, Harvard Business Review Analytic Services in December 2020 surveyed 507 corporate executives, asking them about their awareness of DAPs, the top objectives of their DX initiatives, their use of digital touchpoints in their operations, and how they manage and govern their digital adoption activities. A clear majority of survey respondents say that digital aptitude gives companies a competitive edge: 81% agree or strongly agree that the ability to rapidly adopt new technologies and embed them in their employees’ everyday work is a competitive differentiator in their industry.

The results also reveal that senior executives see a close link between successful digital transformation and accelerated digital adoption, even as they recognize that many of their employees struggle to master the myriad digital touchpoints they interact with every day. Analytics can help identify who is struggling, why, and which application is proving troublesome—one reason that 80% of survey respondents say that it is important or very important for senior management to have a clear and complete overview of their organization’s digital adoption progress via analytics.

Viewed as a whole, this report explores how a comprehensive digital adoption strategy, powered by a DAP and backed by senior management, could contribute meaningfully to the success of any transformation effort.

The Power of the Platform

For Kristopher Clark, head of digital adoption at ServiceNow, whose cloud computing platform helps companies manage digital workflows, the emergence of DAPs in recent years is a welcome development. “You can build the greatest system in the world,” he says, “but getting someone to use it is a whole other battle.” Winning that battle becomes a lot easier with a DAP, he says, because “it gets people to understand the system in the quickest amount of time possible while still being engaged in the system itself.”

The people Clark refers to include the denizens of the C-suite. Clark and his team at ServiceNow recently developed a new feature in a software system designed expressly for the C-suite. The system came complete with a DAP to help users learn to take advantage of the added functionality. “That [DAP] triggered an entire conversation about the experience,” he says. “They liked it—a lot—and now they want to deploy the DAP across all the other experiences that our employees have. I don’t think that they understood the power of the platform until they saw it in action.”

Tanya Seidel, director of global training at LogMeIn, a developer of cloud-based remote work tools such as GoToMeeting, says her company’s DAP has helped it cope with the changes to work routines compelled by the Covid-19 pandemic. In response to the pandemic, she says, LogMeIn rapidly developed a suite of custom solutions that required the company to install new business processes on the fly. “We found out that our finance teams were getting overwhelmed with custom requests from sales that they had to handle



The versatility of DAPs, says Joseph Poyma, digital adoption leader at Cross-Country Mortgage LLC, explains why “we call our DAP our Swiss Army knife.”

manually,” she says. “We learned that if we put in a little tool tip reminding the sales team to check a particular box on their screen, finance wouldn’t need to process their request manually.” Thanks to the tool tip, she adds, “suddenly our finance team’s load was lightened.”

The challenge that LogMeIn faced is hardly unique. The difficulty of using key software and platforms is an issue at many business organizations. For example, although a slim majority (51%) of respondents to the Harvard Business Review Analytic Services survey say their organization’s enterprise resource planning platform (ERP) is fairly or very easy to use, more than one-third (34%) say it is fairly or very difficult. **FIGURE 1** In the case of multiple software applications used in concert to perform cross-functional business processes, 54% report that they are fairly or very easy to use, compared with 42% who say they are fairly or very difficult to use.

Compounding the difficulty that many employees encounter are the multiple systems that they are expected to master and the number of new digital tools that are added to the stack every year, tools that in many cases supplant long-familiar legacy applications. The typical employee at 56% of companies surveyed is expected to master at least three new digital touchpoints (defined as a digital platform, software product, app, or website with which a company’s employees interact) every year, while 82% of respondents say that their typical employee interacts with four or more digital touchpoints day to day. “The thing about digital tools,” says Accenture’s Young, “is that some are designed well for end users, others are simple and are easy to adopt, others are inherently more complex, some are used infrequently, and some just aren’t well-designed.”

DAPs can bring software in the latter three categories to its full potential.

Transformation initiatives have continued and, in many cases, even increased in pace during the pandemic, thanks in part to the proliferation and rapid introduction of mobile apps that facilitate remote work. More than half (52%) of survey respondents report that they use mobile apps to interact with customers, compared with nearly nine in 10 respondents (88%) who interact with customers through their own websites, 66% through social media, and 14% through other digital platforms. Starting from a relatively low base, engagement via mobile appears poised to increase

both in the short term and after the pandemic eases, as user habits formed during long periods of remote work persist after offices reopen. DAPs, which already help remote workers master apps and app-based processes, could deliver significant benefits to users and organizations as mobile engagement grows.

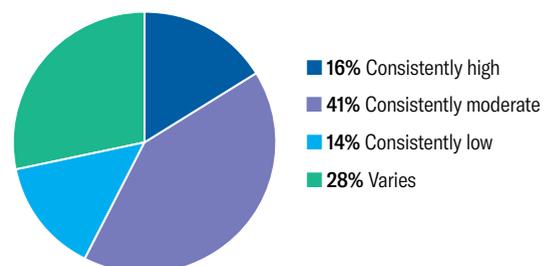
As noted, companies continue to spend massively on technology and services that enable DX—an estimated \$2.3 trillion annually by 2023, according to IDC, equal to 53% of all business spending on information and communication technology.¹ But until users learn to make the most of the tools they’re expected to master, companies will have a hard time promoting the cross-functional collaboration that their technology investments are supposed to deliver and that transformations depend on. “You need to have a critical mass of adoption to generate effective collaboration,” Young says. Many companies struggle to reach that critical mass. According to the survey, just 16% of respondents characterize the digital aptitude of their organization’s employees as consistently high, while 69% report that digital aptitude at their companies is moderate or varies throughout the

FIGURE 2

Digital Aptitude: So-So at Best

Most companies rate the digital aptitude of their people as middling or mixed

How would you characterize the digital aptitude of the employees throughout your organization?



Source: Harvard Business Review Analytic Services Survey, December 2020



“Digital adoption is a behavior change,” says Andy Young, a managing director at Accenture.

organization. Fourteen percent of respondents characterize their employees’ digital aptitude as consistently low. **FIGURE 2**

Senior executives are aware that the widespread lack of digital aptitude not only limits the returns on their technology investments, but also threatens to hobble their companies’ ability to hold their own in the marketplace. Fifty-six percent of survey respondents report that the senior management at their organization assigns a high priority to digital adoption, defined as the process by which users of digital technologies assimilate those technologies into everyday work and life activities and maximize the utility of those technologies.

The Shock of the New

DAPs promise to enable successful digital transformations that realize the full value of technology investments. They can dramatically accelerate a client’s time-to-aptitude and time-to-value, says John Manion, a senior strategy consultant and product manager at IBM. “For clients using our business software offerings, we’re using a DAP and digital adoption in a way that helps them get acclimated to our product and reach a level of productive use. The objective is to help them gain more value from the product.” His clients’ reactions suggest that the DAP is delivering the returns that they are seeking. “The Net Promoter Scores [NPS] for two of our offerings have gained nine points in one case and 20 points in the other since they launched the DAP,” Manion says. He attributes the rise in NPS in large part to the way the DAP facilitates new user onboarding. “We see digital adoption as critical for helping the client quickly achieve a level of foundational understanding of the product’s capabilities and how they can use those capabilities to get value for their own business,” he says.

Most companies are familiar with employees’ reluctance to leave behind familiar tools and ways of working. “Digital adoption is a behavior change,” says Accenture’s Young, “and doing something new and unfamiliar is hard for all of us.” That difficulty persists even when digital tools are well designed, especially in business environments, where employees are expected to execute processes that are inherently complex

and can involve using multiple applications to complete a task end to end. DAPs can’t eliminate that complexity, Young says, but they can help employees reach a level of comfort with such processes more quickly than they would have otherwise and provide guidance spanning different platforms. “Never underestimate the importance of picking up something for the first time, then using it and using it well,” he says. “Digital fluency is like learning a language: There’s a big difference between ordering a meal and writing a poem—and with practice you get better.”

For many employees, working remotely is one of the many new things they’ve had to learn since the onset of the Covid-19 pandemic. When the pandemic shut down ordinary life in the U.K., Young relied on a DAP to help a large public-facing government agency rapidly implement technology to enable employee teams to collaborate remotely. “It helped people get started collaborating in a new way and bring a more human touch to remote work,” Young says.

For product managers, DAPs themselves are a form of collaboration technology, according to IBM’s Manion. He notes that at IBM, product managers define the scope of a new DAP deployment, then they hand responsibility to product designers who actually create the in-product tutorials, documentation, and resources embedded in the DAP application. “The product designer and product manager definitely need to collaborate closely,” he says. “The DAP enables a well-connected product development experience.”

Winning Over the C-Suite

Delivering on the promise of accelerated digital adoption requires a strong push from the top. “When you have the senior management team really championing digital adoption, that speaks loudly to the people further down the ranks,” says Meade Monger, a partner at AlixPartners with extensive experience in digital transformations. “They feel led and inspired and motivated to make the change happen.”

Less-senior champions at organizations can help amplify the message, too. “The way we go about a transformation project is to break it up into workstreams and identify people further down in the organization who can serve as workstream leaders,” Monger says. “That [leadership role] excites them to drive their part of the project and feel responsible and accountable.”

Young agrees that delivering on the promise of accelerated digital adoption requires a strong push from the top and a supportive environment for continual change from the grass roots. “That [leadership] has a huge impact on the success of the change,” Young says. “It must be coupled with a safe space where people can experiment with and adopt new ways of working. These high-trust groups who try something new are the ones who outperform all others during change.”



When senior management sees how a DAP can help transformation initiatives succeed, they quickly become evangelists for the technology.

Manion has found that the best way to enlist senior management support for DAPs is to show them how the platforms can contribute to the success of the initiatives they lead. “At many companies,” he says, “but especially at large companies, the initiatives with the best traction are the ones with support from someone senior in the organization or in the product line. What we’ve tried to do is to tap into those initiatives that those executives are already running.”

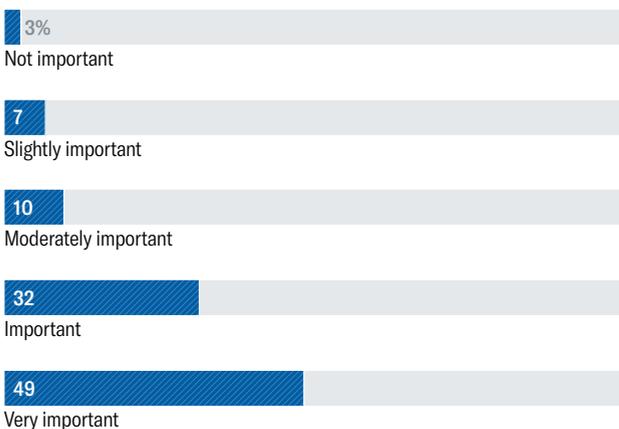
The most high-powered DAPs feature analytics that help senior executives monitor the progress of the digital adoption initiatives crucial to digital transformations, which survey respondents say is vital to maintaining the momentum of a digital adoption program. **FIGURE 3** Transformation heads can use analytics that show how often users seek help with a particular feature or function of an application or platform in order to prioritize development efforts and give transformation managers greater visibility into the performance of their technology stacks.

FIGURE 3

The View from the C-Suite

Visibility into digital adoption initiatives helps senior leaders prioritize development efforts

How important is it for your organization’s senior management to have a clear and complete overview of your organization’s digital adoption progress via analytics?



Source: Harvard Business Review Analytic Services Survey, December 2020

Analytics also help executives proactively spot areas for improvement. “With engagement statistics, we can see what’s gaining traction with users and what is not,” says LogMeIn’s Seidel. “If something is not gaining traction, we can drill down to see if the information is in the wrong place or if there’s a larger issue that we should correct before it sends people down the wrong path.”

Speed Kills—the Competition

When senior management sees how a DAP can help transformation initiatives succeed, they quickly become evangelists for the technology. Cross-Country Mortgage’s Poyma led a high-speed adoption of a remote-working solution when the pandemic hit. “We used the DAP to alert people to tips and tricks and best practices when using the solution,” he says. “When senior management saw how we got that material out to the workforce within two days—something that used to take 20 days or more—they were elated.”

As Poyma suggests, one useful way to measure the ROI of DAPs is with a clock. Seidel agrees. “For us, it’s all about time savings,” she says. Properly implemented, a DAP can disseminate information with a single click that previously would have been delivered through training seminars and videos that would take days to prepare and that many employees would ignore. “The time-based value is immense,” she says.

At present, however, most companies have not developed time-based metrics for digital adoption drives or digital transformations and instead use other yardsticks to gauge the effectiveness of their digital technologies. **FIGURE 4** Survey respondents identified employee engagement scores, customer reviews and feedback, changes in revenue, and savings on selling, general, and administrative (SG&A) costs or other profit and loss (P&L)-related key performance indicators as the leading metrics they employed.

Among the ways that DAPs can generate ROI is by enabling employees to do higher-value work. Young points out that DAPs help users extract more value from their internal digital touchpoints, freeing others within the organization to make better use of their time and skills. “An HR professional can spend their time partnering with business units to help their executives lead better if they don’t have to spend time helping people figure out how much holiday they have left,” he says.

FIGURE 4

Taking Tech's Measure

Companies use a mix of qualitative and quantitative metrics to gauge the effectiveness of their technologies

What metrics, if any, does your organization monitor to measure the effectiveness of the digital technologies used by employees?



Source: Harvard Business Review Analytic Services Survey, December 2020

“The beauty of a DAP is that it can help guide employees to figure that out for themselves.”

ServiceNow’s Clark adds that DAPs also deliver ROI by helping companies sidestep the need for custom programming. “A DAP can help the user get what they want out of a piece of software without IT having to edit the system itself,” he says. “That extends the lifecycle of any technology investments that we have.”

Making the most of technology is a job that many companies assign to their own people, rather than relying on outside experts, the survey reveals. Nearly three-quarters (73%) of respondents report that in-house teams are responsible for facilitating or accelerating adoption of digital tools and software. Only 5% rely on the original software developer to do so, and just 8% turn to global systems integrators or other consultants.

The employees charged with promoting digital adoption are not only doing an important job, they may also be creating a new career pathway for themselves. “Digital adoption manager” is a relatively new job category, but it’s one that could soon be in high demand as companies seek to generate faster and higher returns on their tech investments. Some DAP developers are investing in educating the business community about the need for digital adoption professionals and offering training to people who might have lost their job as a result of the pandemic or who simply want to add to their skill set.

Conclusion

Some 70% of companies say they have a DX strategy in place or are working on one, according to a widely cited study by TechRepublic, a unit of ZDNet.² Yet as noted above, only 20% of companies say their DX initiatives are succeeding. The cumulative evidence from the Harvard Business Review Analytic Services survey is that, in many cases, that gap can be traced to shortfalls in digital adoption. As companies progress toward full digital transformation and pivot to more permanent remote-work arrangements, they have an opportunity to realize greater value from their digital assets through broad deployment of a DAP.

The year 2020 tested how well DAPs can help companies make the most of their technology investments. At a time when businesses urgently needed visibility into both their entire tech stack and the business processes that drive the company, DAPs delivered, connecting humans with technology and serving them when and where they needed guidance. The need for such guidance will likely only grow in coming years, and future installments of this report will track the pace and direction of DAP deployments.

Because DAPs make software adapt to the user, and not the other way around, DAPs have potential to become essential components of virtually any transformation. By providing



80%

of respondents say that it is important or very important for senior management to have a clear and complete overview of their organization's digital adoption progress via analytics.



“If using the system becomes a frustrating experience, you’ve missed out on a critical opportunity to make either your employees or your customers happy,” says Kristopher Clark, head of digital adoption at ServiceNow.

a single, all-purpose interface for user needs and inquiries, the DAP can serve as the flywheel that drives the exponential expansion of a transformation and ensures that organizations are not only solving the problems of today but are prepared for tomorrow’s challenges.

And if senior executives still aren’t convinced that a DAP can make a difference, perhaps they should take Clark’s advice and take a stab at using some of the digital tools they expect their employees to master. “Try putting yourself in the seat of the user,” he says. “Think of how the user sees the tool and how you’d change it.” Executives might find the exercise in itself makes a good case for the value of a DAP, not just in promoting digital adoption but in contributing to a more satisfying user experience. “I really think that the most important thing for any person using a system is how happy they are using it,” Clark adds. “If using the system becomes a frustrating experience, you’ve missed out on a critical opportunity to make either your employees or your customers happy.”

Endnotes

- 1 IDC, “Worldwide spending on digital transformation will reach \$2.3 trillion in 2023, more than half of all ICT spending, according to a new IDC spending guide,” 2019. <https://www.idc.com/getdoc.jsp?containerId=prUS45612419>
- 2 ZDNet.com, “Survey: Despite steady growth in digital transformation initiatives, companies face budget and buy-in challenges,” 2018. <https://www.zdnet.com/article/survey-despite-steady-growth-in-digital-transformation-initiatives-companies-face-budget-and-buy-in/>

METHODOLOGY AND PARTICIPANT PROFILE

A total of 507 respondents drawn from the HBR audience of readers (magazine/ newsletter readers, customers, HBR.org users) completed the survey.

Size of Organization	Seniority	Key Industry Sectors	Job Function	Regions
31% 10,000 or more employees	34% Executive management/ board members	14% Technology	18% General/ executive management	60% North America
10% 5,000 – 9,999 employees	64% Senior management	16% Manufacturing	21% IT	16% Europe
29% 1,000 – 4,999 employees		10% Financial services	8% Sales/business development/ customer service	14% Asia Pacific
30% 250 – 999 employees		All other sectors less than 8% each	All other functions less than 8% each	5% Middle East/Africa
				4% Latin America

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



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