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MARKET PULSE

Employee Experience Platforms: Culture Amp

Scaling a Culture-First Approach in the Age of AI



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Produced exclusively for Constellation Research clients

MARKET DESCRIPTION








Amid macro forces of automation and artificial intelligence (AI), firms continue to invest in keeping their human employees happy and engaged. The employee experience (EX) platform market aims to improve the work environment through surveys, goal management, recognition, collaboration tools, and reporting and analytics.

EX management platforms ensure that employees have the tools they need in order to be not only successful in their roles but also actively engaged and aligned with the organization's best interests. Happy employees drive improved customer, supplier, and partner experiences. Delivering a positive EX will increase productivity and satisfaction, resulting in higher retention, lower turnover, and more innovation.

Vendors in this space often hail from various lineages, including performance management, survey insights, recognition, and collaboration tools. Constellation expects an increase from a \$6.3 billion market currently to a \$13.9 billion market by 2030.

TRENDS

Customer checks from AX100¹ and BT150² alumni show the following seven EX trends for 2025 and beyond:

	Age of AI drives focus on reskilling and upskilling.	Leaders understand that they must provide their workforce with AI-based tools to augment and accelerate work. These tools focus mostly on reducing and automating high-volume, highly repetitive, and low-skill tasks. In many instances, highly complex tasks can be embodied by AI agents and advisors (see Figure 1). The goal is to create a human-centered approach to AI adoption.
	Ambient experiences and AI power performance.	Most organizations are moving beyond regularly scheduled surveys to ambient experiences in which passive listening and understanding help power personalization efforts with AI. When next-best actions benefit the employees, greater trust is developed and more information and insights are shared. The goal is to use analytics and insights to drive improved performance.
	Leaders focus on employee well-being.	The onslaught of constant change and massive transformation often leads to employee burnout. Leading organizations have prioritized well-being—from making work easier to identifying natural transitions for breaks, creating new opportunities for advancement, and developing mentor and mentee programs to build culture and community.
	Employee development moves beyond retention.	Innovative leaders take a holistic approach to the hire-to-retire lifecycle. Success starts with defining clear employee goals, creating relevant benefits, training good managers, and creating realistic career development plans. In every employment lifecycle, from onboarding to exit discussions, the organization's brand experience and values should be built by design.
	Return-to-office becomes the norm.	The pendulum has shifted from work-from-home back to work-in-office. Although hybrid options remain popular, many organizations have now mandated return-to-office as the norm and work-from-home as a limited option. Regardless of the policy, employers must support a multitude of options.
	People analytics move from insight to action in a world of decision automation.	A strong analytics foundation now enables EX leaders to take action from a wide range of insights. The goal of more analytics, automation, and AI is not more tooling. In fact, the goal is decision intelligence and automation.
	Platforms usurp best-of-breed solutions.	An era of exponential efficiency drives leaders to consolidate best-of-breed solutions into platforms. Although there is not a single platform that will meet all the needs of EX, organizations are quickly moving to consolidate capabilities where possible.

Threshold Criteria

Constellation considers the following criteria for vendors to be considered in the EX platform category:

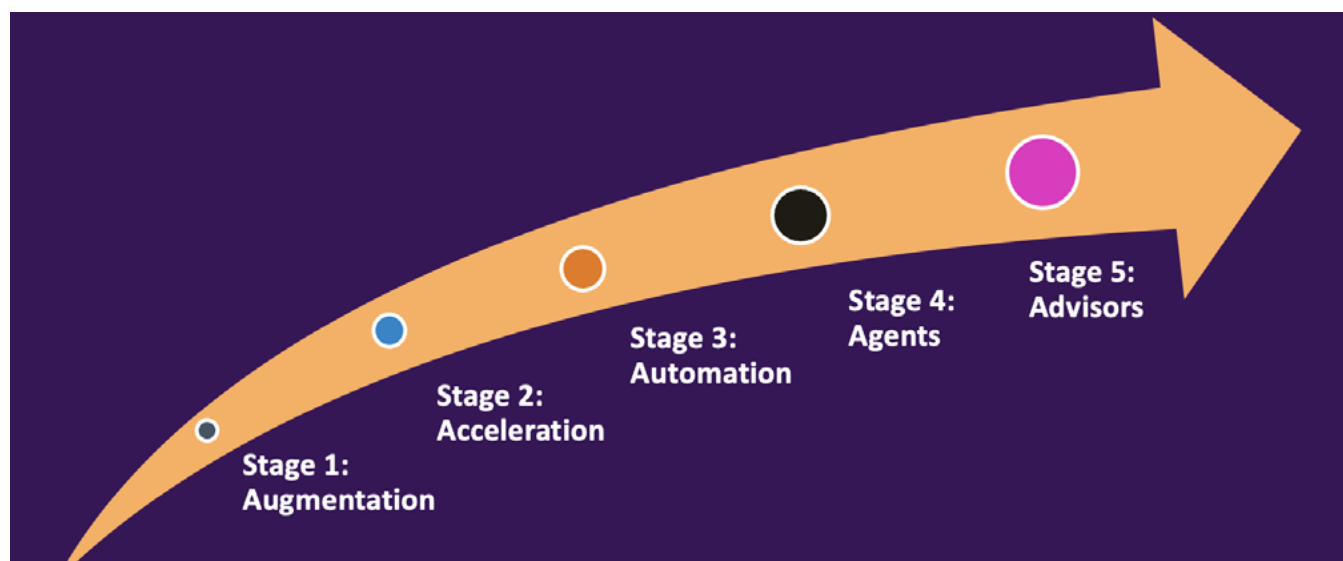
- | | |
|----------------------------|------------------------|
| ✓ Goal management | ✓ Employee recognition |
| ✓ Surveys | ✓ Employee rewards |
| ✓ Insights and analytics | ✓ Team appreciation |
| ✓ Performance reviews | ✓ News feed |
| ✓ Reporting and analytics | ✓ Social feed |
| ✓ Turnover prediction tool | ✓ Secure chat function |
| ✓ Employee feedback | ✓ Content hub |
| ✓ Peer-to-peer recognition | ✓ Content translation |

VENDOR UPDATE

Culture Amp is one of the key vendors included in “Constellation ShortList™ for Employee Experience Platforms.”³ Constellation received an update from Culture Amp in October 2024. Here are some key highlights:

- **Management team changes.** Over the past 12 months, Culture Amp has appointed new sales, product, and marketing leaders to best support the company as it embarks on its new phase of growth and moves upmarket.

Figure 1. Organizations Reskill and Upskill Employees for the Five Stages of AI



Source: Constellation Research

- **Culture Amp acquisition of Orgnostic.** The June 2024 acquisition unlocks Culture Amp's People Analytics product. It enables customers to easily collect, cleanse, and synthesize people data from disparate sources across the employee lifecycle and derive more value from their HR tech stack—including the Culture Amp platform's Perform, Engage, and Develop modules.
- **AI capabilities in platform.** Culture Amp is focused on applying AI for value, specifically reducing the time to insight and action with powerful summaries, intelligent next-best actions, and personalized coaching with a people-science-trained assistant. AI features launching in 2024 include AI Comment Summaries in surveys, AI-enhanced survey heat maps, AI Feedback Assistant and AI Writing Assistant, and AI-driven topic and sentiment analysis.
- **Seamless partner integrations.** Culture Amp released a series of human resources information system (HRIS) compensation and workflow integrations throughout 2023 and 2024. Native integrations include those for BambooHR, Gusto, and Personio. ADP and Deel integrations were delivered in early 2024.
- **Performance platform expansion.** Throughout 2024 Culture Amp's product team rebuilt and expanded the functionality of its performance product to deliver an enterprise-ready platform that maintains its secret sauce of simplicity and people science best practices. In 2024 enhancements included more flexible goal management, robust one-on-one capabilities, external feedback, and richer reporting. Coming soon are unified multilingual performance cycles, competency and goals-based review cycles, smart one-on-one meeting suggestions, and AI-powered tools, all for faster, more equitable performance management.

OFFERING ANALYSIS

With more than 20 global players in the EX platform market, customers are challenged in choosing a trusted partner. Here are the strengths and weaknesses of Culture Amp's offering:

Highlights

More than 25 million employees at 6,500 companies use Culture Amp to better their world of work. The solution takes a science-based approach in which best-practices research improves employee engagement. Customers use the EX platform across the hire-to-retire lifecycle to improve engagement, develop high-performing teams, recognize success, and retain talent. The platform includes four key modules: Engage, Develop, Perform, and Analyze. The solution recognizes that employees face action fatigue not survey fatigue and is designed with a bias for action to transform engagement. It provides unlimited access to several science-based surveys in each module.

Opportunities for Improvement

As with many other EX platforms, user experiences can sometimes be a bit confusing when the platform offers a plethora of features. For example, screens that are designed for power users may seem overwhelming to new users. Interaction between reviews and self-reflections can sometimes be confusing as well. Survey creation is not intuitive at first, but with more practice with the system, users discover the benefits of some of the user experiences. Constellation expects these issues to be addressed in future releases.

BUYING CONSIDERATIONS

According to Constellation's reference checks, customers and prospects choose Culture Amp in order to:

- Move to a single platform for connected EX
- Take a science- and research-based approach to EX
- Partake in a larger culture-first community
- Align with references in industries such as banking, financial services, and insurance (BFSI); commerce and retail; consumer packaged goods (CPG); and high tech
- Benefit from a proven approach to performance-based EX

RECOMMENDATIONS

Constellation's Executive Network of CxOs from the AI150 and BT150 lists recommend the following best practices:



Align brand promise with EX.

Strategies should reflect brand values and purpose. Design your EX to align with core brand values. If a core value is creativity, enable creativity in how employees personalize experiences. If a core value is efficiency, then ensure that decisions are swiftly made.



Focus on developing a culture of engagement.

Highly engaged workforces require an engagement-first strategy. This work can start without a tech platform. Once the design is completed, use technology to deliver scale and to augment and accelerate existing capabilities.



Choose platform vendors with rich ecosystems.

A myriad of point solutions abound in the EX space. Buyers should prioritize EX platforms that have rich partnerships, easy-to-implement integrations, and vibrant buyer communities.



Double down on your data strategy.

As EX moves to an AI-driven approach, focus on a data strategy. AI cannot exist without data. Every AI project begins and ends with a solid data foundation.



Don't wait to start your POC.

Time is of the essence. Fail fast and learn faster. Organizations that have completed many proofs of concept (POCs) have built memory muscle and stronger internal capabilities for deploying AI-first solutions.

ENDNOTES

¹ “AX100 2024,” Constellation Research, 2024. <https://www.constellationr.com/work-contellation/ax-leaders/ax100-2024>

² “Constellation Research Business Transformation 150™,” Constellation Research, 2024. <https://www.constellationr.com/business-transformation-150>

³ R “Ray” Wang, “Constellation ShortList™ Employee Experience Platforms,” Constellation Research, August 14, 2024. <https://www.constellationr.com/research/constellation-shortlist-employee-experience-platforms>

ANALYST BIO

R “Ray” Wang

Founder and Principal Analyst

R “Ray” Wang is founder, chairman, and principal analyst of Constellation Research and the author of the popular enterprise software blog A Software Insider’s Point of View. He previously was a founding partner and research analyst for enterprise strategy at Altimeter Group.

A background in emerging business and technology trends, enterprise apps strategy, technology selection, and contract negotiations enables Wang to provide clients and readers with the bridge between business leadership and technology adoption. Wang has been recognized by the prestigious Institute of Industry Analyst Relations (IIAR) as Analyst of the Year, and in 2009 he was recognized as one of the most important analysts for enterprise, SMB, and software. In 2010 Wang was recognized on the ARInsights Power 100 List of Industry Analysts and named one of the top influential leaders in the CRM Magazine Market Awards.

Wang graduated from Johns Hopkins University with a B.A. in natural sciences and public health. His graduate training includes a master’s degree from Johns Hopkins University in health policy and management and health finance and management.

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Organizational Highlights

- Institute of Industry Analyst Relations (IIAR) New Analyst Firm of the Year in 2011 and #1 Independent Analyst Firm for 2014 and 2015
- Experienced research team with an average of 25 years of practitioner, management, and industry experience
- Organizers of the Constellation Connected Enterprise—an innovation summit and best practices knowledge-sharing retreat for business leaders
- Founders of Constellation Executive Network, a membership organization for digital leaders seeking to learn from market leaders and fast followers



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