

WELCOME TO THE FUTURE OF WORK

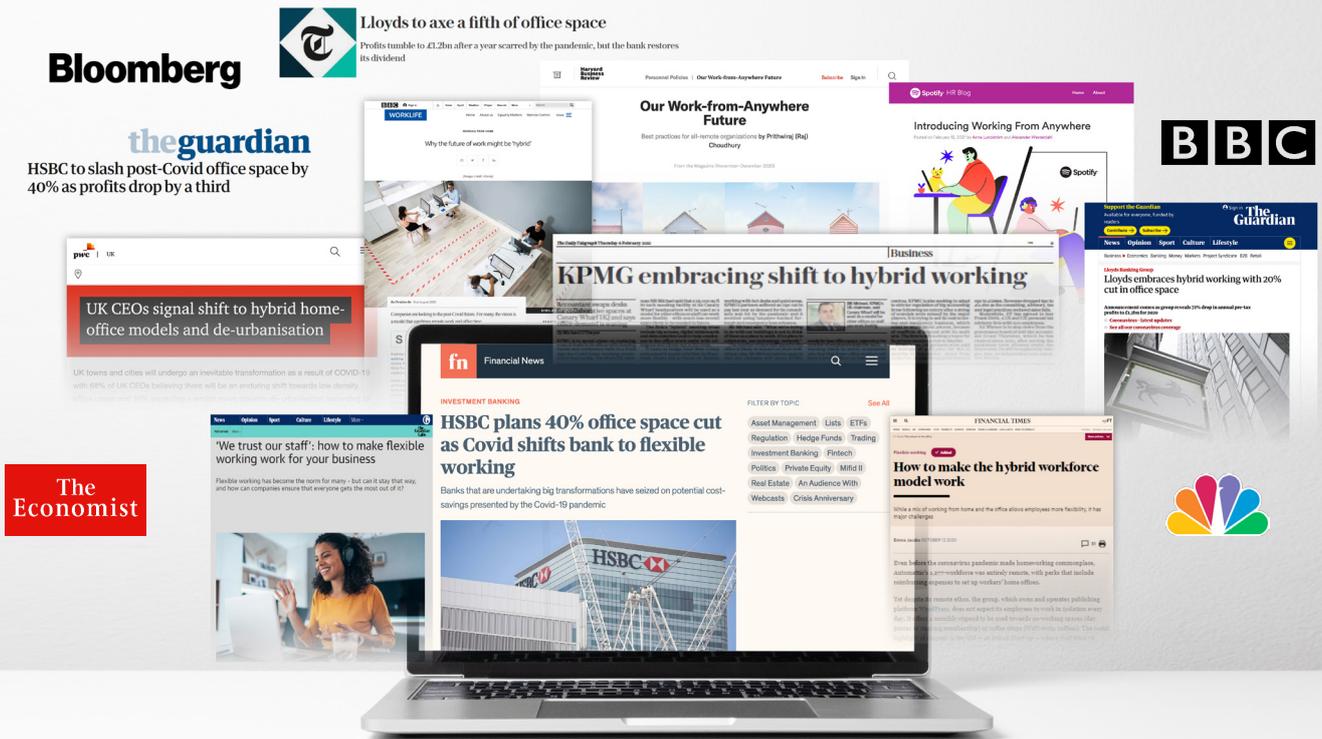


2020: A DEFINING YEAR FOR OUR INDUSTRY AND IWG

In just 12 months the world as we knew it changed dramatically. “Unprecedented” challenges became the theme of the year, with people’s health and wellbeing now a priority for all businesses.

The Covid-19 pandemic exposed the fragility of the traditional approach to corporate real estate, with flexible working going from a niche idea to a global topic of conversation.

Businesses have become more people-centric, less location dependent. The future of work is about empowering and enabling companies to facilitate this for their workers.



- Advances in technology have been enabling workers and companies to move towards flexible working for years.
- The Covid-19 lockdown proved that it is not only possible but perhaps preferable for knowledgeable workers to do their jobs from anywhere.
- **The shift has happened.**

A TIME OF TRANSFORMATION IN THE WORKPLACE

There are four key factors behind the workplace transformation that we're currently experiencing, each contributing to the global shift in corporate attitudes that, just 18 months ago, would have seemed implausible.



Technology

5G

Devices/Connectivity

Enablers: Zoom/Teams

AI/Automation



People

Hybrid working becoming the norm for many and proving hugely popular



Environment

Most important theme of the decade
Our major deliverable



Economics

Talent cost
Flexibility
Flex is normal

What's driving the shift?

Ubiquity

Flexible working is everywhere, with more locations than ever before

Choice

The range of available workstyles makes flexible working increasingly accessible

People

Demand for hybrid working is increasing at an unparalleled rate

Environment

Flexible working can have a positive impact on the environment...

Economics

...as well as helping businesses become more cost-effective

THE FLEXIBLE WORKSPACE REVOLUTION

So, what is the data telling us?

The radical shift over the past 12 months is telling us it's revolution over evolution. This is underpinned by recent surveys showing that over half of workers would prefer a hybrid working model.

An even greater percentage (around 80%) anticipate that remote working is the new norm.

And finally, there's an interesting correlation between remote working models and increases in productivity of up to 40%.



The numbers



52%

of US workers would prefer a hybrid work model

Gensler, US Work Survey 2020



81%

of companies anticipate remote working being the new norm

PWC, Future of Remote Working



82%

of US professionals have made use of flexible working options

Deloitte, Workplace Flexibility



40%

increase in productivity can be seen in employees with an optimised remote working model

Forbes, Global Workplace Analytics

WORK TRENDS

We are seeing new trends develop at a rapid pace. Some are great, but they also come with a new mindset and focus. The workplace is transforming and needs to be hygienic, clean and safe for people to use.

The choice of working anywhere, anytime is reducing the need for commuting and is saving us precious time and cost, but 2020 saw more companies recruiting Chief Health Officers as increases in stress-related absence and mental health conditions becomes a growing concern.

Research has also shown that women are more likely to be affected by job losses during Covid-19 and so companies must invest in new ways to support their female workforce.

However, we're already seeing examples of companies being more productive as a result of how they manage their workforce and time.

Reworking the workplace

The office is being reconceptualised, with offices introducing new touchless technologies, from germ-fighting UV frequencies to hygienic work pods and virtual office layout systems

Rise of the Chief Health Officer

2020 saw more companies recruiting Chief Health Officers, and CIPD is reporting "nearly 37% of employers have seen an increase in stress-related absence in the past year, while nearly 60% have experienced an increase in common mental health conditions

Work anywhere

Responding to the loss of business travel, more countries are setting up remote working programmes to enable employees to work from anywhere.

Employee activism

In December 2020, 74% of young people said they refused to work for a company that went against their values, and 82% believed brands should leave aside their differences and work together for the greater good

Preventing shecession

Research shows that, globally, women's job losses due to Covid-19 are 1.8 times greater than men's, leading to some companies investing in new ways to support their female workforce

Closing the productivity gap

HBR reports that the productivity gap has widened during the pandemic – with the top quartile of companies now 40% more productive than the rest. Research suggest this comes from differences in how they manage the talent, time and energy of a remote workforce.

HYBRID WORKING – WHAT HAVE WE LEARNED?

Working from home and sharing the uncertainty of the pandemic has made us human again, with 62% feeling more empathetic towards their colleagues now that they realise they are not robots and have actual homes, children and pets, while 50% feel more valued in meetings because everyone is virtual and on an equal platform.

And so our social and physical lives have been transformed into digital worlds. We stare into each other's living rooms, home-made kitchens and other home-made offices, and we miss our colleagues and face-to-face interaction.

60% struggle with connectivity and not everyone has a home office that enables them to be productive.

Therefore, when designing a hybrid working solution, we need to be sensitive to diversity, cultural differences and local practices. It is not a case of one size fits all!

60%

of people struggled with internet connectivity issues

30%

of people said family members, partners, or house-mates are the largest distraction

50%

of companies were unable to guarantee secure data transfer

23%

of employees missed their colleagues and communicating face-to-face



72%

of people feel their home environment enables them to work productively



79%

of employees agreed that remote work policies will now be a factor when searching for new employment opportunities



52%

of people said they feel more valued or included as a remote contributor in meetings because everyone is now in the same virtual room



62%

of people said they feel more empathy toward their colleagues now that they have a better view of life at home

WHAT EMPLOYERS ARE SAYING



Last year EY undertook research on returning to work, showing 6 major resets in work experience.

Pre-Covid-19 corporate portfolios were at approximately 60% utilisation. With upwards of 40% of employees working remotely 2-3 days a week, portfolios need to change and real estate footprints redesigned in accordance with these new work trends:

- Virtual meetings have replaced travel
- Remote and virtual learning following remote leadership and management
- Productivity of workforce will be measured differently and against new models
- Technology is key
- A change in wellbeing policies is needed

THE SIX MAJOR 'RESETS' IN KEY AREAS OF WORK EXPERIENCE

6. Flexibility and wellbeing policies

78%

of employers are planning moderate and extensive change to remote work strategies with associated policy changes

5. Remote work enablement & tech

56%

are enhancing technology for remote work, idea sharing, communication and knowledge sharing

59%

are expanding implementation of Microsoft 365/Teams/ other tools for work and collaboration

4. Workforce planning and analytics

48%

are considering the need for location mix and a back-up workforce

49%

of employers are looking to change how they measure productivity of work

1. Real estate footprint

51%

are redesigning offices/re-evaluating policies on shared spaces and meeting rooms

74%

of employers are planning moderate to extensive changes in real estate

2. Business travel and mobility

59%

are significantly reducing the amount of internal travel for company meetings and training

47%

are remixing the amount of in person vs. remote visits that employees can make to customers

3. Learning and culture

64%

are enhancing the approach to online/ virtual learning

41%

are amending competency frameworks and developing remote leader and manager capability



NEW SET OF CHALLENGES

Predicting the future seems impossible and uncertainty has made us indecisive – how do we overcome the challenges of over-committed space that is not being used?



Employee wellness

There has been a noticeable shift towards employee wellness and mental health

Over-committed and under-utilised workspace

69% of companies plan to shrink office footprint and move to flexible solutions



Uncertainty

64% of employees who did not want to work from home before the pandemic want to incorporate it in the future



Predicting future work solutions needs

50% of all employees will have variable work, both at the office or somewhere else



INCREASED AGILITY IN THE WAY WE RESPOND

Bold statements and noise in the market has stretched to every corner of the world, in every industry; Twitter, Spotify even the banking sector is adopting flexible working.

And not surprisingly investments in tech is supported across many businesses, with early adopters leading the way.



"Flexible working will become the norm"

Jes Stayley, Barclays CEO

"People are looking for places to work closer to home"

Antti Tuomela, TRACTR Co-founder



NTT employees to adopt hybrid working globally



Twitter is allowing staff to work from home 'forever'



"We have established that we can work very effectively from outside of the building"

Fani Titi, Investec CEO



Spotify will let employees work from anywhere after the pandemic

New Zealand proposes a 4-day working week

In APAC, 84% of businesses expect to increase investment in tech to support remote working

EARLY ADOPTERS LEADING THE WAY...



NTT is adopting a tailored Global Pass Program for all of its 300,000 employees, providing unlimited access to all short-stay products across the IWG global network



Standard Chartered Bank is providing membership access for 95,000 employees to all 3,500 IWG locations globally

~~LOCATION, LOCATION, LOCATION~~

Work is no longer location dependent, and mobility matters more than ever before.

Flexibility and risk mitigation are increasing factors in 'on demand' solutions for businesses of all types seeking to create a way of working that suits the individual needs of each employee.

In short, it's all about the hybrid worker.



WHO IS THE HYBRID WORKER?

The hybrid worker is one who requires a range of flexible workspace solutions that can adapt and meet their constantly changing requirements.

It's more than just a choice of location, it's a choice of workstyles that are available whenever and wherever the hybrid worker needs.



HOME WORKER



BUSINESS TRAVELLER



OCCASIONAL OFFICE USER



OFFICE USER



HYBRID WORKER



PROJECT TEAM

WHAT DOES THIS MEAN FOR CRE?

This represents a very real opportunity for corporate real estate, where costs can be reduced by switching the traditional 'HQ' model to a more diverse hub and spoke solution.

BEFORE

Annual Cost:
\$3.45M

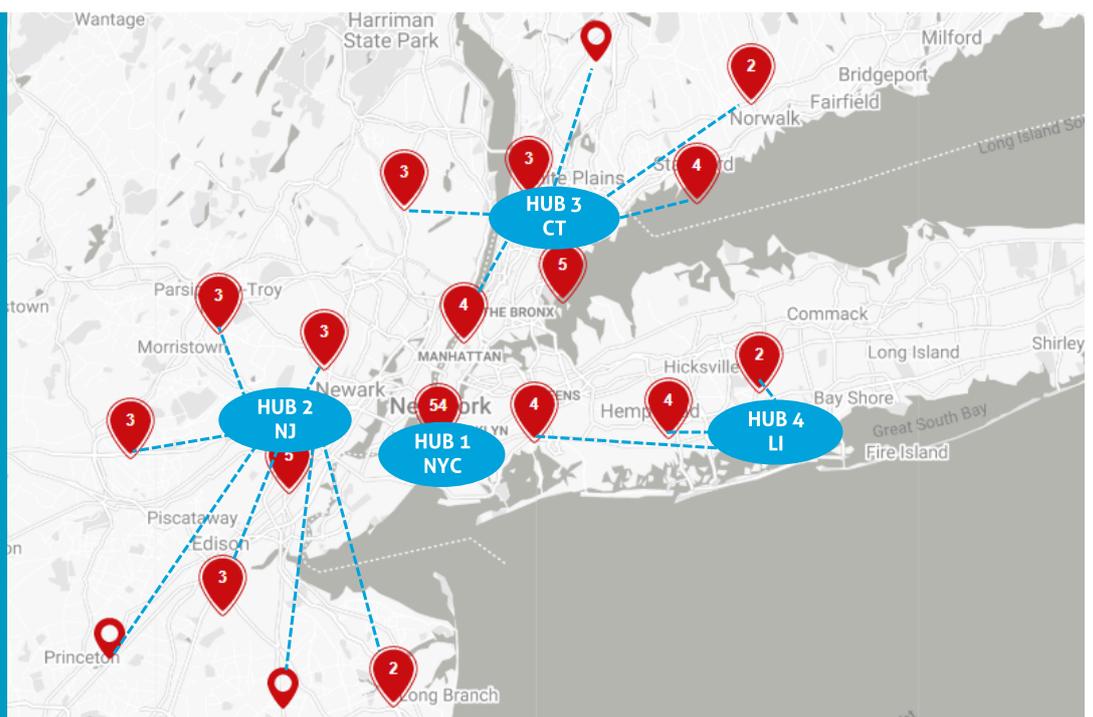


AFTER

Previous
annual cost:
\$3.45M

New
annual cost:
\$2M

**ANNUAL COST
SAVINGS:
\$1.45M**



WHAT THE NEW WORLD LOOKS LIKE

The new world of work will allow the hybrid worker access to workspace that suits their needs, wherever they happen to be.

Enterprise packages, where each and every employee is given access to a global network of workspace, will become increasingly commonplace, as businesses capitalise on the cost and productivity benefits a hybrid working model can deliver.

And employees will benefit too, as the daily commute becomes a thing of the past to be replaced by a better work/life balance.



