

SPECIAL REPORT

Putting Wearables to Work

Insights on wearable
technology in business



About This Report

In February 2015, Salesforce Research launched an initiative to discover:

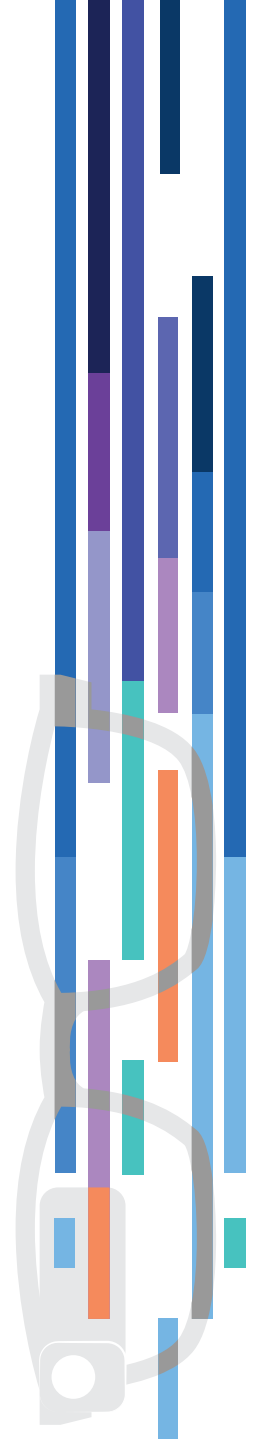
- Who is already using or planning to use wearables in the enterprise
- The value and role of wearables in business – and how it will evolve
- Which wearable tech types are having the biggest impact
- Common challenges companies face when deploying these devices

We conducted an online survey from February 27 to March 1, 2015, resulting in a total sample of 1,455 full-time business professionals in the U.S., 500 of which are currently using or planning to implement wearable technology. The terms “wearables,” “wearable devices,” and “wearable technology” generally refer to digital technologies worn on the body to communicate and access information in real time.

This research report focuses on 500 wearable tech adopters who said they were currently using, piloting, or planning to implement wearable technology in the enterprise in some form. Throughout this report, “adopters” and “companies” refer to this base of 500 respondents, unless otherwise noted.



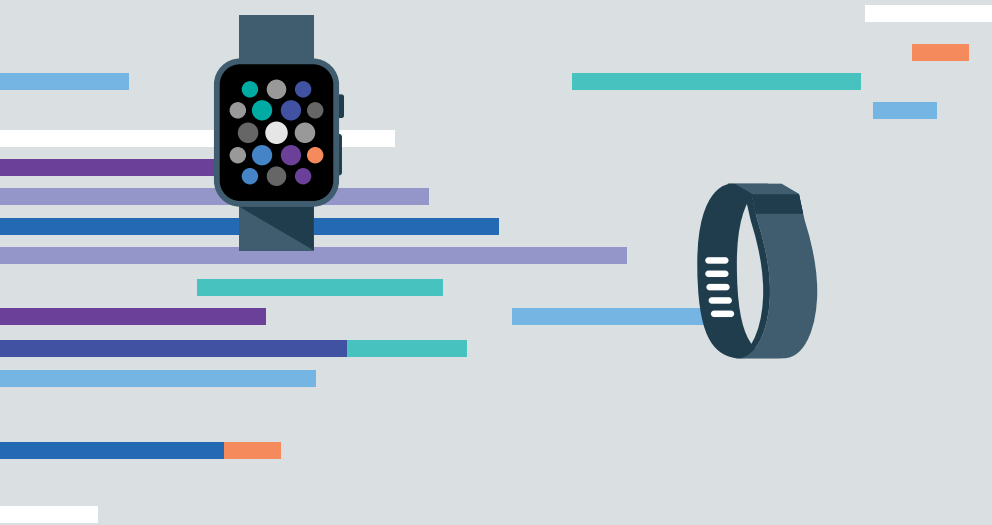
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Executive Summary

Five key takeaways

The wearables market is tech's fastest-growing sector, so we set out to learn how the enterprise is using – or planning to use – wearable devices and the resulting data to drive business success. From devices like the Apple Watch to Fitbit to Oculus Rift, the breadth and sophistication of wearables in the market continues to grow at a rapid pace. Here are five key takeaways from this study:



01 | Wearables in the enterprise are strategic to business success. (see page 5)

Seventy-nine percent of adopters agree that wearables are or will be strategic to their company's future success. Seventy-six percent report improvements in business performance since implementing wearable devices in the enterprise. It's evident that these users see huge value in their wearables programs, as 86% plan to increase wearable technology spend over the next 12 months.

02 | Nearly 3x growth in wearables is expected across the enterprise in the next two years. (see page 7)

Over the next two years, we expect to see dramatic growth in wearables used to access customer data in real time, view business analytics, create immersive customer experiences, and more. Four of the top five growth areas center around improving the customer experience. And while the most common uses of wearables by customers themselves are related to traditional touchpoints (e.g., point of sale), the largest growth margin surfaces around cutting-edge uses that can further personalize the customer experience (e.g., location-sensing technology).

Executive Summary

Five key takeaways

03 | **Smart watches are leading the enterprise wearable tech race.** (see page 11)

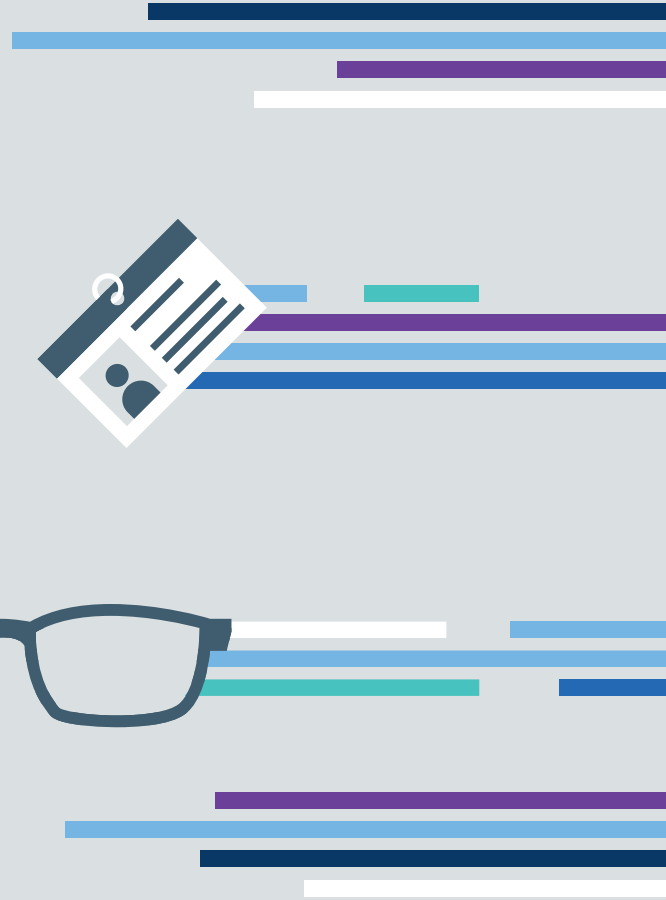
Adopters say smart watches will have the biggest impact (49%) and the quickest adoption rate (40%) on the enterprise; 62% are using, piloting, or planning to use smart watches in the enterprise in the next two years. Digital lanyards and smart glasses rank second and third for their expected impact on the enterprise.

04 | **Wearables-generated data will be an enterprise game-changer.** (see page 13)

The use of wearable tech data is still in its infancy. As it stands, only 8% of adopters say they are completely ready to gain actionable insights from the volume of employee and customer data generated from wearables. But as wearable tech adoption grows and business apps become more abundant, we expect the influx of wearables-generated data to help enterprises make informed decisions in real time.

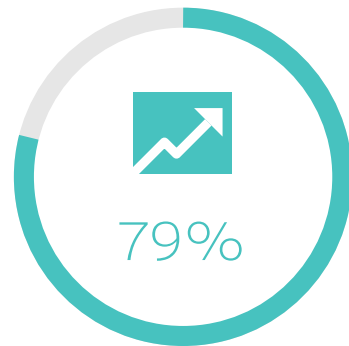
05 | **An expanding app ecosystem will fuel enterprise wearable tech adoption.** (see page 15)

As the app ecosystem matures with varied business applications and more sophisticated multitasking devices, we'll see a growing number of companies embracing wearable tech in the enterprise.



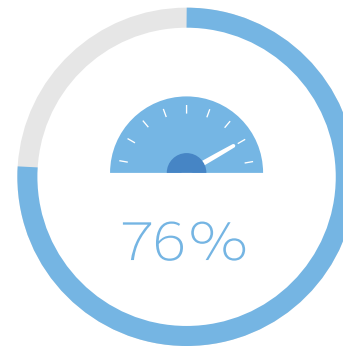
01 | Wearables in the Enterprise Are Strategic to Success

Forward-thinking companies see the opportunity to harness the constant flow of data available through wearable devices. They believe that the influx of information will shape the business world by creating new technologies, services, and even entirely new industries.



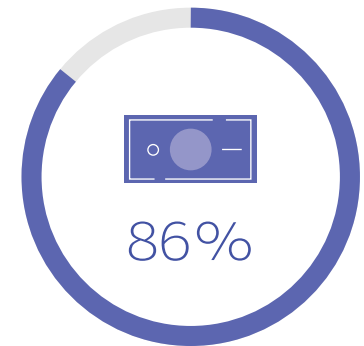
Wearables Are Strategic to Success

A majority of adopters (**79%**) agree that wearables are or will be strategic to their company's future business success.



Wearables Improve Performance

Among current users, **76%** report already seeing improvement in their business performance since implementing wearable device technology.



Adopters Are Increasing Investments

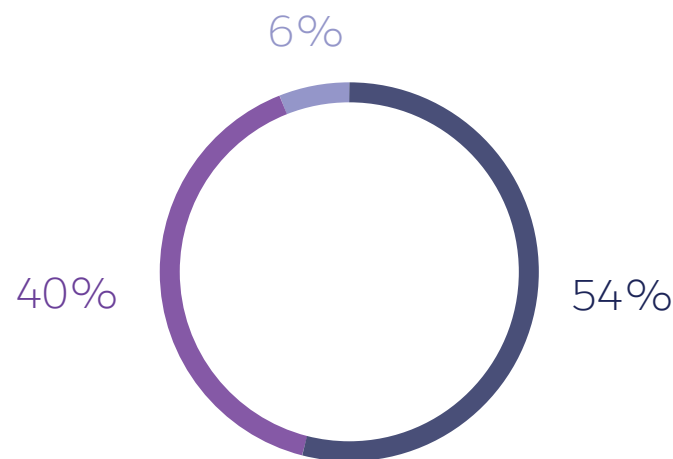
Due to the significant success these companies are seeing so far, **86%** expect their wearable technology spend to increase over the next 12 months.

01 | Wearables in the Enterprise Are Strategic to Success

We asked adopters to describe their company's current relationship with wearable technology, as well as how they intend to use it. Adopters are not only building apps and wearable devices themselves, but increasingly using wearable tech in their core business operations. Meanwhile, bring your own wearables (BYOW) is an emerging trend to watch.

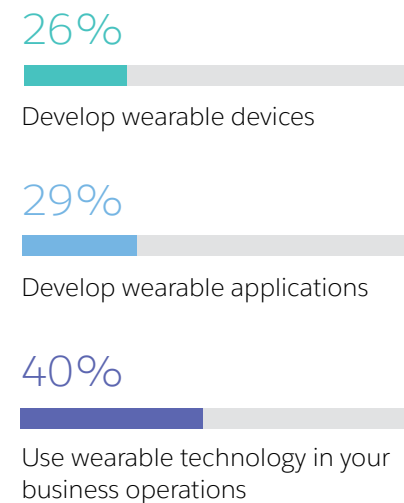
Get Ready for BYOW

Companies are embracing bring your own wearables (BYOW), with 54% currently supporting a BYOW model and an additional 40% planning to support this model in the future.



- Percent currently supporting BYOW
- Percent not currently supporting BYOW but planning to
- Percent neither currently supporting nor planning to support BYOW

Adopters are not only using wearable tech in business operations, but also developing applications and devices.*



* Multi-select question

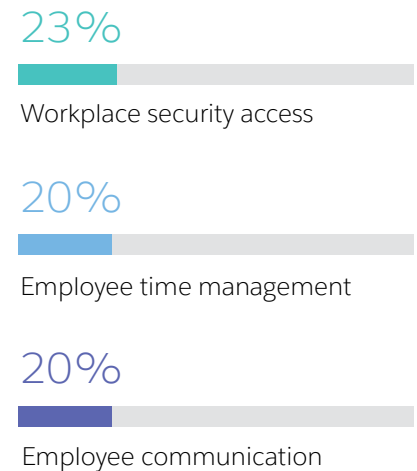
02 | Nearly 3x Growth in Wearables Expected Across the Enterprise

In looking at how wearables can be adopted in business, we categorize this into two primary groups: employee wearable tech use and customer wearable tech use.

Employee Wearable Tech Use Is in Its Infancy

What's the specific role wearable tech plays – or is expected to play – in day-to-day employee functions? As companies dip their toes into wearable technology, they are initially focusing on basic use cases such as workplace security access (**23%** currently using), employee time management (**20%** currently using), and real-time employee communication (**20%** currently using).

As the industry and devices mature, companies are planning heavy growth in the next two years, with a focus on customer-centric use cases (see the chart on the next page), from accessing customer data and business analytics in real time to remote coaching and service help.



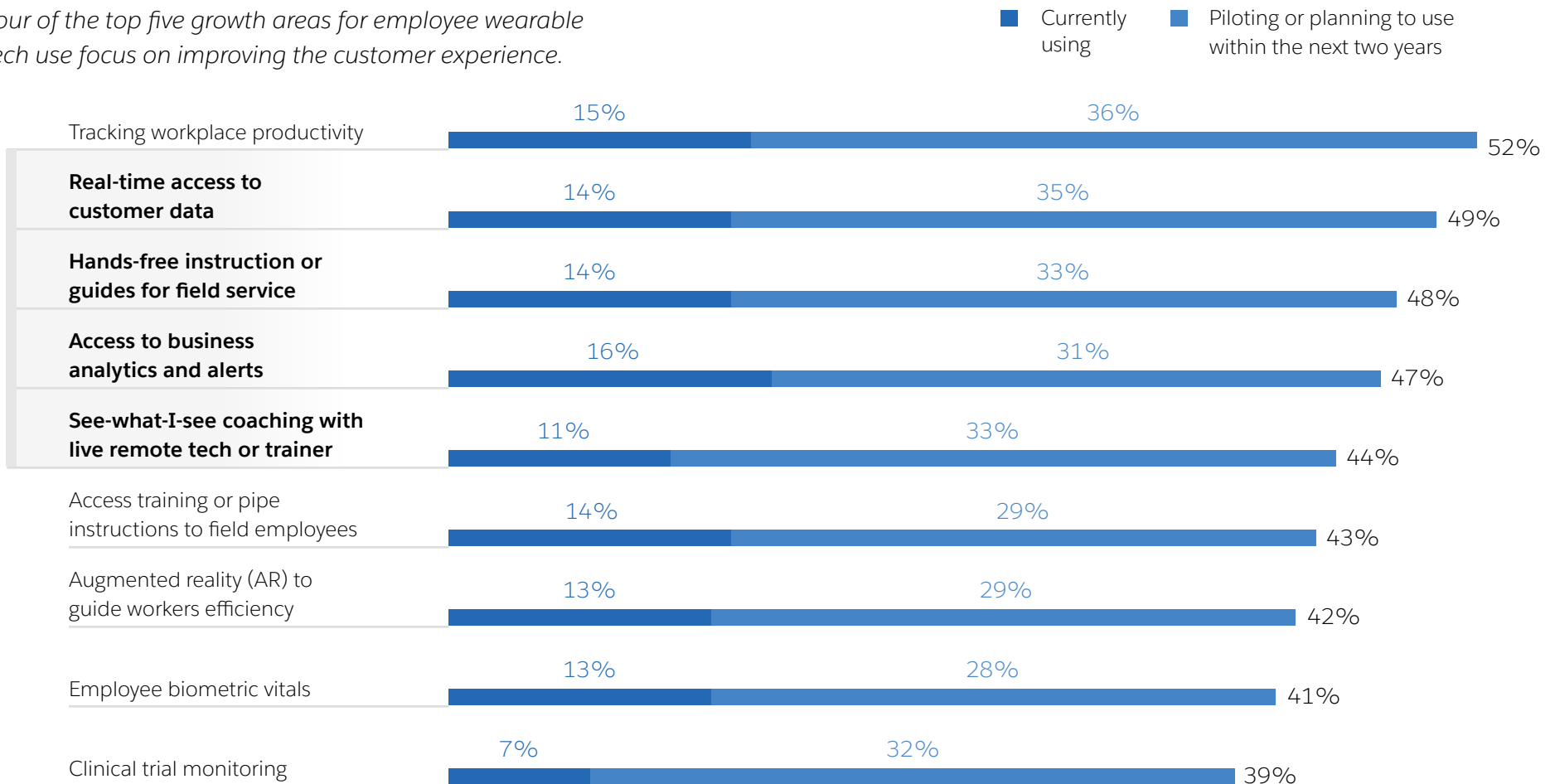
Basic work activities are just the tip of the iceberg for employee wearables.

Customer-centric use cases dominate the role wearable tech will play in employee use over the next two years.

02 | Nearly 3x Growth in Wearables Expected Across the Enterprise

Nearly 3x Growth Expected for Use Cases That Help Employees Serve Customers

Four of the top five growth areas for employee wearable tech use focus on improving the customer experience.



* Note: In some cases, data points may not add up to the total due to rounding.

02 | Nearly 3x Growth in Wearables Expected Across the Enterprise

Customer Wearable Tech Use Is in Transition

What's the specific role of wearable tech being used by customers themselves? Early-stage customer functions include foundational uses such as loyalty and reward programs (**15%** currently using), point of sale (**15%** currently using), and integrated shopping experience (**14%** currently using). Adopters will look to branch into more experimental use cases as customers become more comfortable sharing wearables data with enterprises.

The customer interaction categories where the biggest growth is expected (more than doubling their usage) are device integration (e.g., extension of mobile apps), immersive experiences, and location-sensing technology, as seen in the chart on the following page.

As with most leaps in technology, those using wearables are more likely to begin with traditional use cases tied to existing programs – such as loyalty or point of sale. But the next two years will bring a wave of innovation as businesses test how wearable tech can connect them with their customers in new ways, from immersive experiences to targeted offers.



15%

Loyalty and rewards programs



15%

Point of sale



14%

Integrated shopping experience

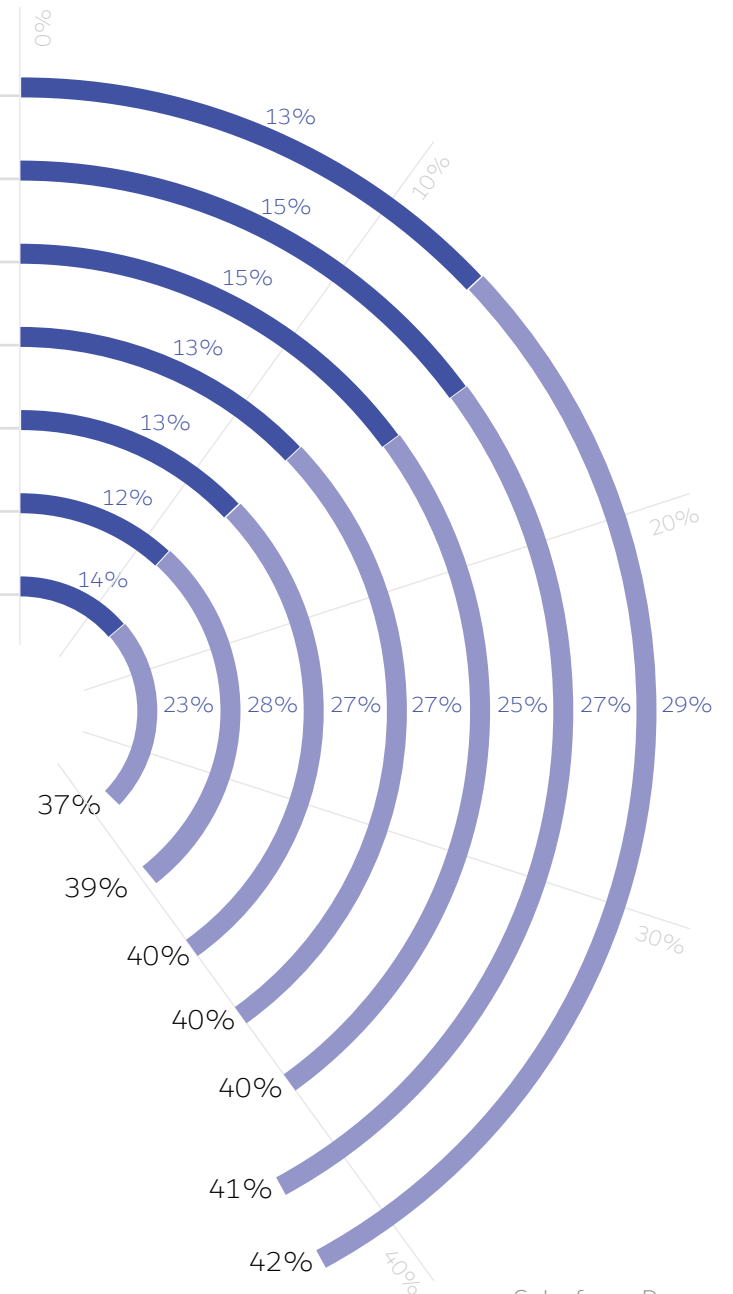
02 | Nearly 3x Growth in Wearables Expected Across the Enterprise

Creating a Connected Customer Experience*

We will see a 3x growth rate in areas like immersive experiences and location-sensing technology, showing an intent to improve customer touchpoints with 1:1 interactions.

- Device integration
- Loyalty and rewards programs
- Point of sale
- Immersive experiences
- Location-sensing technology
- Targeted advertising and offers
- Integrated shopping experience

- Currently using
- Piloting or planning to use within the next two years



A Closer Look at Device Integration

Most wearable devices must be integrated with another device for the technology to work. Whether it's a fitness tracker syncing with your smartphone app, a smart watch unlocking a hotel door, or a wristband allowing you to make on-the-go payments, this two-way device communication is what makes wearables tick.

* Note: In some cases, data points may not add up to the total due to rounding.

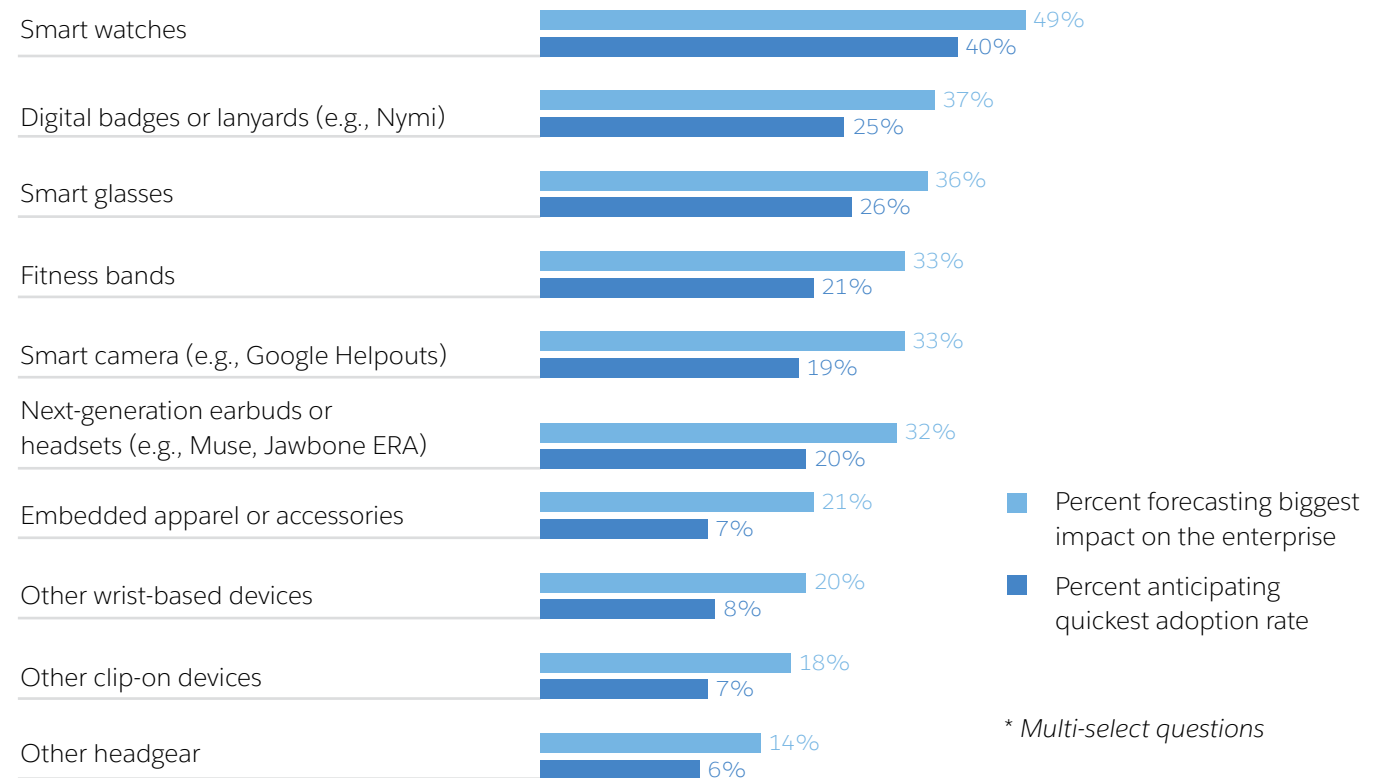
03 | Which Wearable Will Win the Race for Business?

So which wearable type will most drastically change the business landscape?

Wearable tech adopters expect smart watches (49%) will have the biggest impact on the enterprise, followed by digital badges or lanyards (37%), and smart glasses (36%). The same three technology types are anticipated to have the fastest adoption rate (40% say smart watches, 26% say smart glasses, and 25% say digital badges or lanyards).

Enterprise Adopters Embrace the Smart Watch

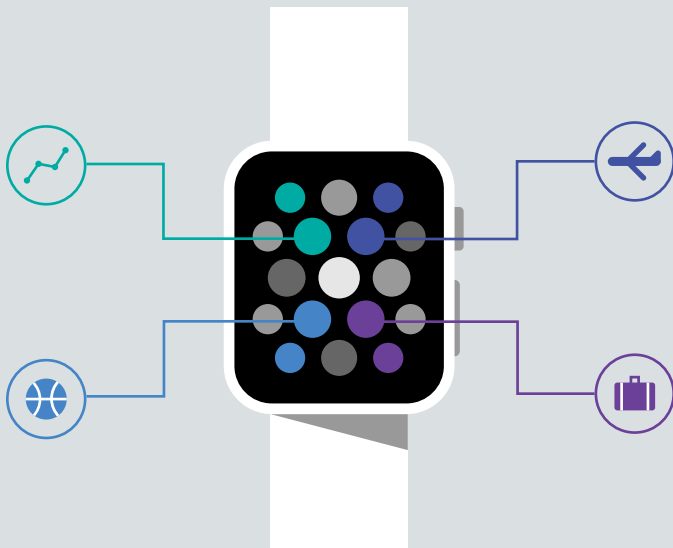
Smart watches lead the pack, with 49% of adopters saying they expect these devices to have the biggest impact on the enterprise.*



03 | Which Wearable Will Win the Race for Business?

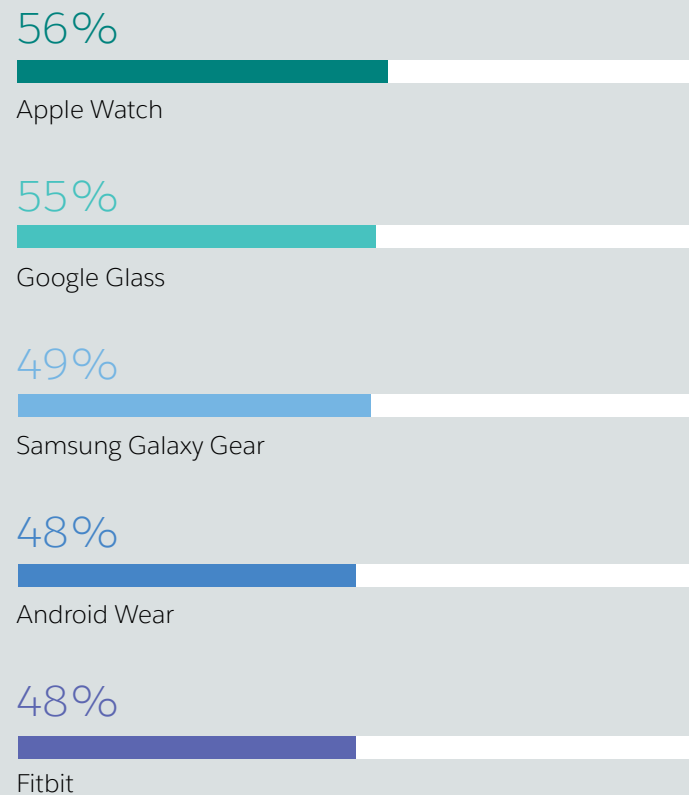
A Preview of Applications for the Enterprise

With the recent Apple Watch announcement, Apple demonstrated a “day in the life of Apple Watch” at work – showing how a business professional can read VIP emails, check flight notifications from American Airlines, pay with MasterCard, view business analytics with Salesforce Wave, check into a room at the W Hotel, see recent scores from MLB.com, and much more.



Apple Watch Piques Enterprise Interest

Although Apple Watch was the most commonly named, three out of the top five devices adopters are interested in for enterprise use are smart watches.

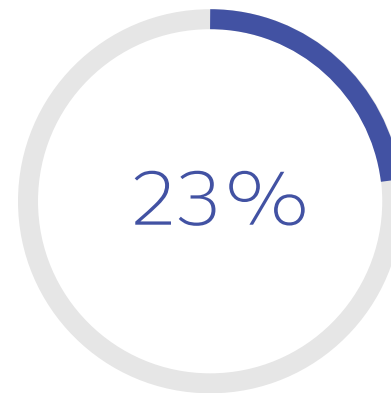


04 | Wearables-Generated Data Will Change the Game for Companies

The universe of customer data, whether it comes from marketing, sales, or customer service interactions, is expanding minute by minute. With the addition of wearables, the pool of available data exponentially increases – and the pace of that growth is unlikely to subside.

As wearable tech adoption rises, enterprises will face pressure to capture, understand, and use the influx of wearables-generated data. The majority of adopters, as seen on the following page, do not yet feel fully prepared to gain actionable insights from wearable tech. In fact, only 8% of adopters say they are completely ready to gain actionable insights from the volume of employee and customer data generated from wearable technology.

With the next generation of wearables like Apple Watch hitting the market, there's a flurry of business app announcements like Evernote, Invoice2go, and our own Salesforce Wave, among others. This ecosystem of enterprise-focused apps – whether they provide real-time notifications or at-a-glance business insights – bring another layer of data to the table, making it more important than ever for businesses to develop action-oriented strategies.

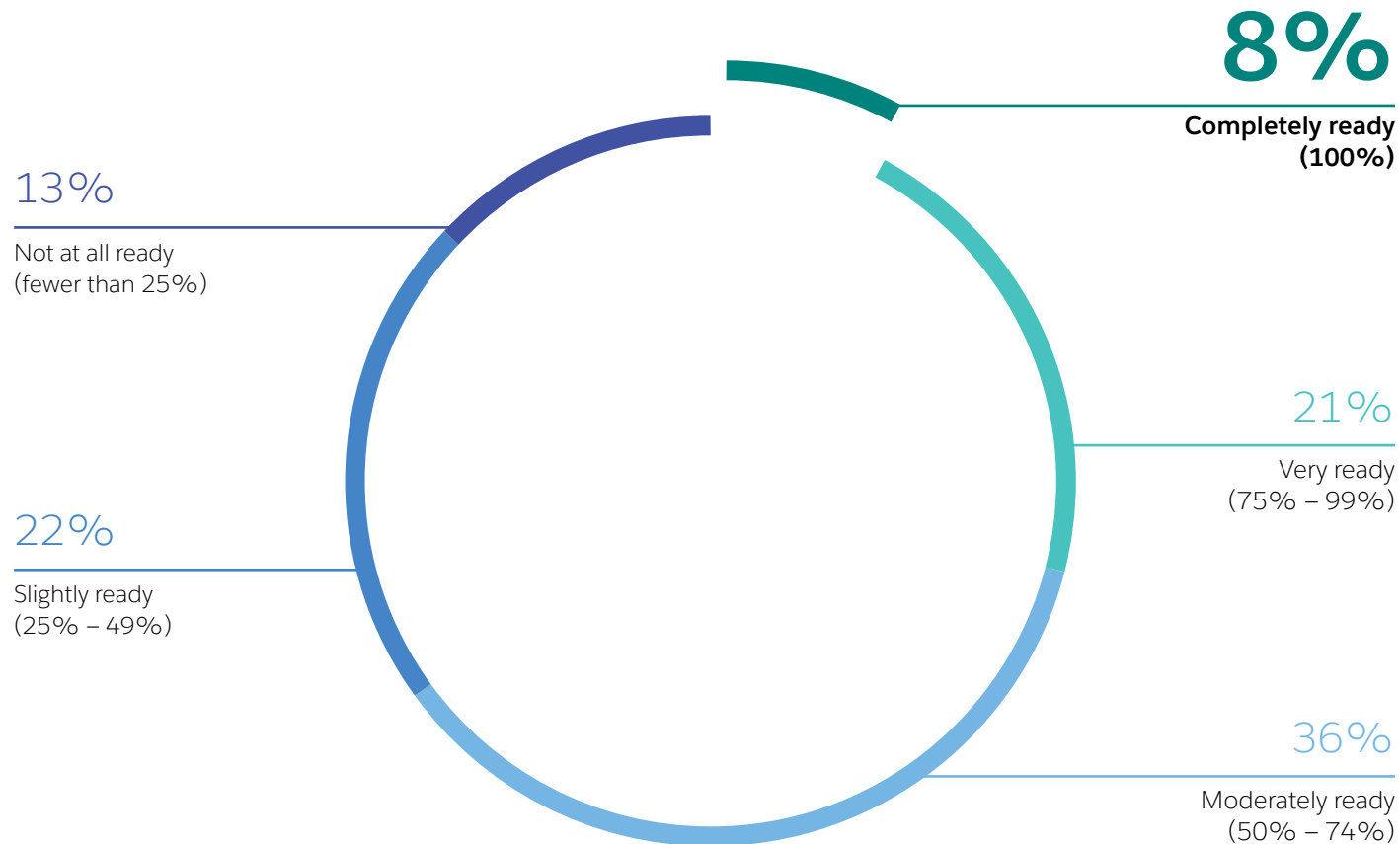


Data collection and aggregation is one of the biggest challenges to deploying wearable tech (cited by **23%** of companies piloting or currently using).

04 | Wearables-Generated Data Will Change the Game for Companies

Taking Action on Wearable Data Is a Challenge

Only 8% of adopters say they are completely ready to gain actionable insights from the volume of employee and customer data generated from wearable technology.



05 | What's Next: Growing App Ecosystem Will Fuel Enterprise Adoption

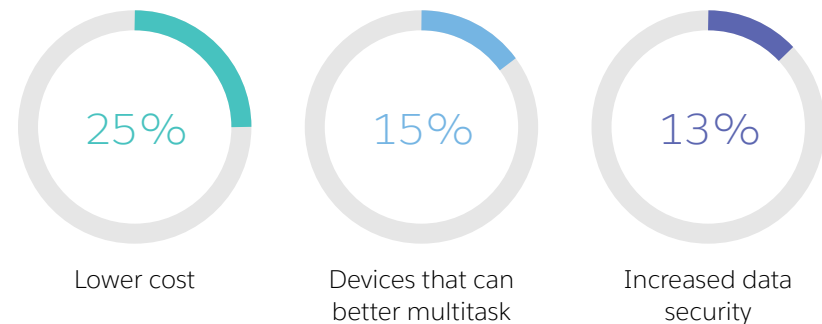
The infancy of wearables presents a significant opportunity for adopters to shape the industry's impact on business. From simple tasks such as email messaging and project tracking to analytics, issue resolution, and in-the-field training, opportunities abound for wearables in the enterprise.

As the wearable tech app ecosystem matures with varied business applications and more sophisticated multitasking devices, we'll see a growing number of companies embracing this technology in the enterprise. Thirty percent of B2B adopters cite the lack of business applications as a primary challenge in implementing wearable tech. Among respondents who indicated they have yet to incorporate wearables into their business plans, 25% say that they'd be motivated by lower cost and 15% by devices that can better multitask.

As wearable tech giants focus their design with business applications in mind, we expect to see an influx of line-of-business and workflow apps that will unleash the full potential of wearables in the enterprise. The next three to five years will bring a surge of wearable tech data – and an expanding ecosystem of apps built to harness that data. Those companies that are poised to glean actionable insights – for both company and customer – will pave the way for advancements across all industries.

What's Next

Lower costs and devices that can better multitask are the top motivators for adopting wearables in the enterprise.



Learn how Salesforce is helping companies transform their businesses with wearables like the new Apple Watch at salesforce.com/applewatch



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