



Market Insight Report Reprint

Coverage Initiation: ActivTrak updates platform, shifts value proposition to workplace productivity insights

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While the company has roots in employee monitoring, it is updating its platform with a bent toward productivity analytics and insights to address the changing needs of the modern workplace. It is now seeking to serve use cases around identifying productivity inhibitors and operational efficiencies, along with managing workload balance.

451 Research

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Market Intelligence

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Introduction

The growth of the productivity analytics market has seen a parallel spike in employee data privacy concerns. As the two converge, vendors are often forced to mitigate the resulting friction that emerges. Employee monitoring specialist ActivTrak is doing just that, relaunching its platform with new analytics capabilities and a shift in focus from a monitoring tool to one that measures, enables and optimizes productivity.

While the firm has long provided visibility into productive hours or what applications employees are using most frequently, it now offers productivity comparisons across teams, workload balance, productivity goals, and insights into how employees can recapture focus time for deep work and reduce unnecessary meeting time. This extends ActivTrak more deeply into the performance management and objective and key results sectors and sets the stage for broader employee experience use cases as well as integration opportunities.

THE 451 TAKE

ActivTrak's brand shift and platform update come at a pivotal time in knowledge worker management as COVID-19 and the resultant mass-scale shift to remote work have created friction in both productivity enablement and visibility that its platform purports to remedy. In addition to helping customers maintain productivity and identify potential process improvements, the updated technology, which uses analytics and benchmarking of productivity indicators, could help organizations identify the most effective tools for specific tasks and eliminate unused licenses, adding some agility to budgeting and IT lifecycle issues in planning as well.

The shift widens the lens through which the company can address the market and opens it up to unique product and integration opportunities, while simultaneously increasing its competition and threat vectors. ActivTrak has a depth of granularity in its analytics that can help it stand out from more streamlined rivals, as long as it continues to invest in usability and accessibility via its no-code custom workflows, dashboards and user experience (UX). Employee privacy concerns likely arise any time a new data-gathering and data analysis mechanism is put into place, but ActivTrak's latest positioning and brand identity could go far in alleviating concerns that employee data will be used for punitive measures, instead cementing the goal of the platform and its features as understanding and optimizing workforce productivity and enhancing the employee experience.

Context

The vendor was founded in 2009 and is based in Austin, Texas, with just over 100 employees. It has more than 8,500 customers across 94 countries. This represents 200,000-plus paid users and 50,000 freemium users.

As noted, ActivTrak's platform update and value shift come at a time when maintaining productivity and performance are paramount considering coronavirus. The ability to offer more visibility into performance is, of course, useful for managers but it could also be helpful for employees to get back on track as well. 451 Research's Voice of the Enterprise: Workforce Productivity & Collaboration, Work Execution Goals & Challenges 2020 survey found that twice as many (47%) employees feel their performance has been negatively impacted by the circumstances surrounding the pandemic compared with those who felt their performance has improved (22%).

By offering visibility into productivity and performance, and subsequently providing insights on optimization, ActivTrak could also remove friction in work processes and improve the daily work of employees. If so, this could boost employee engagement as 46% (top response) of respondents to our VoTE: Workforce Productivity & Collaboration, Employee Engagement 2020 survey said enjoying their day-to-day work was what contributed most to their overall happiness and engagement at their organization.

Products

ActivTrak's platform is quite robust. The dashboard is home base for users, offering details on who is available and working; and which applications they've been using, for how long, and at what points throughout the day. Before generating this data, there is a pre-classification of applications and websites that helps the system better understand productive app use and context switching. This data can be used for audit, compliance, procurement, culture-building, team management, performance management, and more.

Users can drill down into the Team Pulse functionality to view a snapshot of the individual users in a team, their respective productivity time, and their most-used apps. Additional productivity reports can be employed to show when each user is productive throughout the day and compare focus time. These reports and the platform's activity and productivity classification engine can be deployed to analyze onboarding, training, goal-setting, workflow design and process improvement, resource management, knowledge management, and planning. Additionally, organizations can use the platform for SaaS management, helping leaders inventory which apps are being leveraged, identify the most productive and unproductive tools, set use limits, or sunset redundant licenses.

The latest update, ActivTrak Premium, is currently in early access with select customers. It recently became generally available and is more focused on proving insights and analytics that help teams work better. This includes more distinct pattern recognition around work success to help leaders replicate team dynamics in other areas of the business. Additional insights are offered around healthy work habits and performance optimization, as well as goal-setting and tracking features that could help the firm compete more readily against performance management vendors.

Activities are also logged in ActivTrak to support workflow analysis and gap detection so users can optimize their work processes and maintain compliance. Alarms can be set around specific activities such as site usage or USB activities to maintain security and compliance. Finally, the platform includes an ActivConnect feature to integrate additional apps and systems to bring in more data.

Strategy

The company offers three distinct packages of its licenses: a free option, an Advanced Version paid monthly or annually, and the new Premium Version only available with an annual contract. Pricing starts at \$9 per user and is tiered in larger packages based on the size of the workforce.

Financial

ActivTrak is privately held and doesn't disclose its financial details. However, based on our analysis, 451 Research estimates the firm's annual revenue to be \$20-25m. It has raised a total of \$77.5m in funding across two institutional rounds – a \$20m series A in March 2019 and a \$50m series B in November 2020. Sapphire Ventures and Elsewhere Partners are the two main investors in ActivTrak.

Competition

Based on its new approach to productivity measurement and analysis, ActivTrak will encounter a broad swath of rivals. Worklytics, enable and Sapience seem broadly competitive. However, based on the customer's primary use case, ActivTrak could also come up against the likes of Culture Amp, Lattice and 15Five in performance management, or even digital experience management specialists such as Aternity, Nextthink and Lakeside Software on more of the device/application analytics side. Larger players like Microsoft (with its new Workplace Analytics offering) are also playing in this space now, and could pose a threat.

SWOT Analysis

<p>STRENGTHS</p> <p>ActivTrak’s core strengths are the granularity of the analytics it provides – it analyses all of the digital activity associated with an employee, offering more comprehensive visibility into the employee’s workday. Its product also provides a manner through which analytics and related dashboards can be contextualized for different personas, thereby laying the foundation for more broad deployment and applicability in the organization. Additionally, report and access rules enhance shareability of analytics with employees, which could improve transparency.</p>	<p>WEAKNESSES</p> <p>When it comes to productivity measurement and insights, application- and system-level measurements are only one part of the whole picture. ActivTrak needs a more robust, native survey tool or embedded communications tooling to add a layer of sentiment analysis, or offer a channel through which employees can discuss outdated or inefficient processes or workflows. Right now, this can be achieved via its ActivConnect features, but eliminating the extra heavy lifting associated with an integration and offering a native survey or communications tool could help it wrest market share from some employee engagement vendors.</p>
<p>OPPORTUNITIES</p> <p>Expanding in the area of process mapping and surfacing potential automation opportunities (if they present themselves in the data) would be a massively valuable addition that directly addresses productivity needs identified in our survey data.</p>	<p>THREATS</p> <p>The two core threats facing ActivTrak are the constant growth and fragmentation of the people analytics market it plays in and the looming privacy implications associated with monitoring and measuring the digital elements of an employee’s daily work. The firm’s repositioning helps address the latter and could help address the former if coupled with increased investment in a streamlined UX and templated analytics.</p>

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