



# WORKPLACE EXPERIENCE



## Making the workplace work for banks and insurers

Research finds that transformed workplaces can increase revenue by 16% and reduce costs by 13%.

# The workplace is a source of sustainable value

For banks and insurers, the workplace has traditionally been seen as a cost center. A place to maximize transactional efficiency and reduce cost.

Employee experience (EX) is rarely baked into workplace initiatives, yet the workplace is where you can differentiate.

Our [research](#) into transformation drivers for banks found EX at the bottom of the list – 20% compared to 41% for the top drivers of greater innovation and staying ahead of new entrants. The workplace is a source of sustainable value that most financial services companies have yet to fully leverage.



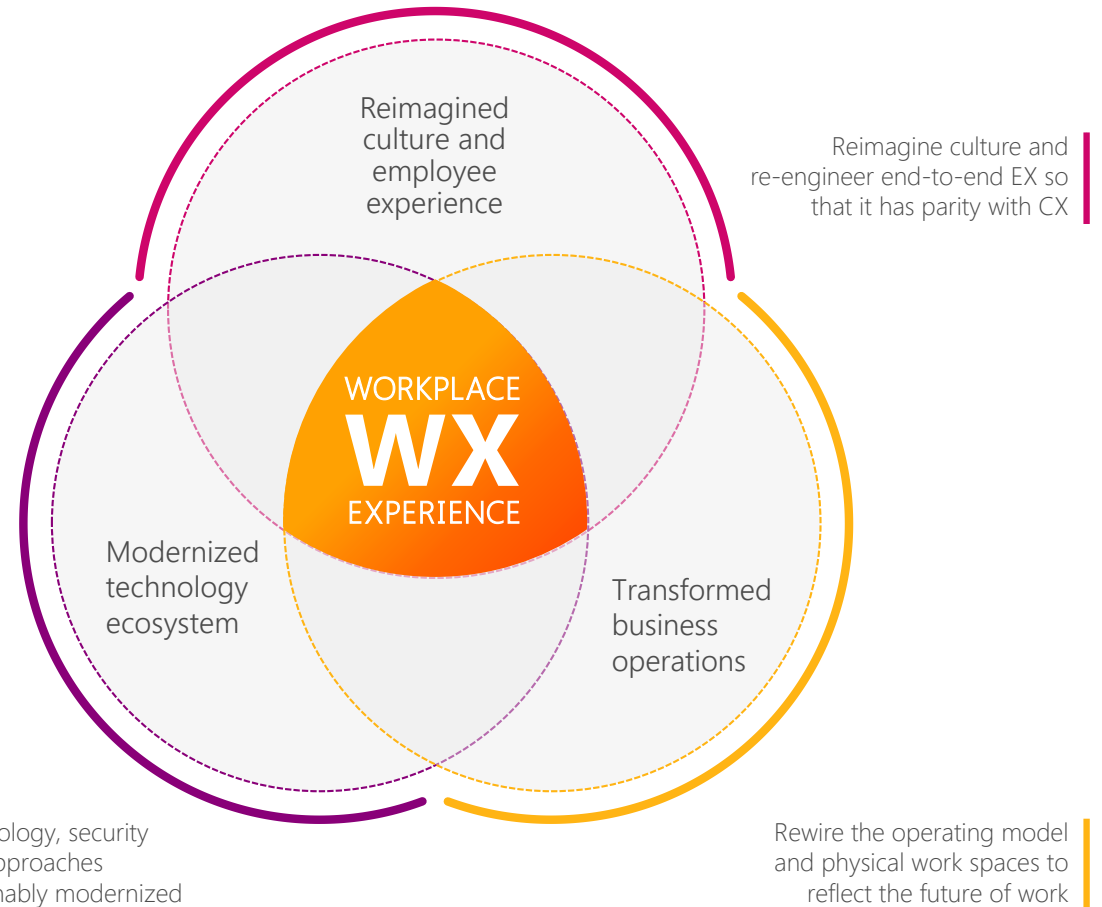
# What does good WX look like?

A positive **Workplace Experience** (WX) needs three building blocks to take place:

- **Culture:** Employees need to feel empowered and motivated to make changes to the way work is done.
- **Operations:** Management needs to keep processes and systems simple and easy to use, so they enhance employees' ability to deliver great customer service.
- **Technology:** Modern platforms and tools need to be in place to allow you to scale up quickly and cost-effectively.

The right workplace environment requires all three plates to be spinning at once. Focusing on just one element will not create the right workplace environment. You need a holistic approach. For example, you may motivate people by reskilling them in areas such as AI or analytics. But if the processes are still complex, the new tools have not been integrated into existing systems or your culture does not reward those who take time to reskill, then the impact of the investment will be limited and the customer experience (CX) will decline.

Transform banking and insurance with **WX**



# You can't go it alone

This means that IT, HR and the business divisions need to work together to make this happen. Working in silos will not do. IT needs to advise the business on how technology will drive benefits; HR needs to engage and motivate people to improve productivity; and divisional/line of business heads (e.g. retail banking, general insurance) have to simplify operations to deliver integrated CX.

The good news is that most CIOs have positive relationships with the business divisions and a strong business mindset that sees technology as a key enabler of performance. However, HR has often been the missing piece and is rarely brought into major transformational projects, despite their input being critical, especially around workplace issues.

## Our recent research<sup>1</sup> into WX for retail banks and general insurers suggests this may be changing:

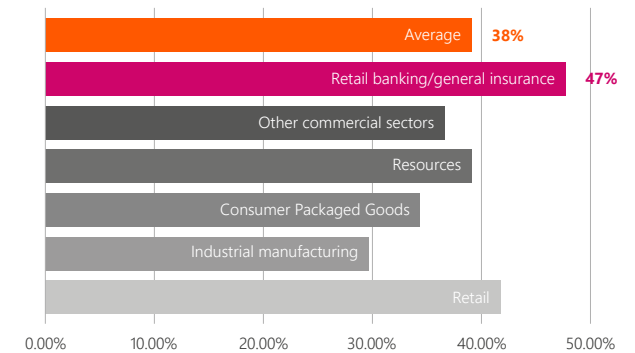
- When asked who should lead WX transformation, respondents agreed that a board member should lead a cross-functional group of business, IT and HR execs (**cited by 42%**).
- **Only 21%** thought IT should work independently with no other functional leads involved. However, those who thought IT should work with HR and business leads **increased from 12%** (current situation) **to almost 20%** (what execs would like to see). This was the highest increase of all the sectors covered, including retail, manufacturing, consumer goods, energy, utilities and chemicals.

- HR want to be involved in transformational work and are happy to work with IT and the business – **almost half of HR respondents (47%)** in financial services thought their roles should be prioritized when considering a workplace transformation initiative. This was the highest response across all sectors covered (**industry average was 38%**). (Graph 1)
- **72% of HR respondents** said that adopting new workplace technology was the top priority in transforming EX – the highest across all sectors (**industry average was 63%**). (Graph 2)

To successfully develop a great WX, it's clear a holistic approach is needed. It's also clear that HR input is essential to such transformation work – and they want to help.

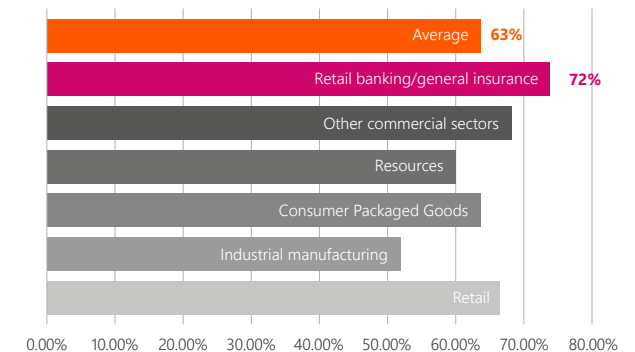
## 1. Which roles would your organization prioritize when undertaking a workplace transformation initiative?

Responses to 'HR role'



## 2. What are the priority areas that employee experience transformation is focusing on in your organization?

Responses to 'Adoption of new workplace technology'



<sup>1</sup> See Methodology section at the end of the report for more details

# The benefits are significant

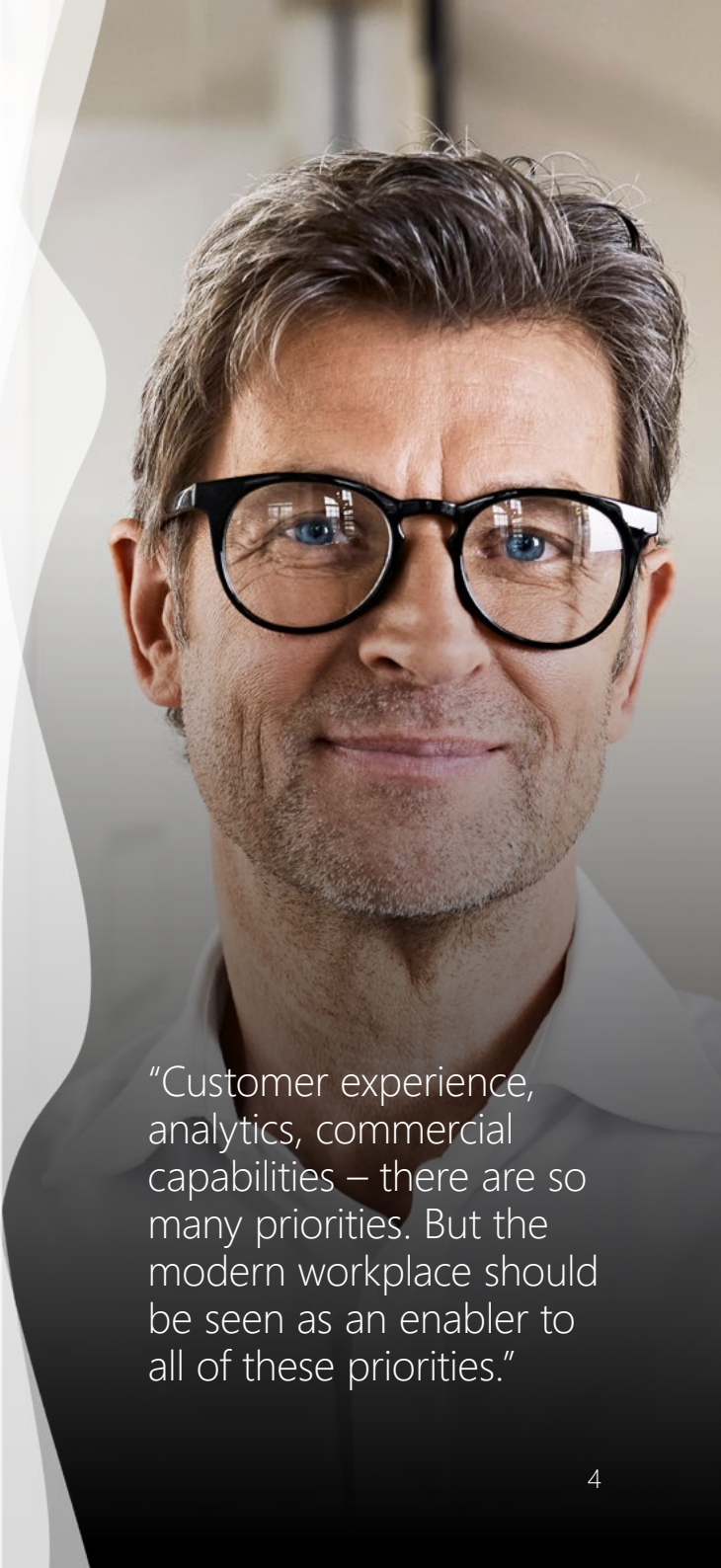
According to our research, senior banking and insurance executives estimate that workplace transformation has the potential to **increase revenues by 16%** and **reduce costs by 13%**.

[MIT Center for Information Systems Research](#) found that the top performers in this area doubled customer satisfaction and the rate of innovation, as well as **increasing profitability by 26%**.

We've seen the importance of a holistic approach with our clients. For example, as part of its "A New World of Work" program, [Raiffeisen Bank International](#) wanted to use technology migration as the foundation for further digitization and a catalyst for a more innovative, collaborative way of working. The migration was viewed as a change management project, not a technology upgrade. We worked closely with the bank's change, HR and communications teams, enabling collaboration across national borders around the globe – even with external partners and clients.

"Working together in an agile way and creating flat hierarchies requires a different culture and new policies. So, our focus was not only the new technology, but also change management," commented Wolfgang Hausner, the project manager.

Getting WX right is critical because it's the foundation that will enable your other agenda items – such as a distinctive customer experience or increased productivity – to be realized. In a [workplace survey](#) one respondent commented: "Customer experience, analytics, commercial capabilities – there are so many priorities. But the modern workplace should be seen as an enabler to all of these priorities."



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# The battleground for talent

Good WX can help attract – and retain – top talent. Banks and insurers are experiencing serious challenges, given the competition from fintechs and insurtechs, as well as the major tech firms, in acquiring and retaining talented individuals. Consider the following findings from our WX research:

- When we looked at banks' drivers for digital transformation, the usual themes emerged: **more innovation, better CX and keeping ahead of new entrants (39%-41%). EX was bottom of the list (20%).**
- The good news is that bank and insurance respondents agreed putting EX on a par with CX is critical for **recruitment competitiveness (87%)** and **talent retention (92%)**. When asked if employees felt empowered to make changes to the way work is done, **79% agreed.**
- Banks and insurers agreed that **talent acquisition (40%)** and **upskilling (37%)** are major WX transformation challenges.

The reality for banks and insurers is that their people need to develop new skills, their best employees are being poached and that the best talent in the market simply may not want to work for them.

## What can you do about this?

Using modern collaboration tools and employee value propositions leads to faster innovation, improved productivity and boosts employee satisfaction. It also helps break down silos within the business and drives cross-functional activity. All these elements combine to develop a new way of working and a different culture.

For one global insurer, with over **112,000 staff and agents**, we created a workplace experience, where employees can collaborate and work from anywhere. The client now has a **single consolidated employee productivity toolset** that is accessible globally from any device. Our change management team trained the client's IT team to facilitate and expedite the adoption of the new environment. This has reduced the administrative burden and allows IT to create differentiation for the business by spending more time with employees and enhancing critical features such as security.

For a European bank, we helped create an internal collaboration platform among its **100,000 employees**. The vision was to improve collaboration and facilitate open social communities on specific topics and circumvent hierarchical constraints. The bank now has a unique way to get closer to colleagues so they can **share their experience and solve business issues** – effectively 'the wisdom of crowds.'

One employee commented: "Our collaboration network is very precious because it allows us to find answers to problems based on our people's competencies."

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# What next?

Here are three recommendations to get you started on developing great WX:

## Be holistic in your approach:

- **Build bridges:** Work with IT, HR and line-of-business leaders to form a coordinated unit. The good news is that HR want to be involved.
- **Work across functions:** Develop a pragmatic strategy, consult with delivery executives about the implementation challenges, use all your specialist skills and experience – especially around your use of physical workspace – and consider how you seamlessly integrate technology with the working environment.

## Emphasise benefits realization:

- **Drive ROI:** Greater employee wellbeing and engagement will increase productivity, lower cost and lead to business growth through a significantly improved CX. The bottom-line benefits will justify your WX programme.
- **Boost recruitment:** Forward-thinking banks use WX to generate differentiation in the marketplace, especially against fintechs and Big Tech. In a highly competitive job market, this is a serious advantage.

## Manage stakeholders:

- **Reflect diversity:** Understand that the various groups needed for successful WX transformation – IT, HR and line-of-business leaders – have differing agendas. These need to be managed together.
- **Employee focus:** Invest in reskilling (e.g. AI, analytics) and make it easy for staff to use the new workplace tools you provide.

# Further information

Find out more about [Avanade's](#) approach to developing great WX for banks and insurers.

Our overall industry research findings can be found [here](#).

## Methodology

Avanade commissioned independent technology market research specialist Vanson Bourne to undertake the research on which this report is based. For the study, 1,375 senior decision-makers across 11 countries were interviewed in summer 2019. 175 were banks and insurers.

## Global research sample

Figure 1: Country breakdown

US and Canada	300
UK and Ireland	175
France	150
Germany	150
Netherlands	100
Italy	100
Spain	100
Nordics	100
Japan	100
Australia	100

Figure 3: Functional role breakdown

HR decision-makers	278
Operations decision-makers	276
IT decision-makers	274
Marketing decision-makers	206
Service and support decision-makers	204
Other*	137

Figure 2: Industry breakdown

Industrial manufacturing	178
Retail banking and general insurance	175
Consumer packaged goods	175
Resources	175
Retail	173
Other commercial sector	499

The interviews were conducted using online interviewing. All were undertaken using a rigorous multilevel screening process to ensure only suitable candidates were given the opportunity to participate. Respondent companies have a global annual revenue from \$500 million to more than \$50 billion, have 3,000 or more employees and participate in private industries only.

\*including CEOs, CFOs and other board-level roles.

# We can help transform your WX

Avanade can help you redefine the workplace as a creator of sustainable value. We transform culture, technology, experiences and operations to increase cost efficiency, productivity and growth. Our end-to-end approach combines strategy, implementation and managed services, augmented by industry expertise, specialist tools and IP.

**Visit [www.avanade.com/WX](http://www.avanade.com/WX) to find out more.**

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## About Avanade

Avanade is the leading provider of innovative digital and cloud services, business solutions and design-led experiences on the Microsoft ecosystem. Our professionals bring bold, fresh thinking combined with technology, business and industry expertise to help make a human impact on our clients, their customers and their employees. We are the power behind the Accenture Microsoft Business Group, helping companies to engage customers, empower employees, optimize operations and transform products, leveraging the Microsoft platform. Avanade has 38,000 professionals in 25 countries, bringing clients our best thinking through a collaborative culture that honors diversity and reflects the communities in which we operate. Majority owned by Accenture, Avanade was founded in 2000 by Accenture LLP and Microsoft Corporation. Learn more at [www.avanade.com](http://www.avanade.com)

