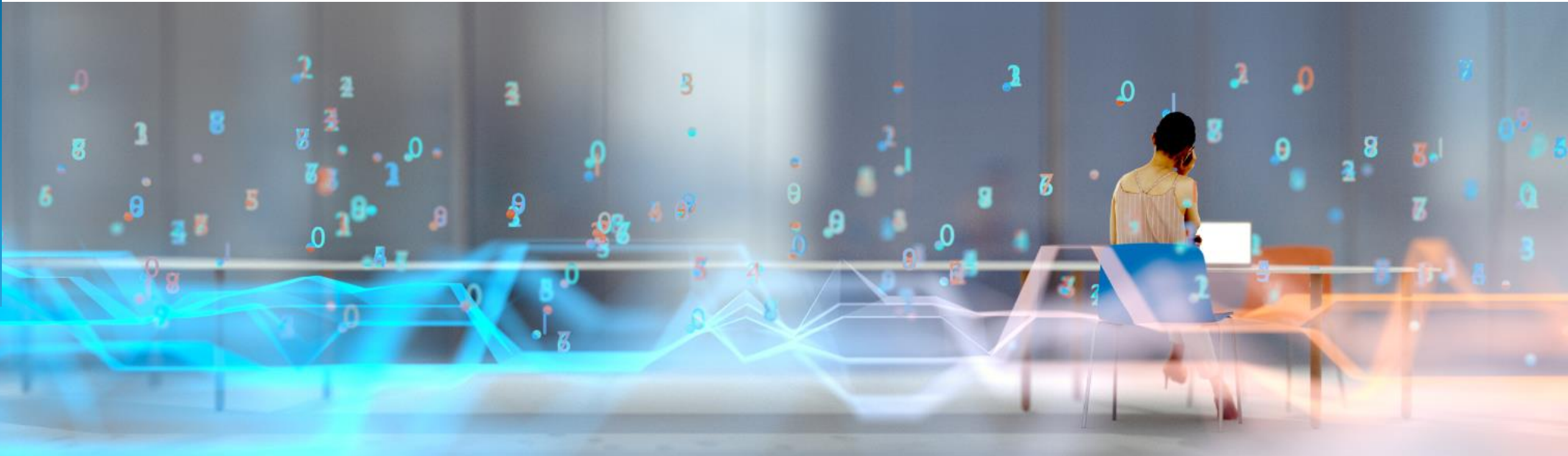


Digital Workplace State of the Market: Are Value Leakages Sinking Your Workplace Strategy?

July 2023: Complimentary Abstract / Table of Contents



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Introduction to the research

Amidst the market disruptions challenging the digital workplace landscape, the demand for workplace services remains quite lucrative. Enterprises recognize the value of workplace services as a catalyst in navigating these uncertain times. However, a revolution across the components of the workplace model is underway, including solutioning, delivery, partnerships, enablers, and platforms.

To thrive in this Volatile, Uncertain, Complex, and Ambiguous (VUCA) storm, enterprises must grasp the evolving dynamics of workplace services. They need to adopt and embrace the changing landscape to maintain competitive advantage and business resilience. Simultaneously, service providers and technology vendors are stepping up their game by embracing agility and positioning themselves as strategic partners to their enterprise customers.

This report includes information on the following key topics related to digital workplace services market:

- Overall digital workplace services market insights and trends
- Revolution across five components of workplace model - solutioning, delivery, partnerships, enablers, and platforms
- Implication for enterprises due to this revolution

Scope of this report



Geography
Global



Industry
Cross-industry



Services
Digital workplace services

Summary of key messages

Information desired

Where/how to locate the information

Workplace services demand remains lucrative

- Key workplace services demand drivers are AI-first workplace, cloud-based solutions, employee engagement and experience, and standardization and unification of platforms/services
- BFSI and manufacturing industry verticals stand at forefront in vertical-specific adoption, while enterprises across verticals expect contextualized solutions
- Increased demand for consulting/assessment services by enterprises to mitigate market disruptions and derive maximum value from investments
- While growth in North America and the UK is slowing down due to macroeconomic factors, such as inflation, workplace services demand in Europe is picking up again

Revolution across workplace model

- Strategic and incidental drivers, such as technology disruptions and higher M&As, are contributing to the workplace services revolution
- These drivers have led to the age of value-based digital workplace model as enterprises increase RoI scrutiny and expect to drive maximum value from all past and future workplace transformations
- Enterprises need to consider the implications of the evolving workplace model across components such as solutioning, delivery, partnerships, enablers, and platforms

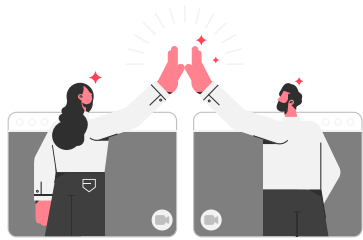
Implications for enterprises

- Evaluate outsourcing partner on key solutioning focus areas, such as value add and innovation, capabilities around industry-specificity, and transformation enablement, to ensure a successful strategic partnership
- Consider the capabilities of their service provider or technology vendor partners for key themes such as employee well-being, analytics and automation, and Generative Artificial Intelligence (GAI) and metaverse
- Leverage nearshoring lever along with offshoring for high-touch complex service components without compromising on experience
- Strategically follow a roadmap for GAI, identify high-value use cases, and progressively amplify investments in order to maximize returns
- Identify and mitigate challenges related to platform fragmentation by considering the platform licensing, functionality, and integrations

This study offers four distinct chapters providing a deep dive into key aspects of digital workplace services market; below are four charts to illustrate the depth of the report

Key workplace services buying behavior insights

Digital workplace services deals highlight (2022)



85% Average renewal rate for digital workplace services deals in %

Digital workplace services revenue split by buyer size (2022)

59-62%	23-26%	12-15%
Large Revenue >US\$5 billion	Medium Revenue US\$1-5 billion	Small Revenue <US\$1 billion

Key Insights

- Resilience of renewals: renewal rate for workplace deals is robust as enterprises become risk-averse and tend to stick with their existing service providers, also leading to decrease in new deal signings
- Large enterprises reign: being the biggest enterprise segment contributor to the workplace services by revenue split globally, followed by high-growing medium and small-sized enterprise buyer segments

Source: Everest Group (2023)

Strategic and incidental drivers are the dual forces contributing to this revolution



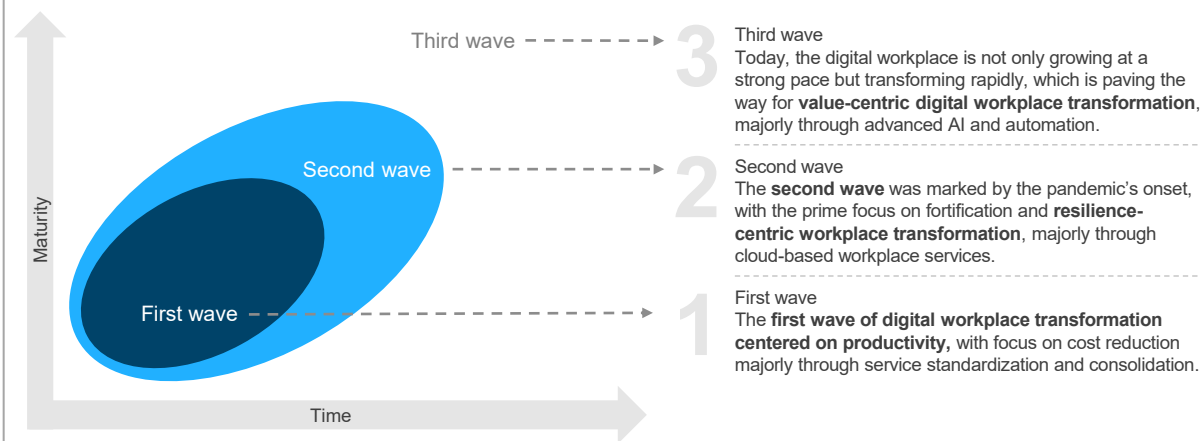
- Strategic drivers:**
 - Intensified competition due to multiple technology disruptions
 - Reduced margins prompting prioritization of value-driven operations
 - High correlation between customer and employee experience
 - Globally distributed workforce with diverse needs
- Incidental drivers:**
 - Compound effect of inflation and recession
 - Higher M&As and divestitures to sustain market headwinds
 - Sustainability urgency driven by multiple natural disasters

“To remain competitive and resilient in our ever-changing industry, it is clear to me that embracing workplace transformations is a necessity. However, I firmly believe that this requires a proactive evolution of our workplace services, serving as a steadfast compass to guide us through the turbulent waters of market disruptions.”

– CTO, Leading global retail and CPG enterprise”

Source: Everest Group (2023)

The wave of value-centric digital workplace transformation



Five critical components of workplace revolution and its impact on enterprises

Workplace service components	Solutioning	Partnerships	Delivery	Intelligence	Platforms
Productivity-based workplace model	Generic and output-oriented	Focus on tech giants and large vendors for cost optimization	Offshore delivery model by default for all services	Bolt-on isolated AI functionalities	Few mature platforms scattered across business functions
Resilience-based workplace model	Feature-centric and business continuity-oriented	Collaboration with large partners for productivity and experience improvement	Offshore for standard operations; onshore for strategic functions	Built-in cohesive AI functionalities	Multiple mature platforms but fragmented across regions and BUs
Value-based workplace model	Innovative, value-centric, and business transformation-oriented	Large partners for core capabilities and niche vendors for next-generation capabilities with a strong focus on co-creation	Offshore for cost savings and quality talent; nearshore for experience and synergy	AI-first end-to-end ecosystem	Consolidated and connected platforms with cross-leverage of information and functionalities

We will conduct an in-depth exploration of each of these five components in the following pages to gain a comprehensive understanding of the challenges they present and develop effective strategies to mitigate them.

Research calendar

Digital Workplace

■ Published
 ■ Planned
 ■ Current release

Reports title	Release date
Workplace Communication and Collaboration (WCC) Services – Provider Compendium 2023	January 2023
Workplace Communication and Collaboration (WCC): Enabling Employee Engagement and Belongingness with Metaverse Adoption	March 2023
Digital Workplace Enterprise Pulse 2023: from Provider to True Partner – the Road not Taken	March 2023
Workplace Employee Experience Management (WEEM) Platforms PEAK Matrix® Assessment 2023	April 2023
Workplace Employee Experience Management (WEEM) Platforms – Provider Compendium 2023	July 2023
Digital Workplace State of the Market: Are Value Leakages Sinking Your Workplace Strategy?	July 2023
Moving from SLAs to XLAs: Market Report	Q3 2023
Digital Workplace Services PEAK Matrix® Assessment 2023 – North America	Q3 2023
Digital Workplace Services PEAK Matrix® Assessment 2023 – Europe	Q3 2023
Digital Workplace Services Provider Compendium 2023 – North America	Q3 2023
Digital Workplace Services Provider Compendium 2023 – Europe	Q3 2023
Exploring the Business Case for Workplace Transformation	Q4 2023
Workplace Collaboration Specialists PEAK Matrix® Assessment 2023	Q4 2023
Workplace Collaboration Specialists Provider Compendium 2023	Q4 2023

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