

Collaboration By Design In An Age Of Generative AI And The Modern Workplace

The Perils Of Neglecting Collaboration As A Design Principle
And Telltale Signs Your Organization May Be At Risk

Table Of Contents

3	<u>Executive Summary</u>
4	<u>Key Findings</u>
5	<u>Modern Work Experiences Vary — And Not In A Good Way</u>
7	<u>Responses To App Challenges Are Fractured And Inconsistent</u>
10	<u>Companies Are Simply Surviving When They Could Be Thriving</u>
12	<u>Key Recommendations</u>
14	<u>Appendix</u>

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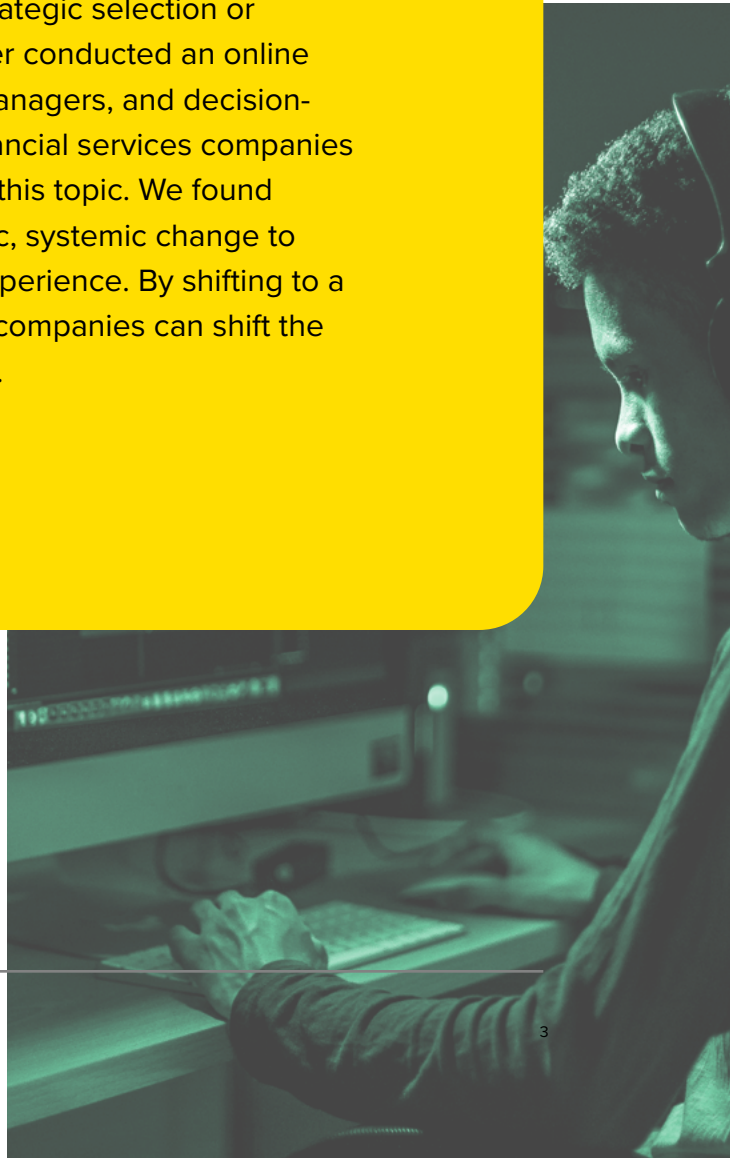


Executive Summary

In response to the global shifts of the last several years, companies are adopting new processes, tools, and strategies to adapt to variable work environments and the rise of generative AI. While the majority of companies are making changes in response to these shifts, there is a near universal consensus that applications have not kept pace. This lag is creating a significant drag on productivity and employee satisfaction. Most applications in use today were deployed before the COVID-19 pandemic, built for a different time with different requirements.

To reclaim significant wasted time and embrace modern work patterns (including generative AI) effectively and safely, organizations must recognize collaboration as a foundational design principle alongside security, privacy, and quality. Effective collaboration won't happen by chance or force of will — it will happen by design.

In February 2023, Microsoft commissioned Forrester Consulting to evaluate the potential prioritization of collaboration in the strategic selection or development of applications and software. Forrester conducted an online survey with 1,091 respondents with practitioners, managers, and decision-makers in manufacturing, healthcare, retail, and financial services companies in the US, the UK, France, and Germany to explore this topic. We found that companies are suffering from a lack of strategic, systemic change to adapt to hybrid work and improve the employee experience. By shifting to a growth mindset, as opposed to a survival mindset, companies can shift the productivity of their employees from the ground up.



Key Findings

Virtually every company has been pushed to take some kind of action because of the changes in how we work. Nine out of 10 workers reported that collaborative tool and data access constraints significantly impact their productivity and job satisfaction. The distributed and dynamic nature of modern work is impacting how enterprises design and develop, buy, and maintain their apps, but it's the users that are paying the price in lost productivity and job satisfaction.

These actions are primarily driven by risk aversion/ mitigation and survival mode thinking. While companies work to mitigate risks stemming from modern work and reduce inefficiencies, they must also embrace and utilize this new world of opportunities to differentiate and innovate.

Rather than narrowly focus on negative metrics like context-switching issues, focus on actual workplace metrics that can reflect both deficits and improvements. These metrics could compare time spent on "real work" versus pre- and post-work tasks and include the measurement of work output. This one practical and actionable example illustrates how to make the strategic pivot from survival to growth.

Effective collaboration puts organizations in the best position to succeed. Disruptions create opportunities to innovate. A pivot from survival mode to growth mode is an essential first step.



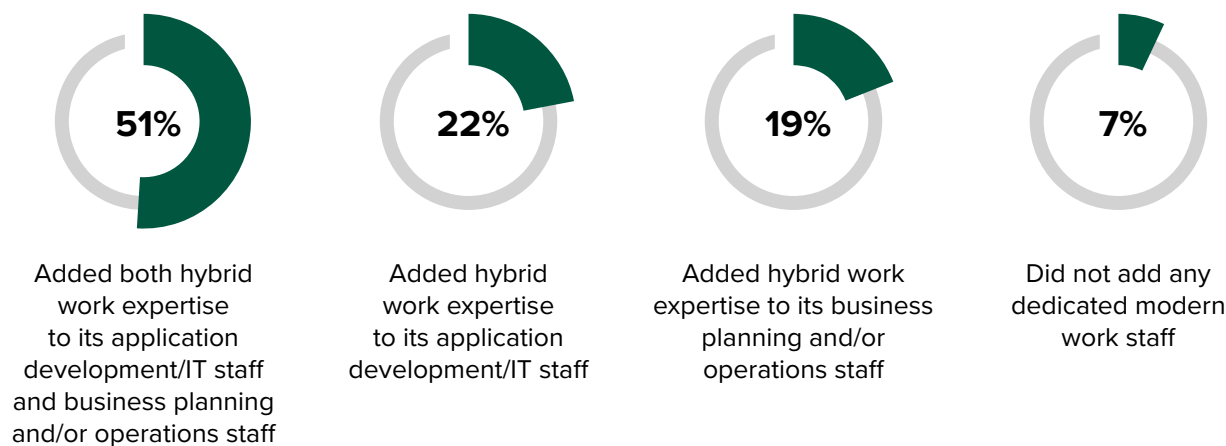
Modern Work Experiences Vary — And Not In A Good Way

The COVID-19 pandemic has pushed virtually every company to take some kind of action over the last three years. For example, 92% of respondents have added to their development/IT staff or business planning/operations staff — or both (see Figure 1). In surveying 1,091 respondents, we found that if those actions were graded based on where companies are today, the results would be unsatisfactory. When it comes to our respondents:

- **Less than half believe their apps are very effective in interactions with partners, customers, and suppliers.** Nearly half have trouble finding/gaining access to the data needed to do their jobs, struggle collaborating with a distributed team, and waste time and energy by context switching between apps. Sunk cost: Over 90% of applications were developed prior to the pandemic. And what’s worse, respondents struggle to assess their maturity in strategic application development, and processes for assessment vary across companies. Forty-eight percent of respondents noted their firms rely upon more than one assessment criterion across the enterprise, while only 47% share one criterion across the enterprise (see Figure 2).

Figure 1

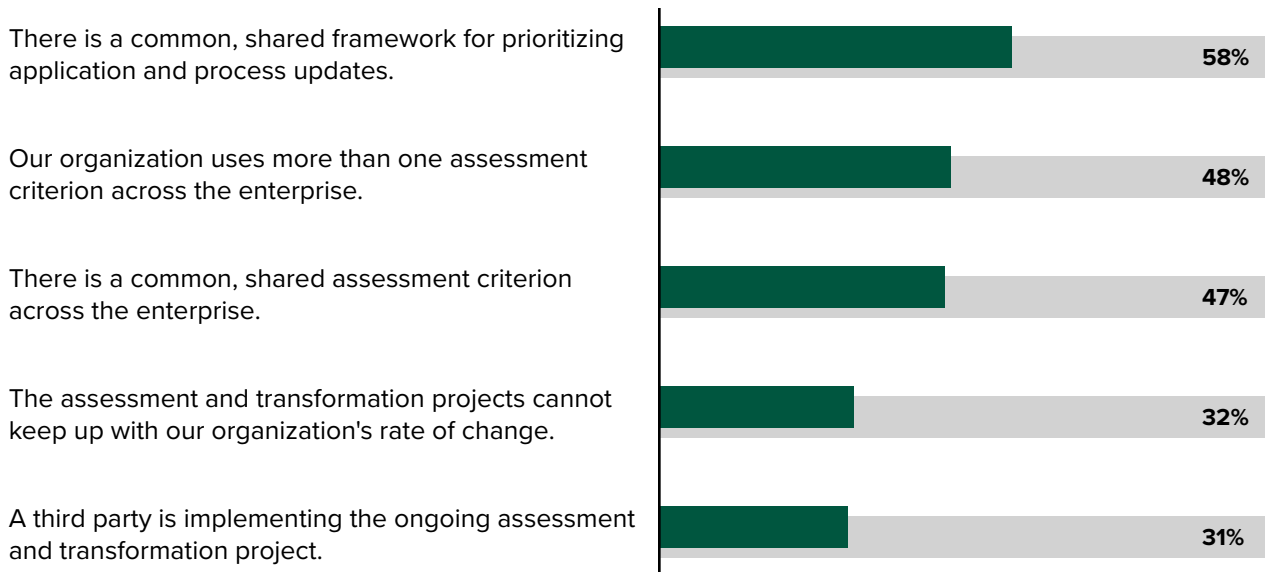
My organization has:



Base: 1,091 practitioners, managers, and decision-makers at global enterprises
Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft, March 2023

Figure 2

Approaches To Assessing And Updating Applications And Processes Are Lacking



Base: 1,091 practitioners, managers, and decision-makers at global enterprises

Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft, March 2023

- **Responses are often incomplete, fractured, inconsistent, and insufficient.** Users are prone to list pain points rather than propose wholly new innovations to their apps. Combined with the increased risk/attack surface that modern work has foisted upon us, the actions referenced above are primarily driven by risk aversion/mitigation and survival mode thinking as opposed to finding ways to innovate in a new world of opportunities.
- **There is a relatively high organizational tolerance for ineffective collaboration. Collaboration is not perceived as an area for innovation.** Compared to domains like security, operations, and privacy, companies recognize that supporting employee collaboration across the business is important for success, but their plans of action are rarely comprehensive or consistent.

Base: 1,091 practitioners, managers, and decision-makers at global enterprises

Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft, March 2023

Responses To App Challenges Are Fractured And Inconsistent

Disruptions like we've seen in modern work represent opportunities to innovate rather than a narrow set of gaps or vulnerabilities to mitigate. Vulnerability management looks more like a game of whack-a-mole as it translates into a multitude of tactical responses that do not address the fundamental shifts in modern work. A growth mindset leads to strategic planning, consistent patterns, and a scalable approach that is most likely to have built-in support for the continuous, fast-moving changes coming our way. Much like digital transformation, collaborative transformation should begin with a self-assessment.

- **Sunk costs leave respondents in pre-pandemic mode.** Before 2020, typical work patterns, locations, and infrastructure were static with work clustered on-premises. This simpler time is a relic of the past. New work patterns have forced respondents' companies to reevaluate their approach to app selection criteria for new apps (73%), app development practices for new development (72%), and app backlog prioritization (65%) (see Figure 3).

Figure 3

Hybrid Work Patterns Forcing Reevaluation Of App Criteria, Practices, And Prioritization

(Showing "True")

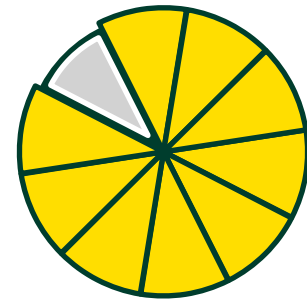


Base: 1,091 practitioners, managers, and decision-makers at global enterprises

Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft, March 2023

Ninety-three percent of respondents noted their firms are updating their inventory of applications and processes to meet evolving business, user, and customer needs. While there is near universal consensus that change is required — what should that change look like and how can an organization tell if it's doing it right?

- **The balance between pre- and post-work versus primary work is a strong indicator of collaboration maturity within an organization.** In order to better understand our respondents' thinking when it comes to efficiency, we applied a maturity model using our survey data. We compared the percentage of time respondents spent on pre-work (e.g., admin, organizing, researching, scheduling, connecting) and post-work (e.g., write-ups, assignments, admin, scheduling, miscellaneous follow-up tasks) to their primary work (i.e., actual job function). The respondents were divided into three groups: lowest efficiency (bottom 20%), intermediate efficiency (middle 60%), and highest efficiency (top 20%).
- **On average, respondents spent 40% of their time on tasks outside of their actual job function.** Forty percent is the equivalent of two full days out of every week. However, the most efficient 20% averaged only 19% of their time working on other tasks, while the least efficient averaged 65% of their time (see Figure 4). This is actually good news because it suggests that drag on work is not a fixed. If variable, perhaps modeling the highest performers would benefit the rest of the respondent organizations.
- **What are the best predictors of high- and poor-performing organizations?** When asked to identify factors that significantly impacted job performance or satisfaction, there was no single pain point that could predict how effective or efficient a respondent might be. In fact, there were a variety of factors reported across all



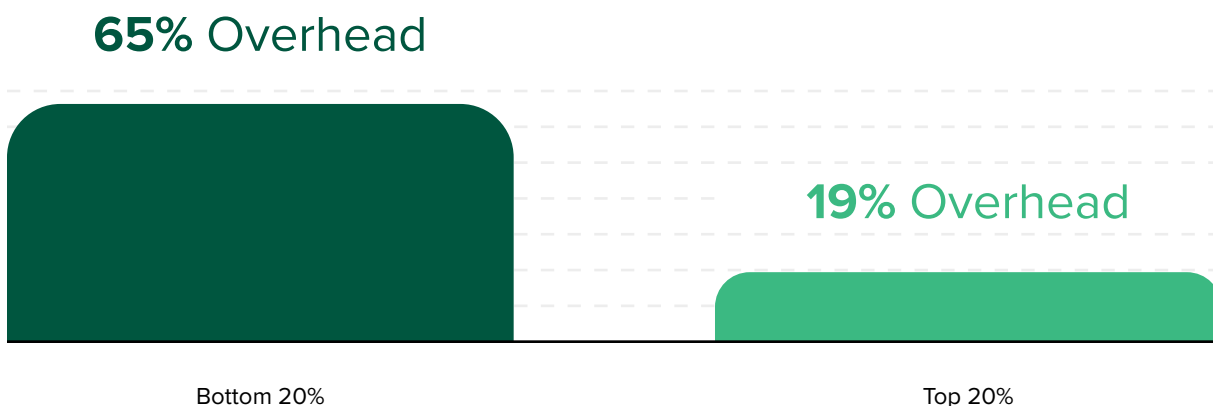
9 out of 10 respondents report that collaborative tool and data access constraints significantly impact their productivity and job satisfaction.

respondent categories. However, the poorest performing group consistently identified a higher number of factors. In other words, respondents from poor-performing organizations were suffering from a death of a thousand cuts, where the cuts (the specific limiting factors) were less important than their volume. The lowest efficiency group reported 28% more limiting factors than the highest efficiency group. Limiting factors included not having access to the best tools to complete tasks, tools being difficult to use, and wasting time and energy context switching between programs or applications. Other limiting factors included difficulty finding/gaining access to the data needed for their job, collaborating with a distributed team, and difficulty sharing work.

- **Primary work versus pre- and post- work offers a rubric for both reduced inefficiency and amplified innovation and productivity.** The highest performing 20% should not rest easy knowing that they have the most productive employees. Now that they spend more time doing their core work, the next critical question is this: How innovative and productive are they in their roles? Effective collaboration should not be evaluated solely on how much inefficiency is avoided. It should also be a driving force on ideation, decision-making, strategic alignment, and morale.

Figure 4

Top 20% Of Respondents' Firms Are 245% More Efficient Than Bottom 20%



Base: 1,091 practitioners, managers, and decision-makers at global enterprises

Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft, March 2023

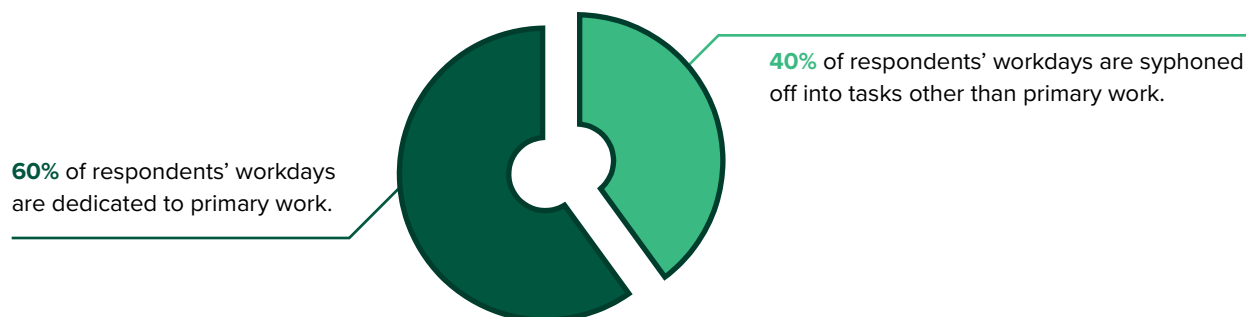
Companies Are Simply Surviving When They Could Be Thriving

Rather than focus on negative metrics like context switching issues, companies must learn to focus on actual workplace metrics like primary work versus pre- and post-work and how they can improve those outcomes. This is a practical and actionable example of how to make that pivot from survive to thrive. Based on our results, we found that:

- **Risk mitigation — not growth — is driving most change.** And respondents only expect to spend more time working remotely than in the office, prolonging the hybrid experience. Over the next two years, in-office time is expected to continue to drop from 60% of time in office to 53%, and remote time increasing inversely from 43% to 50%.
- **A change in pace is coming.** Clear indication that users would prefer to spend less time in one-on-one meetings and more time on formal workflow processes and deliverable creation. This harkens back to the current trend of most respondents spending 40% of their time on pre- and post-work, while just 60% is spent on primary work (see Figure 5). This also points directly to the impact of context switching during work. Seventy-three percent of respondents said switching between applications during work is impactful to their productivity. Imagine what could be accomplished by addressing this via a more unified employee experience; one that was crafted with collaboration and productivity as a core design principle.

Figure 5

Pre- And Post- Work Vs. Primary Work



Base: 1,091 practitioners, managers, and decision-makers at global enterprises

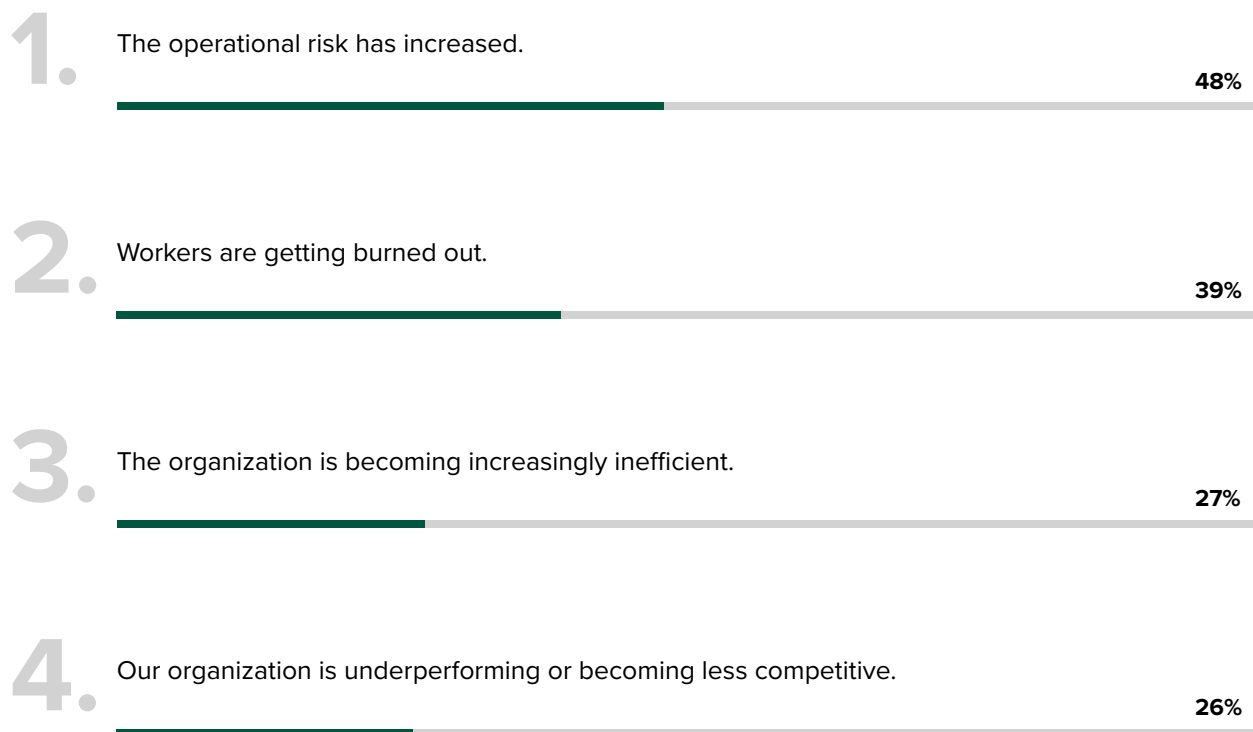
Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft, March 2023

Firms are switching from a survival mindset to a growth mindset.

With productivity on the line, respondents indicated that the top factors currently driving transformation within their organizations start with operational risk (48%), worker burnout (39%), their organization becoming inefficient (27%), and their organization decreasing in competitiveness (26%) (see Figure 6). To address these challenges, companies are being sent a tall but necessary order: Realign their strategies with a unified, cohesive employee experience in mind. As companies continue to adopt emerging and edge technologies to support the future of work for their business and employees, they can lay the groundwork for improved collaboration by design as the foundation of their growth plan.

Figure 6

“What is driving your organization's need to adapt to hybrid work?”



Base: 540 practitioners, managers, and decision-makers at global enterprises who are updating their organization's approach to hybrid work
Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft, March 2023

Key Recommendations

Companies continue to adopt new processes, tools, and strategies to adapt to variable work environments and the rise of generative AI. To effectively manage the productivity and efficiency of employees, these changes must be made with collaboration in mind, not only as a default, but by design. Forrester's in-depth survey of 1,091 practitioners, managers, and decision-makers at global enterprises yielded several important recommendations:

Take advantage of the current environment to invest.

As organizations adapted to the COVID-19 pandemic, they quickly modified their existing tools to deliver basic collaboration capabilities for remote work. But that's not the same as developing a strategy for optimizing collaboration in hybrid and remote-working scenarios. With the crisis past, hybrid work is here to stay, and transformational AI changes are coming at us fast. Now is the time to make deliberate, thoughtful investments in tools and methods to optimize collaboration.

Treat effective collaboration as mission critical.

Financial integrity, information security, and regulatory compliance are well understood as mission-critical must-haves with dedicated C-level executives accountable for outcomes and well-defined strategies. Collaboration doesn't enjoy the same perception of criticality and focus, yet when it breaks down, markets and fortunes are lost and companies fail. Elevate collaboration effectiveness to a C-level priority and develop a strategy for collaboration by design.

Make collaborating personally advantageous for employees.

The least visible collaboration inhibitors come from emotional dynamics that play out between workers and organizations. When employees feel that they are taking personal risks to share what they know with others, they won't. A collaboration-by-design environment is one that is welcoming and trusting, where people feel safe to share what they know with others knowing that they will benefit in the long run, and where the way people are evaluated places

collaborative behaviors above individual performance metrics. Value sensitive design is one method that takes a systematic approach to both functionality and organizational values. Security by design and responsible AI have both benefited from incorporating these patterns; collaboration shares the same overlap of technical and value-based tenets. When workers feel comfortable and confident in the ways they are expected to work individually and collaboratively, it generates value for both the employee and the business.

Apply design thinking to collaboration scenarios.

Studies show that when collaborating is mentally difficult or inconvenient, people will avoid it and focus on solitary tasks instead. If the cognitive load to initiate a task is high or if the systems are obtuse, employees will be less prone to act. Tools that facilitate synchronous and asynchronous work level the playing field between remote and office-based employees, providing a common experience for in-office, home, and flex workers. Tools for chat, virtual meetings, content coauthoring, project coordination, and information sharing make it easier to perform cross-team and cross-geography work.

Build your collaboration around technology ecosystems.

Technology ecosystems are designed to work together so that collaboration activities are easier to initiate, require fewer steps to complete, and offer automation for routine tasks. Lifetimes of knowledge are lost every day as companies fail to mine the communication streams among people as they go about their daily work. Ecosystems that can mine these communication streams for knowledge will replace publishing and managing the documents that currently comprise knowledge. This means that prioritizing collaboration by design — and by default — can help organizations generate more value, faster.

Appendix A: Methodology

In this study, Forrester conducted an online survey of 1,091 respondents at organizations in the United States, United Kingdom, France, and Germany to evaluate the maturity of their dedication to collaboration when developing applications. Survey participants included individual contributors, managers, and decision-makers at enterprise companies. The questions provided to the participants explored the potential prioritization of collaboration in the strategic selection or development of applications and software. Respondents were offered a small incentive as a thank-you for time spent on the survey. The study began in February 2023 and was completed in March 2023.

Appendix B: Demographics

COUNTRY	
United States	42%
United Kingdom	21%
France	20%
Germany	17%

SIZE	
20,000 or more employees	25%
5,000 to 19,999 employees	26%
1,000 to 4,999 employees	39%
500 to 999 employees	10%

TOP 5 INDUSTRY	
Technology/tech services	15%
Financial services	14%
Retail	14%
Manufacturing and materials	11%
Healthcare	11%

POSITION	
Manager	36%
Full-time practitioner	26%
Director	19%
C-level executive	14%
Vice president	5%

DEPARTMENT	
IT	49%
Operations	13%
Finance/accounting	12%
Human resources/training	9%
Software development	8%
Sales	7%
Marketing/advertising	2%



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