

# Predicts 2015: The Digital Workplace Underscores the Benefits of a Consumerized Work Environment

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## VIEW SUMMARY

Gartner's five digital workplace predictions highlight the major impact that consumerization and engagement trends will have on business, IT and workforce strategies.

## Overview

### Key Findings

- Employee-driven consumer technology and usage trends will continue to have a profound impact on workplace and workforce strategies.
- Organizations that exploit these consumerization trends and promote employee engagement will find it easier to exploit new business models.
- Successful digital workplace efforts recognize the benefit of giving employees a greater voice in setting IT strategies.

### Recommendations

Digital workplace leaders should:

- Make an explicit decision about how much or how little the enterprise should embrace employee-driven consumerization trends.
- Establish a mechanism to monitor the evolution of consumerization trends and use the results to influence organizational development, planning and execution strategies.
- Review the ability of IT architectures and operations to incorporate consumer-oriented technologies in enterprise strategies.

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## Analysis

Digital business has the potential to alter almost every job within an organization — from the factory floor, to sales, through to service, hiring and product development. The changing nature of business is coupled with alterations to the workforce itself, including demographic change (aging workforces, predominance of "millennials"), a more global workforce, flatter organizational structures (to push decision making to the edge for greater agility), more employee/customer interaction, and more part-time and nonaffiliated workers. To best exploit changing business and workplace models, organizations must make a concerted effort to make employees better prepared to adopt new ways of working.

That agility can best be delivered by a digital workplace, which embraces a more personal and consumerized work environment, and that exploits employee digital literacy resulting in a more mobile, social, data-driven and accessible work environment. Engagement can be promoted by the HR group, which focuses on employee transparency, recognition, growth, trust and wellness. The IT group can foster engagement through the delivery of a more consumerized work environment, which is much more tolerant of "shadow IT" investments, supports personal choice in cloud applications, and exploits user experience design constructs. The idea, of course, is that employees are more engaged if they can use the applications and devices with which they feel most comfortable and productive.

The predictions presented below all reflect the impact of consumerization, driven by a focus on employee engagement, and the business value that comes along with it.

### What You Need to Know

The once-distinct lines between corporate and consumer computing are blurring rapidly. Today, 38% of technology spending occurs outside the consolidated IT budget (see "IT Metrics: A Critical Evaluation of Decentralized IT Spending and Digital Enterprise Readiness"). IT leaders must establish a strategy to determine

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### STRATEGIC PLANNING ASSUMPTION(S)

By 2018, 30% of organizations will formalize workforce digital literacy strategies to improve business outcomes and employee engagement.

By 2018, the most transformational digital workplace productivity technologies (personal and group) will be available only from the cloud.

By 2017, 40% of large enterprise IT organizations will actively exploit user experience designs for employee-facing apps.

By 2018, 50% of IT support organizations will support assets and services outside their IT service portfolio.

By 2020, 20% of organizations will include employee engagement improvement as a shared performance objective for HR and IT groups.

the business benefits — or lack thereof — of embracing employee-driven technology trends. For those pursuing such an effort, a digital workplace strategy in which IT and employees co-own technology strategy and execution is recommended.

## Strategic Planning Assumptions

**Strategic Planning Assumption:** By 2018, 30% of organizations will formalize workforce digital literacy strategies to improve business outcomes and employee engagement.

**Analysis by:** Mike Gotta

### Key Findings:

Digital literacy is not about tool proficiency, but about how well people apply that knowledge to making decisions, cultivating relationships, building reputation, and mobilizing colleagues, teams, communities, or networks to rally around a common cause. Digital literacy focuses on the application of digital insights obtained by mastery of technology, and how those skills become ingrained in people's behaviors, attitudes and culture.

For decades, organizations have deployed productivity, communication, search, and collaboration tools to improve workforce and business efficiency. Employees are expected to proficiently use these tools to create documents, schedule meetings, post information to project workspaces, for example. Today, digital literacy is mistakenly equated to how well employees learn how to use these tools to complete everyday work tasks. However, in many industries, work routines are becoming less structured and more dynamic causing business leaders to reimagine how employees can become more agile and less dependent on overly formal processes.

At the same time, employees have shown a profound ability to use consumer tools to discover and assess information, collaborate, network and carry out tasks in their personal lives. These skills are not necessarily employed at work. One of the critical factors in exploiting digital literacy is to make the IT infrastructure more consumer-like, thereby enabling employees to use skills they have developed outside of work.

We believe that many organizations will conclude that the need for growth and competitive pressures warrant a strategic investment in exploiting the kind of digital literacy that improve people's cognitive abilities and relationship skills. While technical skills will remain important, it will be the nontechnological workforce competencies and talents — aided and abetted by consumer-style technologies — that have a more sustained impact on achieving strategic business outcomes.

A workforce that is able to exploit consumer-oriented digital literacy is more engaged in its work practices and can be more adept at teaming, community-building, and professional networking without the need for burdensome manager oversight. They learn, share, tinker and innovate to adapt or transform work practices, often using personal or team-specific tools and services. They nimbly navigate, evaluate, create and transform information and media using a range of technologies. They are dexterous in how they make use of emerging and existing tools and digital services, and are capable as "citizen developers" at building their own applications while mentoring those not as capable.

### Market Implications:

A strong emphasis on consumer-oriented digital workforce literacies and technologies will have a profound effect on the market.

For example:

- **Gamification:** Business applications embed gamification techniques to improve people's cognitive abilities and professional networking skills while encouraging the use of these literacies in the context of work.
- **Social recognition:** Social employee recognition systems use informal feedback and rewards to acknowledge employee accomplishments. These systems will recognize how well employees exploit their cognitive abilities and relationship skills to deliver business results via teaming, community building and social networking.
- **Personal analytics:** Personal analytics is the use of data by an individual to help achieve objectives across a range of domains. We expect tools and applications, including wearable devices, will capture people's interaction, activity and biometric data (for example, mood and stress levels) creating a dashboard where workers can assess their performance and digital literacy.
- **Talent science:** Talent science is the business capability of using advanced analytics to improve human capital management decision making. These capabilities will identify workforce digital literacies and be linked to personal analytics so that employees can continuously self-improve.
- **Citizen development:** Citizen developers and integrators are employees who create or modify business applications for consumption by others. We expect software development tools and software applications to support employee-driven creation and customization so they can script and build their own situational applications or extensions. The community life cycle around this process will become a source of digital literacies that organizations can tap into.
- **Bring your own X:** We expect organizations to promote digital literacy by managing a greater level of diversity over what applications, devices and services employees are able to use. By allowing more personal choice, organizations are able to natively foster and exploit consumer-learned digital literacy.

If your organization is employing at least three of these techniques, it is exploiting workforce digital literacy.

### Recommendations:

Digital workplace leaders should make digital literacy part of regular discussions about long-term business strategy (including within the IT organization itself). Working with the HR department — which can discuss changing workplace and workforce needs — and C-level executives, the debate needs to focus on what business capabilities are best served, how digital literacy becomes effectively applied at all levels of the organization, and what open discourse is needed to ensure cultural reinforcement of digital literacy success.

Digital workplace leaders should identify and evaluate the state of digital literacy within the workplace today — starting with consumerization trends where employees are already displaying certain desired characteristics. Improving relationships with shadow IT can also reveal other digital literacy trends, such as citizen development, that can showcase employee talents. Consumer-driven wellness programs, where employees build situational decision making, leadership and teaming skills can be another nontraditional perspective to see how digital literacies are emerging.

## Related Research:

"The Quantified Self and 'Bring Your Own Wellness' Help Engage Employees in the Digital Workplace"

"What Consumer Apps Mean for Workplace Engagement Strategies"

**Strategic Planning Assumption:** By 2018, the most transformational digital workplace productivity technologies (personal and group) will be available only from the cloud.

**Analysis by:** Matt Cain

## Key Findings:

As competition for sales of digital workplace personal and group productivity apps reaches fever pitch, vendors will be forced to focus exclusively on cloud-based back-end services to:

- Rapidly rollout new functionality
- Support a bewildering array of mobile devices
- Supply vast amounts of low-cost storage
- Offer rich Web service access for integration and third-party support
- Aggregate, analyze and extract intelligence in real time from vast amounts of employee interactions

Said another way, we expect personal and group productivity vendors to deeply cut, and then cease, their investment in on-premises software. Startups will avoid on-premises software altogether.

A good example is Microsoft. In 2013, when the company finished a complete refresh of the Office suite of personal and group productivity applications, the on-premises and cloud versions were at parity (or, in the case of SharePoint, the on-premises version was more feature-complete). But by 2018, Gartner expects that the cloud versions of Exchange, SharePoint and Lync will be far more feature-rich compared to the on-premises versions.

Other strategic Microsoft workloads, such as Yammer, will be exclusively available from the cloud. We expect new investments that span multiple workloads such as the Office Graph (activity metadata capture), Delve (recommendation engine on top of Office Graph) and Cortana (virtual personal assistant) to be exclusive to, or optimized for, the cloud. While the company will bring out at least one more iteration of the on-premises back-office servers (most likely in 2016, and perhaps one more in 2019), those versions will have a limited subset of the innovations available in Office 365. On the personal productivity side, iPad versions of the Office apps are available with an Office 365 subscription. Google — Microsoft's main rival in the personal and group productivity space — is, of course, cloud only.

Another example is enterprise file synchronization and sharing (EFSS), which enables individuals to synchronize and share documents, photos, videos and files across multiple devices. The EFSS market will split sharply between cloud vendors (those that emphasize ease of use and quickly evolving features such as content editing and creation, collaboration and analytics) and vendors offering on-premises software (with more of an infrastructure approach, emphasizing security, governance, and access to existing document stores). Hybrid vendors will try to combine both of these approaches.

Another important personal and group productivity application that is likely to be cloud-only is virtual personal assistants. A virtual personal assistant (VPA) performs some of the functions of a human personal assistant. It observes employee behavior and builds and maintains the data models with which it draws inferences about people, content and contexts. It does so to predict employee behavior and needs. It builds trust and, eventually (with permission) acts autonomously on the employee's behalf. It makes everyday tasks easier (by prioritizing emails, for example) and it makes employees generally more effective (by highlighting the most important content and interactions). VPAs, such as Google Now, Apple Siri and Microsoft Cortana represent a compelling vision, and a great leap forward in technology, so we anticipate significant demand driven by transformational benefits.

In addition, many employees now use individual-oriented, cloud-only applications for work purposes. Apps such as Evernote (note taking and archiving) Google Docs (collaborative document editing), Prezi (content presentation) and Twitter, Facebook and LinkedIn (social networking), are common fixtures in most organizations. We expect the use of these consumer apps (and many others) to grow rapidly as employees have more say in technology strategies, and as more organizations embrace "bring-your-own" schemes. Employees will consistently adopt the most innovative cloud-based consumer technologies if they think the apps can improve personal and team business outcomes.

## Market Implications:

- The choice between on-premises and cloud applications will shift from being about economics to being about access to a new class of workplace capabilities.
- Organizations (and vendors) will have to come to grips with changing economic models (shifting from capital to operational expenditure) as more workloads move to the cloud.
- Vendors will struggle with decisions about how much development effort to put into on-premises software and how and when they should phase out on-premises versions.
- End-user organizations will grapple with if, how and when to shut down what are likely to be heavily customized on-premises applications.
- Organizations will be forced to adopt policies for the use of consumer applications at work.

## Recommendations:

- If the business can benefit from rapid innovation cycles, begin planning a move to a cloud-based office suite.
- Ensure that infrastructure, operations and support services are adequately prepared to handle rapidly changing cloud-based services.
- Monitor developments in the consumer world to get a preview of innovative technology that will rapidly move into the workplace.
- Identify employees and workgroups that can trial and evaluate newer cloud-based productivity applications.
- Prepare a comprehensive change management program — for both employees and IT personnel — to help assimilate rapidly changing feature sets.

**Related Research:**

"Microsoft Brings Smart Machines to the Cloud Productivity Mix With Delve"

"Hype Cycle for Digital Workplace, 2014"

**Strategic Planning Assumption:** By 2017, 40% of large enterprise IT organizations will actively exploit designs shaped by user experience for employee-facing apps.

**Analysis by:** Brian Prentice

**Key Findings:**

User experience design is a holistic approach used to build contextually relevant and engaging software for people — an approach that differs markedly from the design of traditional enterprise software. User experience design quite commonly underpins consumer-facing software. This is certainly the case with consumer-oriented software vendors or through the marketing organizations of traditional enterprises.

Increasingly, Gartner sees more enterprise IT organizations trying to both understand and engage in user experience design.

This tends to be driven by two dynamics:

1. A desire by enterprise IT organizations to contribute at a higher level toward the customer-facing systems being driven by their marketing organizations. Currently, digital marketing initiatives are largely being undertaken by external user experience design agencies with enterprise IT often finding itself in a reactive supporting role.
2. Increased pressure coming from employee and line-of-business managers whose expectations for usability are being driven by their experience with consumer-oriented software — a trend that has accelerated dramatically with the prevalence of smartphones and other modern mobile devices.

While a need to keep pace with digital marketing initiatives may be the primary motivation for many enterprise IT organizations to establish a user experience design competency, the reality is that they will not be able to deliver comparable capability to dedicated external design agencies for the foreseeable future.

Employee-facing systems are in significant need of redesign. An awareness by line-of-business managers outside of marketing toward user experience design that would drive a similar motivation to engage external agencies is still in its early days. This will present enterprise IT organizations with a unique opportunity. Their growing understanding of user experience design can be directed toward employee-facing system and drive greater satisfaction along with improving key productivity measurements for the organization.

However, in order to exploit this opportunity, enterprise IT organizations must avoid the trap of thinking that traditional initiatives such as basic website UI refreshes, or the hiring of a single graphic designer into the application development team, constitutes meaningful user experience design competency. An effort must be made to understand and implement the holistic approach described above, and to assure that competent individuals are involved.

As enterprise IT organizations begin using user experience design, Gartner believes a broader understanding and appreciation of the process will set in. Rather than being seen as a way to remediate dated user interfaces, user experience design will be recognized as a way to drive adoption rates and mitigate end-user workarounds. Additionally, user experience design processes will be used to identify new systems of innovation allowing enterprise IT departments to become greater contributors to value creation in the organization.

**Market Implications:**

- Organizations that are successful with an employee-facing user experience design strategy will have much higher levels of employee engagement than similar organizations with no such strategy.
- Enterprise IT organizations will begin hiring user experience design staff and will be faced with the challenges of recruiting and retaining these people. In many conversations with both enterprise IT organizations and design agencies, Gartner is seeing the demand for qualified design staff far exceeded supply. Many enterprises will attempt to institute internal training, mentorship, and study stipends to develop design skills internally.
- Enterprise IT organizations will begin establishing supplier relationships with user experience design agencies.
- Those enterprises that begin a program of user experience improvement for the employee-facing systems they build and maintain internally will become increasingly intolerant of those enterprise software vendors that aren't, themselves, making a similar commitment to user experience design.

**Recommendations:**

- CIOs must set for themselves a set of explicit user experience improvement goals for employees. This will vest at the highest level in the IT organization a commitment to create a noticeably positive change in the types of solutions delivered to staff.
- CIOs will need to decide on a user experience staffing strategy and begin executing on this in 2015.
- CIOs should create a user experience design kick-start program. In partnership with line-of-business managers, enterprise architects should use benchmarking data to identify between one and three areas of business that need to improve. Upon completion, those projects should be assessed for their degree of success.
- Application development managers should start creating employee personas and begin using these instead of roles in new system design.

**Related Research:**

"Focus on Risk, Not Return, When Measuring User Experience Design"

"Best Practices in UX Staff Augmentation"

"Use Apps to Power the Digital Workplace"

"Use Journey Maps in User Experience Design and Digital Workplaces"

"Application Leaders Should Take the Lead in Creating and Managing Personas"

**Strategic Planning Assumption:** By 2018, 50% of IT support organizations will support assets and services outside their IT service portfolio.

**Analysis by:** Jarod Greene

**Key Findings:**

Gartner has stated that, by 2017, half of employers will require employees to supply their own device for work purposes. Furthermore, 38% of technology spending occurs outside the consolidated IT budget (see "IT Metrics: A Critical Evaluation of Decentralized IT Spending and Digital Enterprise Readiness"). As such, support requirements will shift accordingly. Current models of IT service support focus primarily on assets from within the IT services portfolio, and offer limited support for employee-owned devices, applications and shadow IT. Gartner promotes a "managed diversity" model to help IT organization prioritize support categories that trade off device/app selection and ownership versus associated security and support. The model is helpful in enabling organizations to create and communicate policy. With the managed diversity model, regardless of who owns the device or app (IT or the business user), support entails a broader set of responsibilities than break/fix and requires visibility of all the components that enable the services being consumed.

Currently, the proliferation of devices, form factors, OS platforms and consumerized apps prevent IT support organizations from providing high levels of support — leaving best-effort and time-bound-based attempts to keep up with employee demand. Moving forward, IT organizations must better aggregate content from within and outside of the IT organization to provide an appropriate pool of information and knowledge to enable both quality self-service portals and knowledge repositories.

**Market Implications:**

- Visibility (not management) of the service supply chain across the application, device and infrastructure will become the foremost requirement of IT service support management tools.
- IT support organizations must foster IT self-help portals that mix information brokered from the business-user collective (bottom up) and IT-vetted and approved knowledge (top down).

**Recommendations:**

- Invest in IT service support management tools that provide or enable visibility of the entire technology ecosystem.
- Promote business user peer-to-peer IT support via enterprise social networking tools.
- Invest in IT service support management tools that appeal to business users to better engage and entice them to utilize IT self-service options.

**Related Research:**

"IT Service Desks Must Evolve for the Digital Workplace"

"2014 Strategic Road Map for Proactive IT Service Support Models in the Digital Workplace"

"Design IT Self-Service for the Business Consumer"

**Strategic Planning Assumption:** By 2020, 20% of organizations will include employee engagement improvement as a shared performance objective for HR and IT groups.

**Analysis by:** Helen Poitevin and Matt Cain

**Key Findings:**

Employee engagement can be defined as the extent to which an employee is willing to apply discretionary effort in order to achieve the goals of the organization. Employee engagement measurement has a long tradition and is often measured by how much an employee feels aligned with the values and strategies of the organization, and feels that they are prepared and equipped to do their job. Agreement on both measures indicates satisfaction with the job and the direction of the organization. High engagement levels also indicate that the employee feels respected and that the organization genuinely cares about their fiscal, physical and psychological wellness.

Employee engagement is generally measured by surveys conducted every year or two. Although it might be considered an imperfect metric, many senior leadership teams use it as one way to measure overall corporate performance. Engagement results are often included in sustainability and social reports, and generate follow-up actions to improve engagement. These survey-based measures are increasingly being combined with other performance data, social network analysis and HR-related information (among others) to predict future performance.

Engaged employees are more willing to make discretionary efforts and embrace new roles and responsibilities, and therefore contribute more to improved overall business outcomes, as measured by operating margin and other profitability metrics. IT and HR organizations both play critical roles in boosting employee engagement by improving workplace conditions, which enable higher levels of collaboration, recognition, wellness and transparency.

IT teams typically focus on technology investments, automation and innovation, while HR teams generally focus on skills, talent, leadership and culture. In the context of the changing nature of work (such as digital business, flatter organizations, customer-centricity, and a focus on innovation), engagement becomes a high priority to ensure the workforce embraces new business models. Although many IT and HR organizations have not worked closely together, cooperation is critical to the success of digital workplace initiatives — which place a premium on employee engagement. Consequently, the most successful digital workplace initiatives will ensure that HR and IT leaders share responsibility for performance improvements through engagement, efficiency and agility.

The IT team can contribute to employee engagement by offering a more consumer-like work environment, focused on (among other things) user experience design, personal and simple IT communications, social networks, community support, wellness efforts, and a broadening of employee voice and choice in devices, applications and the overall IT strategy. Employees are more empowered with greater flexibility and choice in technology directions,

and this promotes better employee engagement.

**Market Implications:**

- Developing a more consumerized work environment enables more employee choice in devices, applications and service, thereby empowering employees and resulting in greater workforce agility and engagement.
- Increased use of collaborative technologies makes it easier for the workforce to embrace new ways of working and new business models. IT and HR should work together to ensure that digital workplace initiatives are supported by organizational and cultural changes.
- Increased transparency around expertise and skills enables the development of informal learning networks and improved use of employee skills. This is critical for attracting and retaining talent, and boosting workforce engagement.

**Recommendations:**

- IT leaders should open a dialogue with HR leaders to determine how they cooperate in a digital workplace initiative, and how they will measure success through metrics around employee engagement, efficiency, agility and operating margins.
- IT leaders should work with HR to build cultural transformation strategies to get the organization ready for digital business and other new business models.
- IT and HR leaders need to evaluate information security and data privacy strategies related to the sharing of information within the organization to ensure that efficiency and security requirements are balanced.
- Basic HR data about changing demographics, new roles and responsibilities, globalization efforts and contract workers should be factored into digital workplace strategies.
- HR and IT leaders should work together to ensure that employee ideas and concerns about technology investments are a core part of digital workplace planning and execution efforts.

**Related Research:**

"Promoting Organizational Agility With the Digital Workplace"

"People Analytics Underpin the Digital Workplace"

"Digital Workplaces Create New Demands for HR Service Delivery"

## A Look Back

*This topic area is too new to have on-target or missed predictions.*

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