The economic consequences
of an unmanaged digital business

The tremendous technological advancements of the past decade have revolutionised how we live and work. Businesses worldwide are rushing to invest in the most innovative, state-of-the-art technology on promises of higher quality experiences and competitive advantage and yet, despite this investment in digital, when the average employee is working to a tight deadline, the dreaded Windows rotating dots or Apple spinning wheel are still universal experiences.

We spend more time than ever interacting with digital tools and processes as both customers and employees, making their performance even more integral to the success of a business as a whole. Failure to focus on the success of the digital business and how its services are experienced results in decreased employee productivity -- and the knock-on effect of lost productivity is poor customer experience, which affects a business' brand as well as its efficiency.

## Identifying the cause of frustration

Finding the weak link in a complex digital ecosystem is easier said than done. Despite causing endless frustration, slowness often goes unreported and even when it is investigated, it is difficult for a normal IT department to pinpoint the cause. Most solutions focus on customer and employee feedback or network data, which either rely on survey forms and are therefore imprecise and unreliable, or report only on numbers and fail to get to the heart of the issue. Businesses need a middle ground.

Actual Experience turns network data into a Human Experience score. We calculate the human experience of a digital service by analysing data along the digital ecosystem responsible for delivering a service. The score isn't a set of averages or run by a bench mark -- it's a proven simulation of what a real human being is experiencing.

actual experience

✔ Determining a good Human Experience

To understand the impact of poor human experience on business productivity, our experts, led by Professor Jonathan Pitts, analysed a year of data from customer deployments. This data focuses on the performance of the digital ecosystem between an employee or a customer and a key service or application. Millions of calculations per minute determine how much time is wasted by the digital ecosystem when it is underperforming. The time lost is a direct consequence of poor performance in that digital ecosystem and its effect on human experience -- and, by extension, the digital business.

◷ Calculating time loss

85% of our working
time is spent in
front of a computer
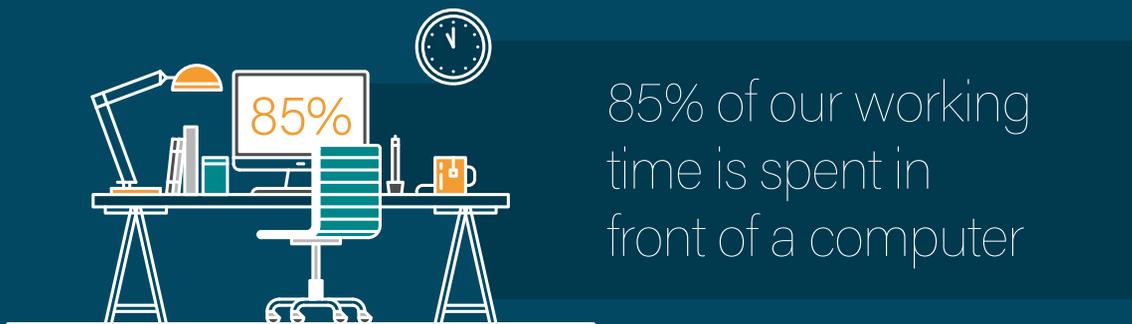
The average office worker spends up to 85%[1] of their time in front of computers, and up to 30% of that time is using outsourced networked applications delivered across a complex digital ecosystem. This might be a CRM solution like Salesforce to process customer orders, or collaborating with a team using Slack or WebEx. These networked applications are becoming integral to the completion of many daily business tasks -- in their study of the growing trend to cloud adoption, Gartner[2] estimates that in 2020, 38% of expenditure on enterprise applications is on delivering those services.

When an employee uses a networked application, it communicates across the digital ecosystem. The pattern of communication depends on the application's purpose, structure and underlying architecture. But when the digital ecosystem underperforms, this communication can suffer a variety of impairments, negatively impacting the time a user takes to complete tasks with the application. This is what we refer to as "wasted time".

We started by establishing a baseline for normal communication when the digital ecosystem is performing properly and then performed additional analysis to determine how wasted time accumulates. A Human Experience Score of 80 reflects a digital ecosystem working at peak performance - anything above this is overinvesting, and below 80 is where we start to see time and money loss.

| 60 | 70 | 80 ✔ | 90 | 100 |

An average digital business typically has a score around 70.

[1] https://www.independent.co.uk/news/uk/home-news/office-workers-screen-headaches-a8459896.html
[2] https://www.gartner.com/en/newsroom/press-releases/2018-09-18-gartner-says-28-percent-of-spending-in-key-IT-segments-will-shift-to-the-cloud-by-2022

actual experience

⚠ The true cost of wasted time

Our analysis of real-world data revealed a fundamental relationship between human-perceived digital performance and wasted time. For every drop of 10 in Human Experience Score, we saw an hour of real time lost.

To put that into perspective, say a CRM in a call centre has a standard Human Experience Score of 72. It will take 10% longer for a customer service representative using it in a call centre to process customer orders. If their working day is defined by a set number of calls, their day would be 48 minutes longer than with a properly working digital ecosystem.

Employees work 48 minutes longer each day
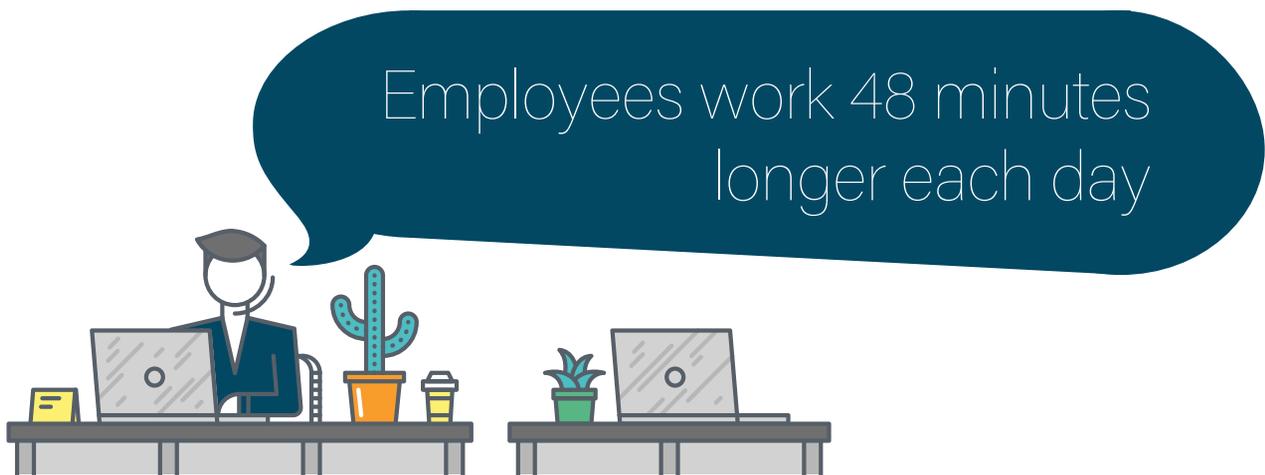
If they finish the day after completing 8 hours of work, overall fewer tasks have been completed -- our analysis shows they would have been productive for 7 hours and 16 minutes, with 44 minutes of wasted time.

Consider this across all employees in a call centre and it becomes clear that a poorly-performing digital ecosystem can directly affect employee productivity, and will have a similar impact on customer experience. A call centre is an easy case study because of its clear reliance on digital services, but the numbers are easy to extrapolate across different environments -- whether it's designers using cloud collaboration software or finance employees using online accounting tools, the effect of poor human experience on a business is universal.

£ The economic consequences

Now that we can calculate the lost hours of productivity as a consequence of poor Human Experience, we can also estimate the cost implications this has on a business. For the calculations below, we assume an average fully loaded hourly rate for a typical US employee of about $48, based on an hourly salary of about $27[3] plus wages, benefits and costs of providing facilities. For an average Fortune 500 company with a 20% digital business[4] and a Human Experience Score drop of 5 points, this equates to a cost of about $72M -- or 1.3% of the fully loaded wage costs for the organisation.

---

[3] US Department of Labor - https://www.bls.gov/news.release/empsit.t19.htm
[4] This is an estimate of the amount of business activities that rely on digital services

If the company increases their digital business to 40% and experiences a Human Experience Score drop of 15 points, the cost for wasted time increases significantly, to about $435 million, or 7.82% of the fully loaded wage costs for the organisation.

cost of wasted time equates to $435m

or 7.82% of the fully loaded wage costs for the organisation.

For a real-world example, we applied the same analysis to a top 4 US management consultancy company. We assumed an average annual salary of $61,000, a conservative 20% digital business and only a 5-point drop in Digital Quality. We estimated the fully loaded wage cost. This equates to a cost of about $703M for wasted time, or 1.3% of fully loaded wage costs for the organisation. As a growing portion of the average working day is spent routinely using cloud collaborative digital services, it is more likely the company is about 40% digital business. If this organisation experienced a consistent 15-point drop in Human Experience Score, the cost of wasted time would be a staggering $4.2B -- 8.1% of the fully loaded wage costs for the organisation.

Businesses are likely losing tens -- or even hundreds -- of millions of dollars of employee time each year as a result of an inconsistent experience across their organisations.

Despite affecting productivity, the extent of the issue is ignored and assumed too difficult to fix. No company relying on digital solutions to deliver their services can afford to do this.

Managing your digital business through the lens of Human Experience makes all the difference. With Actual Experience and our Human Experience Audit, we provide visibility of this waste, helping to reduce productivity loss and gain a competitive edge. Our patented technology is the difference between guesswork and truly actionable information, presenting a proven representation of the human experience of your digital business. With this knowledge, organisations can make a real-world difference to their digital business, by improving the productivity of their employees -- and, more importantly, the experience of their customers.

actual experience