



Hot Vendors in Employee Engagement, 2020

September 2, 2020 | Research Note 2020-35

Author: Jim Lundy

Topic: Employee Engagement

Issue: Who are the providers in the employee engagement market who are making a difference?

Aragon Research
2020 HOT VENDOR



SUMMARY

Employee engagement offers enterprises tools to attract and maintain talent by making the work experience streamlined and rewarding for associates. Here, we identify a provider that is making a difference in the market.

Key Takeaways

- Employee engagement is emerging as a new category with a growing set of features focused on employees.
- In the war for talent, enterprises have been investing in engagement but often don't have a comprehensive strategy.
- Enterprises should take a proactive approach to modern employee engagement and leverage new employee engagement capabilities.

Introduction

The shift to employee engagement is driven by the realization that the existing categories of talent management and human capital management are too narrowly focused. In contrast to these legacy approaches, employee engagement is about the entire lifecycle of the employee, not just the tools for tracking employee progress. In other words, employee engagement solutions aim to streamline the overall experience of working, making employees themselves develop commitment, engagement, and loyalty to the enterprise they feel recognized by.

There is a global war for talent, and the modern enterprise must prepare itself for the competitive pressure to recruit and maintain talent. The modern enterprise relies on distributed teams of knowledge workers to meet its core business needs. As more repetitive tasks are increasingly automated, knowledge workers will find themselves looking for a supportive context where their employer recognizes their skillsets and supports the development of their expertise.

In this research note, we one provider who is delivering on the various needs of employee engagement.

Why Employee Engagement Now?

The world is changing before us; and both on a local and global level. Full time employment is still front and center but there is also an ever-growing contingent workforce that is expecting a more flexible, remote approach to management. In addition, structural shifts in the mobility and organization of workers are driving the need for modern employee engagement. At the same time, enterprises are finding new contracting arrangements and seeking labor in new parts of the world, accelerating the shift to distributed teams that collaborate through digital platforms.

For managers, this shift poses new challenges and opens new doors. It can be more difficult to build relationships and create loyalty without face-to-face communication. At the same time, if management is carried out exclusively through digital platforms, with the aid of digital collaboration tools, the overall growth and skill development can be tracked in a clear, interactive

context. Moreover, enterprises can be prepared to support employees in the event of a move or other life event, creating flexibility that drives talent retention.

In the recent Aragon Research Technology Arc for Employee Engagement, we provided an overview of how employee engagement technologies are evolving, listing the providers that are trying to fill different needs within the market. New technologies ranging from conversational AI, to global talent mobility support, to new learning platforms are all disrupting the market for employee engagement solutions, and enterprises need to pay attention to new offerings if they hope to stay at the cutting edge.

Defining Modern Employee Engagement

While there are a set of identified features for traditional talent management, for employee engagement, the first things that pop up are feedback, assessments, and recognition. While those capabilities were where things started with engagement; today, Aragon feels that there is more to it than understanding how engaged people are. It is more about providing experiences that help people to engage or that keep them engaged.

Note 1: The key elements of modern employee engagement:

- Surveys and Feedback
- Employee Recognition
- Learning
- Communications
- Wellness
- Analytics

There are many valuable services people think of when they think of employee engagement, and there are even more avenues on the horizon. Some of the use cases for employee engage today include the categories listed in Figure 1 and Note 1.

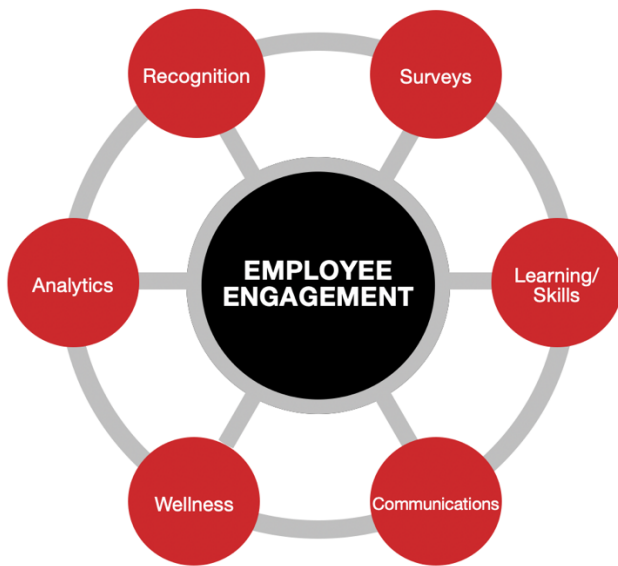


Figure 1: The six elements of employee engagement.

Surveys and Feedback

While some firms don't want to call their offerings surveys, that is what they are. The ability to do quick surveys with employees to understand where they are at is vital to understanding how their work is progressing. It used to be done on an annual basis, but now short surveys are done. Surveys should be easy to set up and administer and easy for associates to consume. Numly offers tools that are focused on supporting this use case.

Surveys are the capability that is driving the employee engagement category and providers like Qualtrics helped to drive interest into this category. Note: Qualtrics was sold to SAP for \$8 billion and is now being evaluated for a separate IPO.

Employee Recognition

Enterprise reward structures that recognize employees for growth and success are one way to minimize turnover risk and build a team that is invested in the growth of the enterprise. Gamification, which creates engaging, interactive reward systems, is one approach to this. In general, enterprises must find a way to make their employees feel recognized and valued if they want to count on retaining their most talented associates.

Employee recognition, which started in sales, is one of the best and most cost-effective ways to engage associates and allow for manager and peer recognition. The services are highly configurable, which means each department can tailor an offering to their associate's needs.

Employee Communications

Employee communications is often one of the most overlooked and needed capabilities. Surveys often bear this out, with employees often feeling like they don't know what is going on—either at a division level, or even with the company as a whole. Frequent communication is needed, particularly today in the COVID era.

Communication needs to happen at many levels and it needs to be well thought-out. It isn't just about what is happening, it is also about ensuring people have access to the latest information. This is an area that we expect to expand and become vital to modern employee engagement.

Learning and Skills

Modern learning is what employees want, and often they are not getting enough learning. Newer providers are adding learning to their offering, as an extension or addition to existing platforms. Enterprises that invest in the growth of their associates can expect those associates to remain more engaged and committed to the enterprise as they feel their skills improving.

Skills is one of the key reasons for learning to be tied to employee engagement. Enterprises should ensure that basic skills training is available to all associates. Skills is core but it does not replace the need for specific job or role training. Instead, it serves as a way for associates to learn new skills which could lead to future jobs or roles as part of career progression.

Employee Wellness

Wellness has always been part of some HR programs offered by large firms. Now, it is becoming a category and, in Aragon's opinion, part of modern employee engagement. Many HR outsourcing firms offer wellness capabilities that include things such as employee assistance and retirement planning. Things have changed.

Modern wellness focuses on proactive approaches, which include elements of workplace/social, fitness, and health. It also has elements tied to financial wellness (i.e. retirement) workplace. Small and midsize enterprises often struggle to offer all the benefits of large firms. That is changing as many enterprises have been developing a culture around wellness even if they didn't call it that. Today, enterprises provide incentives, such as discounts on health club memberships or access to facilities at a reduced rate. Some are also adding financial wellness applications.

Analytics

Doing surveys and understanding employees is worthless without analytics. Comprehensive reporting dashboards can supply vital metrics that help enterprises assess the progress of their employees. With progress tracking driven by metrics, managers can assign concrete numbers to performance review goals and establish a more clear and structured dialogue with the people they manage.

Why Employee Engagement Is Needed Now

As the global coronavirus pandemic continues to spread, enterprises are quickly rethinking their legacy approaches to management. The pandemic will drive a shift to remote work as it transforms physical offices, and its global economic impact will redouble the necessity of attracting and maintaining high-quality talent for the modern enterprise. Employee engagement solutions will be more urgent than ever before in a context when many workers feel uncertain about their job security and are looking to business leaders to provide a clear roadmap for how their personal growth fits into a broader business model vision.

Employee engagement solutions are poised to become a vital piece of the puzzle for business leaders who are struggling to adapt to the pandemic. Systems that support employee growth by tracking and recognizing progress establish a vital line of communication between managers and knowledge workers, bolstered by metrics and performance goals. Similarly, employee engagement tools that join knowledge workers together in social-network style communities can help them feel connected. As we enter the remote work era, it will be critical for enterprises to take advantage of tools that make employees aware of their personal development and feel recognized for their growth.

Engagement and Remote Work

While many are focused on the expansion of remote work, the physical workplace will not be going away completely. For managers of workers in physical offices, the pandemic will still bring

about many changes that will find them reassessing their approach and the tools they use to support it. As masks, partitions, personal protective equipment, and more become common in offices, workers may feel more distant from each other and from management, while feeling hesitant to dive into collaborative work. The 'open office' model that has been popular throughout the 21st century may need to be retired. In this context, managers should consider the way employee engagement tools can provide alternative ways to recapture the feeling of pre-pandemic collaboration.

People-Centric Collaboration in an Era of Remote Work

Aragon has written considerably about the significance of people-centric collaboration in the modern enterprise. As new digital platforms become the fundamental venues of modern teamwork, associates find themselves yearning for the peer-to-peer communication experiences that characterized legacy approaches. Managers must respond to this need and recognize that it represents a vital component of a comprehensive employee engagement strategy. For employees to feel engaged and committed to an enterprise's broader project, they must feel as if they are connected to one another and engaged in a collaborative venture that is greater than themselves.

People-centric collaboration is about seamless communications and collaboration that restores the sense of in-person teamwork. As more employees work from home, employee engagement solutions that can streamline this experience will be in high demand. Beyond the video and voice communications channels that make this experience possible, people-centric collaboration involves creating an experience where employees feel like their management is consistently engaging their needs and recognizing their skill development.

The War for Talent and the Challenge for Human Resources

As enterprises strive to win the war for talent and attract the most skilled associates to their teams, the necessity for coherent and actionable data is becoming more and more apparent to business leaders. HR teams are finding themselves trapped in a talent acquisition loop: poor hires are symptomatic of inadequate information. Enterprises lack the information and the analytics tools to clearly define their goals and understand what candidates will serve them the best.

More fundamentally, the lack of actionable data holds back employee growth and skill development, as managers often lack the information to point out areas of focus that are most critical. Artificial intelligence-enhanced tools like predictive hiring are one of the ways that providers are developing new solutions to meet these core employee engagement needs. Several of the providers in this note, such as Numly, are focused on delivering this kind of solution.

Employee engagement tools can help HR teams identify qualified candidates and then assist in the career coaching process. For this reason, these tools are becoming key assets for HR teams that strive to maintain quality hires in a world where turnover, especially amongst younger generations, has been so high.

Developing an Employee Engagement Strategy

It is a natural conclusion for business and HR leaders to feel that they need to do more with employee engagement. Often, the focus on business outcomes overshadows the need to focus on associates until it is too late, and an employee exodus occurs for a variety of reasons. Aragon suggests that enterprises need to develop a comprehensive strategy for employee engagement that starts with some of the elements outlined in this Research Note.

Hot Vendors in Employee Engagement, 2020

This research note is not intended to be a complete list of vendors in the market being discussed. Rather, it highlights vendors with interesting, cutting-edge products, services, or technologies.

One of the 2020 Hot Vendors in Employee Engagement includes:

- ***Numly***

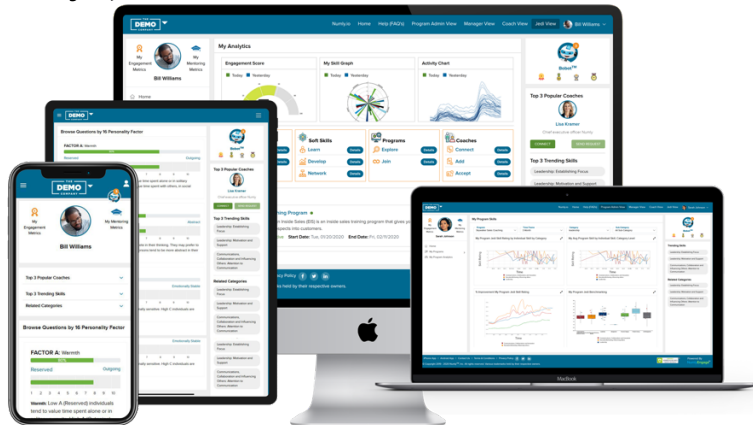
Numly™, Inc.

Figure 2: Numly offers an employee coaching and engagement platform driven by artificial intelligence.

Numly™, Inc., based in Cupertino, California, and led by CEO Madhukar Govindaraju, is a provider of employee engagement solutions (see Figure 2 and Note 2) via a SaaS model. Numly includes a suite of engagement programs that measurably improve employee performance and employee engagement through coaching and skills development targeted at a wide range of enterprise skill categories. Its product, NumlyEngage™, tracks engagement and skill development metrics, connecting employees to coaches through a networking platform and shared performance management dashboards. Together, its capabilities help connect employees in need of skill development with internal coaches who can help provide the needed expertise through systematic coaching interactions.

What makes Numly hot is its emphasis on building employee soft and hard skills through comprehensive coaching, as an extension to eLearning. It has a comprehensive catalog of over 185 soft and 225 hard skills, intended to develop core functional competencies in areas like sales, inside sales, customer success and R&D/engineering. Numly aims to enhance and streamline the coaching process. Its machine learning algorithms study user behaviors across all of an organization's data and tailor specific learning and coaching recommendations via nurtured actions. Numly gathers data about employees to construct profiles that are used to highlight weaknesses, strengths, and areas of growth so that employees can be connected with skill development coaches. Finally, Numly includes an AI bot (Bobot™) that makes contextual recommendations about the direction of coaching tailored to specific employees.

Note 2: Numly at a Glance

Numly offers an AI-enabled, employee engagement solution for enterprises through coaching and skills development.

Location: Cupertino, California

CEO: Madhukar Govindaraju

Key Offerings: NumlyEngage™ Enterprise

NumlyEngage™ Enterprise is an AI-enhanced platform that enables coaching as an extension of eLearning, making it possible for organizations to tap into employees' hard and soft skills and enable them to coach each other in a structured manner, while leveraging third-party learning content, external expert coaches, and built-in coaching programs tailored for all corporate functional groups such as sales, customer success, R&D/engineering, etc.

Availability: Available Now

Website: <https://www.numly.io>

Who Should Evaluate Numly?

Organizations that want to improve their framework for supporting manager coaching and employee skill development should consider Numly for its advanced approach to optimizing coaching with rich data and analytics. In particular, enterprises looking to upgrade their soft skills for key business responsibilities should evaluate Numly for its specific focus on these areas.

Aragon Advisory

- Enterprises should go beyond basic pulse surveys and look at proactive approaches to modern employee engagement.
- Enterprises should evaluate this Hot Vendor and determine whether the products they offer are a good fit for enterprise needs.
- Enterprises should focus on finding ways to engage employees in ongoing skill development.
- Enterprises should invest in tools that help them concretely track the progress of their associates and incentivize growth.

Bottom Line

Employee engagement solutions are vital to the long-term success of any enterprise. Managers must have the information to understand how their employees are doing, and employees must feel an incentive to engage with managers and with learning materials to improve their mastery. In a time when many enterprises are shifting to remote work teams, the capability of enterprises to support these teams and build strong, ongoing relationships will be critical. Enterprises should compare these vendors and other order market players to assess what tools fit their needs best and decide on the right sales enablement platform.