



# PropTech and the future of work

What are the long-term impacts of COVID-19 on the way we work?

How do PropTech and WorkTech solutions help to overcome new challenges in the hybrid working environment?

**And is your office ready for the future?**



# Contents

Who we are	4
01 Key takeaways	5
02 Foreword	6
03 Redesigning work practices	8
04 WorkTech solutions	12
05 The office of tomorrow	15
06 PropTech solutions	18
07 Beyond 2040	20
Key references	22

# Who we are



Round Hill Ventures is a leading European PropTech venture capital firm with a track record of utilising its LP innovation team to facilitate the integration of start-ups with LP's assets.

Round Hill Ventures has invested in 15 companies and 2 accelerators over the last 4 years (including 1 exit: \$240m acquisition of Spacemaker.ai by Autodesk).

Round Hill Ventures has contributed to the growth of several portfolio companies by supporting international expansion and creating distribution channels. The team is led by Arnie Sriskandarajah, who has run a real estate corporate VC and has a long track-record of tech investments and company building. The investment team brings years of global experience in early stage PropTech investment, PropTech company building, real estate and consulting.



IWG created the flexible workspace sector and has been at the forefront of hybrid working for more than 30 years. It offers an unparalleled platform for work with the latest technology and services empowering its millions of customers worldwide. Its physical network of office, coworking and meeting spaces for individuals and companies extends to virtually every town, city and major transport hub in the world and its digital platform enables people to work from anywhere.

With options ranging from an hour's coworking to multi-year office space leases, IWG enables people and businesses to work where, when and how they want. All of IWG's spaces are designed for productivity and come with everything taken care of, whether it's ergonomic furniture, industry-leading technology or a professional reception service.

In the last 18 months, there's been a vast shift in working habits. With the pandemic acting as a catalyst, IWG has added two million users to its global network since the beginning of 2021, representing the largest increase in its 30-year history. Large-scale enterprises have shown their keenness to embrace the hybrid shift, with multinational firms including Standard Chartered and NTT signing deals with IWG giving their combined global workforce of 400,000 access to IWG's network of flexible workspaces.

# 01 Key takeaways



The future of work will be a satellite setting of a hybrid workforce, which works remotely from coworking spaces, home offices, other off-site locations or on-site at corporate HQs. The role of large, central HQs will be reduced and replaced with a smaller HQ and a hub-and-spoke model with satellite offices or coworking spaces



Tech-solutions will be key to managing office assets and likewise working practices in the future of work:

- 1) Managing and load balancing office space in a hybrid working environment
- 2) Equalising hybrid working styles to overcome disadvantages for remote workers



The mix of office options will be dependent on industry, company, team culture and individual responsibilities



Asset owners and office landlords will have to adapt their offer, by providing space-as-a-service and flexible lease options to match new demands and working trends



Power dynamics have changed: tenants have a strong say in what the office and working practices will look like. Offices now need to appeal to both the company (ESG and smart building data) and the end user (ease of commuting location, greater flexibility and quality of experience). Less commuting has also a strong impact on decarbonisation



Highly dynamic market: 18 IPOs, 27 Unicorns, \$35bn funding and 5% equity share of all global VC funding for future of work companies in the past three years underline the importance of this sector

## 02 Foreword

More than 18 months into the pandemic, companies are preparing to return to office life again, but not as we knew it before. Progressing vaccination campaigns give cause for hope that normalcy will return to people's work life in Europe. After the sharpest recession in economic history, the global economy has seen a fast recovery and European unemployment rates continue to decline.<sup>1</sup>

However, a return to pre-crisis working habits is unimaginable. The crisis revealed that more than ever, employees' well-being must be the core focus for every employer. This is not only essential to win and retain talent, but it has also positive effects on productivity and therefore the overall economic strength of organisations.<sup>2</sup> This affects not only working habits within organisations, but it also impacts the whole asset class of office real estate. In a world where workers are provided with greater flexibility to choose whether to work from home, in a coworking space or in the office, the implications for office owners are clear. Landlords need to embrace the new world of work, updating office HQs as spaces to meet and collaborate as well as building in flex and coworking space into their portfolios.

On the other hand, technology adoption, in the traditionally slow-moving real estate industry, has been accelerated at an unseen pace. Technologic developments which anticipated general work trends have seen boosted growth over the last months and PropTech investments picked up quickly after a short period of decline in 2020.<sup>3</sup>

Numerous PropTech start-ups provide smart solutions to manage offices and workflows more efficiently, especially in a hybrid working world. These start-ups are well set to gain further traction and help the whole real estate industry to operate more efficiently, safely, and in an environmentally friendly way. Round Hill Ventures is looking optimistically towards the future of work and technology in the built environment.



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# 03 Redesigning Work Practices

The current situation presents a unique opportunity to realign working practices

Companies have had to adapt to the numerous changes the pandemic has brought on ways of working. Almost overnight, organisations were forced to shift work from on-site to remote, adapting online communication and collaboration tools with a never seen pace.

Even though the technological means of a remote working set-up were available for years, adoption of these tools has traditionally been slow.

The largest experiment of remote work has been more successful than anticipated by most managers. Post-lockdown, the majority of team leaders see no loss of productivity in a remote set-up. 44% found their company even more effective in terms of collaboration compared to pre-pandemic times.<sup>4</sup>

The pandemic therefore offers a chance for companies to reset their working practices. It allows leaders to redesign how and where work will be done in the future. This is not only important in manoeuvring through the pandemic, but it will also be a decisive factor in attracting and retaining talent in the future and driving organisational success.



### 'Employees first' will shape the future of work

One outcome of the pandemic has been a strengthened position of employees. A remote set-up has brought greater autonomy and flexibility to employees and less time spent on the commute has led, in some cases, to reduced stress levels and increased mental and physical health.<sup>5</sup> Working remotely has also increased management's appreciation of work based on output rather than face time alone.

These trends are irreversible, since employees are demanding the same flexibility going forward.

According to IWG research, 67% of workers are happier in their job after having switched to a hybrid working set-up and 76% of European employees would like to work in a flexible environment. Almost half of employees would quit their job if asked to return to the office five days a week.

A vast majority wish to be allowed to work both remotely and in the office, underpinning the popularity of the hybrid model. During the pandemic, it became clear that strong company culture and alignment with the organisations' goals were crucial for a company's success. An increased sensitivity and focus on employee satisfaction are likely to persist post COVID-19.

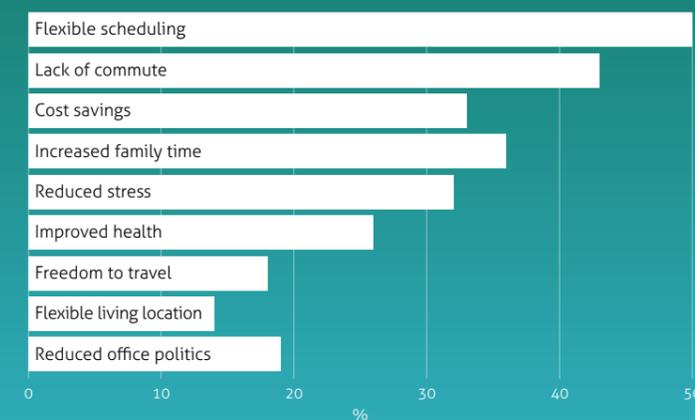
Remote work in 2020 (EU)



A survey conducted by Eurofound showed that nearly half of EU employees worked at least part-time in a remote setting during 2020. 34% worked exclusively from home.

Not remote  
Remote

What are the largest benefits of working remotely? (UK)<sup>6</sup>



Flexibility in terms of working hours and location choice is seen as the largest benefit in a remote working set-up. A reduction in commuting not only saves time and money, but also reduces employee stress levels.

## 03 Redesigning Work Practices

### There is no one-fits all solution

Designing a work practice strategy is dependent on multiple factors, both from an organisational perspective, as well as a personal level for employees. There is no one-size-fits-all solution for all companies. Adopting new working habits and deciding to offer flexible working solutions is dependent on the following factors:

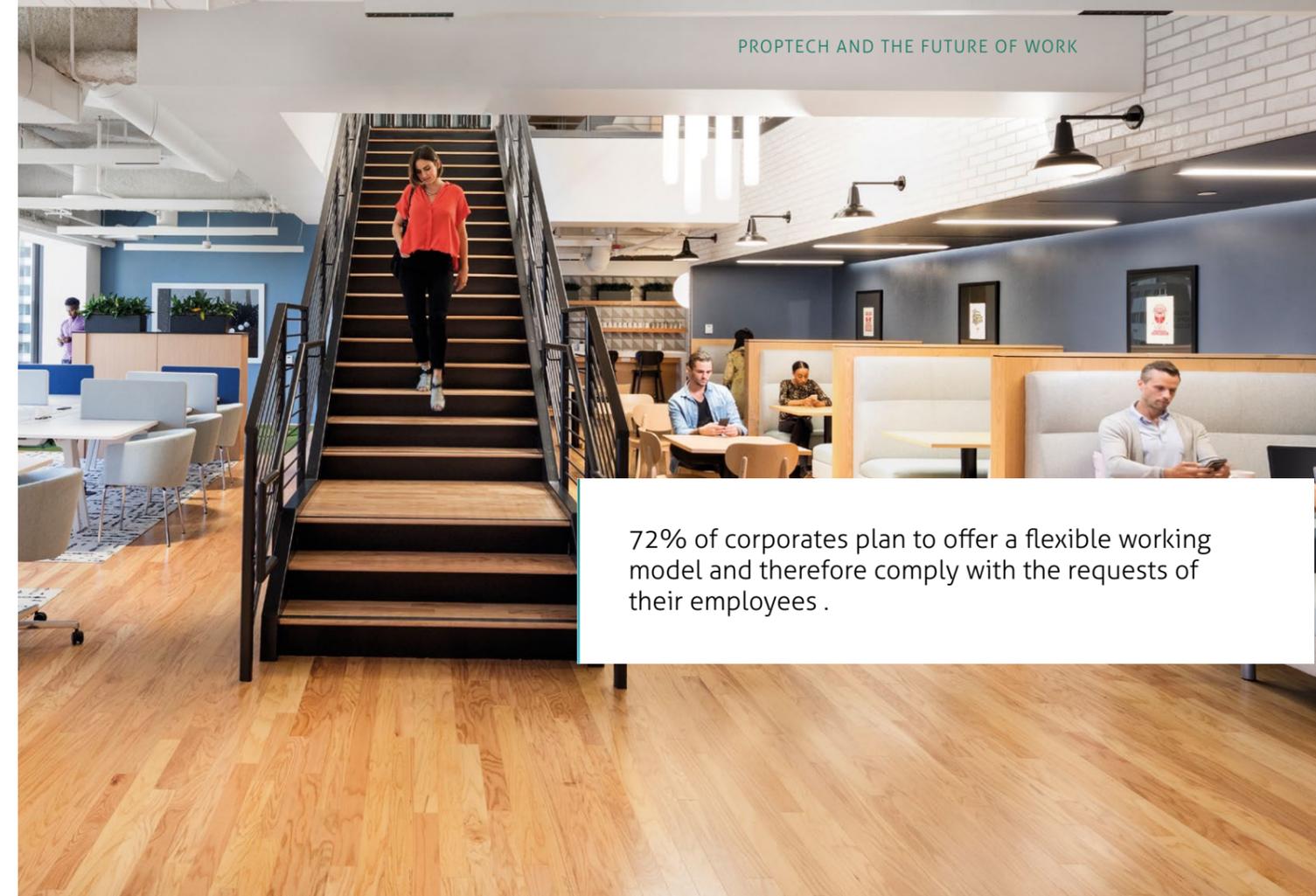
- Type of occupation and necessity to use immobile equipment
- Employees' personal living environment and commute
- Tasks and necessity of in-person meetings
- Willingness to adopt companies' culture to new working trends
- Labour market factors

### A satellite approach will dominate the flexible working environment

Eighteen months after the start of the crisis, most organisations will likely not return to one centralised office or headquarters. According to Harvard Business Review, 72% of corporates plan to offer a flexible working model and therefore comply with the requests of their employees.<sup>7</sup> A binary choice between working from home or in the office (the hybrid model) is accompanied by a satellite approach: companies offer their employees a choice from a broad variety of working locations. Depending on the type of work, employees can choose between working from home, in the office, cafés, secondary offices, or in coworking hubs.

Post-lockdown, coworking offices have seen increased demand as they offer space in the heart of local communities bringing work closer to home. Three times the number of FTSE 250 companies are looking at hybrid working compared to pre-pandemic and 38% will be downsizing their central office space across the board.<sup>8</sup>

Managing a scattered workforce takes careful planning and organisations will need to ensure a seamless integration of all workers, wherever they are based. A hybrid set-up will ensure all employees have access to a professional workspace near to their homes, while company HQs in city centres will remain important for many reasons, both practical and social, with collaboration and on-site team meetings among them.



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### The 15-Minute City

The 15-Minute City is a new urban planning concept developed by French academic Professor Carlos Moreno at the University of Paris. It imagines a place where work, home, shops, entertainment, education and healthcare are all accessible by foot or by bicycle within 15-minutes of where we live.

With the profound effect COVID-19 has had on the way we live and work, it's no surprise that this concept – which was already gaining popularity pre-pandemic – is now being rapidly adopted around the world.

Key to turning the concept of the 15-Minute City into a reality is the accessibility of flexible workspaces that offer all the benefits of a centralised office close to homes. With this final piece of the jigsaw in place, workers are empowered to work how and where they want, enabling them to split their time between a local flexspace and home, with an occasional trip to the corporate HQ.

The result? A new way of working: one that doesn't involve long, daily commutes, that offers a more satisfying work-life balance and that saves us money. And one that's also better for the environment

# 04 WorkTech Solutions

To overcome challenges arising in a hybrid working environment, organisations can choose from a variety of tech solutions which have been developed with the goal to optimise working processes between remote and on-site workers.

And in fact, willingness to adopt technology among corporates is peaking: 84% of businesses plan to increase their investments in technology in order to support a remote working environment.<sup>9</sup> We have listed a few examples of start-ups which help organisations and scattered teams in transitioning their daily work to a hybrid world.

**Collaboration Tools:  
Virtual office and focus enablers**

Multiple start-ups tackle organisations' challenges of a scattered workforce by connecting remote and on-site workers virtually. One of them is the US start-up spatial.io, which turns office space into shared augmented workplaces. With the help of VR devices, workers appear as holograms and can interact with employees who are inside the actual space. These spatial project rooms let employees pin-up dynamic content on virtual walls and create a shared playing field for collaboration.

Empowering teams, which are working from different locations has been the focus of Range's collaboration software. The communication platform uses virtual check-ins and status updates to support teams in fulfilling their tasks more effectively.

A personal resource planning tool is linked to existing mail and communication software and creates intelligent working projects. Employees can flag their projects with hashtags and ask for help or feedback more directly, without prolonged communication efforts.

**Communication Tools:  
Enhancing social interaction**

Multiple studies have shown that remote workers do miss spontaneous interaction with their co-workers, when working on their own.<sup>10</sup> This is not only true for non-work-related topics but also important when working on common projects. Tandem turns employees' computers into a virtual office by enabling direct audio communication without the necessity to set up calls. The direct communication tool shows availabilities of co-workers and offers the possibility to communicate with a single click in a 'walkie-talkie' manner.

Nooks follows a slightly different approach: this tool creates dedicated virtual meeting rooms which co-workers can enter and interact with, without setting up specific meetings. The platform also broadcasts live videos from colleagues to create a sense of belonging and working together as a team.

**OPINION: Dan Bladen, Chargifi**

Chargifi has developed a desk and room management software for a hybrid workforce. The platform allows employees to pre-book working space and intelligently helps align team schedules, so the right people can be in the right place at the right time.

**Which working trends have been accelerated most by the crisis?**

I think we see two important trends: first employee autonomy, and second servant leadership.<sup>11</sup> Consequently, the entire HR function must be rethought. I believe it's now the responsibility of HR and leaders to create the toolkit that enables people to do their best work. The office now is no longer just a default place where you go to work, it is just another tool now that you can use for types of work, for example, collaboration and creativity, projects or kick-offs. Employees are not managed in terms of micro-management, and they are not forced to show up in certain areas – instead they are trusted to do their best work, wherever they are.

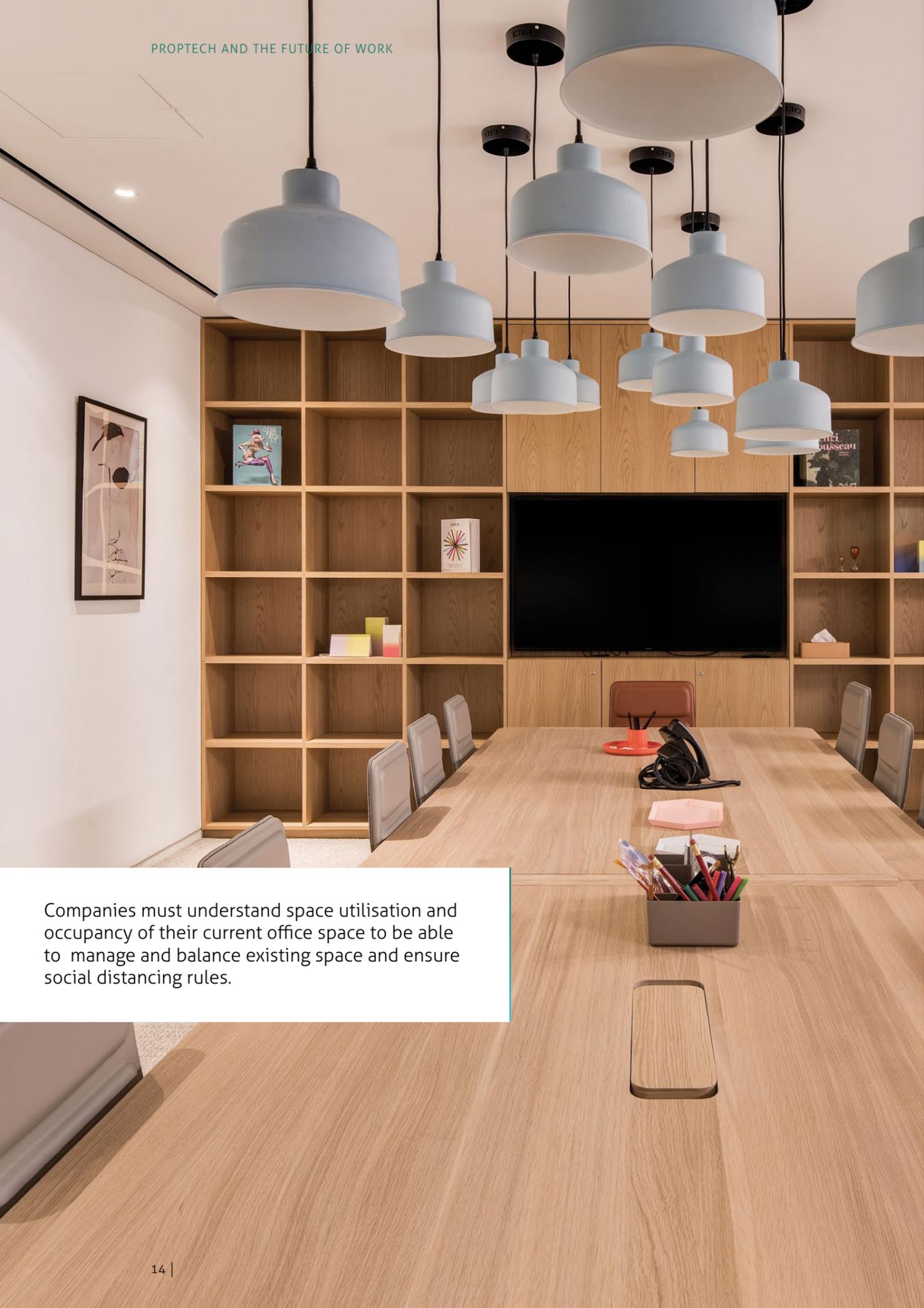
**What is your advice for corporates designing the future of work for their employees?**

I think every organisation is going to do hybrid entirely different. As an organisation you must take care of the needs of every single employee and match your offer accordingly. A so-called club house model could work for most companies – this means having a hub of private member clubs for employees where they can book desks or flexible meeting rooms, whenever they want to. These clubs work for kick-off meetings, whiteboards and collaborative tasks.

**What are the current challenges for landlords owning office assets?**

I think once companies go back to the workplace, there's going to be several things happening: one of them is going to be a flight to quality. I think you're going to see employees massively reject some of existing offices which do not match their well-being compared to working from home or in coworking spaces. In war for talent, corporates will have to invest into office spaces which are designed for the well-being of their employees. That is one aspect landlords need to pay attention to. Another trend I am forecasting is a move to 'elastic space'. Corporates will move towards assets where space can be booked and used like cloud storage compared to Dropbox or Google Drive.





Companies must understand space utilisation and occupancy of their current office space to be able to manage and balance existing space and ensure social distancing rules.

## 05 The office of tomorrow

Understanding office occupation is inevitable

Choosing a hybrid working model as an organisation has consequences for existing office assets in corporates' portfolios. Most importantly, companies must understand space utilisation and occupancy of their current office space. This is important to manage and balance existing space and ensure social distancing rules. Furthermore, it gives corporates the data they need to make long-term strategic decisions in reducing rented office space

As organisations move from a fixed desk policy to hot desks, occupancy sensors can be linked directly to a desk and space booking software to enable seamless space utilisation in a flexible environment.

Moreover, occupancy data can be linked directly to third party systems which help to operate office buildings more cost-effectively and in an environmentally friendly way. Space utilisation data sets the basis for operational optimisation by being linked to buildings' heating, ventilation and air conditioning systems.

Energy consumption can then be adjusted to the current utilisation and occupancy of the office building. Additionally, maintenance and cleaning schedules can be switched from rigid structures to dynamic processes, which take space utilisation into account.



Social interactions, missed by the majority of workers during the pandemic, are going to be central in redesigning office space.



## 05 The office of tomorrow

### Enhance collaboration by redesigning space

Attracting employees to work from the office requires a significant change in the perception of what office space needs to offer in the future. When employees are free to choose between home, coworking spaces, and corporates' offices, the office must compete in terms of comfort to enhance employees' well-being. Grey walls, bright lights and bland decorations won't be enough. Companies with well-designed offices will better retain and attract talent.

In comparison to pre-pandemic times, offices will be reinforced by the spatial design to be locations of collaboration and social touch points. These social interactions, missed by the majority of workers during the pandemic, are going to be central in redesigning office space. Meetings are likely to happen in open rooms – whiteboards, open seating and large tables will be used to enhance group processes, brainstorming sessions or kick-off meetings.

### Space as a Service will be the key factor in winning corporates as renters

The pandemic has caused a massive disruption to traditional brick-and-mortar office space demand. According to the IMF, transaction volumes of commercial real estate declined globally by more than 30%, while office asset transaction even saw a decrease of over 50%.<sup>12</sup> Rents are declining as tenants give millions of square metres back to the market. Landlords are offering long-term leases with current discounts of 13% compared to pre-crisis periods.<sup>13</sup> Companies which are locked into long-term contracts are trying to sublet parts of their existing office portfolio.

Surveys suggest that post-pandemic flexible working options will entail greater flexibility in rental contracts. Whereas long-term leases offered only the possibility to adjust space supply every decade on average, corporates will increasingly look for short-term leases in the future. Organisations will seek rental offers which are adaptable and upgradable according to their current needs. Landlords will have to react to that shift in order to win new tenants and compete with other asset owners on the market. The mindset shift will be from offering a product to offering a real estate service: instead of ownership and long-term leases landlords monetise on the access and services in and around the asset.

# 06 PropTech solutions

Challenges for asset owners and renters of offices arise from a shift in paradigm of what offices need to offer in a future working environment as mentioned in the above section. But these new needs pave the way for PropTech start-ups addressing corporates and landlords and helping them to find workarounds and opportunities for their existing office assets.

**Occupancy Data Solutions:  
From status quo to a long-term CRE strategy**

Sensors and IoT devices do play a major role in retrofitting office spaces with smart solutions. This is especially important when measuring actual occupancy to find the optimal person to desk ratio and making long-term CRE decisions. Diverse approaches have entered the market in the past years: desk and phone booth sensors, magnetic field detection, as well as meeting room and door count sensors offer a variety of technological possibilities to understand space utilisation.

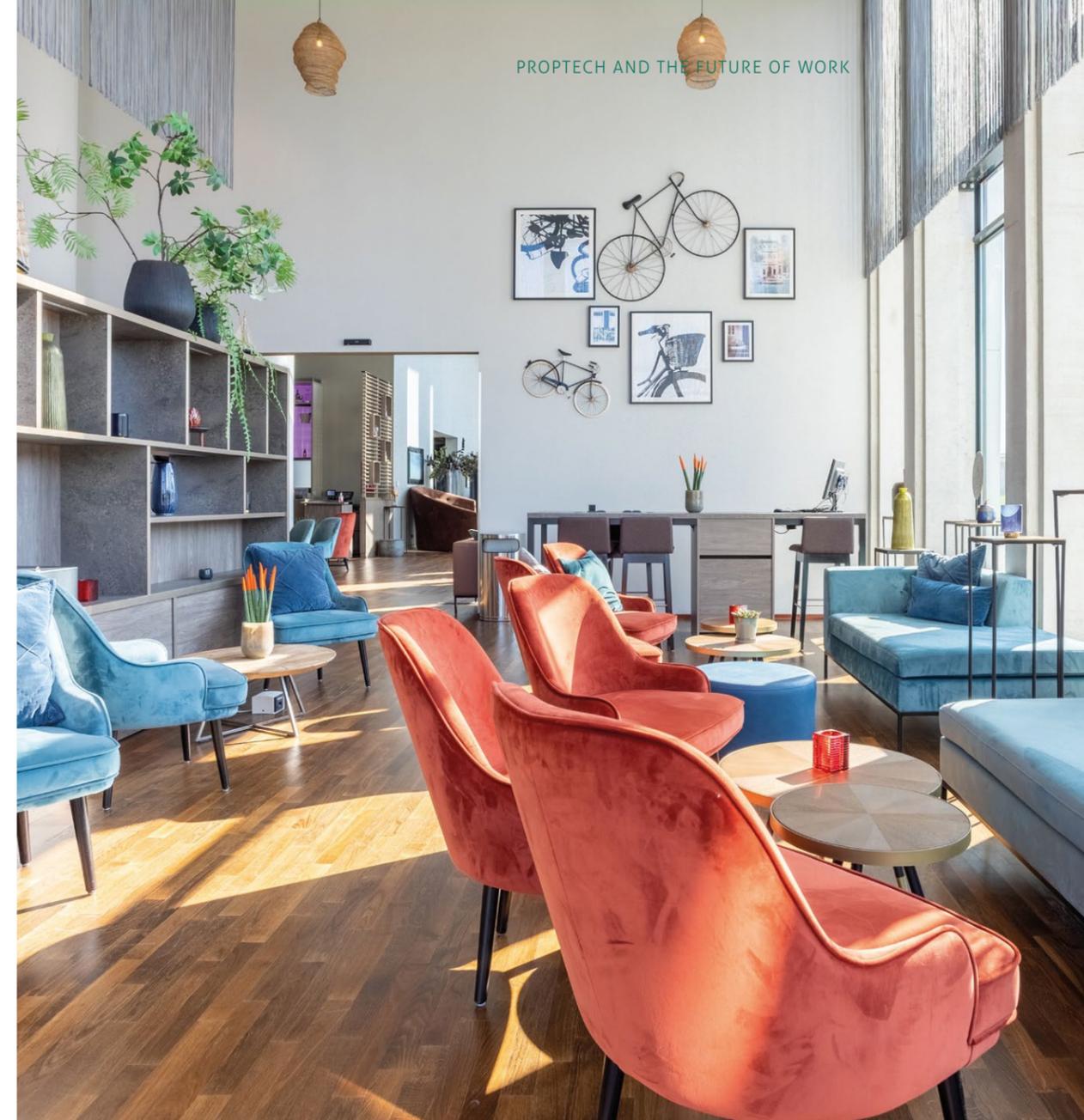
Switzerland-based start-up Locatee has pioneered, and patented, occupancy tracking based on an organisations' existing Wi-Fi infrastructure. The solution has evolved into a global platform that intelligently unifies all data from the existing infrastructure, sensors and other systems. It helps corporate real estate teams across 60 countries to operate their buildings data-driven, benchmark their portfolio and take strategic real estate decisions in line with key business priorities including office space cost optimisation and employee experience development.

**Employee Experience Platforms:  
Smart spaces to support employees**

Turning offices into smart spaces is not an end in itself – instead it helps organisations to support their employees' well-being while working on-site.

Tenant experience platforms like the Dutch start-up Office-App help organisations to link the office to employees and ease working in the office. Via one central platform employees can book meeting rooms, access spaces touchless, communicate with other colleagues in the building and are connected to third party systems like catering and local retail.

These solutions ensure that workers given the flexibility to work from home are actively deciding to return to the office, as they value the amenities which they miss while in a remote setting.



**Space aggregators:  
Flexible space booking solutions**

A solution for load balancing space and finding office space for hybrid working teams has been developed by *Upflex*.

This start-up functions as an aggregator booking platform for coworking spaces and allows corporates to book office space almost like a commodity according to their current needs. This ensures workplace continuity and also allows corporates to design a long-term space strategy for their workforce.

**Redesigning Services:  
Flipping offices from long-term leases to Space-as-a-Service**

PropTech solutions do also help asset owners in transforming grey-wall, long-term lease assets into vibrant and flexible spaces – redesigned for the new demand in office utilisation. The office marketplace Kitt for example, offers a service where asset owners and renter prospects are matched. On behalf of the asset owner, Kitt redesigns the office space according to the needs of the tenant and manages the transition to a smart office. Landlords profit from a hustle-free service, optimised rental yields and can participate in additional revenue streams.

## 07 Beyond 2040

... When I turn on my headphones at 8:00 am in the morning I can already hear my colleague from Spain. I just entered our virtual office, here from my little hub not far from Berlin. My company has decided to link all of their office portfolio to one central collaboration platform called Office Life – I connected one room of my home too. Here I have headphones, my video virtual reality device and still one of these laptops – because I just like the feeling of typing on the keyboard (old school, I know).

I remember the times when it made a huge difference if you'd be in the physical office or working remotely, all on your own. Social distance is, honestly, not such a thing anymore. Now we are all connected on this virtual space. We have this routine of having a 10-minute social warm-up. I boil my tea, my colleagues mostly their coffee. I decided to take these 10 minutes to listen to my colleagues, seeing them through my VR device, which is also filming me at the same time – I can choose to be taken off the camera though, when I want...

Anyways, my employer takes a lot more care of what we, as employees would like to. We develop goals and KPIs to measure my work, but I am fast, so my working hours have declined drastically since I started. From 10h per day in the beginning to under 6 now – hitting my goals regularly.

My office is connected with a bunch of sensors – all data flows to the central platform and through open APIs it is easy to integrate new software too. These sensors help me master my working day as effectively and comfortably as possible. High heartbeat frequency? The working system sets up the relax mode: fragrance, music, massage seat. 10 minutes and I feel better...



### OPINION: Freddie Fforde, Patch

Patch develops community coworking hubs in residential areas, supporting what they call the 'work near home' environment. Their concept allows people to integrate work more closely with their personal needs, in a community setting that requires less commuting. The company will open their first hub in the UK this year.

#### What has changed in the last year during COVID-19?

I think the biggest thing that has changed is the assumptions, held by a lot of decision makers, about what is and isn't possible when working remotely. The technology enabling remote work has been around for years but the thing that was lagging was the attitude of the decision makers. The core assumption that remote work leads to less productivity has been challenged by the entire world and shown to be not true.

#### How would you advise companies in finding the right mix between remote and in-office work?

I believe the bottom line to this entire shift is not a cost implication, or a property allocation question – it is a talent question. The best people will end up deciding what works for them, and the companies will have to follow. That is particularly relevant in knowledge intensive service industries, which have been most impacted by the demand for remote working options.

#### Are corporate culture and common values harder to keep alive in a hybrid working environment?

It would be a mistake to assume that culture is a top-down directed thing, by people who run companies. Culture is at least two things. Yes, the tone is set from the top. But it is also bottom up in the sense that it is created and expressed in the day-to-day interactions and experiences between people. And only second, the tone is set from the top. I think it is wrong to perceive culture as the sort of fixed thing that must be controlled. If you are a good company with a good culture, then you listen to your talent and adapt to enable them to be more productive.

#### What will change in the next 20 years?

In my view, we will see a much closer alignment between productive outcomes and productive inputs. Whereas today, we have an input focused world of 'you go into the office five days a week, and we'll work backwards from that' – the future will much more be outcome related. It will not matter where you work, when you work or how long you work if the outcome is right. On the technology side: I guess the pace of development is faster than society's ability to understand and willingness to adopt. Technological changes will come gradually, and I am sure that there will be the right tools for the right problems.

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# PropTech and the future of work

