

The future of work



A trends forecast for

2023

IWG

The Global
Workspace
Leader

Hybrid powers the future of work

For more than 30 years, I thought of myself as part of the real-estate industry. However, I've come to realise that my role has at least as much to do with HR as it does with commercial property. That's because, at a basic level, it is people-centric and empowers people to work more effectively, efficiently and happily.

During the pandemic, our ability to free people from the dreaded commute became more important than ever. As a result, 'hybrid-working' is now the preferred solution for millions, as they divide their working hours between their company headquarters, a local flexible workspace, and their home – boosting corporate productivity while also creating a more sustainable way of working for both people and the planet.

Looking at trends for 2023, it's clear that yet more change is on the way, as our working lives are impacted by innovations and new thinking in areas such as sustainability, technology, recruitment and productivity.

Mark Dixon

Founder and CEO, IWG plc



OUTCOMES OVER HOURS

Productivity is increasingly a priority for businesses, especially in uncertain economic times.

And the hybrid working model has a significant role to play here. According to Stanford economics professor Nicholas Bloom, a world-leading thinker on the future of work, hybrid increases productivity by around 3% or 4% on average.

Following the Covid-19 pandemic, there has been a fundamental corporate mindset shift, as companies focus on outcomes and employees meeting their KPIs, rather than simply on the hours they work. This has led to a willingness to experiment with new ideas around work in general, and one example of this is the four-day week, which in the past was much talked about but rarely implemented. But now, that's changing.

During 2022, four-day week trials took place across the globe, from the US to Australia, and from Canada to Spain. In the UK, 3,300 employees from 70 companies took part in the largest trial of them all, with results so far showing that productivity improved for nearly half of the companies involved – mirroring the results of earlier trials.

In the year ahead more companies will undoubtedly embrace the model, particularly if they can be confident it won't mean a drop in productivity. For their part, employees who are increasingly demanding work flexibility and a healthier work/life balance are likely to embrace the new model, but with one caveat: that it's not a way for employers simply to slash salaries by a fifth. The trials that have taken place have mainly used the 100:80:100 model. That means 100% of pay for 80% of the time, in exchange for a commitment to maintain 100% productivity.



31%

of workers believe productivity is enhanced by the hybrid model

(Source: IWG survey)

55%

of Gen Z workers expect the four-day week to become the norm in the next few years

(Source: IWG survey)



THE METAVERSE CONTINUES TO EXPAND

Meta's \$70 billion gamble on transferring our lives to the virtual space of the metaverse continues apace.



Meta Horizon Workrooms Breakout Space

Work is key to this vision. At the annual Meta Connect presentation in October, 2022, CEO Mark Zuckerberg announced that the company would be partnering with Microsoft to bring workplace tools to VR, and premiered a new VR headset designed with business in mind. It will allow users to join a Teams meeting from inside Meta's Horizon Workrooms virtual meeting place. It was also announced that Meta's avatars, currently disembodied torsos, will soon have legs. "Seriously, legs are hard!" Zuckerberg joked.

The Chief Metaverse Officer is now officially a C-suite role as companies look for individuals to help steer them through this new, virtual world. Advertising giant Publicis, Disney, Procter & Gamble and luxury goods conglomerate LVMH are

among the many corporations who have added this role to the C-suite in recent months. Many more are likely to follow.

Meanwhile, rather than waiting a decade or so for the metaverse to become (virtual) reality, some organisations are building their own virtual spaces, heralding the rise of the 'enterprise metaverse'. Accenture's 'Nth Floor' is a virtual space that mixes ultra-realism with wild fantasy, and is used for a mix of purposes, including onboarding, training, meetings, events, and just hanging out. It can be accessed via either a laptop or a VR headset (the company deployed 60,000 Meta Quest 2 headsets to employees), and is proving particularly effective in maintaining a corporate culture in Accenture's hybrid, distributed workforce.



Meta Horizon Workrooms Meeting Space

SMALL TOWNS BOOM, CITIES RETHINK

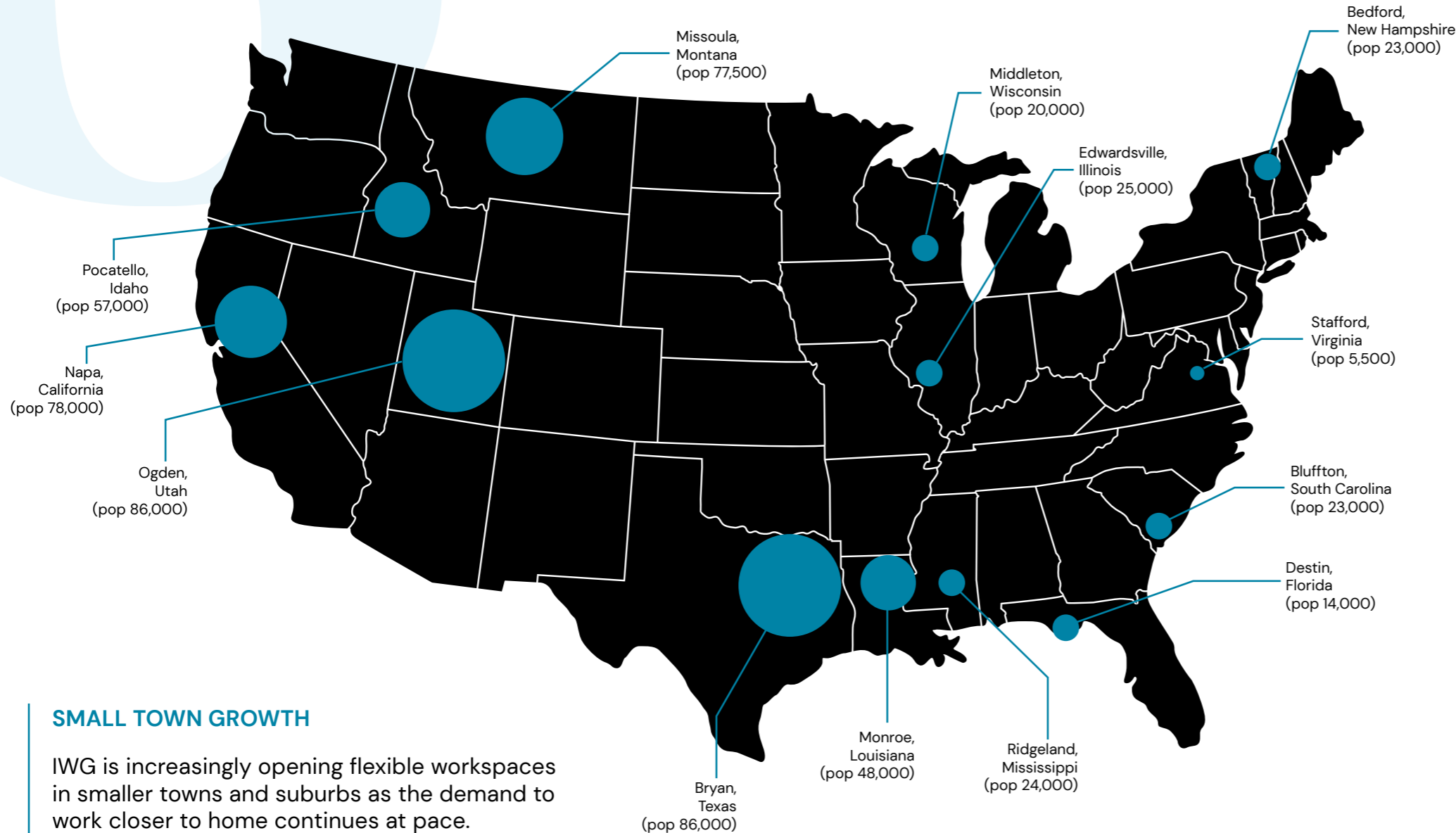
Surveys increasingly show that people want to work near to where they live.

A recent IWG poll of Gen Z workers (who are set to make up more than a quarter of the global workforce by 2025) found that 85% want to be able to use an office close to home. In a separate IWG survey, 77% of workers said a place to work closer to home was a must-have for their next job move.

Companies are increasingly responding to employee demand for local working and adopting a 'hub and spoke' model – downsizing their main office and utilising satellite offices or flexible workspaces closer to workers' homes. The trend is mirrored by the growing popularity of the 15-Minute City, a sustainable planning concept in which work, home, shops, entertainment, education and healthcare are all within 15 minutes on foot or by bicycle from where we live.

The growth of the neighbourhood office is in turn causing a tectonic shift in urban geography and demography. In Italy, for example, so-called secondary cities that had previously become little more than dormitory towns for major metropolises are now springing back into life. "Cities like Como and Varese have long been labour pools for Milan," says Cesare Lanati, CEO of BELL Group, a Milan-based real estate service and development firm and IWG franchise partner. "But now these secondary cities are taking on a significant new role in their own right, because flexible working means workers don't have to travel to their company headquarters."

In the coming year, expect our working lives to continue to move inexorably away from major cities. At the same time, cities will be forced to evolve in response to the new working paradigm and the loss of large numbers of workers. "Places like London, whose economy has until now been geared to meet the needs of millions of itinerant office workers, will need to become hubs for collaboration and entertainment," says Mark Dixon.



SMALL TOWN GROWTH

IWG is increasingly opening flexible workspaces in smaller towns and suburbs as the demand to work closer to home continues at pace.

HAVE LAPTOP, WILL TRAVEL

‘Work from anywhere’ will become the reality for more and more workers around the world.

For some, that could simply mean a ‘flexcation’, extending a holiday for a period of days or weeks. But others will be heading abroad on a more permanent basis. According to one estimate, there are currently around 35 million so-called ‘digital nomads’ scattered around the world, travelling from place to place and working remotely. Nearly two thirds of them are aged under 40, so it’s a trend that’s set to grow even further.

Research by IWG found that two thirds of workers believe that being able to choose where they work means they can perform better. And forward-thinking employers are responding, with organisations such as Airbnb, Spotify, Australian software company Atlassian, and American media powerhouse Automattic among those that now offer a ‘work from anywhere’ option.

Surveys regularly describe the main challenge for digital nomads and flexcationers as finding a place with a reliable internet connection. On top of that, there’s another practical matter they need to confront: how feasible is it to do

your best work while sitting in a noisy café? But at the same time, as humans, we like to be surrounded by others, at least part of the time.

The answer for today’s itinerant workers is access to high-quality professional workspaces, business centres and co-working desks. These are the kinds of facilities offered by IWG in its 3,500 (and rapidly growing) locations in 120 countries around the world. And they’re easily accessible thanks to IWG’s popular on-demand membership programme, which gives access to all of the group’s global locations. Demand for the scheme has risen by 93% in the last year.

“It makes sense for those who want to experience more of the world while also continuing to work as efficiently and as comfortably as they might previously have done at home, in an office close to home or at a central HQ,” says Dixon. “On-demand membership takes all the uncertainty and stress out of finding a place to work that’s not only got good Wi-Fi but also offers a host of other benefits.”

The world is your oyster

IWG’s rapidly expanding network of flexible workspaces offers unrivalled choice if you feel like combining business and leisure. Here’s a sample:

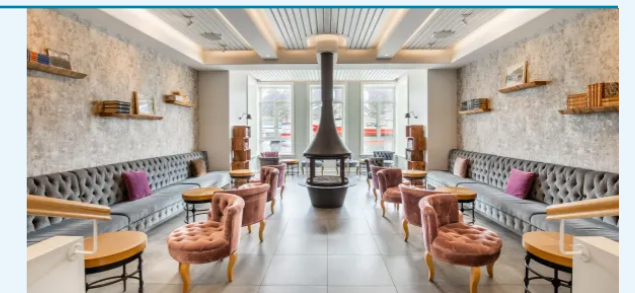


Regus Convention Center Cancun, Mexico

An enviable workspace surrounded by white sandy beaches and ideally located for the attractions of the Riviera Maya.

Regus Siglo Hotel, Siglufjörður, Iceland

A quiet and comfortable space for productivity set in the rugged landscape of Iceland’s far north.

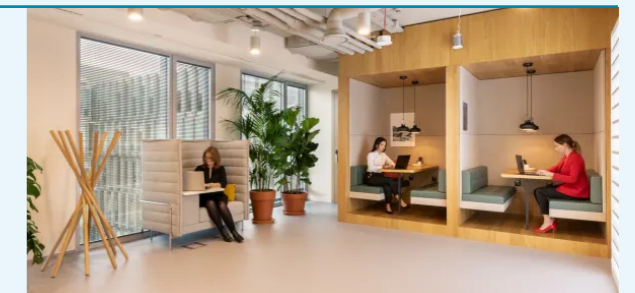


HQ SO24, Bangkok, Thailand

A stylish five-storey co-working space in the colourful Khlong Toei district of the Thai capital.

Spaces Collingwood, Melbourne, Australia

A striking new-build in what’s hailed as one of the world’s most liveable – and hippest – cities.



Regus Rua Mouzinho da Silveira, Lisbon, Portugal

An inspiring workspace in the central business district of one of Europe’s most popular digital nomad destinations.

RISE OF THE GREEN LEASE



Sustainability is high on the agenda for companies worldwide, and hybrid is helping them to mitigate their real estate emissions.

It's been shown that buildings account for 40% of societal energy use and 33% of emissions, so real estate is a prime target when it comes to ways to reduce a company's carbon footprint.

More and more property owners are upgrading their facilities to offer best in class sustainability features and more businesses are seeking to sign 'green leases', which allow owners and occupiers to work together to make buildings more sustainable and less environmentally harmful. Provisions in the lease typically cover issues such as carbon emissions, compliance with energy efficiency regulations, waste reduction strategies, and green transport measures.

In Luxembourg, HSBC recently entered into a green lease (its first in Europe) for 75% of IWG's Spaces Gasperich, a new, cutting-edge flex space in the up-and-coming Cloche d'Or district. The carbon-neutral building in which it is located was constructed with sustainability in mind, incorporating recycled materials, and the furnishings include furniture reused from an HSBC office in Switzerland.

By adopting hybrid working and therefore cutting down commuting, companies can drive a radical reduction in fossil fuel use. And at the same time, they can downsize their office property into advanced, environmentally efficient shared workspaces.



The 'Green Premium' continues

New research by Deepki, an ESG data intelligence service for real estate developers, found that sustainable buildings have increased asset values for commercial real estate managers in Europe. More than half of those polled said property values had increased between 16% and 28% thanks to tenants being willing to pay more for more energy efficient buildings. A third also said that vacancy levels had decreased by as much as 15% for sustainable buildings.

According to Cushman & Wakefield, LEED-certified Class A office space generates a premium per square foot of 25.3% compared to non-certified buildings, and this rises to 40.9% in the suburbs.

Leading the way in sustainable workspaces

Five IWG locations that are raising the environmental bar.



Spaces Nieuw Zuid

Antwerp, Belgium

Located in the brand-new working and residential district along Antwerp's Scheldt quays, Spaces Nieuw Zuid has a strong focus on sustainability, including the construction of Belgium's largest private heat network. "Local research shows that three out of four Belgian office workers consider it important for their employer to offer a sustainable office," says William Willems, General Manager IWG Belgium & Luxembourg.



Spaces Dublin Airport

Dublin, Ireland

Dublin Airport Central is a vibrant new business destination that aims to optimise and protect natural resources. Its state-of-the-art office buildings are set next to 1.25 acres of landscaped garden, and boast LEED Gold accreditation. At the heart of the development, Spaces offers 340 workspaces and the convenience of being within two minutes' walk to Dublin Airport's Terminal 2.



Signature Star Metals

Atlanta, USA

Two floors of the striking Star Metals Office Building in a "live-work-play" ecosystem in Atlanta's thriving West Midtown neighbourhood are home to a new Signature location. Nine of the building's 14 levels feature green roofs, covering a total space of 34,000 sq ft, which is good news for both users and pollinators. A special drainage system can capture and store more than 56,000 gallons of rainwater.



Regus One Welches

Welches, Barbados

One of the most energy-efficient commercial buildings on this Caribbean island, One Welches also features the largest solar carport and electric vehicle charging infrastructure in Barbados: it generates enough electricity to power a Nissan Leaf for more than two million kilometres of travel in a year. There's also a super-efficient, low waste aircon system and a sophisticated method for harvesting rainwater for outdoor irrigation.



Spaces Jubilee Place

Brisbane, Australia

In the Fortitude Valley district close to Brisbane's CBD, Jubilee Place mixes old and new – its modern cantilevered exoskeleton is designed around the 19th century Jubilee Hotel. It's gained a 6-star Green Star design rating thanks to its many environmental features, including green roof coverage, rainwater harvesting, solar power, and use of natural light.

PURPOSE, PURPOSE, PURPOSE

Purpose will become even more important for companies in 2023.

In IWG's survey of Gen Z, nearly a third said they would quit their job if their employer's values didn't align with their own. Environmental and social responsibility are of particular importance to Gen Z, with almost half refusing to join a business that doesn't have clear environmental and social goals. Half say they would leave their job if their employer backtracked on social or environmental targets.

Meanwhile, the world's investors are following a similar path: ESG assets under management have seen 30% growth over the last five years and are forecast by Bloomberg to make up a third of total global assets under management by 2025.

One result of this growing focus on corporate values has been the recent emergence in corporations of the Chief Purpose Officer (CPO). Companies as



diverse as Deloitte, Cisco, toymaker Hasbro, and S&P Global have all provided an extra chair in the boardroom for a CPO in recent times, making the phenomenon one of the key trends shaping work next year and beyond.

According to Fran Katsoudas, who fulfils the role at Cisco, the CPO's role is important for two main reasons. Firstly it demonstrates very visibly to current and potential employees that a company takes its impact on the world seriously. And secondly, it anchors the many

strands of a company's purpose.

"I think of purpose as the intersection of our business and what we're trying to do more broadly for the world," says Katsoudas, whose role is a varied one, ranging from helping to ensure that sustainability is at the core of the company's products, to looking at how Cisco can make best environmental use of its buildings in a world of hybrid working, while also driving the best experience for its employees.

COMPANIES AND WORKERS REAP THE HYBRID BONUS

In the face of an uncertain economic outlook in the year ahead, hybrid working will provide a timely boost to both corporate and personal pockets.

There are several ways in which hybrid can boost a company's bottom line. The first is by reducing facility spend. A recent survey by workplace software provider Robin found that nearly two thirds of US executives are planning to reduce office space by as much as a half or more next year. It's what IWG Founder and CEO Mark Dixon has termed the 'Great Lease Resignation', as long leases are increasingly shunned in favour of more flexible arrangements.

In the year ahead, this trend will accelerate as more leases expire and companies seek the cost-saving benefits of hybrid. If they previously needed to accommodate 1,000 employees at the same time and are now looking at a figure of 200 or 300, it makes sound financial sense to pay only for the space that they need when they need it. And it isn't

just rent that companies can save by downsizing. Reduced energy costs are particularly welcome at a time of inflated global gas prices.

Hybrid working has also been shown to increase both productivity and staff retention, while acting as a magnet for new talent. In addition, there's a significant financial benefit for hybrid workers. A Cisco study found that the average hybrid employee saves a little over US\$150 a week, with the major saving coming from reduced spend on fuel and/or commuting, followed by decreased expenditure on food and entertainment, social activities, and wardrobe/personal care.



More than four-fifths of CFOs think hybrid working is a more affordable business model than one in which employees spend five days a week working at a central office.

(Source: IWG 2022 CFO Study)

Hybrid working can save organisations more than US\$11,000 per employee a year on average.

(Source: Global Workplace Analytics)



Technology giant Cisco says its shift to hybrid working has saved the company in the region of US\$500m over the last five years.

AI POWERS HYBRID

Data analysis and AI are increasingly playing a role in solving the challenges thrown up by the new world of hybrid working.

“Companies are gathering insights from multiple sources such as employee productivity and environmental data, which includes heat, noise, humidity and power usage to shape the office of the future, while minimising environmental impact,” says Dixon.

San Francisco-based VergeSense has developed a ‘spatial intelligence platform’ that uses AI and intelligent sensors to help companies optimise the use of their space. By understanding which areas are being used and which are lying empty, workspaces and policies can be adjusted accordingly.

UK company GoSpace AI, conceived by an architect and a computer scientist, offers “the world’s first AI-powered connected workplace platform” that intelligently and automatically adjusts office space allocations to meet individual and team needs. Workers can



use the app to see who is planning to go to the office and nudge others to join, and GoSpace automatically ensures there is space to work together. The company claims 85% improved productivity and 89% increased engagement.

AI is also improving the practicalities of remote working, and all of the leading work and collaboration platforms have begun to utilise its benefits. Cisco’s Webex platform now uses ‘audio intelligence’ to make sure only relevant speech is heard on a

video call, rather than barking dogs or leaf blowers, no matter how far the speaker is from the microphone. Webex also features real-time translation and closed captioning, allowing users to converse in more than 100 languages.

Advances in conversational AI are powering a new generation of chatbots that can offer IT help to remote workers. Gartner has predicted a 100% increase in implementation of the technology in the next couple of years.

RETAINING TALENT WITH BENEFITS AND TRAINING

As we head towards an uncertain economic horizon, retaining key talent becomes ever more essential, putting renewed focus on employee benefits and training.

In a recent IWG survey, 70% of UK office workers said that a good workplace benefits package had become more important to them in the last two years. And an IWG survey of 1,000 HR executives in the US found that 88% believed they could reduce staff turnover if they offered more appealing benefits.

According to a survey by asset management firm Mercer, 70% of large companies and more than half of small businesses are planning employee benefit enhancements next year, and providing healthcare is a major priority. It's money well spent in more ways than one – research by Deloitte found that employers can expect a return as high as \$5 for every \$1 spent on health and wellness initiatives.

IWG recently announced a series of partnerships in markets including the US and UK to support its customers. In the US, they can receive free 24/7 access to virtual doctors, discounts on gym memberships and savings across more than 340,000 online retailers. And in the UK a partnership with international health

insurance and healthcare group, Bupa, and flexible gym provider Hussle means customers will now have access to a complimentary annual health assessment and access to gyms close to their homes.

“Traditionally, private health care and gym membership have been reserved as perks of the privileged few working for large companies,” says Mark Dixon. “Now customers across all our brands including Regus and Spaces will not only have access to these benefits, but their existing ones too including member events, networking opportunities and access to the world’s largest co-working network.”

And hybrid working in itself can be seen as a significant perk. 95% of the US HR executives polled by IWG said they continue to see hybrid work as an effective recruitment tool.

Training and reskilling are also increasingly seen as a powerful incentive for workers to join or remain at companies. In a recent Microsoft survey, 76% of employees said they would stay longer at their company if

they could benefit more from learning and development, and more than half felt the best way for them to develop their skills was to change companies.

This is an issue that’s only likely to grow in importance, as new workers currently entering the job market put a high

premium on training: Gen Z is known for being ambitious, and sees learning new skills as a key way to progress. Reskilling is also attractive to older generations, who may feel left behind by ever more rapid changes in technology. All in all, provision of training in 2023 will be paramount.



32%

of employees in the UK changed their jobs in the last 12 months because their employer wasn't offering enough upskilling and training opportunities

(Source: HR Director)

95%

of HR executives in the U.S. see hybrid work as an effective recruitment tool, while 88% believe they could reduce staff turnover if they offered more appealing benefits

(Source: IWG CHRO Study 2022)

SIDE HUSTLES AND THE PIXELATED WORKFORCE

The idea of what constitutes a job is changing.

Once upon a time, people would leave school or university, get a job with a company, and then work there for the rest of their life. Then people began to have careers which saw them move from employer to employer, all the time progressing up the job ladder. But now, things are changing again, and the idea of having a single job is beginning to look as outdated as travelling to the same central office every day of the week.

Google searches around the term 'side hustle' have grown by 50% over the last year. The trend was originally given a boost during the pandemic, when people had time on their hands, but now it's becoming normalised. Popular ways to make extra cash include making handmade goods, cleaning services, tutoring and hospitality work.

This ties in with the shift to what are often termed 'portfolio careers', in which workers combine several different income streams, often from very different kinds

of work, without any of them being considered as their main 'job'. Similarly, large companies are increasingly looking at work as project-based rather than role-based, and thinking of their workforce in terms of an ecosystem that draws on the skillsets of a combination of freelancers and full-time employees.

Author and influencer Josh Bersin has coined the term 'pixelated workforce' to describe this new way of working. "Every individual in every different type of work is a mini 'workforce', each with its own way of doing business," he says.



42%

of Gen Zers and 39% of Millennials have a side hustle.

(Source: Deloitte)

MAKING COLLABORATION COUNT WITH CURATED MEETINGS



Time at the office needs to be properly planned.

Connecting and collaborating in person is an essential part of the hybrid equation. But it needs to be done in an intentional way. Just announcing anchor days doesn't cut it – team days need to be planned and have a clear purpose. And the same goes for meetings.

“The most successful companies are now very focused on how meetings work,” says Dixon. “It's not enough anymore just to schedule a meeting and then try to wing it. A meeting needs to be properly curated in advance. That means a clear agenda, and everyone attending should fully understand what their role is and what kind of outcome is required. If people are going to make the effort to come together in the office, it's essential their time there is spent productively.”

And there's another challenge. Today, most meetings (as many as 98% according to a Cisco survey) are likely to include at least one remote participant. All too often this means a group of people find themselves sitting in a room, craning their necks to see a checkerboard of faces on a laptop at one end of the table.

But things are changing. Microsoft's solution is as simple as changing the shape of the meeting room table to a plectrum shape, together with providing a large screen at its point. Google has designed a circular hybrid meeting room made up of separate modules that can be used either as seats or to house screens showing life-size images of remote participants. Slovakia-based startup Matsuko's meeting app magically conjures up remote participants as 3D holograms, using an iPhone and XR glasses. And some companies are doing away with the physical meeting room entirely and using one of the growing number of virtual conference rooms in order to come together via VR.



The future is hybrid

At some point during the next five years, a very significant milestone will be reached in the evolution of work: the proportion of professional employees embracing the hybrid model will pass 50%. That means those working from a single location will for the first time be the minority.

All of the trends we have highlighted for 2023 will hasten the journey to this new normal. As we have seen, business leaders are increasingly focusing on how to enrich the experience of their employees, using new technology to increase efficiency, while also finding new ways to boost health and wellbeing. Thanks to hybrid, productivity and profits increase, while people and the planet also benefit.

It's the future of work. And the future has already begun.

We help more than eight million people work the hybrid way, with over 3,500 locations across more than 120 countries. Find out how we can help your business navigate the new world of work at iwgplc.com →

