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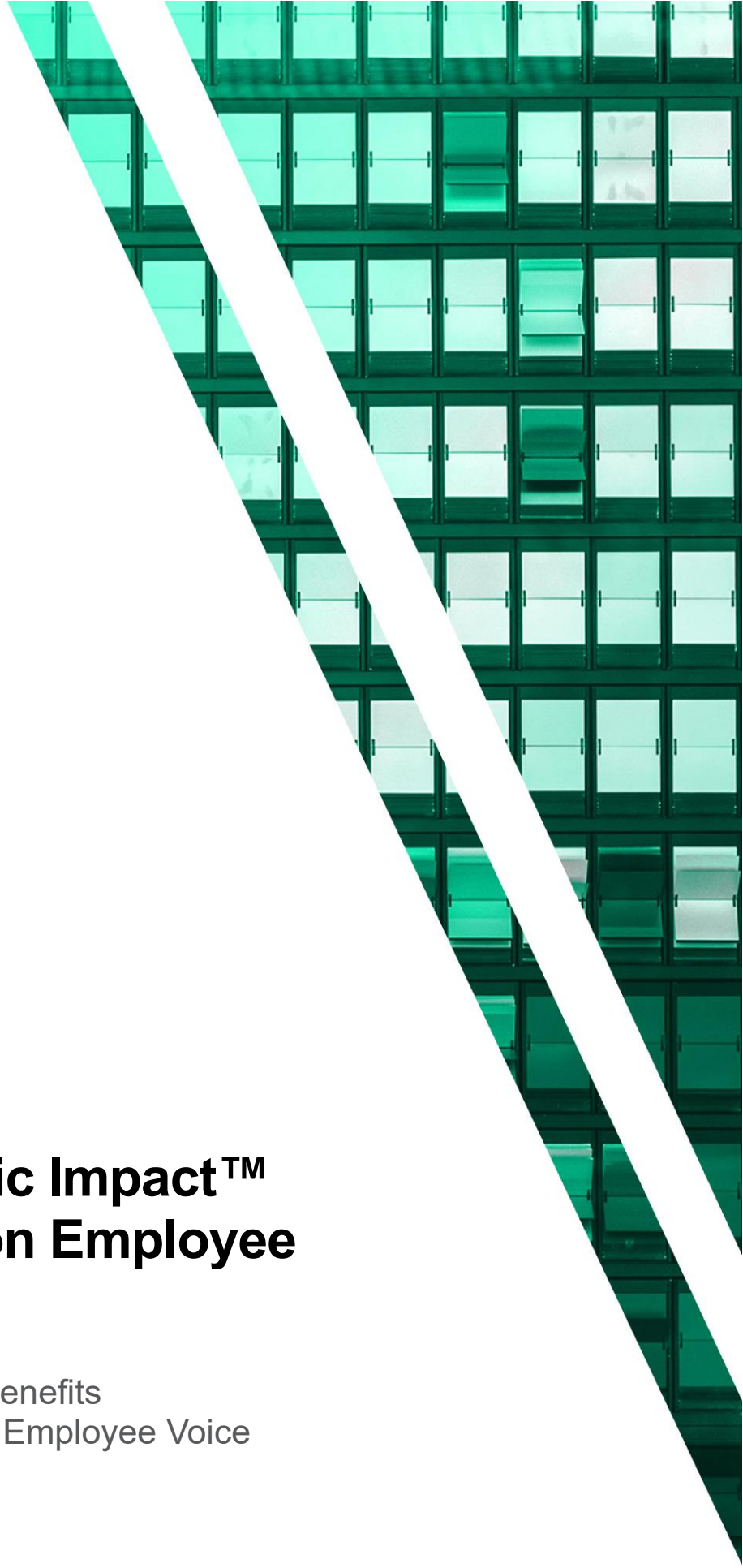

The Total Economic Impact™ Of Workday Peakon Employee Voice

Cost Savings And Business Benefits Enabled By Workday Peakon Employee Voice

MARCH 2023

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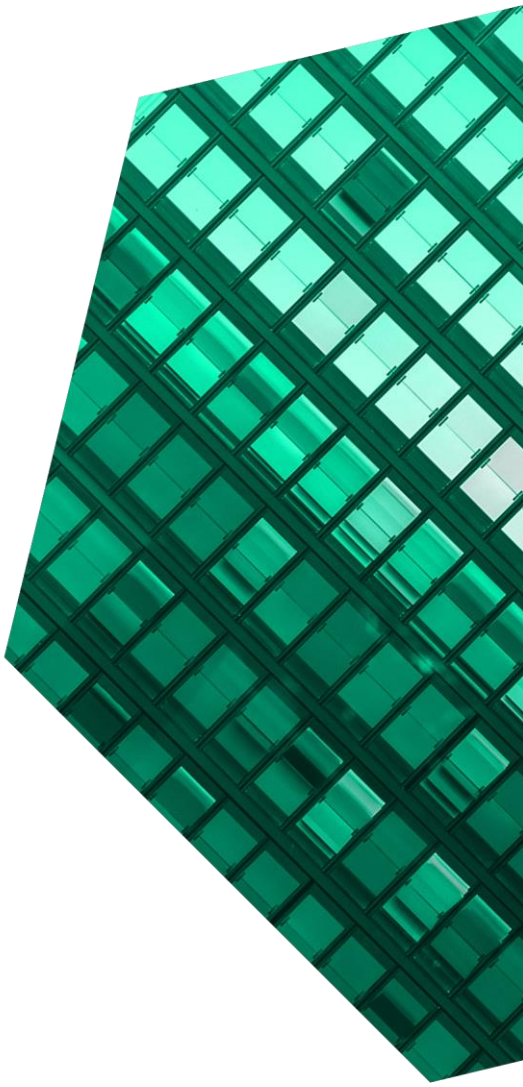
Consulting Team: Chengcheng Dong
Emma Conroy
Nahida Nisa



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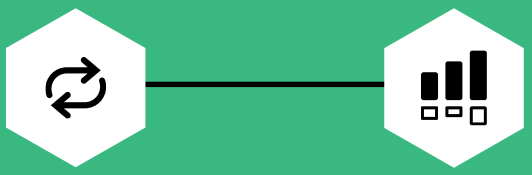
Executive Summary

Significant costs of a poor employee experience include high staff turnover and reduced productivity. With the impact of the COVID-19 pandemic and the great resignation, the importance of having a tool to improve employee experience has never been clearer. Workday Peakon Employee Voice not only helps organizations measure employee engagement, but also provides recommendations and training propositions to improve employee experience.

Employee experience insights are shaping today's workforce. The COVID-19 pandemic created a new normal of hybrid work overnight, followed by a surge of employee resignations. Companies need to leverage new sources of employee experience (EX) data and undertake insight-driven practices to navigate these challenges.[1] Having a complete listening program is a key component of an effective employee experience strategy since knowing the situation is the first step to discuss further improvement. Companies may also look for solutions that help them gather ongoing employee engagement and sentiment data; perform scientifically valid, AI-enhanced analysis on combined data sets; and make the results available in powerful ways.[2]

In 2020, Forrester Research published a New Wave™ on EX management platforms. Among the 10 assessment criteria to select EX management platforms, the ability to survey employees was key.[3] Surveys offer a primary channel for employees to express their feelings and provide organizations with a foundation to understand employees' experiences and levels of engagement. Other important tools include results insights, benchmarking, and recommendations.

KEY STATISTICS



Return on investment (ROI)
224%

Net present value (NPV)
$5.48M

Improved attrition rate of frontline workers in Year 3

4%

As part of the Workday Human Capital Management solution, Workday Peakon Employee Voice is a platform that helps organizations measure employee engagement and provides them with data-driven insights to improve employee engagement and performance. Workday Peakon empowers over 1,400 enterprise-grade organizations with personalized and real-time employee engagement insights through its approach to active listening combined with artificial intelligence (AI) and machine learning (ML) technology.

Workday commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Workday Peakon Employee Voice.[4] The purpose of this study is to provide readers with a framework to evaluate the

potential financial impact of Workday Peakon on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed five representatives with experience using Workday Peakon Employee Voice. For the purposes of this study, Forrester aggregated the interviewees' experiences and combined the results into a single Composite Organization that is a manufacturing organization with 10,000 employees.

Prior to using Workday Peakon Employee Voice, the interviewees noted that employee experience was an increasingly important strategic objective for their organizations. However, early attempts to determine and improve their employee experience yielded limited success, leaving them with poor survey results and fewer actionable recommendations. These limitations sometimes led to even worse employee experiences and a high attrition rate.

After the investment in Workday Peakon Employee Voice, the interviewees distributed more frequent surveys to employees and observed a higher participation rate. The real-time feedback managers received and action plans Workday Peakon provided ensured that the most pressing issues were addressed in a timely manner. Key results from the investment included better employee engagement, improved attrition rates, time savings when administering employee feedback surveys, increased efficiency analyzing survey results and forming action plans, and legacy system cost savings.

KEY FINDINGS

Quantified benefits. Three-year, risk-adjusted present value (PV) quantified benefits for the composite organization include:

- **Improved attrition rate of up to 4% for frontline workers and 2% for office workers.** Workday Peakon provides the composite organization with multiple channels to distribute employee surveys with validated and targeted questions. It provides more possible touchpoints to employees for response collections. More frontline workers participate in the survey in the first time, and all the employees have direct responses from their managers. Employee experience issues are addressed more efficiently and the overall attrition rate improves. Over three years, the composite organization benefits from savings of $7.5 million due to this improved attrition rate.
- **HR employee time savings of 504 hours per annual survey, even while designing and distributing more surveys.** The platform provides the composite with validated questions categorized into different drivers related to employee experience. HR distributes the surveys with one click and easily tailors surveys according to the target employees. Seventy-five percent of the survey preparation and distribution time is saved with the deployment of Workday Peakon. The Workday Peakon Employee Voice platform is integrated with the composite organization's Workday HR system, so HR doesn't need to migrate employee data between the two systems. The integration provides the composite with another layer of data insights since the employee experience data is linked with employee information data. Over three years, HR experiences time savings of $27,000 for the composite organization.

Annual survey design and distribution time savings

504 hours

- **Manager time savings of 1,584 hours on each company-wide annual survey analysis and action plan development with Workday Peakon.** The Workday Peakon platform provides real-time, analyzed survey results to managers, freeing up 50% of the time for the managers compared to the prior environment. Based on the survey results, the platform provides recommended actions to managers to address issues surfaced in the survey results. Over three years, the composite organization experiences $200,000 in time savings for managers.
- **Avoided legacy system costs of $120,000 per year.** The composite organization has a technology solution in place in the prior environment that didn't meet its requirements. By switching to Workday Peakon from the old platform, the composite organization saves $254,000 over three years.

Unquantified benefits. Benefits that provide value for the composite organization but are not quantified in this study include:

- **Improved customer experience.** Recognizing that employee experience and engagement can directly impact an organization's customer experience, the interviewees' organizations invested in Workday Peakon to improve their own employee and — ultimately — customer experiences. With Workday Peakon, the interviewees' organizations experienced engaged and motivated employees who wanted to do their best work for customers.
- **A new ability to reach frontline employees as well as employees across languages and cultures.** Workday Peakon provides multiple channels to distribute surveys, including but not limited to email, mobile, kiosk, and text message. Interviewees' organizations included their frontline workers for the first time in the employee survey after the deployment of Workday Peakon. Workday Peakon validated questions in different languages and tailored questions to different countries and cultures. This provided the organizations with a more comprehensive understanding of the employee experience.
- **Increased business agility.** One of the issues that companies face while undergoing organizational changes is the lack of knowledge of how employees feel and how to help employees adapt to the changes as quickly as possible. The Workday Peakon platform enables real-time, two-way confidential communication between employees and managers, which allows employees to express their true thoughts. One interviewee noted that they completed reorganizations in half the time it would have taken without Workday Peakon.

Costs. Three-year, risk-adjusted PV costs for the composite organization include:

- **Platform subscription fees, which make up around 17% of the total costs.** Workday Peakon charges based on the number of active users in the system. Over three years, the subscription cost is $418,000 for the composite organization.
- **Additional managerial time spent actively involved in gathering insights and engaging with employees.** With the new platform in place, 65% more managers engage with surveys in Year 1, provide feedback to employees, and follow action plans to address employee engagement issues. Increased time investment leads to improvement in employee engagement and attrition rate. Over three years, the composite organization invests $1.9 million in time spent by managers.
- **Implementation of the platform, which spans three months and a 1-hour training session for managers.** Two HR specialists and two business managers conduct the implementation for the composite over three months. All 660

managers attend the required training sessions. The total implementation and training cost is $106,000, of which just over half is the cost of implementation, with the cost of training at just under half.

Result: The representative interviews and financial analysis found that a composite organization experiences benefits of $7.94 million over three years versus costs of $2.45 million, adding up to a net present value (NPV) of $5.48 million and an ROI of 224%.

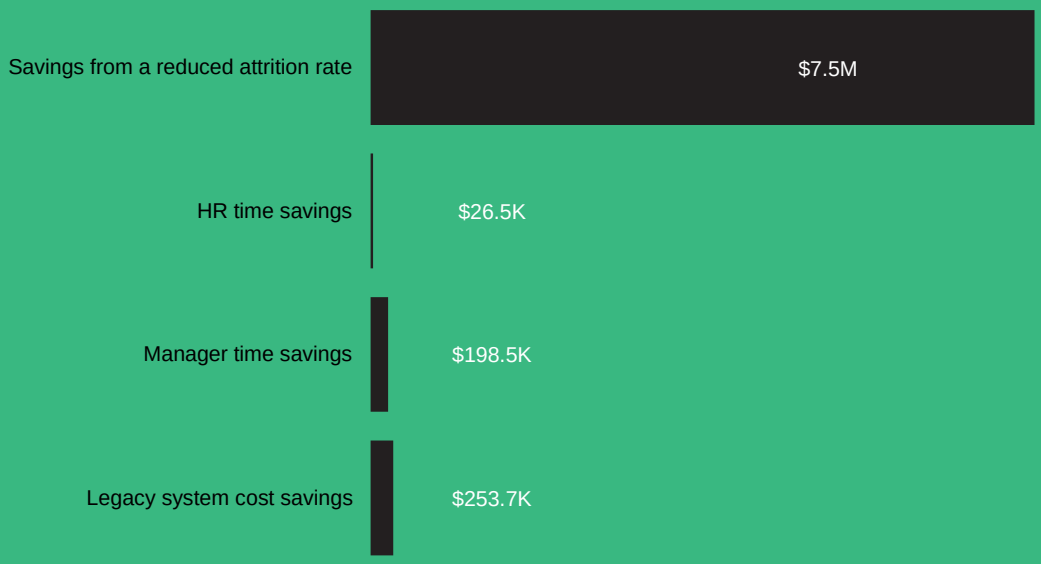
ROI
224%

BENEFITS PV
$7.94M

NPV
$5.48M

PAYBACK
16 months

Benefits (Three-Year)



“Employees give their feedback confidentially and engage in a two-way dialogue. The comments … help us get to the level of knowledge that we need quicker … in a very targeted way in the areas that aren’t going so well.”

— Chief HR officer, cybersecurity

TEI FRAMEWORK AND METHODOLOGY

From the information provided in the interviews, Forrester constructed a Total Economic Impact™ framework for those organizations considering an investment in Workday Peakon Employee Voice.

The objective of the framework is to identify the cost, benefit, flexibility, and risk factors that affect the investment decision. Forrester took a multistep approach to evaluate the impact that Workday Peakon Employee Voice can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Workday and delivered by Forrester Consulting. It is not meant to be used as a competitive analysis.

Forrester makes no assumptions as to the potential ROI that other organizations will receive. Forrester strongly advises that readers use their own estimates within the framework provided in the study to determine the appropriateness of an investment in Workday Peakon Employee Voice.

Workday reviewed and provided feedback to Forrester, but Forrester maintains editorial control over the study and its findings and does not accept changes to the study that contradict Forrester's findings or obscure the meaning of the study.

Workday provided the customer names for the interviews but did not participate in the interviews.

DUE DILIGENCE

Interviewed Workday stakeholders and Forrester analysts to gather data relative to Workday Peakon Employee Voice.

INTERVIEWS

Interviewed five representatives at organizations using Workday Peakon Employee Voice to obtain data with respect to costs, benefits, and risks.

COMPOSITE ORGANIZATION

Designed a composite organization based on characteristics of the interviewees' organizations.

FINANCIAL MODEL FRAMEWORK

Constructed a financial model representative of the interviews using the TEI methodology and risk-adjusted the financial model based on issues and concerns of the interviewees.

CASE STUDY

Employed four fundamental elements of TEI in modeling the investment impact: benefits, costs, flexibility, and risks. Given the increasing sophistication of ROI analyses related to IT investments, Forrester's TEI methodology provides a complete picture of the total economic impact of purchase decisions. Please see Appendix A for additional information on the TEI methodology.

The Workday Peakon Employee Voice Customer Journey

Drivers leading to the Workday Peakon Employee Voice investment

Interviews

Role	Industry	Region	Number of Employees
Chief HR officer	Cybersecurity	Headquartered in the US, global operations	1,500+
Head of colleague engagement	Retail	Headquartered in the UK, Europe operations	80,000+
Culture and development coordinator	Automobile manufacturing	Headquartered in the US, US operations	26,000+
AVP, strategic enablement and change	Financial services	Headquartered in the US, global operations	15,500+
HR development director and partner	Pharmaceutical	Headquartered in EMEA, global operations	2,700+

KEY CHALLENGES

Employee experience was already gaining momentum moving into 2020, but the pandemic further highlighted the value of effective employee engagement overnight. With a hybrid workforce posing new challenges for employees, companies strove to identify the opportunities to improve employee experience. Most of the interviewees' organizations had previous tools in place to tune in to employee needs through global employee surveys globally. However, the interviewees noted common challenges, including:

- **A considerable lag between survey deployment and access to results, resulting in obsolete data.** The biggest challenge the interviewees faced with previous tools was a considerable lapse of time between survey distribution, data collection, and analysis of the results, which spanned weeks or even months. Employee engagement evolved in this time, rendering the data obsolete. The AVP of strategic enablement and change in financial services said, "By the time we got the survey results six weeks later, the feedback wasn't really reflective of how the employees felt at that moment anymore." While the interviewees' organizations invested ample effort into survey design and distribution, the actions they took based on the survey were too late to drive improvements. The culture and development coordinator at the automobile manufacturing organization said, "By the time we got the survey results and then looked at them and then created action plans, a manager's entire team could have turned over and the results meant nothing."

"Our surveys were historically always annual, and so we wanted to move more towards the continuous listening strategy that Peakon exemplifies."

Culture and development coordinator, automobile manufacturing

- **Managers needed to invest excessive time in turning survey data into action plans.** Listening to employees was just the first step. To turn a survey into effective change, managers needed to spend time looking at the survey results and addressing the issues they heard. However, the previous tools had limited capabilities to provide quantitative results and action plans to managers, so managers spent a lot of time analyzing data and developing their own action plans. This was a challenging task for managers whose schedules were full, and often prevented managers from actively participating in employee engagement work. The culture and development coordinator in the automobile manufacturing organization said, "There would be comments written by employees with the previous tool, but there would be absolutely no way to analyze them other than manually reading them."
- **Previous tools didn't help organizations achieve strategic outcomes.** Interviewees described consistent strategic changes within their organizations, including mergers and acquisitions and decentralization. Organizations wanted to know how employees responded to the changes so they could adjust their strategies as necessary to ensure success. However, with previous EX management tools, organizations were not able to hear from their employees in real time and so could not make real-time strategy changes based on their employees' feedback. The HR development director and partner in the pharmaceutical organization said: "We were going to go through some challenging times. We needed a tool that we could get the responses pretty quick to understand the challenges."

"What we wanted with our new tool was a more intuitive platform [that was] easy for managers and employees to use. We needed validated questions. We wanted to be sure we had validated translations in each of our countries. We need the benchmark and also wanted to have a provider that could bring us continuity … We needed a professional tool."

HR development director and partner, pharmaceutical

INVESTMENT OBJECTIVES

Interviewees invested in listening strategies to help solve for these challenges and better understand the employee experience. The interviewees' organizations searched for a solution that could:

- Support the companies' strategic initiatives.
- Empower managers to be more actively engaged with employees and provide the flexibility to manage the employee experience locally.
- Enable employees to provide real-time and confidential feedback and make employees feeling they are connected with the company, especially in the hybrid working environment.
- Provide more channels to reach distinct employees to participate, as well as allow employees in different countries or languages to provide feedback together.
- Provide a user-friendly interface with a backend for users to control survey distribution and data collection.

COMPOSITE ORGANIZATION

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an ROI analysis that illustrates the areas financially affected. The composite organization is representative of the five interviewees, and it is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

Description of composite. The composite organization is a manufacturing company with 10,000 employees. The manager to employee ratio is 1 to 15. There are 7,000 frontline workers and 3,000 office workers in the organization.

Deployment characteristics. Before working with Peakon, the organization distributed one annual survey companywide. With Workday Peakon, the composite organization employs a continuous listening strategy and distributes one annual survey and two targeted surveys in Year 1. In Year 2, the composite organization distributes one more targeted survey. In Year 3, it distributes quarterly targeted surveys companywide.

Key Assumptions

- **Manufacturing company with 10,000 employees**
- **1:15 ratio of managers to employees**
- **7:3 ratio of frontline workers to office works**
- **One annual survey, four targeted surveys in Year 3**

Analysis Of Benefits

Quantified benefit data as applied to the composite

Total Benefits						
Ref.	**Benefit**	**Year 1**	**Year 2**	**Year 3**	**Total**	**Present Value**
Atr	Savings from a reduced attrition rate	$0	$3,202,875	$6,405,750	$9,608,625	$7,459,739
Btr	HR time savings	$10,660	$10,660	$10,660	$31,979	$26,509
Ctr	Manager time savings	$79,834	$79,834	$79,834	$239,501	$198,534
Dtr	Legacy system cost savings	$102,000	$102,000	$102,000	$306,000	$253,659
	Total benefits (risk-adjusted)	$192,493	$3,395,368	$6,598,243	$10,186,105	$7,938,441

SAVINGS FROM A REDUCED ATTRITION RATE

Evidence and data. Reducing turnover and attrition rates was one of the most important objectives for interviewees implementing Workday Peakon. Interviewees said their organizations reduced voluntary staff turnover and avoided the associated replacement costs with the deployment of Workday Peakon and the continuous listening program.

With Workday Peakon, interviewees' organizations administered more frequent surveys to hear employees' concerns. The results were displayed in real time on a dashboard, which enabled managers to notice changes and identify potential drivers behind them.

- Employees left comments confidentially in the surveys, and the Workday Peakon platform prioritized the comments by sentiment and allowed managers to acknowledge or reply to comments immediately. Employees felt management heard their opinions and employees were more actively involved in daily tasks.
- Based on employees' survey responses, the platform used AI and machine learning technology to identify issues and provide recommended actions to managers to address them. Managers were empowered to act in the early stages of employee dissatisfaction to address concerns and minimize damage before employees made the decision to leave.

"Because of Workday Peakon, we were able to administer a survey to frontline workers. For them, it was big because they had nothing, and then they had some way to express themselves. This was the first time they really got to put a comment for everything, which was very valuable and a huge game changer."

Culture and development coordinator, automobile manufacturing

- The platform delivered the surveys across multiple channels, including but not limited to emails, mobile links, kiosk, and text messages. This allowed employees to access the survey easily and increased employee participation. The culture and development coordinator in the automobile industry reported that with Workday Peakon, frontline workers participated in the survey for the first time, which made a huge difference for the organization's employee engagement program.

Modeling and assumptions. Forrester modeled the impact for the composite organization assuming the following:

- The impact on attrition rate starts in Year 2, since surveys are administered more frequently and managers are more likely to utilize the platform.
- The impact of Workday Peakon on frontline workers' attrition is bigger than the impact on office workers' attrition. For frontline workers, the improvement in attrition rate is 2% in Year 2 and 4% in Year 3. For office workers, the improvement is 1% in Year 2 and 2% in Year 3.
- The fully loaded annual salary of frontline workers is $71,500. The replacement cost of frontline workers is 30% of their annual salary. The fully loaded annual salary of office workers is $84,500. The replacement cost of office workers is 50% of their annual salary.

Risks. The expected financial impact is subject to risks and variation based on several factors that may reduce or slow recognition of this benefit, including:

- **Frequency of survey distribution.** The composite organization would realize benefits faster if it adopted the continuous listening strategy sooner without pushback from business leaders.
- **The organization's ratio of frontline workers to office workers.** Workday Peakon has a larger impact on frontline worker attrition. If an organization has smaller percentage of frontline workers, the benefit will proportionally decrease.
- **Managers' engagement in the survey.** Managers play a critical role in the post-survey stage. The more active the managers are in addressing employee concerns, the greater the impact of Workday Peakon will be.
- **Employees' replacement costs.** Different positions have different replacement costs. The economic environment and labor market conditions will also impact replacement costs for the organization. The number of frontline workers and the number of office workers are also impact the replacement costs.

Results. To account for these risks, Forrester adjusted this benefit downward by 25%, yielding a three-year, risk-adjusted total PV of $7.5 million.

Savings From A Reduced Attrition Rate					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
A1	Number of frontline workers	Composite	7,000	7,000	7,000
A2	Improvement in frontline worker attrition rate due to Workday Peakon	Interviews	0.0%	2.0%	4.0%
A3	Fully burdened annual cost of frontline workers	TEI standard	$71,500	$71,500	$71,500
A4	Frontline worker replacement cost	A3*30%	$21,450	$21,450	$21,450
A5	Subtotal: Savings from reduced attrition rate among frontline workers	A1*A2*A4	$0	$3,003,000	$6,006,000
A6	Number of office workers	Composite	3,000	3,000	3,000
A7	Improvement in office worker attrition rate due to Workday Peakon	Interviews	0.0%	1.0%	2.0%
A8	Fully burdened annual cost of office workers	TEI standard	$84,500	$84,500	$84,500
A9	Office worker replacement cost	A8*50%	$42,250	$42,250	$42,250
A10	Subtotal: Savings from reduced attrition rate among office workers	A6*A7*A9	$0	$1,267,500	$2,535,000
At	Savings from a reduced attrition rate	A5+A10	$0	$4,270,500	$8,541,000
	Risk adjustment	↓25%			
Atr	Savings from a reduced attrition rate (risk-adjusted)		$0	$3,202,875	$6,405,750
	Three-year total: $9,608,625		**Three-year present value: $7,459,739**		

HR TIME SAVINGS

Evidence and data. One of the direct benefits interviewees' organizations experienced when switching to the Workday Peakon platform was increased efficiency for HR employees who distributed employee surveys, formerly a time-consuming task for HR teams.

- In their prior environments, HR teams needed to design the survey questions to survey employees. With Workday Peakon, employee experience drivers validated and categorized all survey questions. Questions could be easily tailored to different audience groups. For example, the culture and development coordinator in the automobile manufacturing organization noted that questions related to work-from-home practices didn't apply to frontline workers, so they were omitted specifically for frontline workers within the wider survey.
- For globally operating organizations, it was a time-consuming challenge for HR teams to ensure questions were translated correctly into different languages. Workday Peakon automatically translated questions into different languages, freeing HR teams to reallocate that time to other strategic tasks.
- With the integration of Workday Peakon with the Workday HR system, employee data was easily moved between Workday and Peakon, which saved time HR teams previously spent downloading or uploading employee data to prepare for survey distribution or collect results. Two-way integration with the Workday Human Capital Management (HCM) solution provided

HR employees with a holistic picture of employee intelligence, a key component of organizational success and continuous improvement. The HR development director and partner in the pharmaceutical organization said: “The full integration is saving us tremendous time. There is not this sanity checking the organization, quality checking the organization, setting this up in a different framework, downloading an Excel file, and all that stuff. It is a plug-and-play. Seventy-five percent of HR time is saved here due to the fact that Workday Peakon is so easy to work with and to use to launch surveys.”

HR time savings on survey design and launch

75%

Modeling and assumptions. Forrester modeled the impact for the composite organization assuming the following:

- With previous tools, the composite organization deployed one annual survey each year. Two HR team members spent eight weeks to design the survey and prepare for distribution. By switching to Workday Peakon, these HR team members save 75% of this time.
- The integration of Workday HR system with the Peakon platform saves 24 hours for the HR team members in the composite organization.
- With a 50% productivity recapture rate, HR team members reallocate 252 hours each year to other strategic tasks by using Workday Peakon.

Risks. The expected financial impact is subject to risks and variation based on several factors that may reduce or slow recognition of this benefit, including:

- **The effectiveness of a previous EX management solution**. Prior use of a third party to design and distribute internal surveys may reduce the amount of time HR employees can save.
- **The HR system the organization uses.** Without the Workday HR system, HR teams may still need to migrate data between another HR system and the Workday Peakon platform.

Results. To account for these risks, Forrester adjusted this benefit downward by 10% yielding a three-year, risk-adjusted total PV of $27,000.

HR Time Savings					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
B1	Number of HR team members designing and distributing surveys before Workday Peakon	Interviews	2	2	2
B2	Weeks of annual survey preparation and distribution	Interviews	8	8	8
B3	Percentage of time saved with Workday Peakon on survey design and distribution	Interviews	75%	75%	75%
B4	Subtotal: HR hours saved on survey design and distribution with Workday Peakon	B1*B2*40 hours*B3	480	480	480
B5	Annual hours spent preparing and uploading employee data prior to Workday Peakon	Interviews	24	24	24
B6	Percentage of time saved with Peakon and Workday integration	Interviews	100%	100%	100%
B7	Subtotal: Hours saved on preparing and uploading employee data with Peakon and Workday integration	B5*B6	24	24	24
B8	Total HR hours saved	B4+B7	504	504	504
B9	Productivity recapture rate	TEI standard	50%	50%	50%
B10	Fully loaded hourly cost of HR employees	TEI standard	$47	$47	$47
Bt	HR time savings	B8*B9*B10	$11,844	$11,844	$11,844
	Risk adjustment	↓10%			
Btr	HR time savings (risk-adjusted)		$10,660	$10,660	$10,660
	Three-year total: $31,979		**Three-year present value: $26,509**		

MANAGER TIME SAVINGS

Evidence and data. Workday Peakon reduced the time it took for managers at the interviewees' organizations to conduct data analysis and develop action plans based on survey insights after employees completed a survey.

- One investment objective of the interviewees' organizations was to empower managers to easily understand the employee experience and address the potential issues. The head of colleague engagement of the retail organization said: "The number-one thing that we have reflected on is how much [Workday Peakon] has empowered managers and it is very easy for them. You can have managers on the full spectrum of experience, very experienced managers, very new to management, and they seem to really understand the data and understand their feedback quite quickly."
- The Workday Peakon platform used AI and machine learning technologies to analyze quantitative survey results as well as the free-form comments employees provided. Managers accessed their teams' results and recommended actions as soon as the employees began to answer questions. The culture and development coordinator at the automobile manufacturing organization said: "It was probably about two

weeks' time savings for managers. Now, they can share the results immediately without having to integrate some sort of presentation and they can have a meeting with their team to discuss priorities and strength and start working on an action plan."

Modeling and assumptions. Forrester modeled the impact for the composite organization assuming the following:

- In the composite's previous environment, 20% of managers were actively involved in improving employee engagement through the organization's employee survey.
- The active managers previously spent 48 hours analyzing survey results and developing action plans after receiving the annual survey results.
- With Workday Peakon, the composite saves 50% of this time, which is 3,168 hours of savings in total. The composite recaptures 1,584 hours of managers' time with a 50% productivity recapture rate.

Risks. The expected financial impact is subject to risks and variation based on several factors that may reduce or slow recognition of this benefit, including:

- **The number of active managers involved in the employee engagement survey.** Several factors impact the number of active managers, such as company culture. Additional active managers in the previous environment experience would mean more hours are saved by deploying Workday Peakon platform.
- **The organization's strategy on employee experience.** The more a company values the employee experience, the more managers would be actively involved in the survey. More surveys would be administrated in the prior environment.
- **Characteristics of the legacy tool.** Four of the five interviewees noted their organizations had previous tools in place to measure employee engagement with different data analysis capabilities.
- **Managers' capabilities in action plan development.** Managers spent more time in previous environments to develop action plans if they were less experienced or at capacity.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of $199,000.

"It helps managers more quickly understand the results. The heat map functionality of Peakon is something we use a lot to help our leaders to understand where their strengths are, where their hotspots are, and the actions that they can take to address those hot spots. Peakon has been able to help us to do that faster."

AVP, strategic enablement and change, financial service

Manager Time Savings					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
C1	Number of managers	Composite	660	660	660
C2	Percentage of managers actively involved with employee engagement in the prior environment	Interviews	20%	20%	20%
C3	Subtotal: Number of active managers	C1*C2	132	132	132
C4	Hours spent per active manager to analyze survey results and develop action plans prior to Workday Peakon	Interviews	48	48	48
C5	Percentage of time saved with Workday Peakon	Interviews	50%	50%	50%
C6	Productivity recapture rate	TEI standard	50%	50%	50%
C7	Total recaptured hours from survey analysis and action plan development	C3*C4*C5	1,584	1,584	1,584
C8	Fully loaded hourly cost of managers	Composite	$63	$63	$63
Ct	Manager time savings	C7*C8	$99,792	$99,792	$99,792
	Risk adjustment	↓20%			
Ctr	Manager time savings (risk-adjusted)		$79,834	$79,834	$79,834
	Three-year total: $239,501		**Three-year present value: $198,534**		

LEGACY SYSTEM COST SAVINGS

Evidence and data. By adopting Workday Peakon, the interviewees' organizations retired their previous survey solutions in favor of Workday Peakon's comprehensive, end-to-end employee engagement survey platform. This retirement translated into cost savings that could be reallocated for other purposes.

The HR development director and partner in the pharmaceutical organization said: "We felt we needed a break from [the other tool] because we were just repeating the same process and people got tired of answering the same questions." The legacy system didn't meet the company's development objective or strategic goal anymore. By switching to Workday Peakon, they saved the cost of the legacy system.

Modeling and assumptions. Forrester modeled the impact for the composite organization assuming the following:

- The annual cost of the legacy tool is $120,000.
- The composite organization retires the legacy system entirely and switches to Workday Peakon in Year 1.

Risks. The expected financial impact is subject to risks and variation based on several factors that may reduce or slow recognition of this benefit, including:

- The type of employee engagement survey tools used before Workday Peakon.
- The contractual agreement with the legacy vendor on how quickly the tools can be retired.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of $254,000.

Legacy System Cost Savings

Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	Annual legacy system cost	Interviews	$120,000	$120,000	$120,000
Dt	Legacy system cost savings	D1	$120,000	$120,000	$120,000
	Risk adjustment	↓15%			
Dtr	Legacy system cost savings (risk-adjusted)		$102,000	$102,000	$102,000
	Three-year total: $306,000		**Three-year present value: $253,659**		

UNQUANTIFIED BENEFITS

Interviewees mentioned the following additional benefits that their organizations experienced but were not able to quantify:

- **Improved customer experience.** Interviewees at customer-facing organizations recognized the link between customer experience and employee experience. The AVP of strategic enablement and change in the financial services organization said, "If we can get employee feedback on a regular basis and then respond to those actionable insights, we can have a better employee experience, which translates to a better customer experience, and it's just overall better for the business." While no interviewee was able to quantitatively link their employee experience to customer retention, they looked to measure this benefit in the future. The head of colleague engagement in the retail organization said: "We're keen to be able to measure the impact of employee experience on customer experience and we've kicked off a project to start that. That is on a glide path of what we want to be able to prove or disprove over the next 18 months."

> **"With the previous system, we didn't have a set of questions, or a dashboard as detailed as the inclusion and diversity dashboard that we have on Peakon. So, that certainly helped us try and understand what we found currently on inclusion and diversity and start giving insights to allow us to create action plans."**
>
> *Head of colleague engagement, retail*

- **A new ability to capture insights from frontline employees, as well as employees across languages and cultures.** For multinational organizations, one of the challenges in improving employee experience was tailoring the survey and managerial actions to the cultural and linguistic differences among employees in

different regions. The HR development director and partner in the pharmaceutical organization said: “We need to ask questions in one way in one country and another way in another country. Workday Peakon can help us with assuring that these questions are validated.”

For multinational companies, survey results were displayed by country to separately identify areas of interest for each country. The HR development director and partner in the pharmaceutical organization said, “You can filter in different segments, and we can filter by country. Then we can see which country has high or lower engagement and then compare countries and also compare how these countries are doing compared to the last round.”

- **Increased business agility.** Internally, companies consistently change and evolve. The head of colleague engagement in the retail organization said: “Our whole model changed with our new CEO in 2020. We had a very centralized model. When the new CEO joined us, the strategy moved to a more distributed strategy where we wanted to group empower our banners. [We need the tool] to empower the banners and the managers within the banners to create and manage the employee experience locally.” The chief HR officer in the cybersecurity organization shared their experience: “The speed to set up and bring together a function was accelerated by using Workday Peakon in a different way than what the company was doing before because it was monthly rather than quarterly, which created the visibility and the dialogue to ensure that we were addressing things early and not mis-stepping with the reset. And it worked very well.”

FLEXIBILITY

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement Workday Peakon and later realize additional uses and business opportunities, including:

- **Increased organizational transparency and visibility of information.** The deployment of Workday Peakon enabled the employees to express themselves confidentially, making them more comfortable sharing their opinions and increasing the number of comments the organizations received. The more open comments enabled the interviewees’ companies to have a more transparent culture and build the trust among employees and managers. Some of the organizations chose to give full authorizations to all the managers to review all the comments. The culture and development coordinator of the automobile manufacturing organization said: “Our managers have never been able to work with employees so closely but confidentially. We’re rolling out the comment interactions in the phase. But all those interactions are going to allow us to have trust and transparency in our group.”
- **Improved manager engagement over time.** Interviewees noted that the Workday Peakon platform empowered managers with handy tools to immediately address issues with employee experience. Interviewees’ organizations experienced increasing numbers of engaged managers utilizing the platform. The more time managers invested in improving employee experience with the help of the platform, the more benefit the interviewees realized.

Flexibility would also be quantified when evaluated as part of a specific project (described in more detail in Appendix A).

Analysis Of Costs

Quantified cost data as applied to the composite

Total Costs							
Ref.	**Cost**	**Initial**	**Year 1**	**Year 2**	**Year 3**	**Total**	**Present Value**
Etr	Workday Peakon annual subscription cost	$0	$168,000	$168,000	$168,000	$504,000	$417,791
Ftr	Managerial time invested on employee engagement	$0	$543,866	$798,336	$1,032,847	$2,375,050	$1,930,199
Gtr	Implementation and training	$105,748	$0	$0	$0	$105,748	$105,748
	Total costs (risk-adjusted)	$105,748	$711,866	$966,336	$1,200,847	$2,984,798	$2,453,738

WORKDAY PEAKON ANNUAL SUBSCRIPTION COST

Evidence and data. The Workday Peakon subscription fee was charged based on the number of employees at the interviewees' organizations. If purchased with Workday HR, the cost of Workday Peakon was a line item within the total cost.

Modeling and assumptions. Forrester modeled the cost for the composite organization assuming the following:

- The subscription cost is $16 per employee per year.
- Pricing may vary. Contact Workday Peakon for additional details.

Risk. An organization's expected investment is subject to risks and variation based on several factors that may increase costs or extend deployment, including:

- Subscriptions to other Workday products.
- The number of employees at the organization.
- The future price strategy of Workday Peakon.

Results. To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV of $418,000.

Workday Peakon Annual Subscription Cost						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
E1	Number of Workday Peakon users	Composite		10,000	10,000	10,000
E2	Workday Peakon annual subscription cost per user	Composite		$16	$16	$16
Et	Workday Peakon annual subscription cost	E1*E2	$0	$160,000	$160,000	$160,000
	Risk adjustment	↑5%				
Etr	Workday Peakon annual subscription cost (risk-adjusted)		$0	$168,000	$168,000	$168,000
	Three-year total: $504,000			**Three-year present value: $417,791**		

MANAGERIAL TIME INVESTED ON EMPLOYEE ENGAGEMENT

Evidence and data. Most of the interviewees noted that with the deployment of Workday Peakon platform, more managers became actively involved in improving employee experience. Although Workday Peakon made them more efficient in analyzing survey results and coming up with action plans, the time each manager invested often increased overall as they took additional actions to ensure employee well-being and respond to their concerns. The interviewees noted that the platform was easy to use, providing tools to view results and providing managers with actionable recommendations based on their survey results. Managers became more willing to explore the platform to gain insights. With the recommended actions in place, they observed positive outcomes on employee engagement, which contributed to a sense of achievement.

- The culture and development coordinator at the automobile manufacturing organization said: "Now we're looking at drivers and sub-drivers and trying to understand the language. So, they're spending more time in the platform now. Mainly because of trust, not because the system is hard to use."
- Interviewees adopted a continuous listening strategy with Workday Peakon and deployed a higher number of shorter surveys than they had before. In addition to an annual survey, managers reviewed more targeted survey results on a more regular cadence.
- Interviewees identified managerial time investment as a major factor in improved employee engagement. With Workday Peakon, managers invested their time to engage with employees to achieve positive outcomes. The HR development partner in the pharmaceutical organization said: "You cannot create actions without having the insights from the tool. It's more efficient with Workday Peakon that you can directly go ahead and actually create the actions faster than you maybe would have done previously. Both the tool and actions we take are equally important, and they're linked. You cannot have one without the other."

Modeling and assumptions. Forrester modeled the cost for the composite organization assuming the following:

- 20% of managers in the composite organization took actions based on the prior annual survey the organization deployed, and these active managers invest 660 more hours in the first year with the introduction of targeted surveys after deployment of the Workday Peakon platform.
- With Workday Peakon, the proportion of active managers increases incrementally from 65% in the first year to 75% in the third year. They invest 12,342 hours in annual surveys and targeted surveys in the third year.
- In total, 13,662 more hours are invested by managers in the third year.

Risks. The expected investment is subject to risks and variation based on several factors that may increase costs or extend deployment, including:

- An organization's culture surrounding employee engagement.
- Managers' willingness to invest their time in survey deployment and actions to address employee engagement.
- The number of active managers in the previous environment.
- The number of surveys deployed annually.

Results. To account for these risks, Forrester adjusted this cost upward by 20%, yielding a three-year, risk-adjusted total PV of $1.93 million.

Managerial Time Invested On Employee Engagement						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
F1	Number of managers	Composite		660	660	660
F2	Percentage of managers actively involved with employee engagement prior to Workday Peakon	Interviews		20%	20%	20%
F3	Number of active managers prior to Workday Peakon	F1*F2		132	132	132
F4	Hours spent on new targeted survey analysis and employee feedback	Composite		5.0	7.5	10.0
F5	Subtotal: Total hours spent by existing active managers on targeted surveys	F3*F4		660	990	1,320
F6	Percentage of active managers after Workday Peakon implementation	Interviews		65%	70%	75%
F7	Number of new active managers with Workday Peakon implementation	F1*(F6-F2)		297	330	363
F8	Hours spent by newly active managers on annual survey result analysis and employee feedback	Composite		18	22	24
F9	Hours spent on targeted survey result analysis and employee feedback	Composite		4.0	7.0	10.0
F10	Subtotal: Total hours spent on survey analysis and employee feedback by newly active managers with Workday Peakon	F7*(F8+F9)		6,534	9,570	12,342
F11	Total additional hours spent by active managers with Workday Peakon	F5+F10		7,194	10,560	13,662
F12	Fully loaded hourly cost of managers	Composite		$63	$63	$63
Ft	Managerial time invested on employee engagement	F11*F12	$0	$453,222	$665,280	$860,706
	Risk adjustment	↑20%				
Ftr	Managerial time invested on employee engagement (risk-adjusted)		$0	$543,866	$798,336	$1,032,847
	Three-year total: $2,375,050			**Three-year present value: $1,930,199**		

IMPLEMENTATION AND TRAINING

Evidence and data. The initial implementation of Workday Peakon required internal effort to plan and set up the platform. The timeline of Workday Peakon implementation varied between interviewees, depending on deployment scale, the variety and complexity of use cases, and the desired level of customization and integration.

- In general, the interviewees reported Workday Peakon was easy to deploy.
- The implementation phase ranged from two months to six months for the interviewees' organizations due to the organizations' levels of internal change management and communication. The internal implementation team need to communicate the Workday Peakon team periodically on specifics of the platform, the internal strategy of survey administration, etc.

- HR teams typically prepared a 1-hour training session to all the managers who have access to the platform.

Modeling and assumptions. Forrester modeled the cost for the composite organization assuming the following:

- The internal implementation effort lasts for three months with two HR leaders and two business managers involved. The HR leaders invest 75% of their time and business managers invest 20% of their time during the 3 months.
- One HR leader spends 8 hours preparing training materials and delivers six identical 1-hour training sessions to accommodate the schedules of all managers at the organization.

  In the meantime, all the managers take the 1-hour training session to familiarize themselves with Workday Peakon.

Risks. The expected investment is subject to risks and variation based on several factors that may increase costs or extend deployment, including:

- The complexity of the implementation (e.g., the level of configuration and the integration with HR system).
- The compensation and level of internal resources designated to the implementation.
- The number of managers who participate in training sessions and their availability.

Results. To account for these risks, Forrester adjusted this cost upward by 15%, yielding a three-year, risk-adjusted total PV of $106,000.

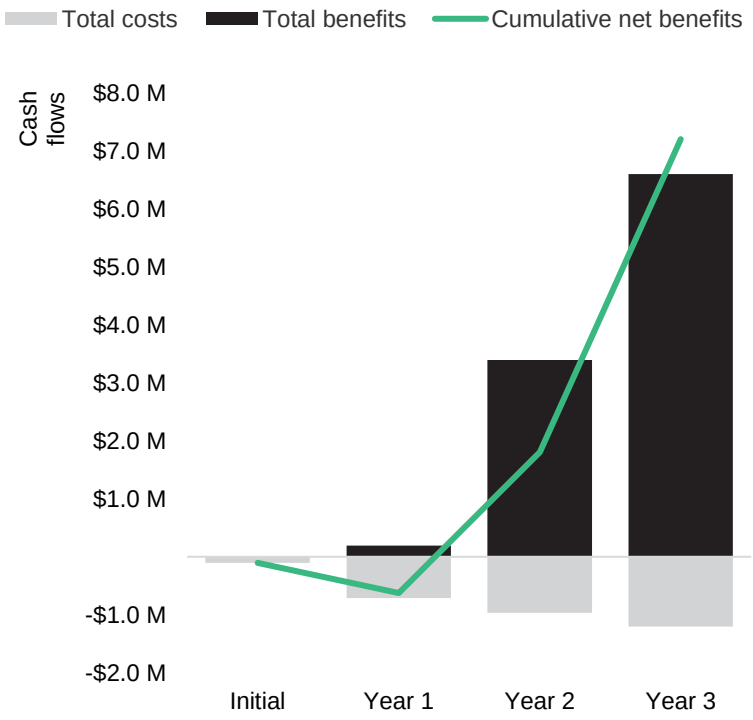
Implementation And Training

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
G1	Months of Workday Peakon implementation	Interviews	3			
G2	Number of HR leaders involved in implementation	Interviews	2			
G3	Percentage of HR leader time dedicated to Workday Peakon implementation	Interviews	75%			
G4	Total hours HR leaders invest in implementation	G1*G2*173 hours*G3	779			
G5	Fully loaded hourly cost of HR employees	TEI standard	$47			
G6	Number of business managers involved in implementation	Interviews	2			
G7	Percentage of time dedicated to Workday Peakon implementation	Interviews	20%			
G8	Total hours business managers invest in implementation	G1*G6*173 hours*G7	208			
G9	Fully loaded hourly cost of managers	TEI standard	$63			
G10	Subtotal: Implementation labor costs	G4*G5+G8*G9	$49,717			
G11	HR hours spent to prepare and deliver six training sessions	Composite	14			
G12	Number of managers who received a 1-hour training session	Composite	660			
G13	Subtotal: Training costs	G5*G11+G9*G12	$42,238			
Gt	Implementation and training	G10+G13	$91,955	$0	$0	$0
	Risk adjustment	↑15%				
Gtr	Implementation and training (risk-adjusted)		$105,748	$0	$0	$0
	Three-year total: $105,748		**Three-year present value: $105,748**			

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)



The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the composite organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

These risk-adjusted ROI, NPV, and payback period values are determined by applying risk-adjustment factors to the unadjusted results in each Benefit and Cost section.

Cash Flow Analysis (Risk-Adjusted Estimates)

	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	($105,748)	($711,866)	($966,336)	($1,200,847)	($2,984,798)	($2,453,738)
Total benefits	$0	$192,493	$3,395,368	$6,598,243	$10,186,105	$7,938,441
Net benefits	($105,748)	($519,373)	$2,429,032	$5,397,396	$7,201,307	$5,484,703
ROI						224%
Payback period						16 months

Appendix A: Total Economic Impact

Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

TOTAL ECONOMIC IMPACT APPROACH

Benefits represent the value delivered to the business by the product. The TEI methodology places equal weight on the measure of benefits and the measure of costs, allowing for a full examination of the effect of the technology on the entire organization.

Costs consider all expenses necessary to deliver the proposed value, or benefits, of the product. The cost category within TEI captures incremental costs over the existing environment for ongoing costs associated with the solution.

Flexibility represents the strategic value that can be obtained for some future additional investment building on top of the initial investment already made. Having the ability to capture that benefit has a PV that can be estimated.

Risks measure the uncertainty of benefit and cost estimates given: 1) the likelihood that estimates will meet original projections and 2) the likelihood that estimates will be tracked over time. TEI risk factors are based on "triangular distribution."

The initial investment column contains costs incurred at "time 0" or at the beginning of Year 1 that are not discounted. All other cash flows are discounted using the discount rate at the end of the year. PV calculations are calculated for each total cost and benefit estimate. NPV calculations in the summary tables are the sum of the initial investment and the discounted cash flows in each year. Sums and present value calculations of the Total Benefits, Total Costs, and Cash Flow tables may not exactly add up, as some rounding may occur.

PRESENT VALUE (PV)

The present or current value of (discounted) cost and benefit estimates given at an interest rate (the discount rate). The PV of costs and benefits feed into the total NPV of cash flows.

NET PRESENT VALUE (NPV)

The present or current value of (discounted) future net cash flows given an interest rate (the discount rate). A positive project NPV normally indicates that the investment should be made unless other projects have higher NPVs.

RETURN ON INVESTMENT (ROI)

A project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits less costs) by costs.

DISCOUNT RATE

The interest rate used in cash flow analysis to take into account the time value of money. Organizations typically use discount rates between 8% and 16%.

PAYBACK PERIOD

The breakeven point for an investment. This is the point in time at which net benefits (benefits minus costs) equal initial investment or cost.

Appendix B: Endnotes

[1] Source: “Insights-Driven Employee Experiences Are Shaping Our New Hybrid Workforces,” Forrester Research, Inc., September 21, 2021.
[2] Source: “The Forrester New Wave™: EX Management Platforms For Large Enterprises, Q1 2020,” Forrester Research, Inc., March 18, 2020.
[3] Source: Ibid.
[4] Total Economic Impact is a methodology developed by Forrester Research that enhances a company’s technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

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