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Nexthink breaks down barrier between workers and IT with digital experience management

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In many organizations, IT and management lack visibility into the end-user computing experience. Nexthink recently raised \$85m to expand its idea of the digital experience, combining machine data with user sentiment and business context for company leaders.

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Summary

The modern knowledge worker often depends on a host of technologies to get his or her job done, which makes IT's role so critical for large organizations. In many organizations, however, IT often lacks visibility on the end-user computing experience, which can create friction that affects the employee experience and level of engagement.

Born out of a research project, Nexthink was founded in 2004 to address this issue – helping companies put employees at the center of their IT strategy. Nexthink – which recently raised an \$85m series C round in December 2018 – now has more than 400 employees across 10 countries, and more than seven million endpoints under management. The company currently has more than 1,000 paying customers, with more than 100 of those in the Fortune 2000 and more than 25 in the Fortune 500. This report will examine Nexthink's current offerings and future product roadmap and how those tie in to 451 Research's views on the future of the employee experience and productivity software.

451 TAKE

Nexthink's focus on the employee experience relative to their employer's devices, apps, and IT policies combined with its language around digital workplace enablement is a unique value proposition that sits at the intersection of HR and IT. The company is ahead of the curve in addressing trends in both organizational productivity and employee engagement that 451 Research believes will be critical to workplace of the future.

Context

The idea behind Nexthink is that a business is not simply a collection of endpoints, it is a collection of employees. And, without properly understanding the experience of those employees, those endpoints won't be as impactful. So Nexthink wants to bridge that gap between IT managing endpoints and the employee experience by providing a digital workplace that can increase productivity and satisfaction while reducing support costs.

Productivity isn't just important to managers and business leaders, though. According to our 451 Research VoCUL: Corporate Software Survey from September 2018, 43% of job seekers said it would be very important that their prospective employer offer devices, applications and other productivity tools to help them get work done. Another 38% ranked this as somewhat important, while only 4% said it was not important at all.

In its current iteration, Nexthink also sits at a very interesting intersection between human resources and IT. As knowledge work evolves toward the WorkOps model indicative of the 'liquid enterprise,' productivity and work enablement will be key features that surface in the buying decision for any software. However, as HR transformation hits its stride, the concept of employee engagement, or the employee experience, will become bifurcated. HR practitioners will continue to measure employee engagement with the company itself through pulse surveys and traditional reviews, but they will also begin to measure employee engagement with the work itself, through tools that provide data on how employees interact with applications, platforms and content. Nexthink, which combines machine/network data with user sentiment and the business context, is in a great position to enable this next generation of employee engagement across work.

Products

The core product in Nexthink's portfolio is its modular platform built on four pillars: analyze, engage, act and integrate. Each employee has a collector installed on his or her device to capture hundreds of metrics including software use levels, browser requests, policy issues and more. That data is then fed into the Nexthink engine, where it is analyzed and presented via the granular Nexthink Finder or the high-level Nexthink Portal. That comprises the analyze segment of the platform.

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The engage segment is powered by feedback and sentiment analysis that are collected to provide users with a better view of the true level of employee engagement in the organization. Automated remediation and self-help capabilities lead to faster resolutions, and real-time threat intelligence is also provided out of the box, which helps organizations to act. This leads us to the integrate section, where other IT systems can be enriched with endpoint data collected by the platform.

Using a combination of sentiment data and hard metrics, users are then provided with a Digital Experience Score – a rating of an employee's ability to get work done by safely and securely interacting with IT. The overall Digital Experience Score is a combination of separate scores on devices, mobility, business apps, Workplace Promoter score, security, web browsing and productivity. The company is also working on further developing benchmark Digital Experience scores by industry. Right now, those are introduced after the solution, but that score could become a first step in the future as customers begin their deployments.

Nexthink's product roadmap is underpinned by the two core themes of mobile and machine learning. Mobile provides a good interface for gathering sentiment, is non-invasive and provides a good platform for employee communication. Machine learning could be used to pre-emptively detect IT problems, with the goal of possibly getting to zero support tickets. In this vein, the company has developed an intelligent chatbot to help guide users through the platform.

Strategy

With its heavy focus on apps and devices, Nexthink likely sells primarily to IT admins and security leaders. However, with the employee experience narrative, there is a distinct opportunity for traction with HR leaders as well. Nexthink is growing its global customer base, with the strongest growth happening in southern and central Europe and the Middle East.

Nexthink offers a comprehensive product that targets the employee experience from the top down, and also offers tailored solutions to address specific and immediate challenges such as Windows 10 migration and management, shadow IT and Office 365 deployments. The company has a host of technology and managed service provider (MSP) partners as well. On the technology side it counts ServiceNow, Splunk, ArcSight, Apple, VMware, EasyVista, PMCS.helpLine Software Group (now Serviceware SE), Citrix and Microsoft. Nexthink's current MSP partners include DXC, Atos, Cognizant, Computacenter, Getronics, HCL, Tech Mahindra, Wipro and Unisys.

Financial

As noted, Nexthink's most recent round of funding was an \$85m series C round that was announced on December 12, 2018, and led by Index Ventures out of Geneva, Switzerland. To date, the company, which is headquartered in Lausanne, Switzerland, has raised more than \$156m in capital. The company isn't currently raising capital or pursuing any acquisitions.

The Nexthink offering is priced per endpoint managed. The company is privately held and doesn't disclose revenue figures, but 451 Research estimates the company's current ARR to be between \$55 and 70m.

Competition

The primary competition for Nexthink – defined as companies analyzing endpoint devices with a bent toward the digital experience – includes companies such as Lakeside Software, Aternity and Nanoheal. Microsoft System Center Configuration Manager and VMware also offer similar solutions around workplace analytics that could be seen as competitive.

Tanium, IBM and Ivanti all look at endpoint devices as well, but from a more systems management-oriented point of view. Companies like New Relic, AppDynamics and Dynatrace look at the digital experience, but tend to focus more on applications and servers.

SWOT Analysis

STRENGTHS

Nexthink's ability to tie endpoint device data to sentiment data in order to provide a deeper look at the employee experience sets the company up well for future work trends in the enterprise and makes the product more broadly valuable outside of IT and security customer segments.

WEAKNESSES

The company's focus on the employee experience is smart, but messaging lacks clear language around the direct impact of improving the day-to-day work experience for knowledge workers. At times, the marketing copy seems to lean toward improving IT operations more so than work enablement for end users.

OPPORTUNITIES

Investments in machine learning will serve the company well because it will be able to provide more contextual links between an employee's experience with IT and his or her productivity. Making that connection will be critical for Nexthink if it wants to lead its customers toward WorkOps and the liquid enterprise.

THREATS

The biggest threat to Nexthink would be a company like IBM moving downstream from systems management to provide a digital experience platform as well, or a company like Microsoft extending its analytics tools (MyAnalytics, Workplace Analytics) into the market region occupied by Nexthink.