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🏠 Resources > Alliance Market Insight > View

Workforce analytics: Understanding the subsegments, their use cases and the impact on the future of work

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Introduction



A hallmark of modern digital transformation strategies is a shift toward data-driven decision-making, something that 451 Research's most recent survey shows is growing in relevance. Survey results indicate that 63% of respondents say most (47%) or nearly all (16%) of their strategic decisions are driven by data. Furthermore, 81% of respondents say data will be somewhat (51%) or significantly (30%) more important to their organization 12 months from today. This trend is largely driven by analytics initiatives using data

science and analytics tools; however, we have also seen in recent years a trend toward intelligence and analytics being baked into enterprise applications, including customer experience and workforce productivity and collaboration.

In an effort to more fully leverage data-driven strategies in the workforce, business leaders are increasingly turning to analytics offerings that identify trends in people, productivity and tools to gain new insights through the broader trend of people analytics. In this report, we look at the growing focus on different types of people analytics, examine key use cases and representative vendors, and share our take on how we expect this will evolve in the near future.

The 451 Take

The emergence of new offerings (and the evolution of existing ones) for capturing more contextual data on employee skills, time spent in applications, tools used, coworkers collaborated with and goals accomplished has led to the advent of an umbrella term known as people analytics. Demand in the space and its subsequent growth was exacerbated by the pandemic and resultant shift to mass-scale remote work. Managers, HR leaders and operations professionals scrambled to find ways to improve visibility into the work done by employees, maintain productivity and compliance, and support a more effective employee experience.

The range of options is broad – comprising vendors from asset management and financial planning to performance management and collaboration analytics. As business leaders look to make key investments in this space, and as managers and employees look to leverage these modern tools, it's critical that we segment the types of analytics in this sector and their representative vendors as use cases. Better understanding the market segmentation of workforce analytics will help buyers make more strategic investments in the platforms and software they need to move the needle on the future of work in their organization.

Workforce analytics: Use cases and representative vendors



Category and subcategories	Use cases	Representative vendors and products (not exhaustive)
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<ul style="list-style-type: none"> • Asset management • Software asset management (SAM) • IT asset management (ITAM) 	<ul style="list-style-type: none"> • Identify hardware, software and network assets used by employees across the organization • Optimize spending and support lifecycle management and strategic decision-making for HW/SW • Evaluate utilization, adoption, training requirements • Improve and support the employee experience 	<ul style="list-style-type: none"> • Scalable Software, Asset Vision • Snow Software Adoption Tracker
<ul style="list-style-type: none"> • Collaboration analytics • Call quality insights • Meeting room utilization 	<ul style="list-style-type: none"> • Gauge software adoption and utilization, ROI, change management initiatives • Reduce unproductive meeting times and post-schedule work, identify 'focusing time' • Understand employee interactions, messaging and calling app usage, team activity, call distribution • Monitor and manage meeting room utilization 	<ul style="list-style-type: none"> • Cisco Webex Control Hub Analytics • Cisco Webex People Insights • Google Cloud, Workspace Work Insights • Microsoft, Viva Insights
<ul style="list-style-type: none"> • Financial planning and analysis (FP&A) 	<ul style="list-style-type: none"> • Budgeting and forecasting • Strategic planning • Open headcount for recruitment • Open contracts for procurement • Consolidation and close 	<ul style="list-style-type: none"> • Anaplan • Adaptive Insights • Board • Prophix • Planful
<ul style="list-style-type: none"> • Organizational planning and analysis (OP&A) 	<ul style="list-style-type: none"> • Skills optimization, team building • Employee mapping • Headcount management • Business efficiencies • Operational visibility • Organizational re-design 	<ul style="list-style-type: none"> • Concentra • Visier • OrgBuilder • OrgLab • Nakisa
<ul style="list-style-type: none"> • Performance management • Succession planning 	<ul style="list-style-type: none"> • Manager 1:1s • Formal, year-end reviews • Succession planning • Skills tracking • Individual goal tracking • Employee engagement 	<ul style="list-style-type: none"> • Culture Amp • Glint • Lattice • 15Five • Reflektive
<ul style="list-style-type: none"> • Productivity analytics 	<ul style="list-style-type: none"> • Work processes improvements • Identify strong/weak performers • Inventory skills and proficiencies • Dynamic workforce management • Measure ROI on headcount 	<ul style="list-style-type: none"> • ActivTrak • Sapience Vue • Teramind  • ActiveOps • Scalable Software, Acumen

<ul style="list-style-type: none"> • Workforce analytics 	<ul style="list-style-type: none"> • Diversity and inclusion • Candidate benchmarking in recruitment • Candidate filtering in recruitment • Attrition risks • High-level performance trends 	<ul style="list-style-type: none"> • SHL • Phenom • Eightfold • Yva • PeopleInsight
<ul style="list-style-type: none"> • Workforce optimization (WFO) • Workforce management (WFM) 	<ul style="list-style-type: none"> • Gauge employees' performance and their use of technology and systems, providing guidance when necessary • Quality assurance, customer relationship management • Gain insights on the performance of service workers (e.g., call-center agents) and increasingly, frontline and knowledge workers 	<ul style="list-style-type: none"> • Avaya • Calabrio • Genesys Employee Engagement • RescueTime • Sapience Analytics

Traditionally part of the IT service management (ITSM) process, this category comprises the technologies that support inventory and lifecycle management within the IT environment. Representative vendors include Snow Software with Snow Adoption Tracker, which provides comprehensive discovery and inventory of an organization's entire technology landscape – including end-user hardware, datacenter, cloud services and on-premises software; and Scalable Software with its Asset Vision product, which identifies underutilized applications to help reduce costs and optimize budgets.

While ITSM remains a relevant functionality, the commodification of inventory and discovery has led vendors such as Scalable to evolve their offerings. Looking to further drive visibility into the app estate from a productivity and operational perspective, the company recently launched Acumen, a workforce and systems optimization platform that highlights KPIs and metrics around application adoption, usage, user experience and more to show what the organization's overall 'digital agility' level is. It also tracks some data on the stability of the hardware estate and helps track progress against organizational targets.

This is a broad category encompassing the analytics tools that monitor enterprise productivity and collaboration software applications to help employees, managers and supervisors, and IT admins gain insights into how workers spend their time, with the goal of identifying opportunities for efficiency and productivity enhancements. It also encompasses subcategories to help IT organizations and admins monitor call quality insights and manage meeting room utilization, managing and supporting software adoption and ROI.

Several vendors in this category are expanding beyond IT admin analytics tools, aiming to offer insights and trends at the individual, team and organization levels to give employees, managers and businesses recommendations for improving productivity and employee well-being. These include vendors and products such as Microsoft Viva, an employee experience platform that provides tools for employee engagement, learning, wellbeing and knowledge discovery, including an analytics module called Viva Insights that evolved from the company's MyAnalytics productivity tracker; Google Cloud Work Insights – which provides visibility into the adoption of Google Workspace (formerly known as G Suite) applications – and recently unveiled

time management and productivity tracking features; and Cisco Webex Control Hub Analytics – which offers utilization details for Webex Meetings, Webex Teams, calling usage, and audio quality and device-related utilization reports – and People Insights, a new productivity tracking tool recently introduced at Cisco Live 2021.

Financial planning and analysis (FP&A) is the analytics arm associated with the planning, budgeting and forecasting of an organization's finances, typically to connect business strategies and goals to financial performance. Its relevance to people analytics comes from its involvement in headcount planning and procurement modeling for contract and gig workers. There is also a broader shift in the parent analytics category of corporate performance management (CPM) toward more contextual and agile planning. This has seen some of the people planning elements of CPM/FP&A evolve to include skills and team planning on a more granular level. In the future, we believe FP&A could be used to connect financial performance to employee engagement and productivity metrics. Conversely, we can also see how budget priorities (e.g., modern software for certain teams) could impact business outcomes and engagement.

This is a newer element of people analytics born out of the organizational planning space. Essentially, it's a data-driven discipline for analyzing and monitoring your organization, and regularly adjusting your workforce plans and financial models to meet targets. Practitioners in this space would deploy relevant software to model shifting team makeup and its affect on performance, M&A mapping, upsizing and downsizing, and to predict the impact of various external forces on performance and team dynamics. More useful for larger organizations, there is a unique opportunity for OP&A tools to be combined with workforce management tooling in HR to help support more dynamic workforce management (i.e., the regular breaking up and reforming of teams based on projects and objectives).

Typically housed in HR, this software segment tracks individual performance against goals to inform more data-driven managerial relationships. These applications are often tied to employee engagement tooling with pulse surveys and feedback channels, supporting what is known as employee voice initiatives. Performance management has traditionally been viewed as a tool tracking the progression and growth of individual employees, but there is a growing trend of performance management tools to be team-focused with a bent toward objectives and key results (OKR) capabilities as well. Sometimes, we see high-level skills inventories in performance management software, with a more progressive approach where performance management is deeply linked to learning and development software.

Productivity analytics is a broad name for a set of tools and services that measure employee/team output and time spent within core business applications and products. Often, we see vendors further segmented into user experience management or work analytics. These tools typically work with the assistance of an on-device agent that measures time spent in particular applications/processes, windows opened/interacted with, or output in a particular system.

While there are employee privacy concerns associated with this technology due to the tracking necessary to gather data, it can be utilized to effectively identify process bottlenecks, highlight high performers, and

identify redundant software licenses. There are big opportunities here for vendors in this space to partner or integrate with work management and project management tools to map the applications associated with particular deliverables to more visibly demonstrate understanding of work output and outcomes relative to work tools and time.

Primarily associated with talent management, workforce analytics uses algorithms applied to identity and demographic data to identify behavioral and identity trends among the employee population. Workforce analytics do often offer high-level performance trends but are most useful in talent management across the employee journey. This is because the data they use and analyze can help benchmark and filter candidates in recruitment, support diversity and inclusion audits, and even identify individuals or worker types that may be at risk for attrition.

The value of this software is contingent on the quality of data it can leverage from an organization and the available vendor or public data it can employ to cross-reference against for additional insights. The existing overlap with productivity analytics makes it a clear integration opportunity to draw connecting lines between attrition risk and candidate or software performance, among other interesting intersections.

Broadly speaking, this category encompasses the metrics that track and monitor employees' desktop activity and performance of systems, including service workers and, increasingly, frontline and knowledge workers. It includes subcategories such as call-center workforce optimization, which aims to gauge customer satisfaction and monitor call-center agent performance and their deployment of technology and systems. Representative vendors include call-center providers and products such as Avaya, Calabrio and Genesys Employee Engagement.

We also include in this category vendors focused on workforce productivity analytics outside contact-center use cases, such as RescueTime and Sapience Analytics. While initially focused on service workers, these vendors are expanding their scope, seeking to tackle a broader set of use cases, verticals and employees. In the case of Sapience, the company has evolved its portfolio to offer loud-based productivity tracking technology that collects information on how employees – including service and knowledge workers – spend their time, helping them reduce distractions and context-switching.

