

PREDICTIONS 2021

A VALOIR INSIGHT BRIEF

JANUARY 2021

As we look ahead to 2021 and beyond, Valoir's outlook for people, technology, and value includes changes in employee and customer experience and continued disruption from cloud. The impact of changes in work and business models forced by 2020 continue to play out across technology and strategy, and while artificial intelligence (AI) jumps the shark, the disintermediation of applications grows, with a renewed focus on user interface (UI) and user experience.

Remote work gets real

In 2021, we'll see emerging technologies gain ground to address the long-term realities of a remote work workforce, and new norms established for managers, HR, and employees. What began as a short-term tactic in the Spring of 2020 is now part of the long-term strategy of many companies, and we'll continue to adjust to its implications for work-life balance, productivity, and workforce engagement for the rest of the 2020s:

- Physical. Those who don't have separate work from home space, or an ergonomic setup, will suffer. We'll see an increase in carpal tunnel and other physical issues for those with a less-than-ideal setup, and companies will need to invest in consulting and other ergonomic measures to keep employees from working on the couch and avoid a spike in work injury-related worker's compensation claims.
- Technological. The average worker is spending more than a third of their work day on camera. Beyond Zoom fatigue, we'll see the adoption of more virtual engagement technologies for collaboration beyond video, such as virtual offices and professional-grade collaboration and content sharing applications. We'll also see companies explore – and deal with the backlash and gaming of – productivity monitoring tools.

- Process. Left more to their own devices, many employees will identify areas of work and processes that are inefficient and unproductive – and propose new ways of getting results. One approach will be the broader adoption of low-code tools, which enable them to automate and streamline repetitive tasks. Managers will also rethink how teams work and collaborate.

A new world of employee engagement

A new world of employee engagement will emerge in 2021, as companies move beyond the initial tactical goals of supporting work from home and work to determine how they can engage, empower, and keep employees in line and aligned with corporate goals and objectives. Surveys, and even employee “pulse” check-ins, were at best a limited way to gauge how employees are doing and feeling – and at worst, more of a checklist item than a way to really assess wellness and focus. With the absence of real face time, simple video check-ins are neither effective nor scalable (and can’t replace the ability of a manager to get a general “feel” of how team members are doing, or other visual cues that come from managing by walking around). Innovators will look to investments in technology to support empowerment of employee groups; diversity, equity, and inclusion initiatives; virtual volunteering; and other non-work aspects of corporate community. At the high end of the innovation spectrum, some will invest in virtual offices for more ad-hoc interaction and AI to analyze video and other interaction content for sentiment employee well-being.

Rethinking labor mobility

We’ve already seen a wave of relocations as employees and companies take advantage of virtual work to make employment less location dependent. This is just the beginning. Companies will rethink recruiting, onboarding, and talent and performance management for existing and new employees, and high performers will seek new opportunities – gig and otherwise – that were not realistic before because of geography. When work and interviewing are virtual, job seekers have greater flexibility and greater “cover” to explore new opportunities. This means HR will need to adopt new tools, such as AI-driven talent marketplaces, to help performers identify new opportunities for growth within their company, or risk losing them to competitors. We’ll see growth in the adoption of cloud talent marketplaces for both internal and cross-company mobility.

The cloud disrupts HCM – again

This year we’ll see cloud disrupt HR by driving new models of training and learning. Many companies have moved to adopt cloud for core HR, talent management, and other HCM aspects. However, while some

training has moved to cloud platforms, most learning management systems (LMSs) have still followed the traditional model: HR identifies training opportunities and gaps, develops or buys content, recommends it for groups of employees, and tracks completion. However, with increasing demands on HR and the virtual elimination of in-classroom training for 2021, leaders will go beyond just cloud delivery of courses to innovative new models. Look for innovations in virtual mentoring, microlearning, subscription and freemium platforms for training, reskilling, and networking that go beyond the virtual company walls, and AI-enabled applications that help employees self-assess gaps and choose more individualized growth paths. HR and training managers that don't embrace and incorporate new models, and the traditional LMS and training markets, will suffer, and buying power – and decisions – will shift to line of business and individual employees.

Customer experience gets more personal

In 2021, we'll see a return to a more personal, not just personalized, customer experience, with video playing a big role. The past year saw a dramatic shift away from physical in-person interactions, both in the consumer-to-business and the business-to-business space, and that will continue in 2021. At the same time, the adoption of video made interactions more personal: we saw business contacts' bedrooms, heard their family interruptions, and got more insights into them based on their choice of books and backgrounds. This year will see more adoption of virtual interactions, and a greater emphasis on the virtual in customer experience (CX). Expect more embedded Web video chat, more service agents on video, more video effectiveness training for inside and outside sales, and more bite-sized videos across sales, marketing, and service. We'll also see greater application of AI to voice and video for customer understanding and quality control at scale.

Customer 360 gets more affordable – but not yet attainable

Although technological advances make a 360-degree view of the customer more accessible in 2021, human barriers to adoption and technical debt will continue to hinder its achievability for many companies. We were all told that 2020 would be the year of customer 360 – but then, we've been hearing that story for the past 20 years. The good news is huge vendor investments in integration, industry data models, artificial intelligence, and robotic process automation (RPA) have lowered the cost and hurdles of moving toward a single view of the customer. This doesn't mean companies will conquer the challenges of bringing all customer data together for intelligent engagement in 2021, but many will get a lot closer. For vendors, beyond the user interface, the customer data platform (CDP) battle will be one of the

more interesting ones to watch in 2021 as visions and roadmaps become less conceptual and customers demand real results.

The contact center is dead – long live the contact center

In 2021, we'll see a breakdown of the walls between the contact center and other customer management activities and applications. For decades, the divide between contact center technologies and customer relationship management (CRM) has been clearly defined, and bringing contact center and CRM technologies and data together was one of the biggest challenges to successful CX. With the physical contact center disappearing and cloud solutions replacing on-premise ones at an accelerating pace, the lines between contact center and CRM application are blurring, and early adopters are reaping the advantages of a more integrated view of customer touchpoints. This means existing CRM vendors will need to continue to invest in telephony capabilities and integrations. Leaders with call center origins will take a less call-centric approach and bring their strengths from text analytics, workforce optimization, and other areas to be compelling to a broader CX buyer audience.

The cloud battle and the end of applications

As vendors continue to battle for the top spot in the cloud vendor space, the disintermediation of the application will accelerate. With conversational UIs, low-code mini-apps, and increasing personalization, users don't care what application they're actually using, just about how easily and quickly they can get work done. The short-term winner in the cloud apps battle will be the one that delivers the right data and process to user in the most usable format for them – making conversational and mobile UI the most important spaces to watch right now. Longer term, it will depend on the ability to best manage and deliver data and processing at scale (think platforms and utility computing) and the ability to provide intelligence at both the data layer (think industries) and the individual users' access point.

The year of reevaluating relationships

As many companies had to rapidly rethink their way of doing business in 2020, they'll continue to reevaluate their approach to key partners and vendors in 2021. The spring and summer of 2020 saw many leading tech vendors move away from the quarter-to-quarter revenue grind and refocus on how to keep customers afloat. While some took a short-term hit in revenues, the goodwill they built will continue to pay dividends. Others that relied on more transactional relationships or on events or in-person meetings to push deals faltered. Many companies are looking

to accelerate digital transformation in 2021 – by necessity or otherwise – and need partners they can trust to help and guide them. Those with a history of overpromising, or on demanding, rather than deserving, contract renewals (like license maintenance contracts) will take a bigger hit in 2021 and beyond.

AI jumps the shark

As we look to the next new thing in enterprise applications, artificial intelligence (AI) fatigue has set in, and 2021 is the year AI officially jumps the shark. The AI enterprise apps story started with great promise, and still has great potential to deliver value. However, slapping AI marketing on a product was a great way to get funding and press attention, and many vendors played it fast and loose with the AI moniker, confusing customers and frustrating those with “real” AI capabilities. Winners in 2021 will move away from the “AI everywhere” trend and shift away from trying to educate the market on the technical differences between rules engines, AI and machine learning (ML), and robotic process automation (RPA). Instead, they’ll focus their marketing around real examples of the comparative business benefits of their approach over others.

A return to (somewhat) intelligent regulation

The continued pace of innovation as well as recent events are increasing demands for new and intelligent regulations, and 2021 will see reinvigoration of conversations about revising Section 230 as well as addressing other areas like 5G. With 230 gathering enemies on both sides, it’s likely the government will move relatively quickly to talk about reviewing it. However, the process, in typical government fashion, is unlikely to make much progress in the next year. It does present an opportunity for policy leaders to recognize that the old strategies won’t apply, and that breaking up companies as a policy measure on its own is at best a short-term reorganization. It also means that market forces will be the main driver for change for Internet platform providers in 2021.

From resilience to innovation

Organizations will continue to have to address unexpected disruptions and challenges in 2021, but many will benefit from new sources of innovation as a “get it done” mindset becomes more broadly accepted. In 2020, many individuals and companies had to rapidly find new ways to get things done out of necessity – leading to, for many, unexpected levels of not just resilience but innovation. As employees were empowered to get things done, the temporary license granted for risk taking, trying new things, and making mistakes had many positive outcomes. Now that the toothpaste is out of the tube, many companies

will consider how they can adopt some of the best “get it done” practices of 2020 to drive innovation moving forward. This means more investment for digital transformation efforts and acceptance of bottom-up technology projects – like low-code development tools – as a results-oriented means of enabling and democratizing transformation.

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