advanced

Annual business trends report 2022

Business in a brave new hybrid world

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This year's annual business trends report from Advanced has polled over 5,000 senior decision makers within the UK on the key challenges facing them.

It offers even more insight and depth into the way we are working and using technology to support different aspects of working life as processes and standard practices continue to evolve. There is also the addition of data for five key sector areas, making it one of the largest investigations into business trends in the UK.

Introduction

Following the protracted disruption and challenges of the last two years, organisations have had to pivot quickly and find new ways to survive and thrive. For many employees, enforced working from home during lockdown has evolved into hybrid working arrangements, wherever sector and roles permit. Although different organisations vary to the degree that they impose specific requirements around the ratio of remote and workplace-based activity, most are negotiating ways that deliver the flexibility their employees want, with the productivity employers require.

It would be hard to imagine a workplace these days that did not depend on some form of technology. It is the backbone of almost all communications – emails, access to online documents and video calling, using laptops, mobile phones and tablets. Indeed, some businesses have dispensed with desk telephones altogether, and are embracing the additional features of online meetings apps, such as shared on-screen files. Technology has also unlocked opportunities for people to collaborate effectively wherever they are based – coupled with flexible working models we have seen the impact that the right tools and processes can have on opening up recruitment opportunities to a broader, more diverse candidate pool.

In 2022, many of the core business priorities and areas of focus remain the same as last year, namely, business growth and profitability. These priorities have possibly acquired even more urgency now, as the cost-of-living crisis starts to bite and individuals have growing concerns about their personal financial situations. Employees, managers, leaders and business owners are all feeling the pressure to make ends meet. This has been exacerbated further by new post-Brexit trading experiences. UK businesses continue to navigate their way through the new rules and requirements of making deals with the EU from the outside and are beginning to absorb the impact of new restrictions, alongside reduced access to EU nationals in the workforce. The war in Ukraine is also having a significant economic impact on many UK businesses and industries, affecting access to components, raw materials and energy resources, pushing the prices up for the end-user.

Companies are doubling down on their key strategies to achieve growth and profit, and employees are at the heart of this. Staff shortages continue to be a challenge and unfilled job vacancies have been reaching record highs in the first quarter of the year, with no sign that this trend will change any time soon. Business owners are therefore focusing on increasing employee

engagement and retention, in order to hold onto the talent they already have. Attracting new talent to fill vacancies is proving difficult for some organisations and they are using creative methods to position themselves as an appealing career opportunity for choosy candidates. One of these is the provision of tools for effective and uncomplicated remote working, in recognition of employee expectations now.

The value and importance of a diverse workforce has been recognised much more widely in recent years and Diversity & Inclusion (D&I) policies are becoming more mature and embedded in overall company culture. Many organisations now use data to help them understand their position, including diversity pay gap reporting and encouraging the formation of forums to discuss the problems experienced by specific groups, helping them to engage with resolving these issues to create more inclusive company cultures. Having made progress in this area, it may well be that the pressures of the current economic climate have taken over. D&I has slipped down the list of business priorities for the coming year, when compared to our 2021 report.

Environmental issues are also maturing as a core business objective. Leaders and employees have developed a deeper understanding of their organisation's carbon footprint, how it is reported and the data that is used as evidence. Meanwhile the general public is developing a more sophisticated awareness of the notion of 'greenwashing' and is more discerning about unsubstantiated claims of being environmentally-friendly. The use of purchased carbon off-sets, for example, is an area where transparency and accountability are crucial and as is often the case, the devil is in the detail. At its worst, carbon off-setting can be a cynical way to cheat greener credentials. However, when combined with clear actions to reduce emissions and carbon footprint, selective carbon off-setting using ethical partnerships may be indicative of an overall strategy that is committed to making tangible improvements.

Hybrid working and the wider dependence on technologies that use WiFi and Bluetooth have increased the risk of cyber-attack for organisations. Many are investing in greater cyber-security measures now and most appear to feel comfortable with the levels of protection they have currently. There is a sense that businesses are not complacent about this as an ongoing challenge, and many are continuing to develop processes and tools for monitoring and combatting potential threats.

Technology in a hybrid world

The cost-of-living crisis and flat-line state of the UK economy presents real and present challenges for business. 78% of individuals in our survey are concerned that economic conditions will impact their organisation's profitability over the next 12 months. There is a need now to mitigate this threat by making processes more 'bulletproof' as they endeavour to achieve growth and increased profits.

Technology is crucial in supporting profitability, with 94% highlighting it as ‘important’ or ‘very important’. More than half (54%) recognise that technology helps them with faster task completion, allowing people to get more done in their working day.

94%

say technology is 'important' or 'very important' in supporting profitability.

The vast majority (93%) say that the implementation of new technologies has sped up, with 47% saying that is because of more intuitive and user-friendly solutions. There is no place for clunky interfaces when efficiency and speed are of the essence. When adopting new technologies, 42% say ease-of-use is the single most important thing. After the setbacks of the last two years, people feel the need to get on with things and have efficient, time-effective communications with clients and their colleagues.

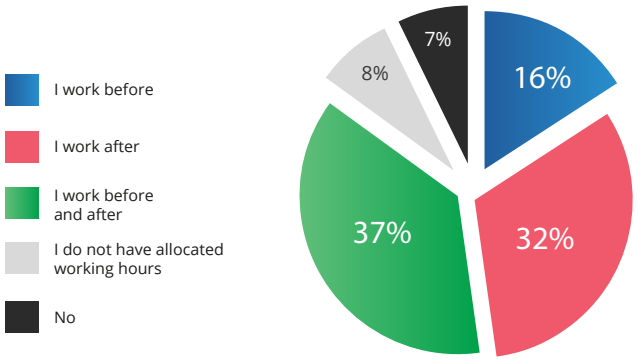
Technology is also critical for enabling remote and hybrid working, with 45% saying they are equally productive when working remotely or in the office, and 47% saying it gives them the freedom to work remotely. The ability to adapt to remote working is rated as the second most important thing when adopting new technologies, by 40% of respondents.

Working from home is not without its own problems. One of the biggest challenges for a remote workforce is maintaining boundaries between work and home life. Despite a desire for a better work-life balance, 85% are working extra hours, and 38% say that is because they have too much work to fit into their allocated hours. Half of the people in our survey (50%) are also working extra hours because it gives them more quiet time and 17% say it’s to avoid being distracted by others. This highlights the need for organisations to implement technology solutions that simplify processes, enable productivity and don’t create their own distractions - bombarding people with too many apps and notifications.

Hybrid working, supported by technology, is also potentially giving people more autonomy over the times they work that suit them best. Four out of ten (40%) say they are working outside allocated

hours to align with times they feel more mentally active. Our data shows that most people feel most productive in the mornings. 40% say mid-morning (10am-11:30am) is their most productive time, followed by 26% who say first thing (up to 10am). However, only 16% put in extra hours before allocated work times only, and 37% are working extra hours at both ends of the working day.

Do you work outside of your allocated working hours?



Early evening is the most unproductive time for people to work, with only 3% describing this as their best time. Yet more than two-thirds (69%) of respondents still put in extra hours after or both before and after work. It may just be easier for some employees to find time to work later into the evenings, even though they are not at their mental best. Technology needs to help with everyday timetabling challenges and support increased productivity, enabling people to get more done in their contracted working day so they don't feel the pressure to work extra hours and risk burn-out.

"Employees are crying out for flexibility, about how and where they work. They want choice. They want to be empowered to be productive and to work in a way that best suits their personal preferences - however those preferences may change - while supporting the goals of the organisation. The winners in all of this will be those organisations able to take a human approach to understanding these challenges and opportunities. They can then apply the framework, technology and support needed for a more customised approach that works for different employees while optimising their productivity and the productivity of their teams."

- Victoria Robinson, Hybrid Workforce Strategy & Culture Leader at PwC UK

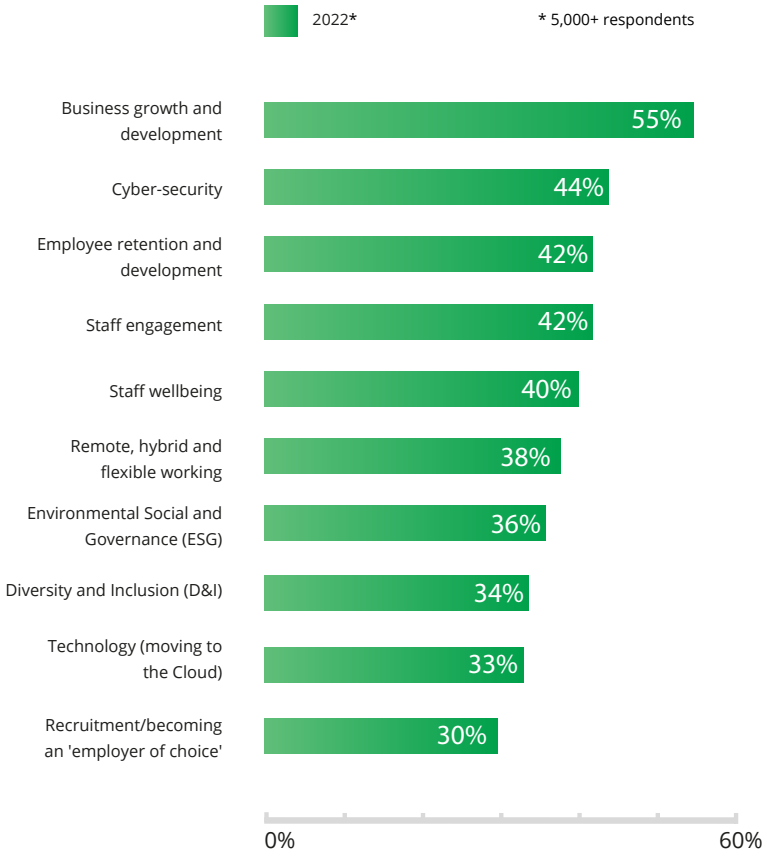
Takeaway:

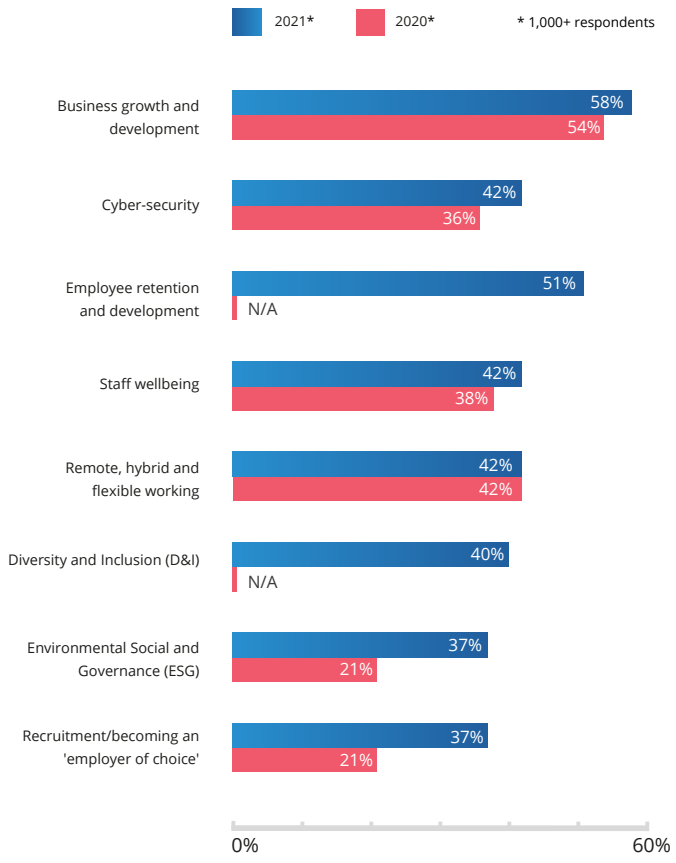
Hybrid working is here to stay, but 60% of respondents say they have seen limitations in their current technology solutions to support remote and / or hybrid working. Businesses will need to invest more in tools that support employees wherever they are based. That means identifying solutions that enable the most efficient and productive days for everyone. This may include adopting Cloud-based technology for real-time information that can be updated by users anywhere. Other important features include scalability, with digital solutions that can be grown and developed according to need, along with ease of integration - 38% say that when adopting new technology, the ability to integrate with other software is important.

Leadership

Business leaders remain focused on business growth and development for 2022, and 55% say it is their organisation's main priority, the same as last year. 42% say their business leadership is prioritising increased profit this year, with a focus on regaining lost ground and embedding new working practices, such as hybrid, with appropriate technology to achieve this.

What are your business priorities for the next 12 months?





This year, we increased the number of respondents to our survey from 1,000 to 5,000, but the trends have stayed broadly in line with last year's results. Business growth is still the number one priority as many organisations push to regain the ground lost during the pandemic. Cyber-security remains in second place, and remote working has undoubtedly increased awareness around the threats of cyber-attack.

Of the technologies deployed by businesses in the last 12 months, almost half (48%) say that these solutions have enabled the business to work more effectively. It is vital that leaders make the right decisions about the technology solutions and providers they invest in though. More than one in ten, (11%) say that overall, new solutions have been more obstructive that constructive and 32% say that only some of the technology has been useful. As technology is key to increased productivity and profitability, it is critical that leaders make the right choices and are prepared to invest further if they feel they have got it wrong, or more advanced solutions are required.

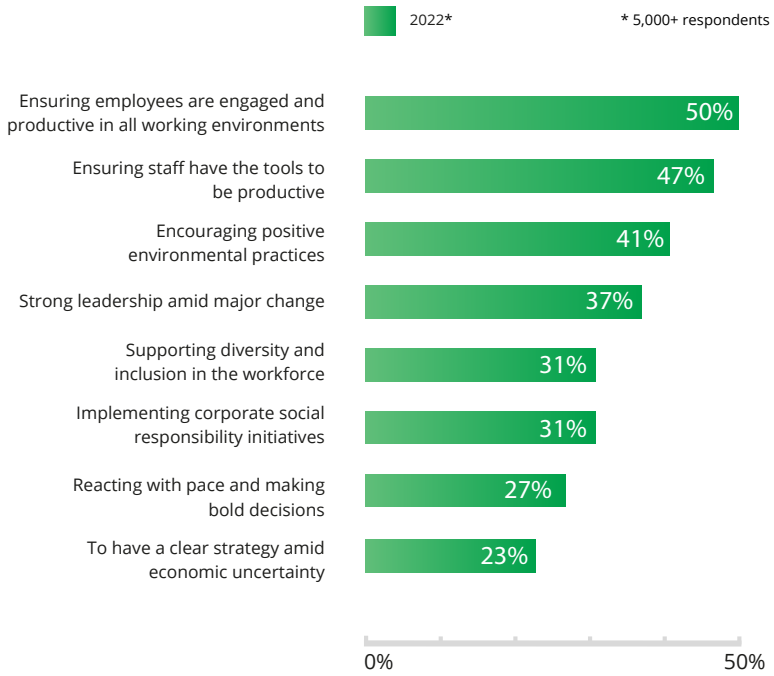
55%

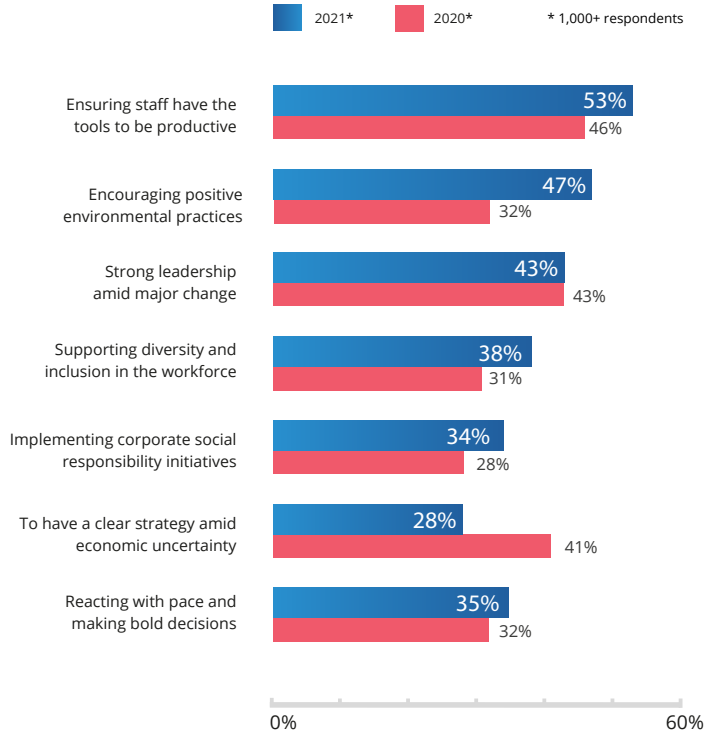
say business growth and development is their main priority, as it was last year, and 42% say their business leadership is prioritising increased profit this year.

It's important that leaders demonstrate an appetite for adopting new technology and that employees can see it used effectively by everyone at all levels. Nearly one-quarter, 22%, believe that their senior team, leading by example, is the reason for increased speed of implementation of new technology and half (49%) say implementation has been quicker, due to greater adoption across the organisation.

Leaders may be overlooking the needs of younger workers. Only 16% of our respondents identified the requirement for companies to support younger workers entering the workplace. Adopting remote and / or hybrid working does not always suit younger employees as well as it does many of their more established work colleagues. They may be at risk of missing out on important mentoring, skills development and learning by osmosis, as well as the fun, camaraderie and social rewards of working. Even when the majority of the workforce is keen to negotiate more days of remote working each week, leaders should consider offering flexibility for those who want, or need a more workplace-based experience. This can help younger people to establish their careers and get more fulfilment from their work.

What do you think are the most important attributes for a business leader?





Despite the larger number of respondents this year, and the introduction of a new option (which proved to be the most popular) around ensuring employees are engaged and productive in all working environments, it is clear the key attributes remain focused on enabling people to work to the best of their ability. Leaders need to give their employees the right tools and support to be highly effective – wherever they are based. Encouraging positive environmental practices also remains important, as the number of businesses working with more awareness about the effect of their actions on the world around them grows.

78%

are concerned that economic conditions will impact their organisation's profitability over the next 12 months.

In order to achieve growth and profitability, leaders have to understand how individual employees and teams are performing. This is especially pertinent as many people are no longer sitting at desks in the workplace, and 40% of our respondents told us that ensuring people remain engaged and productive was important for successful hybrid working. However, just 23% of all respondents in our survey say they use software tools to track and measure performance. This is surprising, as without access to this critical information about individual and team performance, leaders are going to be left in the dark when it comes to making improvements. When properly implemented, performance management solutions provide actionable insights so that leaders can offer support, training interventions and reward achievements appropriately. They can also help to develop the trust and transparency that 30% of our respondents believe is key for hybrid working to be effective.

"A lot of our working time is taken up by meetings. As a meeting organiser, you should clearly define the purpose of the meeting, send an agenda and only invite those who really need to be there. As a meeting attendee, ask yourself do you really need to be there? What value are you gaining or adding?

It's important to set clear expectations for team members around deliverables – define what is expected, how long it should take, and what 'good enough' looks like. Take time to think, reflect and prioritise – it will save you time, even if you feel like you don't have the time to do this."

- Aoife O'Brien, Happier at Work – consultant, podcaster and keynote speaker on happiness in business

Takeaway:

It is vital that leaders make the right choices when it comes to selecting technology – and then demonstrate enthusiasm for its use. Whether this is to increase productivity, enable hybrid working or have clearer sight of individual performance in order to reward, incentivise and support each employee fully. Leading by example is crucial to ensure the full deployment and adoption of new solutions across the organisation, enabling them to make the most impact on productivity and achieving all business objectives.

Diversity and Inclusion (D&I)

Promoting greater diversity and inclusivity within the workplace has been an area of growing focus for many organisations over recent years, recognising the importance of ensuring that everyone is welcomed, supported and heard.

Authenticity and transparency are crucial when organisations make statements about their D&I credentials. People can quickly see for themselves if there is diversity at all levels and whether inclusivity is truly integrated within organisational culture. Technology is a vital tool for helping to monitor, measure and describe D&I within company culture, and 85% of respondents in our survey say that technology has increased the visibility of D&I within their organisation.

Of this 85%, almost half (48%) tell us it has enabled a greater level of information and understanding around D&I across the organisation. Increasing awareness of D&I by employees and leaders is crucial. In many cases, diversity may not be as apparent among individuals in higher level roles, but a culture that is actively promoting D&I and using strategies to increase it, will be visible to all and is indicative of a commitment to further progress.

Of the 85% that say the visibility of D&I has been increased with the use of technology, 37% say technology has meant that D&I practices can be followed at all stages of the employee lifecycle. Having good D&I credentials can be an important factor in attracting and retaining talent from all walks of life that has the potential to enrich conversations and collaboration by bringing together different experiences and points of view.

People are likely to be more attracted to an employer that makes everyone feel welcomed and accepted, and 64% of our respondents say D&I credentials are helping their employer to recruit a more diverse workforce. 38% say it is helping them to retain existing staff, while 16% tell us it helps their organisation to develop existing staff. Many employees wish to see people like themselves represented throughout the company, as this demonstrates that there are opportunities for everyone to gain promotions and pursue the career opportunities they want.

One effective method to increase diversity within an organisation is to begin at the start of the employee lifecycle – hiring. 85% say their business already has, or is now implementing, a process to reduce unconscious bias during recruitment - up from 72% last year. These processes help recruiters compare candidates on ability and potential rather than more traditional formats used in CVs and application forms. Removing elements that may influence decision-making, such as name, gender, schools attended, even home address, can be effective ways to reduce unconscious bias, helping to identify the most suitable candidates for a particular role.

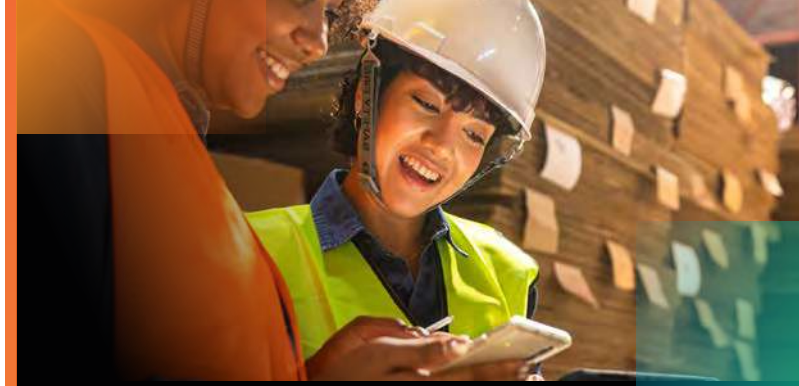
While many organisations are making great strides in achieving D&I objectives, it's probably fair to say that some still have a way to go. Implementing the right technology that can support deeper insights and form the basis for more pro-diversity policies makes it easier for companies to achieve these goals.

85%

say their business is implementing or already has a process to reduce unconscious bias during recruitment.

"Now that people are starting to return to more office-based working, many are finding meetings so much easier. In a new hybrid working world, where some people may be attending a meeting in person and others are online, we must be mindful that remote workers could be disenfranchised. It is really important that they are given equal opportunities to contribute and that they are not disadvantaged by any additional non-verbal communication that naturally occurs during in-person settings."

- Professor Catherine Loveday, Professor of Neuropsychology at the University of Westminster and author of 'The Secret World of the Brain'



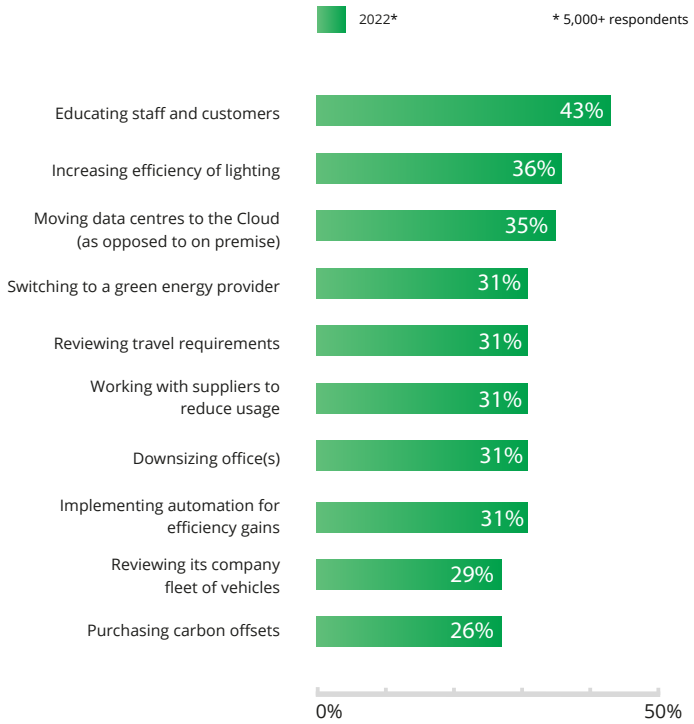
Takeaway:

Technology is an important enabler for organisations that strive to gain better understanding around D&I in the workforce and use the insights to further develop policies. Measuring progress requires collecting and analysing appropriate data around socio-economic background, ethnicity, disability, neurodiversity, gender, sexual orientation and identification, religion and other cultural factors. Undertaking a diversity pay gap report can be very useful as it provides a benchmark for future developments. This should highlight areas for improvement, and offer leaders actionable insights to help drive a more inclusive culture. Data provides important evidence and proof points when authenticity and transparency are crucial.

The Environment

Modern businesses are much more conscious about the effect of their actions on the environment and are actively seeking initiatives to reduce their carbon footprints. The survey highlights the increased importance of educating staff and customers (43%), increasing the efficiency of lighting (36%) and switching to a green energy provider (31%). Only 3% say they are taking no steps. The steps identified represent the low-hanging fruit opportunities - longer lasting reductions will take collective business prioritisation.

What is your organisation doing to reduce its carbon footprint?



Hybrid working has helped businesses reduce some of their carbon emissions, simply because fewer people are commuting every day and using resources at work. 31% tell us their business is downsizing its offices, as fewer people are based in the workplace each day and they need less space than before. This allows businesses to reduce their energy costs, with smaller spaces to heat, and reduced demand for electricity and water. The challenge for businesses in coming years will be measuring and taking responsibility for the increased use of energy in employees' homes.

Online video meetings have become ubiquitous now, reducing the need for travel, and 31% of our respondents say their organisation is reviewing its travel requirements and 29% say it is taking a look at its vehicle fleets.

Authenticity is crucial in carbon emissions reporting. Employees and consumers are more savvy and prepared to call a business out for 'greenwashing' - claiming green credentials that cannot be substantiated or worse, are proven to be untrue. In February this year, the drinks manufacturer Innocent had an advertising campaign banned after the regulator found it was misleading consumers about its environmental impact. In 2019, an advertisement for Ryanair was banned for making an unsubstantiated claim to be Europe's lowest emissions airline.

Greenwashing occurs in many forms, including random use of words such as 'eco-friendly', 'green' and 'sustainable' and some brands use imagery, fonts and colour schemes designed to present them as a better environmental choice. 43% of respondents in our survey last year said their business was guilty of greenwashing, and perhaps because of increased awareness, it appears to be less prevalent now. 77% this year believe their organisation is open and transparent about its ESG goals and achievements and 72% say their organisation could provide tangible evidence to support its ESG progress.

"I know how hard it is to run a business, how hard it is just to survive. What we need is more business to business, where leaders who are really pushing the envelope of sustainability can turn around to other companies and say 'Look, this is how we've done it. It actually saves you money, makes you more profitable and it makes you more attractive to customers and clients and ultimately means that your employees really like working for the company."

- Professor Mark Maslin, FRGS, FRSA, Professor of Climatology at University College London and author of 'How to Save Our Planet'

Carbon offsetting can be a controversial area. It has been argued that some businesses cynically seek to manipulate the facts around their emissions by buying into carbon offset programmes that balance their output whilst avoiding the tougher changes required to reduce the emissions overall. With a plethora of offset providers it's essential to partner with those that offer genuine removal of CO_2 and that allow a transparent review of the investments made.

Many organisations will use offsetting effectively, which when coupled in conjunction with the correct governance allows specific initiatives to further reduce emissions. In our 2021 report, 32% said their company was buying carbon offset measures to reduce their overall carbon footprint. This has reduced to 26% in this year's survey. It may be that business leaders are now seeing greater results from their own activities to switch to green providers, install more efficient lighting and heating controls and make greater efforts to recycle and re-use, thus requiring fewer carbon offset measures.

ESG matters to customers and employees, and it also matters to suppliers. Everyone involved in the supply chain will need to consider the impacts of materials and processes in the chain ahead and behind them, in order to make accurate calculations of their overall footprint. 31% of respondents say they are working with suppliers to lower emissions, resulting in reduced carbon footprints throughout the supply chain. With everyone working together, consumers will be able to make well-informed choices around purchasing products and services that are better for the planet.

77% **believe their organisation is open and transparent about its ESG goals and achievements and 72% say it could provide tangible evidence to support its ESG progress and achievements.**

Technology is helping here too, with 31% using automation for efficiency gains. More than one third (35%) are moving data centres off-premise and into the Cloud which saves energy - alongside bringing a future proof.

Takeaway:

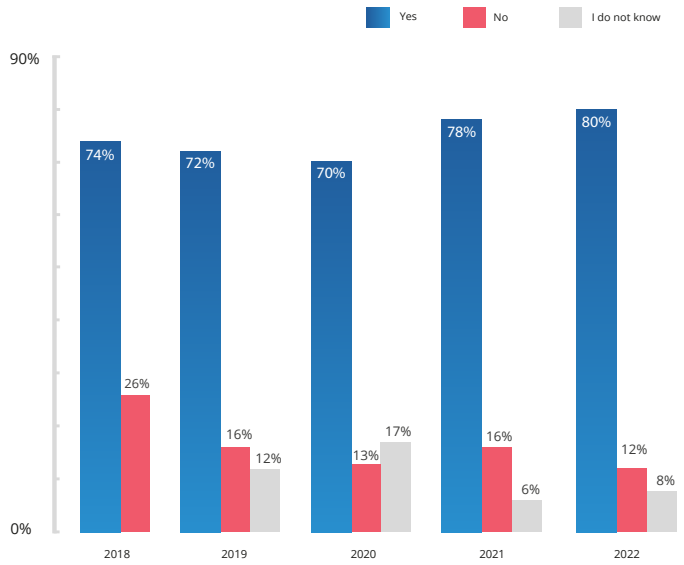
For any business serious about its ESG commitments it's clear that structure, governance and focus are critical to ensure it's a maturing business priority that's taken as seriously as the company's accounts. With many initiatives focussed purely on business priorities such as switching to green energy, using lower-energy lighting and reducing business travel it's important to avoid it becoming a box ticking exercise. The key to building momentum is bringing the workforce on the journey, ensure they are involved, engaged and empowered. Consider creating a 'green network group' where ideas and initiatives from the whole workforce can be openly discussed, creating a two-way flow of information throughout the business.

Cyber-security

With more employees working from home, possibly on unsecured networks and at risk from other threats such as ‘phishing’, employers have less control than they did when all employees were protected on-site by the organisation’s firewall. Remote working has undoubtedly increased awareness around the need for cyber-security and 58% tell us they believe that hybrid working has put their organisation at greater risk of cyber-attack.

Ransomware attacks have been on the rise and many businesses have experienced data leaks, crypto-mining attacks, hacking and other potentially devastating incidents.

Is your organisation prepared for a potential cyber-attack?



Not surprisingly, 44% say cyber-security is a main business priority for the next 12 months and 42% are using technology specifically for ensuring compliance and security. There is still a need for organisations to do more to protect sensitive data and implement more effective strategies that combat malicious activity.

The vast majority of breaches are caused by human error, for example by inadvertently downloading a malicious file. Prevention is crucial. Training employees to be more aware of the threats and implement best practice every time they use their computers and even mobile phones for work is essential. Employers can successfully integrate this training into individual learning and development programmes, giving staff the opportunity to increase their skillset as part of their individual career development. Engaging employees as part of the solution can help make them feel more valued individually, as well as helping them gain up-to-date skills in what is a very fast-changing online environment.

80% tell us that they believe their organisation is prepared for a potential cyber-attack, which is reassuring. However, that still leaves around one-in-five businesses that may not be prepared or able to survive the damage caused by a data breach or the hacking of their systems.

Cyber-security is not a one-time exercise and leaders recognise that it's an ongoing challenge, as cyber-criminals become increasingly sophisticated in their methods. These are becoming ever-more complex, and leaders must equip themselves and every person within the organisation in order to combat the threats.

58%

believe hybrid working has put them at greater risk of cyber-attack, but 44% said cyber-security was a main business priority for the next 12 months.

Takeaway:

Cloud-based solutions are an important defence in this struggle, as third-party server providers have the resources to make considerable investment in security systems and methods such as complex encryption. It is also critical to maintain an ongoing programme of training and supporting employees to implement best practice wherever they are and not assume that this can be a one-time 'fix'.

2022 and beyond

This is an undoubtedly challenging period for businesses. After two years of struggling with the Covid-19 pandemic and the remaining uncertainties of post-Brexit commerce, the UK is now experiencing rocketing energy and fuel costs. All this, alongside the war in Ukraine, has contributed to a cost-of-living crisis that is being felt by individuals and businesses at all levels.

The focus remains firmly on achieving business growth and profit, at a time when organisations are finding it more difficult than ever to attract and recruit talent and there is a record number of unfilled job vacancies.

Technology is playing a crucial role in helping leaders manage this dichotomy. We are now increasingly dependent on solutions that enable remote and hybrid working, and this allows businesses to offer more flexibility and opportunities that match candidates' expectations for an improved work-life balance. Software solutions appear to be streamlining processes and allowing people to complete their tasks more quickly. The overall adoption of technologies is speeding up too - mostly because more intuitive and easy-to-learn solutions are becoming available and senior teams are leading their organisations by example.

Automated processes are also helping people get more work done in less time, but there is evidence that there still isn't enough time in the working day to complete all the required tasks. It remains unclear to what extent working from home is helping people actually achieve a better balance between work and home life. Reduced commutes and a more flexible approach allows people to better manage some of their domestic and familial responsibilities while maintaining the same levels of productivity. But employees are still putting in extra hours, both before and after the usual working day.

This may lead to some uncomfortable questions about productivity and employer expectations. For example, whether despite the implementation of continuously improving technology, employers will always expect more of their staff, who can only deliver by working in their own time.

There is still a significant discrepancy between businesses that have adopted the latest, Cloud-based solutions and those using legacy and on-premise systems which simply can't offer users the same flexibility, commercial models and access to immediate consolidated data reporting. 60% of respondents in our survey say they have seen limitations in their current technology solutions to support remote and / or hybrid working, highlighting a potential problem for employers as the desire for hybrid working doesn't look likely to diminish anytime soon.

It is encouraging that both D&I and ESG are becoming important established elements in overall business operations, as leaders develop more insight around both areas and become more motivated to implement strategies to support their objectives. The increasing use of processes to reduce unconscious bias in recruitment means that companies are taking considered steps to attract and hire people from different backgrounds and with more diverse attributes.

There is more transparency around environmental initiatives; both in the way that employees understand them and in the way that companies measure and report on them. Lack of transparency, even while making claims to be a greener option, is a warning sign of greenwashing, or of a business simply not having enough ambition. There is a sense that consumers, employees and investors are wiser now and are prepared to avoid or expose brands that make false or misleading claims.

There is no easy fix to attracting and retaining good employees, but organisations are becoming more aware of the value that employees place on being properly supported with the right technology to help them complete their tasks efficiently and effectively. It is also important that they are provided with the right training and mentoring to help them develop in their roles and longer-term careers. Less than one-quarter (23%) of businesses are currently using software that gives them the tools to measure and track performance. Continuous performance management helps to build more engagement with individuals, and this is a crucial strategy for employers seeking to attract and retain talent. People want to know they can pursue a career with an employer that is built on recognition of their achievements, as well as awareness of where further training and skills development should be provided.

Growth and increased profits may be the goals for organisations right now, and they are mirrored in the ambitions of employees who are seeking better career opportunities and salaries. Technology supports this by enabling greater productivity, delivering smoother processes and offering intuitive tools that can help prevent burn-out. It also underpins individual development and builds increased engagement between employers and employees.

Sector insights

This year we have expanded our research to uncover more insight in key business sectors and understand some of the main challenges they experience. Some are sector and discipline-specific, while others offer useful observations with a wider application across other departments and organisation types. This is an overview of the main findings for each.

Education

Reducing admin, improving training and course delivery

- **Staff recognise the value of education technology to help with admin and training**, but lack confidence / skills to build their own learning programmes.
- **Most learning providers recognise the value of education technology to deliver more time for higher-value tasks,** with 51% saying that reducing time spent on admin would most help their staff deliver quality programmes.
- **Education professionals also use remote methods for their own training**, with 44% benefitting from online delivery for half or more of their personal training.
- **However, educators may be less confident about using education technology to help them create effective online courses for their students.** 40% said it would be important to have an on-site technician, who was able to build and implement online courses to ensure their quality delivery.
- **Over one-third would also wish to create online courses themselves,** as 35% identified a need for training to build their own quality programmes.
- **The power of education technology can be realised**, providing teachers have the training to create effective online courses or access to an in-house expert to help them.

Legal

Technology key to profitability and talent

- **There is an apparent lack of in-house skills to implement digital strategies,** with 41% seeking to outsource some or all of their IT skills requirement.
- **Adopting the right technology is crucial for profitability.** It is worrying that 40% say user resistance to new technologies is the reason their firm is not considering adopting digital legal processes and communication channels.
- **Technology that enables faster, more efficient working and communications is key for attracting top talent,** and 87% of law firms are finding it difficult to recruit good people.
- **Even though hybrid working is a popular candidate requirement now, only 21% are updating their technologies in order to attract the best candidates.** Instead, they are increasing their offers to candidates in more traditional ways – benefits and salaries. Trouble attracting talent is a trend felt across many sectors as the UK has experienced some record high numbers of unfilled vacancies in the last 12 months.

Finance

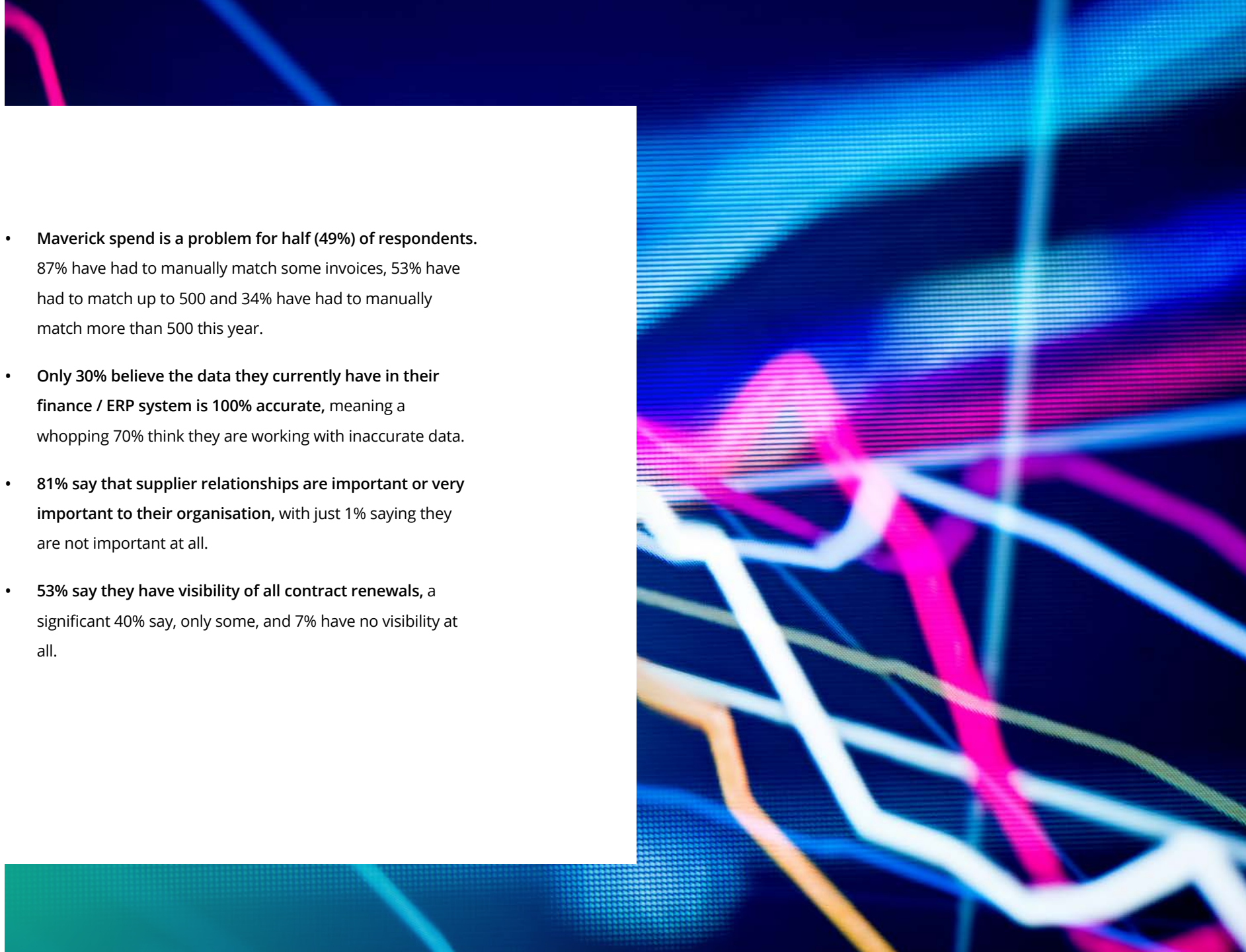
Problems with remote systems access

- **Contrary to the broader trend within our report, showing that most people work equally effectively from home or the workplace,** finance professionals experience more problems with access to systems. 77% tell us they are more effective working in the office. 60% have trouble / sometimes have trouble accessing finance software when working remotely.
- **This may well be because only 20% of finance teams and businesses have adopted Cloud-based digital solutions.** The Cloud gives people more flexibility and agility, letting them access data in real time from anywhere.
- **Concerningly, 20% say they have researched and do not plan to adopt the Cloud,** and 9% say they are not considering plans to adopt the Cloud.
- **Yet we know the Cloud can address the challenges they face every day.** 26% said access to accurate data and information are the number one challenge, 19% said access to systems, and 18% said small tasks that take a long time to complete. There is a need for solutions that allow finance professionals to adopt effective hybrid and remote working, as well as increase their productivity.
- **27% say distractions are the number one day-to-day challenge** – digital solutions can help by providing tools that enable greater focus and speedier task completion.

Procurement

Failure to automate

- **Maverick spend is a problem for half (49%) of respondents.** 87% have had to manually match some invoices, 53% have had to match up to 500 and 34% have had to manually match more than 500 this year.
- **Only 30% believe the data they currently have in their finance / ERP system is 100% accurate,** meaning a whopping 70% think they are working with inaccurate data.
- **81% say that supplier relationships are important or very important to their organisation,** with just 1% saying they are not important at all.
- **53% say they have visibility of all contract renewals,** a significant 40% say, only some, and 7% have no visibility at all.



HR

Challenges with new hires and performance measurement

- **Continuous performance management is a key factor in building a fully-engaged workforce that feels more appreciated and experiences greater job satisfaction.** Just one in five (20%) of HR professionals say their employer uses continuous performance management with performance conversations, feedback and goal setting. 65% are still using some form of annual appraisal and 13% say they have no formal approach to performance management.
- **Furthermore, 14% tell us they do not measure performance or productivity of the workforce,** begging the question - how do they differentiate between the impacts of individual employees and recognise, reward, offer more support and training etc as required to improve productivity?
- **Other important elements in attracting and retaining talent include the provision of a clear and achievable career path,** yet 11% say it is very rare for people to change roles or be promoted in their organisation.
- **Only 10% say they have a sustainable talent pipeline and do not struggle to make new hires,** while 36% say despite sufficient interest in their vacancies it can take a long time to fill roles. Nearly one-quarter (23%) say they find it very difficult to attract suitable candidates to fulfil their needs.

IT Services

Desperately seeking IT talent

- **The UK-wide skills shortage is keenly felt within IT,** and 43% of our IT respondents say the biggest reason holding organisations back from modernising key business processes or services is a lack of IT skills to support technology implementation projects.
- **There is also concern around how suitable some of the existing technology is for the ways that businesses are now running after two years of Covid-driven disruption.** 86% are having to revisit technology decisions implemented in the last two years as they no longer support the way the business is run now – 46% say they are reviewing all of them and 40% are reviewing some.
- **38% are using a Cloud-based platform only,** 16% are using an on-premise system only, and the largest group, 43%, are using a combination of both.
- **76% say their organisation's technology is either extremely (30%) or very (46%) secure against cyber-attack and 68% tell us that hybrid working enablement is the main driver behind cyber-security investment.** The next biggest driver for cyber-security investment is regulatory compliance at 47%.

Sector summary

Skill shortages and lack of available talent are a real problem across many sectors, and they are experiencing difficulty in attracting new employees. There is a sense though, that many organisations are still playing ‘catch-up’ in the way they are developing their Employee Value Proposition (EVP) and creating a set of benefits and working culture that will help them attract and retain the people they need to achieve their business objectives. Candidates might be attracted by increased package benefits and a bigger salary, but many organisations are not in a position to offer these, particularly in the current economic climate. They will need to try to meet the expectations and needs of potential employees in other ways.

Many employees are looking for more autonomy in the way they work, with the opportunity to work from home at least part of the week and to have more flexibility in the hours they work. However, in some sectors there is recognition that the existing technology is not good enough to enable them to do this effectively. An upgrade to more modern and efficient technology solutions could help deliver the flexibility people want now.

It is perhaps surprising that so many organisations are yet to transition to the Cloud. Fewer than one in four (38%) of IT professionals are working solely with a Cloud-based platform and only 20% of finance teams are using a Cloud-based solution. Unlike legacy on-premise systems these offer accurate data in real time that can be accessed from anywhere. They provide teams with optimum flexibility for collaboration and file sharing, and a multitude of time-saving benefits such as the ability to run accurate reports within minutes. On-premise solutions are usually slower at bringing multiple data sets together as systems are not integrated, whereas solutions in the Cloud can bring in data from multiple elements for a consistent and real-time view. It is difficult to imagine how a business professional who is currently working with powerful Cloud-based software could be tempted to move to another organisation that is still using on-premise systems.

Meeting the requirement for up-to-date technology is a serious consideration for any organisation that is struggling to attract or retain the best talent.

Across all of the sectors we looked at there is recognition that technology can make working life easier by reducing the time spent on admin, allowing people to focus on higher-value tasks. However, there is clearly a shortage of the right sort of in-house IT support to enable users to get the best out of the solutions they have available, as highlighted specifically by education and legal professionals. This points to the need for straightforward and intuitive interfaces that are supremely easy-to-use, requiring little or no formal training to master, that offer the most appropriate and powerful features to make the working day more fulfilling.

Getting the right technology solutions in place is key to organisations being successful in their hiring and employee retention strategies and giving themselves the greatest advantage in the tussle for talent this year, among the other key priorities. During a period of economic slowdown, these include strong, clear leadership, a consistent strategic direction, one eye on ESG and another on D&I while keeping cyber-security concerns at the fore. It all adds up to an extremely challenging business environment for 2022.

About Advanced

With over 22,000+ global customers and 2,700 employees, we provide business software that makes a real difference. Our Enterprise Resource Planning (ERP), People Management and vertical market software solutions help our customers to shine in their field of expertise and improve the lives of millions of people every day.

We encourage our customers to think differently and adapt to the changing needs of their business. Powered by our Cloud-first software, they streamline processes, boost productivity, make insightful decisions and provide their people with the right tools to excel.

We work with organisations in all sectors and of all sizes - from healthcare to legal, education to not-for-profits. Whether they want to move to the Cloud, invest in ERP, manage core business functions, adopt leading sector-specific solutions or modernise their legacy applications, we can deliver immediate value.

Our customers include the NHS, Department for Work and Pensions (DWP), London City Airport, Virgin Money, Café Nero, Harvey Nichols, Woodland Trust and Norwich City Council.

At Advanced, we have successfully expanded through organic and acquisitive growth. Our goal is to become the best provider of software and services in the UK, doubling our revenue within the next two years while providing our customers with a service others can only aspire to.

Engaging, diverse and inclusive – continuing to invest in our people as they are at the heart of our success – we strive to be the employer of choice in our industry. Through our strong social conscience, we actively care for our communities and our planet.

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Methodology:

The research was carried out online by Research Without Barriers (RWB) with 5,014 senior decision makers in organisations with 100+ employees between 14 April and 5 May 2022. All research conducted adheres to the UK Market Research Society (MRS) code of conduct (2019). RWB is registered with the Information Commissioner's Office and complies with the DPA (2018).

Demographics

Position >5%

Senior Manager	46%
Owner / CEO / MD	21%
Director	19%
Board Director	7%
Administrative professional	6%

Industry sector >5%

IT Services	23%
Finance	14%
Education	7%
Manufacturing	7%
NHS	7%
Public Sector	6%
Business Services	5%

Gender

Male	**57%**
Female	**42%**
Other	**1%**

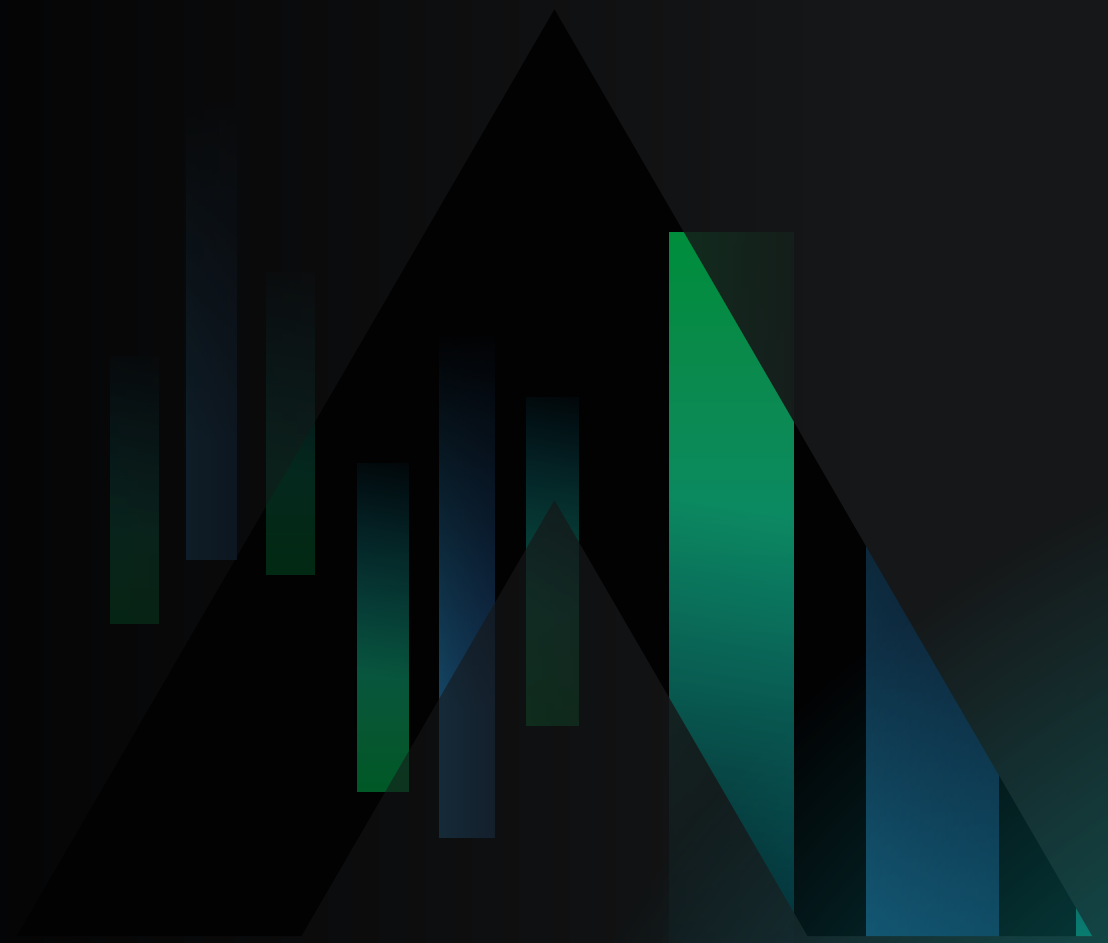
Age

18 - 24	10%
25 - 34	35%
35 - 44	35%
45 - 54	14%
55+	6%

Number of employees

100 - 249 employees	27%
250 - 1000 employees	34%
1000+ employees	39%

Annual business trends report 2022



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+44(0) 330 343 8000 hello@oneadvanced.com www.oneadvanced.com