DashResearch
cx market intelligence

Employee Experience

Market Drivers and Barriers, Market Sizing and Forecasts, and Case Studies

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Section 1
Executive Summary

1.1 Introduction

The massive shift caused by the Covid-19 pandemic has been deeply felt across all industries and at every department level within B2C and B2B companies. The effect on the global workforce has been profound, with companies around the world struggling to hire and retain employees. An evolution that many say was already in progress before the pandemic has accelerated with a balance of power starting to migrate toward employees. Companies are becoming more human-centered, and human resources (HR) is shifting focus from operations and productivity toward experience, health, and well-being. In many cases, the fundamental relationship between employer and employee has changed.

These shifts have resulted in companies turning toward a broad range of technologies and solutions to not only decrease day to day friction in an employee journey, but to attempt to meet the expanded desires of a changing employee population. The line between traditional HR tech and employee experience (EX) technologies has blurred over the past few years and has given rise to larger companies that provide human capital management or workforce engagement technologies adding modules more focused on engagement, community building, recognition, or performance management. Also, smaller companies have gained leverage in the market with more specific offerings focused on just one part of the EX ecosystem.

Employee experience is both a broad and personal journey, and can and should be approached with multiple strategies. Gathering employee feedback has long been an activity companies turn to gauge employee sentiment and satisfaction, and to get a pulse on their employee populations. These technologies have evolved from annual surveys to more sophisticated and ongoing omnichannel listening programs that can churn out insights and analysis that, in more EX-mature organizations, can be put into workflows for action to be taken. This is just one facet of the broader employee experience ecosystem but often provides the direction and impetus for investments in other technologies, such as ramping up efforts in rewards and recognition programs, implementing different ways to conduct performance management, or perhaps putting more focus on digital EX and supporting technologies.

This Dash Research report focuses on the software platforms, applications, and services that are offered to help companies achieve excellent employee experience. If implemented thoughtfully and with sustained commitment, these solutions can promote deeper employee engagement, less employee churn, improved efficiencies and in-house automations, and improved customer experience (CX).

1.2 Market Drivers

The key market drivers spurring the purchase of EX software and services include:

- The Great Resignation and the Need for Better Retention Strategies
- The Employee Experience/Customer Experience Link
- Shifting Employee Wants and Needs
- Move to Hybrid and Remote Leading to Increased Need for Communication and Connection
- Growing Need for Optimal Digital Employee Experience and Great Supporting Technologies

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1.3 Market Barriers

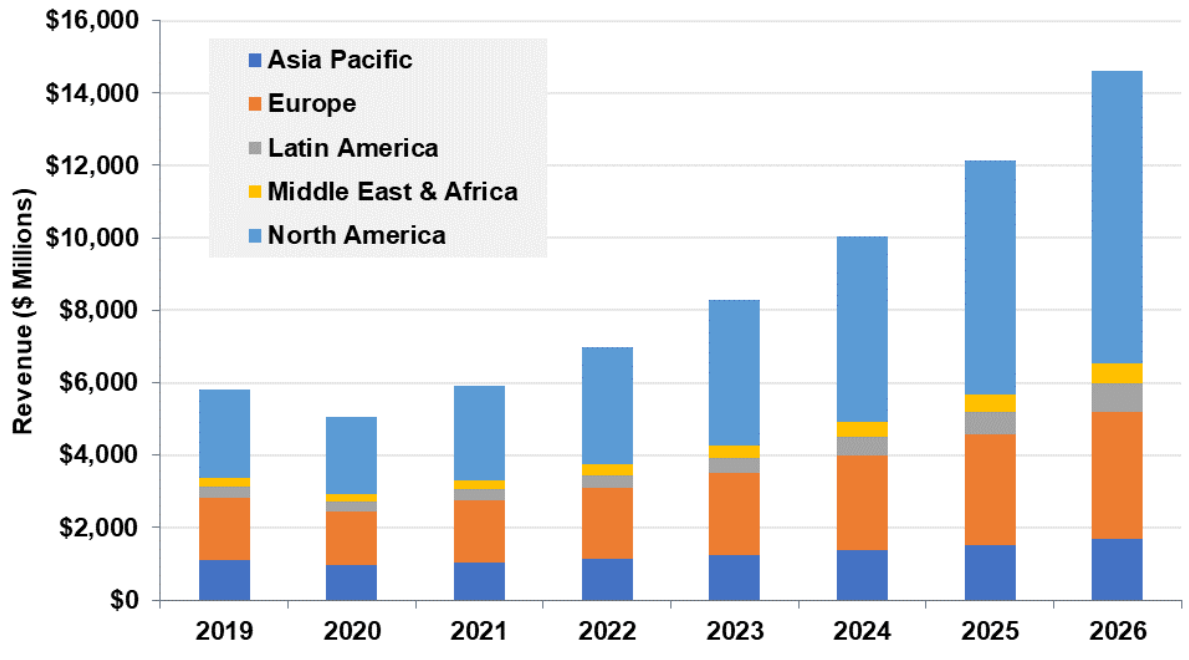
There are many barriers for organizations when attempting to deploy employee experience solutions, many of which are internal and operational. The key challenges tempering the growth of EX include the following:

- Outdated and Challenging Tech Stack
- Lack of Internal Ownership
- Struggles with Analysis and Action
- Inability to Build an EX-Supportive Culture

1.4 Market Forecast Highlights

Dash Research projects that the market for EX-enabling software will reach $14.6 billion by 2026, increasing from $5.8 billion in 2019, reflecting a compound annual growth rate (CAGR) of 14%. North America represents the largest revenue in the market, with revenue expected to reach $8 billion in 2026, up from $2.4 billion in 2019, a CAGR of 18.7%.

Chart 1.1 Employee Experience Software and Services by Region, World Markets: 2019-2026



Source: Dash Research

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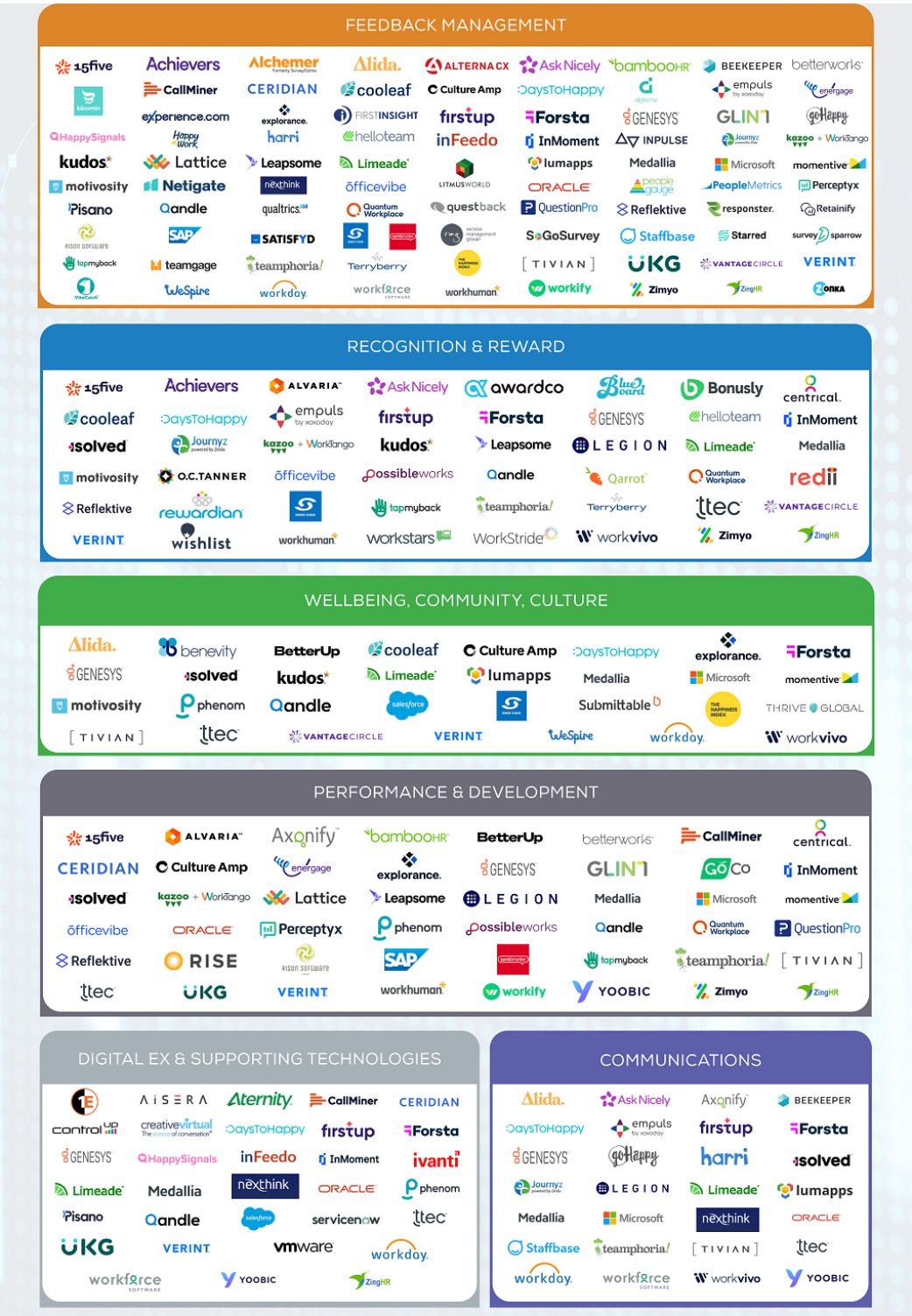
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1.5 Dash Research Insights

- Employee Experience is not one-size-fits-all when it comes to technology, both for the company implementing it and for employees themselves. The market is still in earlier stages of maturity, and some companies will (and should) be tackling their primary focus areas with select tools, rather than end to end solutions.
- Companies need to keep in mind that similar to customers, employees have personas as well, and communications, feedback, and recognition need to be personalized.
- It will be important to map and track the entire employee journey. An employee's relationship with a company is not just the big moments, but all the micro-moments in between.
- Digital employee experience, including an employee's daily interactions with technologies and systems, both in office and remote, is a growing focus area that should not be neglected.
- The way employers treat employees is becoming a larger part of their brand stories. With the growing use of social media, as well as the airing of positives and negatives on channels such as LinkedIn or Glassdoor, employee advocates, promoters or detractors can influence brand image.
- A lot of EX efforts, while well-intended, are falling short due to poorly defined objectives and lack of ongoing support and ownership.

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Figure 1.1 Employee Experience Market Ecosystem



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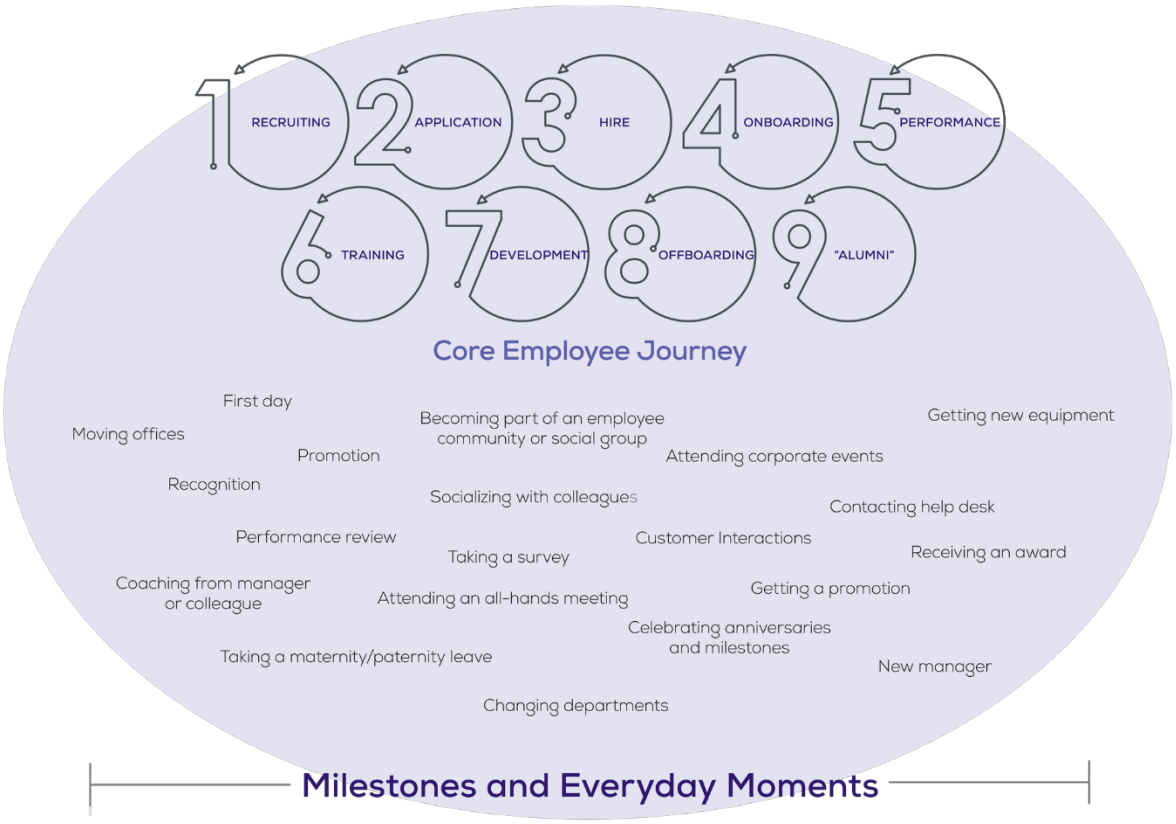
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Section 2
Market Overview

2.1 Defining Employee Experience

Employee experience is a term that lacks concrete definition among both technology vendors and end users. Dash Research is taking a broad view of the market and its encompassing technologies, defining EX as an employee's feelings and perceptions of their experience with a company along their total journey – from job application to exit and beyond. With some workers boomeranging back to former employers, a case can be made that it may also extend to company "alumni." Employee experience can be viewed as a sum total, including not just milestones but the day to day of an employee-employer relationship.

Figure 2.1 Employee Journey



Source: Dash Research

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Employee Engagement is another phrase that is used often when speaking about employee experience. Like the term “employee experience” it is not clearly defined, often meaning different things to different people. Employee engagement is a *result* of good or poor EX, and is a measurement of many different feelings, including commitment, enthusiasm, connection, and loyalty to a company. Each company measuring employee engagement may be measuring it a bit differently. Employee experience drives employee engagement, not the other way around.

The differences between “HR technology” and what is considered EX technology are not black and white any longer. Dash Research looks at those technologies that are relationship building as core EX technologies but acknowledges that many other technologies are part of the ecosystem, impacting an employee’s total feeling about the company they work for. Dash Research is including a broad range of technologies that shape employee experience – some in a very direct way. Others are a bit tangential to the core experience, but are part of an employee’s day to day experience and could be something that either removes barriers and friction, or something that could cause dissatisfaction.

2.2 Feedback Types, Metrics, and Data Inputs

Discussion about employee experience, including this report, may often lean a bit heavy toward surveying, feedback, and listening technologies. However, that piece is just one segment of a broader ecosystem. The collection of data is becoming commoditized in the EX market, but it *is* that data that fuels the information flow that uncovers successes, failures, and areas of growing concern. This helps to shape investment and activity in all the other parts of the EX ecosystem.

2.2.1 Feedback Types and Frequency

Feedback from employees can be either direct or indirect.

- Direct: Collected through structured, open channels. It is sought out. Example: Survey
- Indirect: Data that is usually unsolicited and unstructured. Example: Chatbot transcript

The frequency of outreach is highly variable depending on company goals and bandwidth. Examples could include:

- Annual, all employee engagement survey
- Employee milestone check-in
- Quarterly, monthly, weekly pulse surveys – could be on specific topics to specific groups
- Always on (channel such as a feedback button)

2.2.2 Metrics

The measurements included in investigating employee experience can vary widely from organization to organization. It is highly dependent on the goals the company has set out and can change from survey to survey. The measure of employee engagement itself is complex and is typically a composite of many factors which can be different for each company. Some companies may look at job satisfaction and intent to remain. Others may look at pride and motivation.

Employee Net Promoter Score (eNPS) is a frequently used metric. This is a way of measuring how your employees feel about their employer. It is based on Net Promoter Score (NPS), which is a measurement of customer loyalty that was developed by Bain & Company and Fred Reichheld to measure customer experience. This score measures the employee’s likelihood of recommending their organization to a friend as a good place to work. Employees can be categorized as ambassadors or promoters; passives or critics/detractors. Other examples of measurements could include employee satisfaction, loyalty, wellness and belonging, and safety.

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2.2.3 Data Sources, Technologies, and End Users

Similar to what has happened in the CX market, there has been a lot of growth in the number and type of digital channels available for employee data collection. Employers need to reach employees where and in what format they want to be communicated with. The ability to tie it all together and make sure the data does not become too compartmentalized can be challenging.

Figure 2.2 Data Sources, Technologies, and End Users



Source: Dash Research

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2.3 Market Drivers

Many dynamics are spurring the use of employee experience technologies, including global, macro trends, as well as factors that are unique to each company looking at these solutions. The following drivers have been developing over many years but have been partially accelerated by the COVID-19 pandemic.

2.3.1 The Great Resignation and the Need for Better Retention Strategies

The COVID-19 pandemic caused a seismic shift in the global workforce, causing many to reassess their status and make changes. The Great Resignation describes the movement of people leaving their jobs and is backed by statistics from the US Bureau of Labor Statistics. In 2021, an average of 3.9 million people per month quit their jobs, the highest-ever number since the agency started tracking the data in 2000. This trend continued into 2022. Data released in May 2022 showed that 2.8% of employed people in the US quit

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their jobs, which is a bit down from the peak of 3% in winter 2021, but still a concerning figure. Intent to depart statistics are similarly worrying and extends to all levels in the workforce. According to PwC's Global Workforce Hopes and Fears Survey conducted in March 2022, one in five said they are extremely or very likely to switch employers. A recent Deloitte survey found nearly 70% the C-suite are seriously considering quitting for a job that better supports their well-being.

Many are reassessing their work/life balance and reprioritizing and pivoting to other options or taking time off. Some are referring to this as the Great Reassessment. Some feel it is moving toward the Great Regret, where people have some remorse about their decision.

It has been a period of great volatility. Some industries have seen high merger and acquisition activity, causing leadership transitions and lots of change. People at all levels are being asked to do a lot. Managers are in a tough position of needing to be not only strategists but also coaches.

Hiring and retention are at the top, or near top of the list of concerns of almost every HR professional right now, with companies reporting it is increasingly difficult with younger age groups. A steady stream of departures from a company has both financial and cultural implications. It can lower morale and decrease productivity. In 2019, Gallup research found that the cost of replacing an individual employee can range from one-half to two times the employee's annual salary. The company estimates that in the US alone, US businesses collectively lose $1 trillion dollars every year to voluntary turnover.

There is a lot of data being presented lately regarding why people are leaving. Some lean toward external factors like childcare/elder care/health issues or just the desire to simply take time off. Other reasons land more squarely on the employer, such as burnout, uncaring leaders, unsustainable work expectations, organizational change, lack of flexibility, insufficient pay and benefits, lack of advancement, and not feeling supported or appreciated. Companies can leverage a wide variety of EX technologies that can help improve an employee's experience and potentially stem the tide of resignations:

- Use surveys and listening technologies across a variety of channels. Use exit surveys to determine root causes of departures.
- Do not neglect recognition programs. According to Workhuman, workers who receive a level of recognition that matches their expectations and needs are 56% less likely to be looking or watching for job opportunities.
- Performance management programs that support ongoing conversations, coaching and career development help improve engagement and build deeper commitment to an employer.

Technology can only do so much, though. Companies will need to take a hard look at their internal culture and the supports they have in place to help employees feel cared about and supported across their employee journey.

2.3.2 The Employee Experience/Customer Experience Link

The relationship between employee experience and customer experience is getting a lot of attention. The balance between excellent CX and excellent EX is important because it is difficult for one to be optimal without the other. Seventy percent of company leaders say that improvements in EX can lead to improvements in CX, driving revenue gains.

Good EX supports and enhances CX in a multitude of ways. An example of a factor that ties well to both sides of the equation is employee training and development. One trend right now is in-the-moment coaching, Companies that do this right are supporting employees on their journey for growth, using advice in a constructive way, rather than punitive. Better coaching leads to more confidence. Customers can notice that feeling, hopefully resulting in not just a positively wrapped-up touchpoint with a company, but perhaps

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walking away with the feeling that the company is a place with happy, knowledgeable workers.

Another example is when companies are investing a lot in the customer experience, but their clients are still providing feedback about negative experiences with employees, because those employees are unhappy. The dynamic is increasingly common within the travel and hospitality sector as companies go tech-heavy to solve operational and CX issues, but sometimes neglect their burnt-out workers.

When companies have technologies or processes in place that allow employees to offer their perspectives, opinions, and suggestions, employee engagement will increase, and workers view themselves as partners in driving improved CX. Tapping into employees' "inside-out" view can uncover blind spots or customer friction points.

When companies have the opportunity to break down data silos between employee experience and customer experience it can result in further benefit. As an example, call center agents may tap into voice of customer (VoC) data tend to get better scores and have more focus. Employees can become more closely aligned with company goals and more clearly see the relationship between their effort and corporate results. Having a full view of both EX and CX data can result in a more comprehensive view of trends and cause and effect, potentially identifying churn risk for both employees and customers. Democratizing the data and allowing it to be available to all levels in an organization will help drive action more quickly and with focus.

A good employee experience leads to lower turnover and absenteeism resulting in reduced costs. There is a growing body of evidence tying good employee experience to financial improvements and better CX. Gallup estimates that low engagement costs the global economy US $7.8 trillion. Further, Gallup found that teams that scored in the top quartile on employee engagement saw these benefits compared to bottom-quartile teams:

- 10% higher customer loyalty/engagement
- 23% higher profitability
- 18% higher productivity (sales)
- 18% lower turnover for high-turnover organizations (those with more than 40% annualized turnover)
- 43% lower turnover for low-turnover organizations (those with 40% or lower annualized turnover)

Companies who are in the early stages of exploring EX and CX programs may look at these technologies as the "warm and fuzzies" of the technology spectrum. Sometimes, in the battle for "Experience Dollars" these purchases can be a hard sell internally, and focus has historically been on the customer. However, the data is rolling in on many positive financial improvements in CX that can be attributed to great employee experience, and this will help drive the technologies supporting this market forward.

2.3.3 Shifting Employee Wants and Needs

In addition to the Great Resignation, latest trend data shows that many employees are also reassessing what they want in an employer and a work environment. Employees not only want the basics met, and met well, such as compensation and benefits, but many are desiring more intangible factors, such as personal fulfillment. And a sizeable proportion of workers are willing to leave for other companies that offer an employee experience more in line with what they are seeking.

Additionally, according to 2021 SHRM statistics, employers are seeing five generations in the workforce right now:

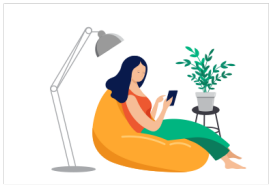
- Traditionalist (76 to 99 years old)
- Baby Boomer (57 to 75 years old)
- Generation X (41 to 56 years old)

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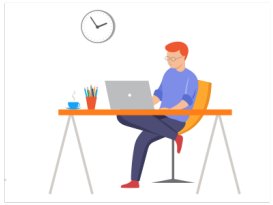
- Millennial (26 to 40 years old)
- Generation Z (25 years old and younger)

This all adds up to an enormous range of needs and wants that employers are trying to meet, in addition to the heightened expectations that the pandemic has brought on.

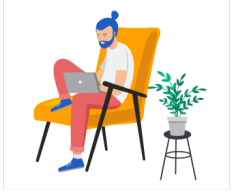
Figure 2.3 What Are Employees Seeking?



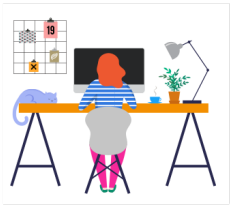
- Good compensation and benefits
- Shared values
- Mentorship
- Autonomy and trust
- Feeling of belonging
- Clear responsibilities



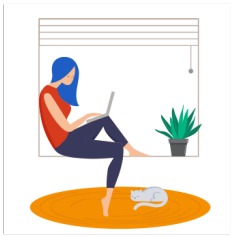
- The ability to be heard
- Flexibility in where and how work is done
- Clear purpose
- Resources needed for success
- Employer transparency
- Learning & skills development
- Coaching
- Goal setting



- Wellness offerings
- Flexible pay offerings
- Recognition
- Social cohesion & connection
- Growth opportunities for new roles or projects
- Good collaboration technology



- Mental health support
- Ongoing conversations (performance management)
- Communication
- Social networks
- Work/life balance
- Safe work environment
- Support from managers and colleagues



- Diversity, equity, inclusion, and belonging (DEIB) progress and commitments
- Change management support
- Support for social justice causes
- Commitment to sustainability and environmental causes
- A company with a clear vision and plan for the future

Source: Dash Research

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A recent study by Benefex reported that 77% of employees surveyed said their expectations of their employers have risen since the start of the pandemic. Expectations have risen significantly more among employees under the age of 40, compared with those aged 40 and above. Generation Z, in particular, is a big shift for many employers. While not comprising a large part of the workforce currently, by 2025 the group will make up more than a quarter of the entire US workforce. This segment is diverse, more socially aware, and wants employers that align with their personal values. With many in this age group coming off of online learning, they value in-person training and hands-on experience.

It is a big ask for employers to be able to meet each and every hope and desire of their employees, However, good faith efforts must be made, or employers risk high churn. The broad range of EX technologies available, if used strategically, can help employers take action on many items on the growing employee wish list. Employee feedback and listening programs can tease out these shifting employee needs. Recognition and reward technologies as well as those that focus on community, well-being and culture building help support an employee's sense of belonging. Well-done performance management helps provider workers with more continuous coaching and the opportunity to identify training focus.

There is no one tool to solve every employee issue, so companies will need to take a multi-pronged approach, taking on just what their budget and work capacity can support. Companies will need to do the work to understand the factors most important to their employees and consider using technologies that will enable a more continuous understanding of their shifting workforce.

2.3.4 Move to Hybrid and Remote Leading to Increased Need for Communication and Connection

The enormous move out of the office and to remote or hybrid arrangements has had many effects on employee experience, some which are short term and some which will be long lasting. Some people have completed their entire employee journey with a company without every stepping foot in an office or meeting any colleague in person.

Communication has been a challenge. According to Evive's National Employee Journey Survey, 94% of US employers felt they were doing a good job of communicating with employees. Yet only 61% of employees agreed. Similarly, when asked whether employees felt that their organization does a good job at communication information overall, a relatively low proportion of American, Australian, British, and German employees reported favorable views (63%, 69%, 62%, and 58% of employees, respectively), according to Limeade research.

The key to employee communications, particularly for a dispersed workforce is first, to determine how and where employees would like to be communicated with, and then meet them where they are. For many employers, this means a mobile app. Some non-desk workers are already using apps for clocking in and changing schedules. Employers can also leverage these tools for two-way communication and push notifications.

Employees should have access to multiple listening and feedback channels as well. According to Perceptyx, employers are moving solidly in this direction with 78% of employers having more than one channel and 56% having at least three.

The fast move to remote/hybrid has resulted in some workers rejoicing and others feeling isolated and detached. There has been much less opportunity for social interactions, impromptu chats, and in-person events, making it difficult to maintain a feeling of connectedness and belonging. This is a tougher issue to solve than communication but companies there are technologies that can be leveraged to make it easier for employees to interact virtually. Microsoft's recent introduction of the Viva Engage module, a Facebook-like tool that allows employees to share content via posts or stories and managers can use it to share news

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and strategy and contribute to conversations is an example of technologies that can work to replace in-office chat and sharing.

Recognition and rewards platforms allow colleagues and managers to give recognition to an employee via a public platform, mobile or otherwise, creating connection. Some companies are using gamification and leaderboards, particularly in the contact center segment to create a fun avenue to share work success. Community building tools, employee resource groups (ERGs), and solutions that support employee giving and volunteering are also technologies that help build camaraderie and belonging for employees.

2.3.5 Growing Need for Optimal Digital Employee Experience and Great Supporting Technologies

Partially due to the move to remote and partially due to general heightened expectations, the need to relook at an employee's digital experience and the technologies that may be causing them friction on a day-to-day basis is moving companies toward adopting fresh solutions and processes. Statistics show that the employee-technology interaction is an important one:

- Nexthink research states 89% of employees believe Digital Employee Experience is an extremely or very important part of the overall employee experience. In fact, 28% of employees aged 25-34 years old noted that they would consider leaving a job because of a poor IT experience.
- Employees who say that their technology is enabling productivity are 158% more engaged and have 61% higher intent-to-stay beyond three years, compared to those who do not. (Qualtrics)
- 64% of office workers, IT professionals and C-Suite executives surveyed by Ivanti report the way they interact with technology directly impacts morale.
- Research from Coveo found that difficulty in accessing relevant information makes 1 in 6 employees want to quit.
- In a survey of IT decision-makers and knowledge workers, 81% agree that those companies that do not make DEX a board-level priority will fall behind their competitors. (1E)

Employees now expect their interactions with work technology to be as good as their interactions with consumer-grade technologies and support channels. Employees want their work experience to mimic the user interfaces and search capabilities they use in their daily lives.

Many people are working from home without access to in-house support. If the technology does not work as intended – if it is slow, hard to use, lacking important capabilities, and does not allow for automation, it can result in decreased productivity and employee dissatisfaction. Unlike the way customers interact with company websites and support channels, employees are not doing a "one and done" with technology. They are interacting with work systems all day long, for multiple days a week.

Additionally, many companies have short staffed and burnt-out HR and IT teams or maintain lean departments. Many in both groups are working longer hours and taking on additional responsibilities. According to Society for Human Resource Management (SHRM), 72% of HR professionals indicated that their HR department was working beyond capacity and stretched too thin. IT workers are being pulled in many directions and have also had to quickly ramp up on communication and collaboration technologies.

AI and automation capabilities are becoming more important to the employee experience, both for the employees accessing them as well as the teams that are getting relieved of some work. AI has long been used in EX to sift through employee feedback and listening data and tie together the various incoming information flow. However, there is an increased need for automation and technologies like artificial

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intelligence, chatbots and self-service technologies to help with employee touchpoints that might not need an initial human contact. These technologies can help ease HR and IT workloads, as well as provide employees with the ability to solve their problems faster.

Figure 2.4 Automation & Artificial Intelligence Can Ease Technology Friction

Benefits of Artificial Intelligence, Chatbots, Self-Service to Employee Experience	
• Lessens Administration Tasks for HR Professionals • Employee Onboarding • Benefits Questions • IT Requests • In the Moment Coaching	• Support for Search (Content, Community Groups, Events) • Automation of Repetitive Tasks • Recommendations for New Skills • Enhances Scheduling for Shift or Hourly Workers • Better search functionality

Source: Dash Research © 2022 Dash Network

2.4 Market Barriers

While the solutions currently on the market provide great benefits to those implementing them, there are still many barriers for organizations when attempting to deploy these solutions, many of which are internal and operational. These barriers can result in languishing EX programs and lackluster investment.

The key barriers tempering the growth of employee experience solutions are described below:

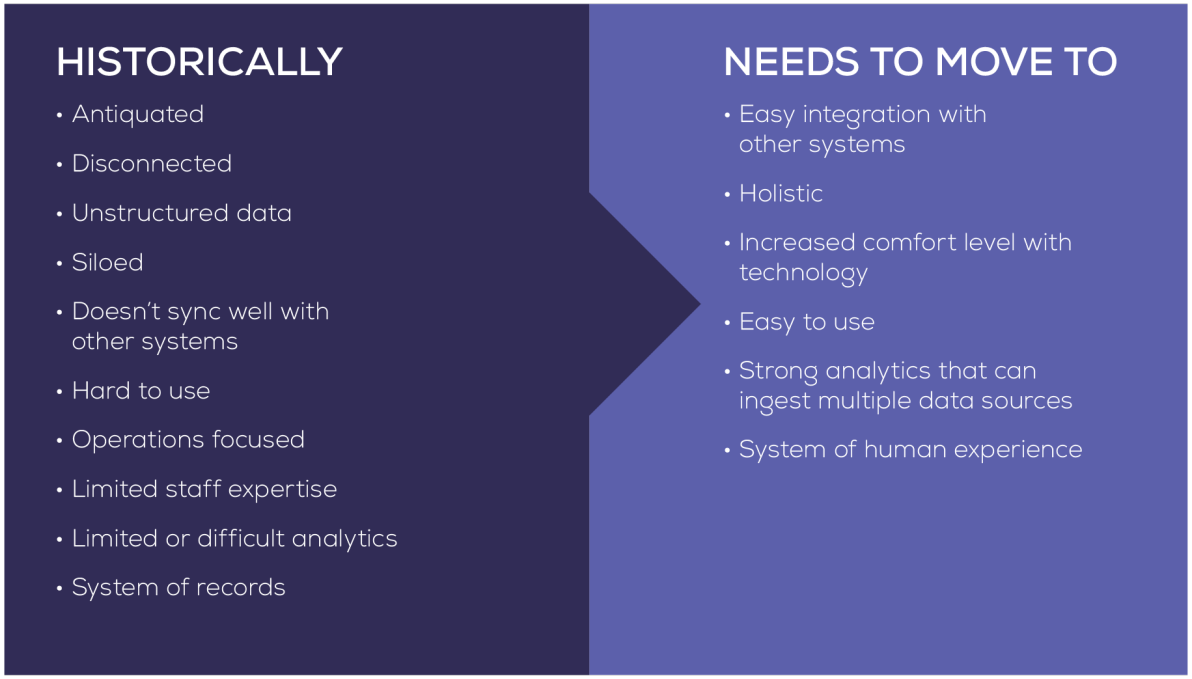
2.4.1 Outdated and Challenging Technology Stack

Employee experience technologies are often sponsored internally by HR, sometimes in conjunction with IT. The HR technology stack is often outdated and challenging to integrate with. According to 2022 research by PwC, more than a third (36%) of HR leaders say that modernizing HR systems is a top challenge, with technology integration being a particular obstacle. Sometimes with employee experience, a new technology must be layered into older communications, portals or HCM software which makes integration difficult.

Further, IT teams are often stretched to take on new technology implementations and sometimes HR staff does not have the level of technology sophistication needed to research and choose technology or oversee a rollout. Those in the market do see this shifting with a more tech savvy generation entering the HR field. Additionally, often data and analytics live outside of human resources, further complicating seamless processes and integrations.

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Figure 2.5 Modernizing the Employee Technology Stack



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All this proves to be a difficult and to some an overwhelming task that causes some companies to just "make do" with what they have or to take a piece meal approach which creates a further disjointed technology. Also, because of this issue (in addition to others), there is a heavier dependance on services and extended consulting. Not all companies can afford that type of extended package.

2.4.2 Lack of Internal Ownership

Employee experience is still in the early stages of maturity. While there are parts of EX that perhaps have deeper levels of maturity, understanding, and longer term usage such as employee surveying and listening, other crucial aspects such as struggles with analysis and action, and acceptance of "softer" types of supporting technologies has caused this nascent market to develop, internally, in a sometimes disjointed and disorganized way. Some of this may have to do with how an EX technology is introduced within a company. Historically, if it is feedback or listening technology, it may come in through a group that implemented it for CX. Or a customer was pleased with how tools worked for CX and expands the relationship to include EX. Sometimes it may be through a consultant hired to do work for HR. Sometimes technology research is done by IT. Sometimes HR. Sometimes HR and IT together. It can often be a fragmented process with an issue arising in one group that needs to be addressed. IT or operations researches and buys and HR couriers it through.

Who owns EX within an organization? According to industry contacts Dash Research spoke to, that ownership is an evolving answer. In an ideal world, time after time, the answer to that question is, it needs to be owned by everyone in the company. The most successful implementations are those that are cross functional with solid C-level investment, and while this is starting to happen, it is not usually the case.

Technology vendors report seeing a lot of interest in EX technologies over the past couple of years and often a company wants to implement an EX technology quickly. However, what vendors are often not seeing

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is an ideal internal structure to launch, support and “own” the process from start to finish.

Figure 2.6 Groups and Titles Mentioned as being Potentially Involved in the Process



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Without some degree of a unified approach, competing priorities can derail EX efforts. Some organizations that have embraced experience as a whole, have combined CX and EX teams, although that is a rarity. Lack of strong ownership, either via one department or a cross functional, committed team can prove to be an enormous detriment, becoming a barrier to successful implementation and further investment.

2.4.3 Struggles with Analysis and Action

Many of the employee experience technologies offered today, particularly the simpler survey programs can be easy to use and deploy. However, depending on the EX-maturity level of the organization, there can be a lack of knowledge or sophistication when it comes to analysis and data management. This situation is further hindered by the same problem companies have with CX data, which is lack of good analytics tools and expertise, in addition to data being siloed. Some companies’ HR departments have over a dozen software tools the department uses. Many do not “talk” to each other, and the data is unstructured.

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Disparate data sets can be challenging to combine to get to the full employee view that is needed to see the trends, both positive and negative, so that action can be taken.

Figure 2.7 Analysis and Action Challenges

- Lack of analytics with software chosen
- Poor training on the solutions
- Poor data quality coming in (inaccurate, unreliable)
- Data not coming in from all employee journey touchpoints
- Lack of internal analytics abilities
- Data not combined
- Time constraints – no time to sort through the data
- Cannot determine root causes
- Lacks sophistication, or the correct data, to drive change and tie to company or employee goals.
- Limited survey design expertise

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According to Achievers Workforce Institute, fewer than one in five employers is consistently taking action on feedback. That same research showed 20% of employees felt their companies were horrible at acting on feedback. EX programs are doomed to failure if action is not taken on any of the data collected. While the insights to action cycle does not have to be as fast as it needs to be with CX, employees still deserve timely communication on findings and a plan for progress. There are only so many times employees can be asked for their feedback only to see it go into a vacuum. Lack of action will result in lower survey response rates as well as lower employee engagement.

Aside from employee discontent regarding lack of action, for companies to invest more deeply and continuously in EX technologies, the analysis must be there to support the benefit. This is not just the case for feedback and voice of employee (VoE) programs, but for other EX investment types as well, such as rewards and recognition programs that do not get used, social communities that languish and volunteer or giving efforts that fall short after initial rollout.

2.4.4 Inability to Build an EX-Supportive Culture

The pendulum is definitely swinging from work environments that are very “top-down” to work environments that are collaborative and driven more from the growing power that employees are gaining in these days with high turnover and difficulty in recruiting.

However, even with this shift, for EX technologies to be purchased and implemented, it often takes fairly substantial changes to corporate culture. EX differs from CX level in that an employee’s relationship with their employer can be quite personal. For these technologies to be fully embraced, both on the employer and employee end, their needs to be a culture of high trust and a feeling of belonging. Employees must feel like they can provide honest and open feedback without repercussions and feel valued for what they bring to the organization.

The trust factor is also crucial for the group tasked with choosing and deploying the technology. Usually led by human resources, this group may feel a bit exposed, perhaps burnt by past technology projects that did not go well, or hesitant to present data that is negative.

Adoption of EX technology is still in early stages, in comparison to companies that invest in CX technologies. Industry contacts interviewed for this report shared that there are multiple failure points, both in the

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investigation and implementation stages. C-Suite education about what EX is, and why it is crucial to invest in, is still needed and sometimes companies lack the in-house expertise on this topic. Some larger organizations have Organizational Development PhDs on staff, while smaller HR departments are struggling with basic system such as payroll.

CEOs might get tunnel vision on one issue – “We have a churn problem” – and look to HR to fix it. But employee experience is not usually just tied to a single factor. Without feedback and listening programs, it is difficult to tease out the root of some of these problems and help companies focus on which technologies and tools in the EX-ecosystem will be most of value.

There is often a disconnect between how executives think the company is doing, and what the reality is for employees. Research from Salesforce found 71% of C-Suite executives report their employees are engaged in their work, but in reality only 51% say they are. Further, 70% report their employees are happy versus 44% of employees who agree. This disconnect between realities is indicative of not yet having a culture that truly understands and embraces EX. This is a factor that is holding back EX investment.

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2.5 Key Benefits for Employee Experience Solutions

While EX is still in early stages of adoption, the ties to improved retention, engagement, and well-being are being demonstrated both by research demonstrating improvements in these areas, as well as via case studies. There are many positive benefits and use cases emerging as companies seek to improve issues that employees are already having, as well as get out ahead of other brewing friction points.

Figure 2.8 Benefits and Uses Cases for Employee Experience Solutions



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It merits keeping in mind that it is a process, and results can take time, especially with companies that only have the capacity and budget to slowly deploy solutions in a non-integrated manner.

2.6 Market Landscape and Participants

2.6.1 Employee Experience Ecosystem

The EX market ecosystem is quite broad and complicated by the fact that the line between HR technologies and EX technologies has become blurred at best, with many arguing there simply is not a line any longer. Companies in the EX market ecosystem can include large HR tech companies that provide systems such as payroll and onboading, but that also offer a few modules or tools that are more strongly related to EX. There are the behemoths like Microsoft (with the Viva solution) and Oracle (with ME) that are making a run at the market as well. There are also niche companies offering just one or two subsets of EX technology. Some market participants carve their slice of the market by focusing on smaller to mid markets and others home in on certain geographic regions. Additionally, this is a market where consultancies play a role, often white labeling technologies.

Dash Research views EX in broad terms, with core EX technologies forming the center of the ecosystem but realizes that periphery HR systems and other supporting technologies are factors that can affect an employee's relationship with their employer. Any one of these categories could be an ecosystem itself.

2.6.1.1 Ecosystem Segments

- **Feedback and Feedback Management, Listening, Insights & Action.** This segment includes technologies such as surveying and feedback tools, employee listening, and VoE programs as well as the analytics that help to make sense of the data. It could also include crowdsourcing, as employees give their voice to process and product improvements. As mentioned before, this is a crucial tool to support employee experience, eliminating the guesswork out of the process, and providing the hard data needed to identify and prioritize initiatives so that appropriate action can be taken.
- **Rewards & Recognition.** This segment includes technologies such as mobile apps, platform modules, or intranet add-ons that provide a way for recognition to occur between and among all levels in an organization and for rewards to be given. These technologies also help HR keep track of reward programs so they can be kept equitable and relevant. Gamification could also be included here and is often used in contact center and retail settings.
- **Well-being, Community, and Culture.** This includes software and solutions to increase positive well-being which could encompass wellness tools as well as apps that provide "nudges" and customized wellness coaching. Environmental, Social and Government solutions (ESG); Employee Resource Groups (ERG), DEIB (Diversity, Equity, Inclusion and Belonging) as well as giving and volunteering solutions are also included in this segment, as would community building tools.
- **Performance Management/Coaching/Development.** Software to manage performance on an ongoing basis, provide coachable moments, and support employee development. This segment is shifting to more of a real time and continuous model, moving away from the traditional annual review toward a more collaborative model that allows employees to better engage with and more clearly see the ties between goals, performance, learning, and feedback.
- **Communications.** Includes a broad range of apps and/or tools to keep employees informed and connected. These solutions have been leveraged with frontline and non-desk workers for quite some time but have increased in importance since the pandemic. These tools are now going beyond the basics such as scheduling to include access to features such as communities, company information, announcements, and alerts.

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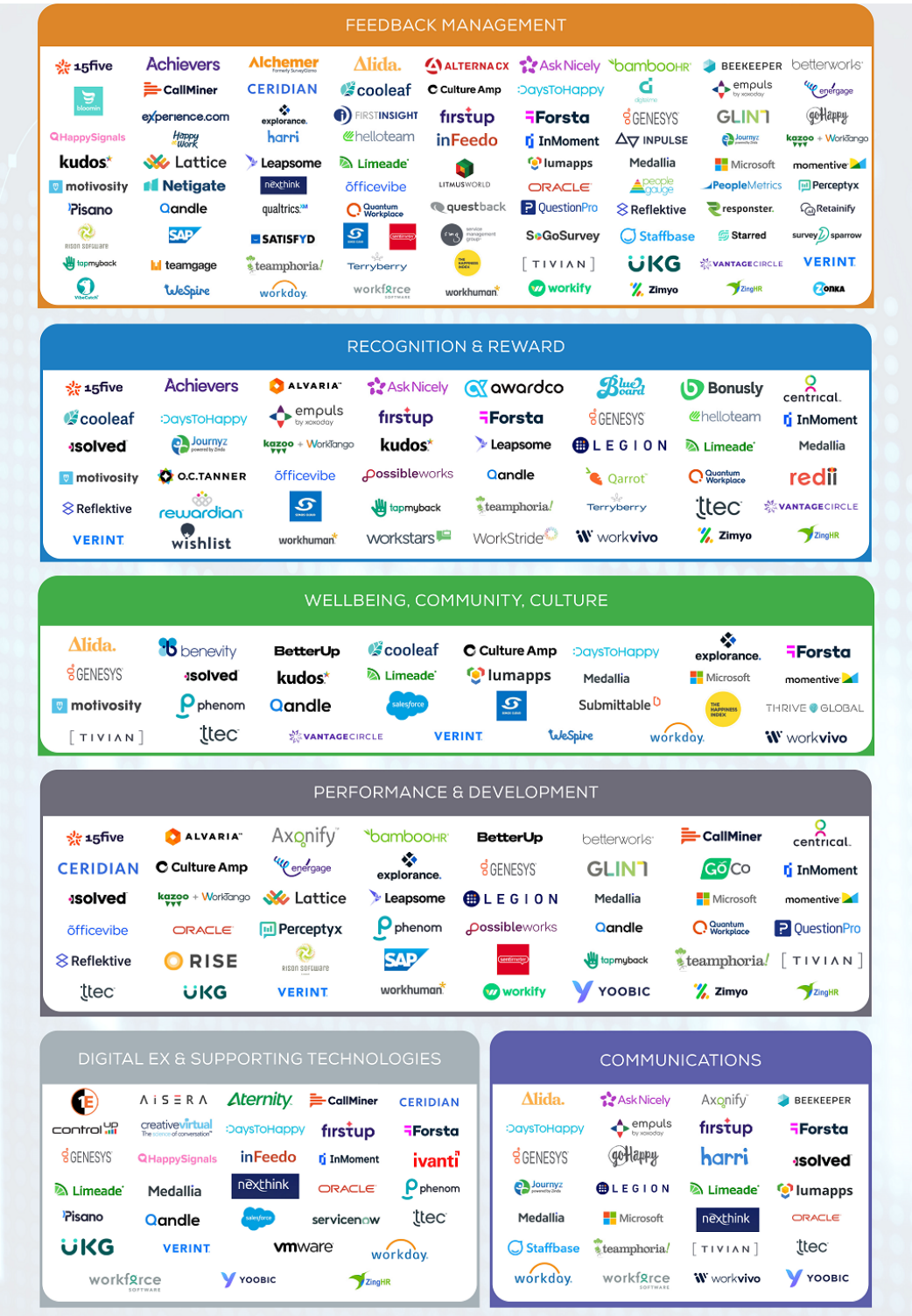
- **Digital EX & Supporting Technologies.** Technologies that help monitor, automate, and smooth out technology interactions. Could include digital employee experience platforms as well as supporting technologies such as conversational AI and enterprise-wide search technologies.
- **Periphery HR Tech.** While not considered core to EX, these are systems that are potential sources of frustration and friction. It includes technologies that support fairly transactional interactions such as scheduling, payroll, onboarding, applicant tracking, etc. Often, if the basics of putting in hours, requesting schedule changes or filling out onboarding forms are unwieldy, hard to use and exasperating, it can contribute to dissatisfaction.

There are overlaps between all these categories. For instance, employee listening is strongly tied to well-being and culture, as any activity that allows an employee to be heard enhances their feeling of connectedness and belonging. This is the also the case with communication technologies, which can enhance connection, highlight successes, and increase transparency.

This diagram lays out some of technology vendors in the EX-market, many of whom are in multiple categories. This is not a ranking or “best of” compilation, but rather a representative sample of companies in the industry of various sizes and across different geographies. More detailed company data is included in the Excel databook that accompanies this report.

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Figure 2.9 Employee Experience Market Ecosystem



Source: Dash Research

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Section 3
Purchasing Factors and Case Studies

3.1 Purchasing Factors and Actions

One of the trends that is clear for end users in the EX market is that there is not a one-size-fits-all solution. Company size, budget, employee base, and demographics are all considerations, as are factors such as where employee experience initiative are housed within the organization. There is nothing that is “typical” yet in this emerging area. Since the idea of employee experience has in itself, broadened, there are more team-based efforts that are not solely based in HR. Buyers’ groups and sponsors within an organization can consist of HR, operations, IT, research, and others.

Currently, large sized companies have a lot of solutions out available to them. At the other end of the spectrum, there are not as many options for medium to smaller-sized companies even though those organizations often have the same types of problems. For both groups there is everything from full service, end to end with services as well as simpler, do-it-yourself options.

To best be set up for success, companies should invest time in exploring what is really needed and why, choosing a technology vendor that not only meets those needs but will be a good partner. Internally, organizations must ensure the structure is in place to act on whatever data is received via the technology chosen.

3.1.1 Preparation Work

A key factor in success is making sure a large part of your pre-work is done, even before contacting a technology vendor. If this is not something a company has the internal resources for, this is a segment where many technology vendors offer services and consulting, or some companies go right to consultants who are white labeling technology. Successful organizations put a lot of thought and energy into first assessing their needs, getting buy in across stakeholder groups and making sure the effort is aligned with company culture. Potential actions:

- Identify the subpopulations within your company and know that needs will vary.
- Identify primary employee pain points.
- If it is related to feedback, make sure the organization understands where the organization is culturally in given and getting feedback. Be realistic.
- Gather cross functional stakeholders and sponsors, making sure to include employee viewpoint.
- Communicate to employees the “why” behind any technology changes or listening programs.

Questions an organization should consider:

- Do you need a tailored solution?
- Can you build onto something you already have?
- Do you have the bandwidth to take action?
- Is it something that is sustainable?
- Will there need to be internal data expertise, or will the tool be sufficient?

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- How much help will you need? Will this be a DIY, or will support be needed?

End users interviewed by Dash suggested that when rolling out a new technology or program, a company should try to balance not taking on too much at once, versus looking toward future needs. Too much change to systems and processes can be hard for some employees and in turn, difficult for managers to handle change management. However, the ability to invest in a system that can help you get to where you want to be in 2, 3, or 5 years could pay off, even if not all capabilities are being rolled out at once.

3.1.2 Choosing a Vendor

The employee experience technology ecosystem is broad with a wide variety of providers. Delving into employee experience needs a nuanced approach with, ideally, background expertise in behavioral science or organizational psychology to help face the challenges currently occurring in the market.

The vendor relationship could prove to be a very important one, and end users stressed that a technology provider should be chosen that will be a partner that will provide attention past the sales process. Ease of use was also critical and those looking for a solution should have a good feel for what the user experience will be like both for their employees and the groups managing the systems.

Questions to consider include:

1. If it is an off the shelf technology, can it be customized for the right language and flexibility for a specific organization?
2. Will the vendor support your internal processes, or try to fit you into theirs?
3. Will there be a dedicated customer support rep?
4. What is onboarding like and what ongoing training will be provided?
5. What is the pricing structure for product and support services? How much is included in the offering vs. what is an add-one?
6. If it is a survey or listening tool:
    - Is it an unlimited response model?
    - Can direct and indirect information come together?
7. How open is the platform? Can you bring data in from other sources?

3.1.3 Taking Action and Post-Implementation Follow-Up

In the end, the success of the solution rests on what actions are taken and if the learnings are leveraged. Not pursuing action will erode trust and decrease engagement.

These programs and technologies can be iterative in nature, scaffolding off successes or failures in initial rollouts. Success centers for the chosen tool for ongoing training were noted as being extremely helpful to end users, as well as user communities (both internal and external).

Some post implementation actions should include:

- Communicate to employees – follow up on what the initial intent was and provide frequent status.
- For listening programs, give frequent readouts, particularly noting progress made or areas for improvement.

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- Ensure workflows are working expediently and people are getting the data they need.
- Do not let programs stagnate. Programs such as recognition & reward, social groups and volunteering always get a great initial boost but need continued nurturing and visibility.

3.2 Case Studies

Employee experience technologies are being adopted across a wide range of company types, industries, and scenarios. The following case studies illustrate a variety of use cases, technologies, and end -user segments that have leveraged these solutions, each demonstrating a unique approach to using these tools to boost EX.

3.2.1 Carmaker Puts Focus on Employee Engagement and Improves Customer Centricity

A leading automotive brand had the goal of improving employee engagement within its independent dealerships located around the world. The company's original process used fairly traditional measures of employee engagement and manager 360-degree feedback. A long report was printed out, which was given to each division in a binder, limiting results access across leadership teams and reducing personal engagement and learning. The company chose to work with Medallia to modernize its processes and create a new assessment with the goal of improving employee engagement as well as improving upon a customer-centric culture.

The carmaker now focuses on assessing EX factors from each dealership, asking questions on employee loyalty and advocacy, perception of the work environment, and how customer-related interactions are handled to pinpoint areas to improve. Dealership management can start a survey through a self-service interface and overall results are available as soon as the collection period is over. Results and employee comments can be seen through a real time dashboard and individual results are anonymized. The client has reported high levels of engagement with department managers with frequent logins to the dashboard. Comparisons between departments within a dealership can be easily viewed.

Implementation highlights include:

- 6% increase in sales revenue for participating dealerships
- 4% increase in service revenue for participating dealerships
- Ability to bring EX and customer data into one dashboard
- Top 3 drivers of employee engagement were identified for each dealership
- The Medallia platform was configured to work globally in multiple languages, supporting dealerships of any size

3.2.2 BKD Implements a New Performance Management Strategy

BKD is among the top 15 largest US accounting and advisory firms with more than 2,500 employees. The company had been on an annual appraisal schedule that included a competency evaluation and information from individual contributors. The prep work was time consuming and tedious, resulting in less time to talk about employee growth and development. BKD wanted to move toward more frequent coaching conversations.

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The company used its employee engagement survey to guide its overall performance management strategy and focus in on the top priorities. BKD worked with Quantum Workplace to provide employees with a tool that could be used to give and request real time feedback and gather input from many different perspectives, including a 360° view. Pulse surveys are used to help keep their initiatives on target.

The rollout has helped to inspire more agile and continuous coaching to employees, create a more inclusive feedback culture and link employee engagement efforts to performance management.

Other implementation highlights include:

- 9 out of 10 employees found value in participating in the program and 9 out of 10 would recommend it
- More than 9,000 one-on-one coaching conversations were launched
- The company saw a 6 -point increase in client NPS

3.2.3 UCHealth Revamps Listening Strategy, Complementing it with Crowdsourcing

UCHealth, a Colorado-based large healthcare system with more than 26,000 employees wanted to make improvements to its engagement and listening structure, tasks that went hand in hand with its desire to transform its culture. UCHealth adopted Dialogue by Perceptyx, a VoE solution that includes a handful of highly actionable survey questions, as well as an open-ended question that is used to crowdsource ideas and recommendations.

UCHealth's ongoing employee listening program now includes surveys 3 times per year with follow-up pulse surveys to help make sure leaders are sharing results and actions are taken. Each survey is kept open for two weeks. The open-ended question allows the opportunity to provide more honest and wide-ranging feedback, as well as the opportunity to vote on other employees' responses. The ability for employees to be part of a decision-making process (such as the qualities needed in a new hire, a Chief Nursing Officer) resulted in employees being more enthusiastic about that hire, as well as giving the new hire a solid idea of what the nursing staff expected of the position.

Other implementation highlights include:

- Typical survey length decreased from 45 questions down to six
- More than a 15% improvement in employee engagement
- Trust in leadership score increased by more than 18%
- A 19-point difference in engagement opened between managers who actively engage in discussing results in and those who did not
- A ranking in the top 25% of patient satisfaction since implementing Dialogue

3.2.4 Pharma Company Leans in to Workplace Giving During Pandemic to Foster Resilience and Connection

A multinational pharmaceuticals company with production locations and offices in countries around the world was looking to involve its employees more deeply in the company's giving program in its North American headquarters location. While the organization already had a platform in place, it was hard for employees to keep track of their giving. The reporting, monitoring, and feedback gathering was difficult as well and took a lot of staff time. The company switched its giving platform to WeSpire in 2019, choosing the WeSpire Employee Engagement Platform and Employee Giving Add On.

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WeSpire helped the company create a fun, interactive space to build community and to learn about giving and volunteering options. During the pandemic, the pharma company expanded ways employees could give back to causes that mattered to them, and broadened charity types that would garner an employer match. Administrators on the WeSpire platform could now manage giving activity based on location and role or team to present opportunities for employees to give or volunteer together that were specific to them. This was important as it helped foster connection between people who were based in the office, working from home, or out in the field. Employees can make their personal volunteer efforts visible to others by logging activities on the platform, inviting colleagues to join them, and posting photos of the event.

Implementation highlights include:

- Upon initial launch, there was an 11% uptick in employee giving; in the months after launch, it grew an additional 49%
- Virtual event support, which was critical during pandemic social distancing; additional team-based giving opportunities
- Platform was leveraged to organize the coordination of a 5K for charity and coordinate a drive-by food bank donation drive

3.2.5 BP Modernizes Reward and Recognition Solution

Global energy provider BP was looking to implement a consistent recognition system across its global employee base. Other pain points the company was hoping to address included low rates of recognition (estimated at 30%) and a program that was too complicated. Employees also wanted a way to recognize peers across departments.

BP partnered with Workhuman to launch a global, peer-to-peer reward and recognition program (branded Energize!) that has been particularly useful for BP's non-office-based workers. BP was also able to integrate two systems it already had in place – one that celebrates best programs at BP and ends in an awards ceremony, as well as its employee referral program.

Uptake of the program happened quickly, with particularly positive feedback from their unionized technicians. Implementation highlights include:

- In the two months after launch, there were 12,000 recognition moments. Since launch, there have been more than 500,000 recognition moments.
- 50% lower turnover for new hires recognized through Energize!
- 66% lower turnover for employees who receive three awards per year

3.2.6 Groz-Beckert Digitizes Employee Communication

Groz-Beckert is a family-owned provider of machine needles, precision parts, and tools for the textile industry. Employees of this company tend to have high company loyalty, having been with the organization for many years, and Groz-Beckert prides itself on creating a company culture based on appreciation and a sense of responsibility toward employees as well as their families. Founded over 150 years ago, the company has a 9,000+ employee workforce that the company was hoping to communicate better with.

Groz-Beckert wanted to modernize and digitize employee communications, particularly for staff in the production field. Historically, many communications were somewhat traditional, including flyers or management communication. This resulted in delays in getting immediate and direct action to the same information, regardless of location. Groz-Beckert decided to partner with Limeade for the Limeade EX app that would include pertinent content for its employees as well as linkages to the SAP system already being used. Some of the deciding factors in choosing the system were that it was quick to deploy, scalable, and

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met the requirements that both internal communications and HR had. Limeade also brought a strong strategic focus to the rollout, which was piloted in 2019 and released to the entire workforce in 2020. The company saw a high rate of usage within a brief period.

Implementation highlights include:

- 65% of employees registered within 90 days; the usage rate over 7 days (Weekly Active User – WAU) was 90 percent in the fourth month.
- The ability to have specific content posted by members of each department
- Collaboration and the exchange of ideas via the app, which has been helpful to people working different shifts, or from home

3.2.7 Nasdaq Uses Analytics to Anticipate and Act on Attrition Risk

Nasdaq, a multinational financial services company with 5,000 global employees, has been a Culture Amp customer since 2018 when the company used Culture Amp technology for ongoing engagement and pulse surveys as well as exit interviews. Nasdaq used this listening program over the course of the pandemic to get direction on new people programs and rewards. The company's employee engagement scores increased 8-10 points in 2020 and has remained steady into 2002.

Nasdaq saw the Great Resignation trend occurring but was not seeing it happen in its own company. Nasdaq decided to take a proactive approach to head off future attrition and leveraged Culture Amp's People Science team to dig into their engagement and people data to find root causes of employee departures, while safeguarding individual employee sentiment.

Culture Amp was able to run in-depth retention analysis using pulse survey data collected between January 2020 and April 2021, and was able to provide predictive validity for one particular question that focused on if an employee was actively job hunting. Culture Amp wanted an analysis to tease out if respondents who indicated they are actively looking for a job, had high intent to leave the company. If it were predictive, Nasdaq could try to pinpoint their concerns so they could be proactively addressed. The data could also be used if the company needed to prepare for turnover. Culture Amp was able to determine that the commitment question did have predictive power to determine employee departure and recommended exploring exit surveys, linking engagement data to exit surveys, and looking at recruitment and retention strategies.

Implementation highlights include:

- 50% below the industry average for voluntary attrition rate
- Increase in employee engagement score during pandemic and has remained steady
- Managers received coaching and training focused on skills needed to recognize, develop, and celebrate their employees
- Focus areas were determined for prioritization including Belonging, Career Development, and Company Vision

3.2.8 Chaloub Develops Feedback Culture

Dubai, UAE-headquartered Chaloub is a luxury retailer that partnered with brands such as Christian Dior and Louis Vuitton to distribute their products across the Middle East. In 2018 the company decided to make an effort to better understand what employees at its joint venture stores really wanted. The managers had no insights into how retention, engagement, and motivation could be improved.

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Chaloub partnered with Qualtrics, implementing its EmployeeXM platform and leveraging it with part of Chaloub's journey mapping process. In two years, much improvement was made. The C-Suite and 700 managers gained access to role-based dashboards, allowing them to see where improvements needed to be made. Being able to take quick action on feedback helped to demonstrate employee opinion was taken seriously. Chaloub's EX team used internal communication to highlight what they have been working on.

Implementation highlights include:

- Double-digit growth in eNPS at partner brands Dolce & Gabbana and Tory Burch
- 75-100% survey response rate in an organization that formerly had no trusted feedback culture
- Instant feedback versus waiting for months for analysis from consultants

3.2.9 Wawa Improves Communications to Dispersed Workforce

Wawa had faced challenges engaging with its 33,000+ employee workforce spread across 800 locations. Many workers had limited engagement with corporate headquarters and sometimes did not have email. Communications techniques for in-store employees consisted of shift managers communicating directly with store employees or putting printed materials up.

Wawa wanted to find a communication platform that would also have a mobile app. The goal was to deliver content and communications to their employees in the way they preferred. Another preference was for employees to be able to share approved content with their social networks, demonstrating a positive work environment.

The company worked with Firstup to deploy a branded Wawa platform that could more successfully engage with their store workers. The platform was able to deliver information, provide video updates, and do pulse surveys on various topics as well as allow workers to share content and photos, which after approved, can be shared on social media. Another important feature was two-way communication, which enabled workers to let the corporate home office know of issues quickly so action can be taken.

Implementation highlights include:

- 33% of Wawa employees registered to use the platform within the first month, with 75% using the mobile app
- Enrollment in the platform was up to 15,000 employees within 10 months
- 30% reduction in Wawa's reliance on printed materials (posters, mailers)
- Positive feedback on the photo sharing capability

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Section 4
Recommendations

There are widely varying degrees of EX maturity among end users of employee experience solutions that will drive the specifics around implementing these solutions. Based on what Dash Research is seeing in the market, the following recommendations are offered:

Create a holistic view, but balance outreach with purpose. The amount of data can be overwhelming, but without the ability to listen across multiple employee journey touchpoints, companies risk missing key trends or shifts in employee sentiment. One of the prime benefits of many employee experience solutions is that they can parse through the wide range of incoming data, as well as integrate with internal data sources. AI can be leveraged to quickly sort through both structured and unstructured feedback. It will particularly shine in unstructured chat sessions such as contact center transcripts, chatbot sessions open ended feedback questions.

This listening and outreach must be balanced with the fact that employee must see purpose in the information flow. Employees must see the connection between the ask and organizational, as well as personal outcomes. While it might be tempting to overuse technologies that make it quick and simple to ask a few questions, it does not mean that is the best strategy. Companies must prioritize the data they need or risk lower response rates.

Personalize the experience when possible. Similar to how a company might approach CX, EX must be personalized to provide a deeper connection and sense of belonging. Tools such as rewards and recognition must go beyond giving a generic sweatshirt or water bottle. Surveys should only be asking about topics that have a high relevance to the employee. Programs to support wellbeing must provide information, inspiration, and nudges in areas of most importance to each person.

Action and Communication Lead to Trust and EX-Supportive Culture. Trust is a crucial component in any employer-employee relationship. This needs to be more than words, or slogans, but must take the form of action. To build trust, employees need to feel safe, both mentally and physically. This means:

- They are assured their feedback is confidential
- Communication channels are widely known and understood. Two-way communication is available and encouraged.
- There is an inclusive environment supported by appropriate technologies and community building
- There is a culture of support rather than punishment. As an example, the wellness programs that were all the rage a couple decades ago, where employers slapped fitness trackers on their employees for health insurance benefits has a shade of negativity to it. Today's wellness apps provide "nudges" on topics and behaviors that are driven by the employee themselves. Similarly, performance management is now growing into a series of positive, coachable actions, rather than an annual summary of successes and potential failures.
- Relevant data is not siloed, hoarded, or overprotected, but is integrated, shared, and democratized across the organization.
- Communication about any employee listening or surveying activities must be done quickly with clear action plans laid out. Communicate what is going well and provide the necessary information and links to how that can be replicated throughout the organization.

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Do not forget the Digital Experience. As mentioned in the EX-market driver section, digital experience can no longer be relegated to tracking IT tickets. What employees may have formerly chalked up to a minor, but forgivable annoyance is now a reason for dissatisfaction, or even leaving an employer. Employees touch a wide variety of systems in their day-to-day, whether they are in office, at home or on the move. Anything that can be done remove unnecessary barriers to productivity and success should be addressed.

Focus on Training & Development is Critical for Both Employee and Employers. There has been a lot of movement in the current labor market, partially spurred from The Great Resignation, the exploration of new career paths, as well as retirements. That means a lot of institutional and company-specific training walking out the door and the market is experiencing a real skills gap.

Aside from the pain point this is causing employers, training and capability development is becoming a critical component of an employee's experience. People want to be supported in building or deepening skill sets that they can use for personal and career development. This need goes across age groups. People over the age of 55 are more likely to have an employer who does not provide professional development resources, and 60% of those between 55 and 64 say their manager only considers their career as it pertains to the company. For Gen Z and Millennials, learning and development opportunities are top factors in why a job is chosen.

Training can be a source of empowerment for employees. PwC research concludes that workers whose jobs required specialist training are more likely to recommend their employers as a place to work.

Employers are starting the shift toward ongoing coaching and conversations to help identify and address potential skills gaps. For those for whom real time training is available, there can be benefit to that approach. Another factor to keep in mind is to ensure those implementing the solutions have appropriate training not just on the technology, but on the reasoning behind why they are being used. For example, many managers do not know how best to give meaningful recognition or provide frequent coaching.

Employees Must be Part of the Process. This point should seem obvious, but in some cases it is not. Employees must be more than stakeholders, they must be design partners**.** Some of the best ideas for innovation and improvement in both the customer and employee areas come from the employees themselves. The use of feedback, crowdsourcing and community groups to build tools and processes can help avoid the expectation gap that often arises between employer and employee since employees are the ones using them. This can be especially true for front line workers and contact center employees who might be a bit removed from corporate headquarters.

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Section 5
Market Forecasts

5.1 Forecast Methodology

Dash Research's model for calculating the size of EX software and services spending is based on a multi-tiered approach, designed to accurately capture the current spending on the four key components of technology investment: the actual software platforms and applications used to enhance employee experience; the various services revenue that is offered in the form of consulting services; software installation, integration, customization, and maintenance services; and any ancillary business services.

The forecast model development is described in greater depth in the Sources and Methodology section below, but this forecast is based on a bottom-up assessment of current revenue, with specific growth rates applied based on industry growth, software growth rates, and functional areas' growth rates. The base year of the forecast is 2019, with a forecast period of 2020 to 2026.

In this version of Dash Research's forecast, the company is not including revenue outside the core area of our EX ecosystem such as periphery HR technologies or technologies such as employee curriculum development and pure play intranet technologies.

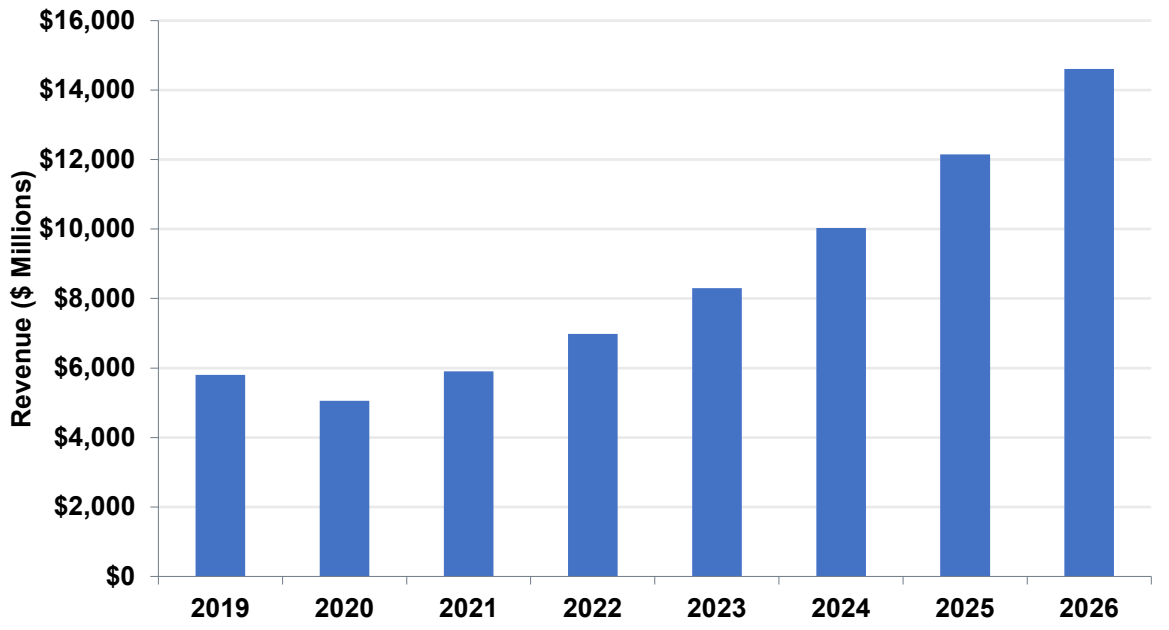
5.2 Employee Experience Software, Global Market Forecasts

Dash Research forecasts that the total market for employee experience software will reach $14.6 billion by 2026, increasing from $5.8 billion in 2019, reflecting a CAGR of 14%. Types of software included in the overall market figure include categories in the Dash Research market ecosystem such as employee feedback, VoE, recognition and reward, well-being, performance management, Digital EX, and supporting technologies.

While still in initial stages of market adoption and maturity, the past two to three years has accelerated efforts in this area and the EX discussion is being elevated to the C-level suite. Those that have had EX solutions set for a while are revamping technologies. It is unclear whether the potential economic changes will hinder investment in this area, or if the increased focus is a new level-set.

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Chart 5.1 Employee Experience Software and Services Revenue, World Markets: 2019-2026



Source: Dash Research

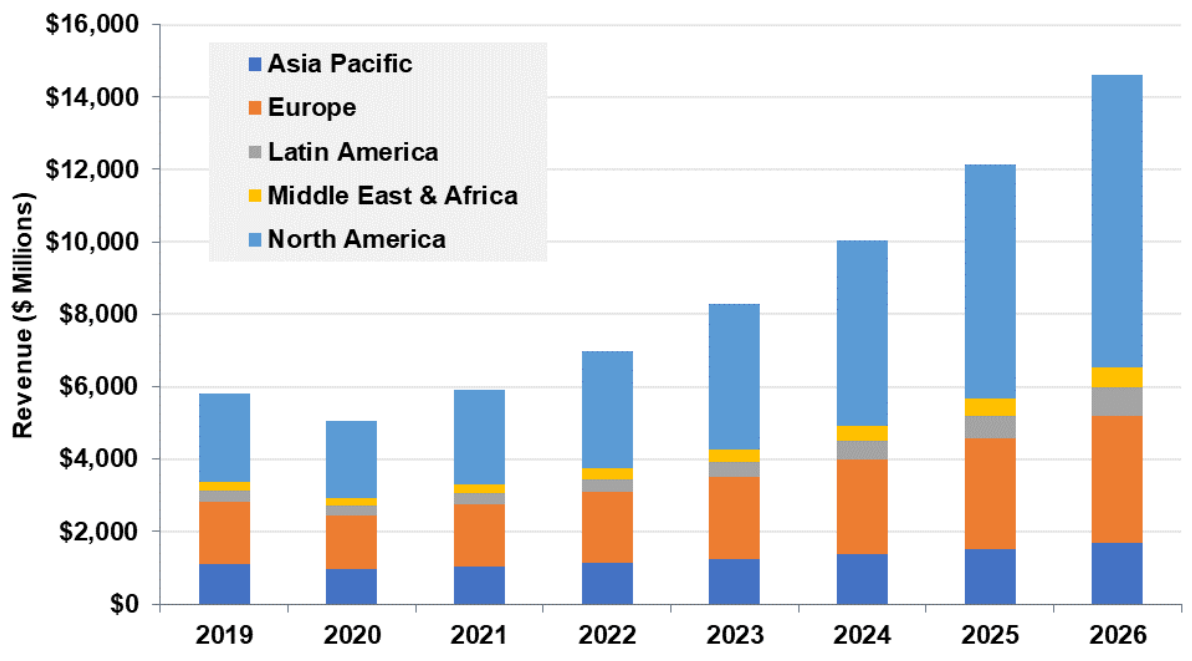
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5.2.1 Geographic Segmentation

The issues causing employee experience challenges are global in nature; however, legislation, regulatory issues, as well as culture are factors that can help push or hinder EX programs. Maturity levels vary widely amongst the different regions. Dash Research forecasts that North America represents the largest revenue in the market, with revenue expected to reach $8 billion in 2026, up from $2.4 billion in 2019, a CAGR of 18.7%.

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Chart 5.2 Employee Experience Software and Services Revenue by Region, World Markets: 2019-2026



Source: Dash Research

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While North America has the lead in revenue through the forecast period, technology providers see opportunity for growth in all geographic regions. Europe represents the second-largest region for employee experience revenue, forecast to generate $3.5 billion in 2026 annual revenue, for a CAGR of 10.8% between the $1.7 billion in 2019 revenue and the end of the forecast period in 2026. The Asia-Pacific region will account for $1.7 billion in 2026 revenue, up from $1.1 billion in 2019. EX revenue in Latin America will account for $762 million by 2026, with a 14% CAGR.

5.2.2 Product Offering Segmentation

Dash Research defines an offering as the primary product or service that is offered to customers, usually based on a service or subscription model, though some vendors use a perpetual license model. While some companies may offer a combination of all three offerings, others may only offer one or two offerings, which are defined and delineated below.

- **Platforms:** A platform is a set of software and resources that acts as a foundation or base upon which other applications, processes, or technologies are developed. The major benefit of software platforms is that integration between various functions and data repositories is generally seamless, and access to customer information is generally less complex than relying on external application programming interfaces (APIs) or other integration tools.
- **Applications:** For the context of this market report and forecast, EX applications are standalone applications that are designed to carry out a specific task or set of functions but are

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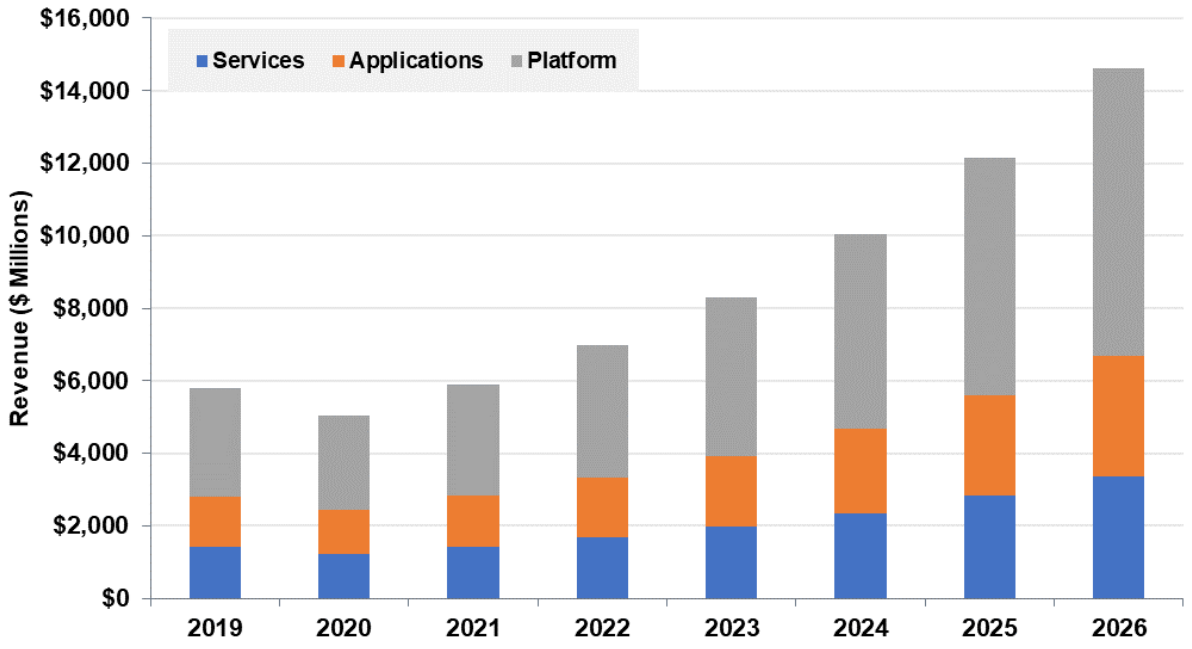
not marketed or sold as a full solution. They are often designed to be linked to other applications that are already in use by the customer.

- **Services:** While software deployment has become far more seamless and streamlined over the past several years, each individual organization's IT profile is different, in terms of current infrastructure, installed applications, and level of technical expertise and experience of its staff. Vendors often provide services designed to make the installation of software as a core or ancillary part of their business. The services solutions commonly offered by providers in this market include software installation, training, integration, customization, and support and maintenance.

Dash Research projects that employee experience functionality will largely be concentrated within EX platform software, with annual revenue reaching $7.9 billion by 2026, up from nearly $3.0 billion in 2019.

Services are an important offering in the EX market, in some ways even more so than in CX implementations. Given its current low maturity level, many customers need a bit more help if their EX program involved facets more complicated than straight surveying and data reporting. Dash Research expects services will account for $3.4 billion by 2026, up from $1.4 billion in 2019.

Chart 5.3 Employee Experience Software and Services Revenue by Product Offering, World Markets: 2019-2026



Source: Dash Research

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5.2.3 Industry Segmentation

With the challenges currently being faced globally, all companies, regardless of industry segment, have need for employee experience technologies. However, while there are aspects of EX that are applicable across the board, there are certain differences in the way EX can be delivered, the technologies that can be used, and the expectations of employees, based on the industry in which EX tools are being deployed. For instance, providing a positive EX needs to approached differently for deskless workers, many of whom work out in the field or are dependent on mobile devices. Dash Research has segmented the market into

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the following industry segments, which are designed to have as little overlap as possible between the categories.

Table 5.1 Industry Groups and Definitions: World Markets

Industry Group	Definition
Automotive	New and used retail/wholesale auto, truck, recreational vehicle (RV) sales and leasing activities. Includes all dealership and manufacturer EX activities.
Business services	Advertising and marketing services, legal services, research services, and consulting services.
Consumer products	Consumer products, including toys, tools, electronics, home goods, appliances, electronics, etc.
Energy and utilities	Retail and wholesale generation and distribution for water/sewer, electricity, gas, solar, hydro, wind, and sanitation services.
Financial services and insurance	Banks (commercial, investment, savings), credit unions, brokerages, fintech companies, insurance (property and casualty (P&C), life, reinsurance).
Food & beverage	Restaurants, bars, food trucks, vending machines, delivery/takeout, food/beverage distributors.
Government/public sector	Municipal services (garbage, sewer, water, etc.) and government services (unemployment services, addiction services, vaccine/disease response, etc.).
Healthcare	Hospitals/physicians' offices/groups, medical/dental/emergency clinics, surgery centers, testing labs, clinical research and drug development, and disease management programs.
Information technology	Consumer/business/industrials help desk services.
Logistics	Transportation (trucking, rail, ship, plane) of all types of finished goods, raw materials/parts, and packages/parcel shipment.
Manufacturing & industrial	Direct-to-consumer interactions, and manufacturer-to-distributor or retailer interactions.
Media & entertainment	Theatrical movies, cable TV content, over-the-top (OTT) streaming services/content, and recorded and live music providers and ticket sellers.
Real Estate & construction	Home and apartment rental and sales, timeshare sales/services, new construction, and commercial construction.
Retail/online retail	Online and brick-and-mortar retail establishments, including apparel, electronics, home goods, supermarkets/food, pharmacies, books, sporting goods, jewelry, big box, etc.
Sports	Pro, semi-pro, and collegiate spectator sports; youth participation sports.
Telecom	Landline/mobile/Internet-based telephony services, internet services, and OTT delivery (not content).
Transportation	Intra-city rail/bus/metro, commuter rail, and inter-city regional rail and bus.
Travel & hospitality	Online and offline travel booking, air/train/hotels, car rental services, and RV/campsite booking and communication.
Other industries	All other industries not listed.

Employee experience technologies are seeing relatively solid adoption across many segments, but there are some standouts. By 2026, the leading industries using EX software include telecommunications, healthcare, finance, and retail.

The contact center-heavy field of telecommunications will account for close to $2.5 billion in revenue for EX software and services by 2026, up from $726 million in 2019, representing a 19% CAGR. Healthcare EX

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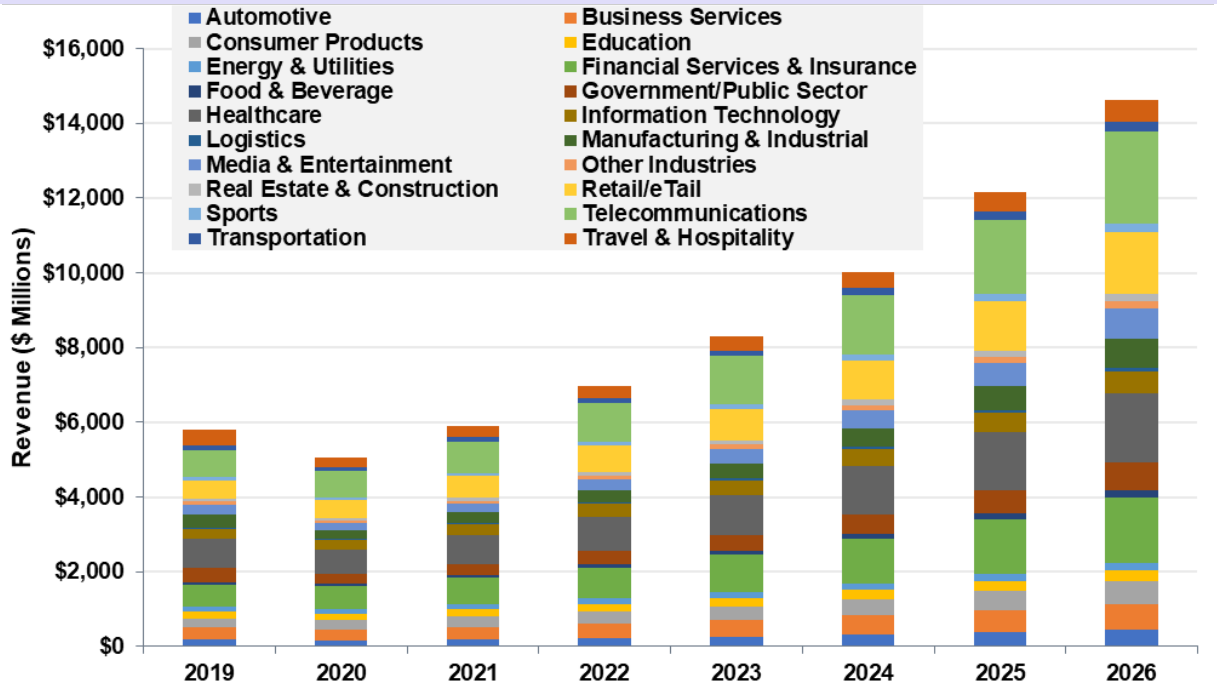
revenue will reach $1.9 billion in that same period. This industry segment has been hard hit by the pandemic, struggling with issues such as staffing, burnout, well-being, and safety.

Financial services companies, many of whom have already made investment in CX technologies, are expanding those technologies to the EX space. EX software and services revenue in the finance sector will reach $1.7 billion in 2026.

Industries that needed to double down on operational issues such as retail are now starting to put more focus on EX. Total revenue in the retail segment will reach $1.6 billion by 2026.

Many in the industry report seeing heightened traction in government, travel & hospitality, and more traditional industries such as energy, engineering, and construction.

Chart 5.4 Employee Experience/Employee Engagement Software and Services Revenue by Industry, World Markets: 2019-2026



Source: Dash Research

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Section 6
Acronym and Abbreviation List

Application Programming Interface	API
Artificial Intelligence	AI
Chief Executive Officer	CEO
Chief Financial Officer	CFO
Chief Human Resource Officer	CHRO
Chief Information Officer	CIO
Chief Marketing Officer	CMO
Chief Operating Officer	COO
Chief Research Officer	CRO
Chief Strategy Officer	CSO
Chief Technology Officer	CTO
Customer Experience	CX
Compound Average Group Rate	CAGR
Digital Employee Experience	DEX
Diversity, Equity, Inclusion	DEI
Do It Yourself	DIY
Environmental, Social, Governance	ESG
Employee Engagement	EE
Employee Experience	EX
Employee Net Promoter Score	eNPS
Employee Resource Group	ERG
Employee Satisfaction	ESAT
Human Capital Management	HCM
Human Resources	HR
Human Resources Information System	HRIS

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Information Technology ..... IT

Key Performance Indicator ..... KPI

Machine Learning ..... ML

Natural Language Processing ..... NLP

Return on Investment ..... ROI

Society for Human Resource Management ..... SHRM

Voice of the Customer ..... VOC

Voice of the Employee ..... VoE

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Section 7
Table of Contents

Section 1 ..... **1**
Executive Summary **1**
1.1 Introduction 1
1.2 Market Drivers 1
1.3 Market Barriers 2
1.4 Market Forecast Highlights 2
1.5 Dash Research Insights 3
Section 2 ..... **5**
Market Overview **5**
2.1 Defining Employee Experience 5
2.2 Feedback Types, Metrics, and Data Inputs 6
2.2.1 Feedback Types and Frequency 6
2.2.2 Metrics 6
2.2.3 Data Sources, Technologies, and End Users 7
2.3 Market Drivers 7
2.3.1 The Great Resignation and the Need for Better Retention Strategies 7
2.3.2 The Employee Experience/Customer Experience Link 8
2.3.3 Shifting Employee Wants and Needs 9
2.3.4 Move to Hybrid and Remote Leading to Increased Need for Communication and Connection 11
2.3.5 Growing Need for Optimal Digital Employee Experience and Great Supporting Technologies 12
2.4 Market Barriers 13
2.4.1 Outdated and Challenging Technology Stack 13
2.4.2 Lack of Internal Ownership 14
2.4.3 Struggles with Analysis and Action 15
2.4.4 Inability to Build an EX-Supportive Culture 16
2.5 Key Benefits for Employee Experience Solutions 18
2.6 Market Landscape and Participants 19
2.6.1 Employee Experience Ecosystem 19
2.6.1.1 Ecosystem Segments 19
Section 3 ..... **22**
Purchasing Factors and Case Studies **22**
3.1 Purchasing Factors and Actions 22
3.1.1 Preparation Work 22
3.1.2 Choosing a Vendor 23
3.1.3 Taking Action and Post-Implementation Follow-Up 23
3.2 Case Studies 24
3.2.1 Carmaker Puts Focus on Employee Engagement and Improves Customer Centricity 24
3.2.2 BKD Implements a New Performance Management Strategy 24
3.2.3 UCHealth Revamps Listening Strategy, Complementing it with Crowdsourcing 25
3.2.4 Pharma Company Leans in to Workplace Giving During Pandemic to Foster Resilience and Connection 25
3.2.5 BP Modernizes Reward and Recognition Solution 26
3.2.6 Groz-Beckert Digitizes Employee Communication 26
3.2.7 Nasdaq Uses Analytics to Anticipate and Act on Attrition Risk 27
3.2.8 Chaloub Develops Feedback Culture 27

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3.2.9 Wawa Improves Communications to Dispersed Workforce 28
Section 4 29
Recommendations 29
Section 5 31
Market Forecasts 31
5.1 Forecast Methodology 31
5.2 Employee Experience Software, Global Market Forecasts 31
5.2.1 Geographic Segmentation 32
5.2.2 Product Offering Segmentation 33
5.2.3 Industry Segmentation 34
Section 6 37
Acronym and Abbreviation List 37
Section 7 39
Table of Contents 39
Section 8 41
Table of Charts and Figures 41
Section 9 42
Appendix 42
9.1 Scope of Study 42
9.2 Sources and Methodology 42
9.3 Forecast Methodology 43
9.4 Copyright Notice 44

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Section 8
Table of Charts and Figures

Chart 1.1 Employee Experience Software and Services by Region, World Markets: 2019-2026 2
Chart 5.1 Employee Experience Software and Services Revenue, World Markets: 2019-2026 32
Chart 5.2 Employee Experience Software and Services Revenue by Region, World Markets: 2019-2026 33
Chart 5.3 Employee Experience Software and Services Revenue by Product Offering, World Markets: 2019-2026 34
Chart 5.4 Employee Experience/Employee Engagement Software and Services Revenue by Industry, World Markets: 2019-2026 36

Figure 1.1 Employee Experience Market Ecosystem 4
Figure 2.1 Employee Journey 5
Figure 2.2 Data Sources, Technologies, and End Users 7
Figure 2.3 What Are Employees Seeking? 10
Figure 2.4 Automation & Artificial Intelligence Can Ease Technology Friction 13
Figure 2.5 Modernizing the Employee Technology Stack 14
Figure 2.6 Groups and Titles Mentioned as being Potentially Involved in the Process 15
Figure 2.7 Analysis and Action Challenges 16
Figure 2.8 Benefits and Uses Cases for Employee Experience Solutions 18
Figure 2.9 Employee Experience Market Ecosystem 21

Table 5.1 Industry Groups and Definitions: World Markets 35

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Section 9
Appendix

9.1 Scope of Study

This Dash Research report examines the market issues, drivers, and barriers for EX software platforms, software applications, and services. The scope of the market forecasts includes software that is deployed by Dash Research's overall ecosystem of companies that spans 20 industries, 5 world regions, and 3 offerings (software platforms, software applications, and professional services). The forecast takes 2019 as a base year, forecasts market value from 2021 through 2026, and segments the market by offering, geography, and function.

9.2 Sources and Methodology

Dash Research is an independent market research firm that provides industry participants and stakeholders with an objective, unbiased view of market dynamics and business opportunities within its coverage areas. The firm's industry analysts are dedicated to presenting clear and actionable analysis to support business planning initiatives and go-to-market strategies, utilizing rigorous market research methodologies and without regard for technology hype or special interests including Dash Research's own client relationships. Within its market analysis, Dash Research strives to offer conclusions and recommendations that reflect the most likely path of industry development, even when those views may be contrarian.

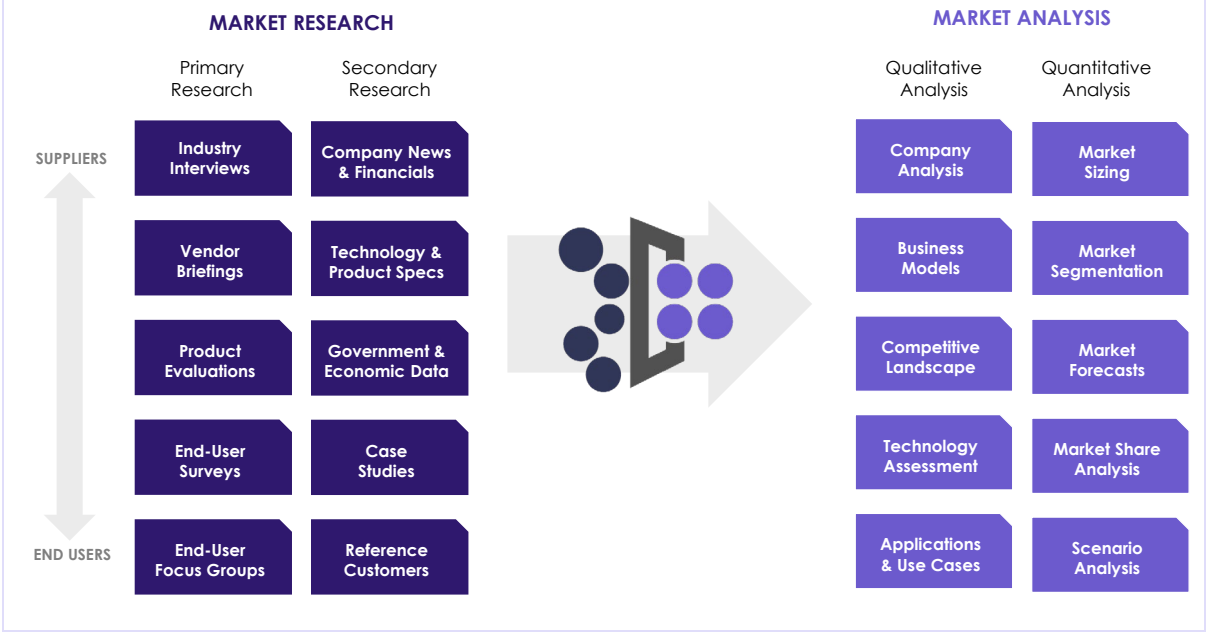
The basis of Dash Research's analysis is primary research collected from a variety of sources including industry interviews, vendor briefings, product demonstrations, and quantitative and qualitative market research focused on consumer and business end users. Industry analysts conduct interviews with representative groups of executives, technology practitioners, sales and marketing professionals, industry association personnel, government representatives, investors, consultants, and other industry stakeholders. Analysts are diligent in pursuing interviews with representatives from every part of the value chain in an effort to gain a comprehensive view of current market activity and future plans. Within the firm's surveys and focus groups, respondent samples are carefully selected to ensure that they provide the most accurate possible view of demand dynamics within consumer and business markets, utilizing balanced and representative samples where appropriate and careful screening and qualification criteria in cases where the research topic requires a more targeted group of respondents.

Dash Research's primary research is supplemented by the review and analysis of all secondary information available on the topic being studied, including company news and financial information, technology specifications, product attributes, government and economic data, industry reports and databases from third-party sources, case studies, and reference customers. As applicable, all secondary research sources are appropriately cited within the firm's publications.

All of Dash Research's reports and other publications are carefully reviewed and scrutinized by the firm's senior management team to ensure that research methodology is sound, all information provided is accurate, analyst assumptions are carefully documented, and conclusions are well-supported by facts. Dash Research is highly responsive to feedback from industry participants and, in the event errors in the firm's research are identified and verified, such errors are corrected promptly.

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Dash Research Methodology



9.3 Forecast Methodology

Dash Research has taken a multifaceted approach to developing its forecast model. A scan of the market was undertaken to identify a market ecosystem consisting of companies serving the EX-market, including small, medium, and large players, across several functional areas.

Using a combination of company-supplied data (annual reports, press releases, analyst conference calls) and public and subscription-based company databases, an assessment of each company's revenue was captured for the base year of 2019. Further assessments on the amount of revenue that was directly attributed to EX platforms, applications, or services were made, which were cross-checked against customer lists, press releases, and industry news reports

To forecast the potential market value, industry growth rates from several sources were collected and analyzed and applied as a baseline growth rate for the industry. Then, segment growth rates were calculated by implementing technology adoption growth curves for each region and functional area, taking into account the internal market dynamics and external economic factors that impact the retail market.

The forecast is not without limitations; many of the functional areas overlap, and Dash Research's categorization relies not only on vendors' classification, but on an assessment of what the company's products and services allow a company to accomplish. Further, while Dash Research has attempted to capture a wide-ranging and comprehensive ecosystem of companies, the definition of what constitutes EX software and services is highly variable.

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