

THE WORKSPACE REVOLUTION: REACHING THE TIPPING POINT

Global insights on flexible working from
18,000 professionals in 96 countries

www.iwgplc.com



May 2018

INTRODUCTION

At the start of 2018, over 18,000 professionals from a range of different industries in 96 countries spoke to us about how they use flexible workspace. What they had to say suggests that a tipping point is coming.

- 91% said that flexible workspace enables employees in their company to be more productive while on the move.
- 89% believe flexible working helps their business grow (compared to 68% in 2016).
- 87% believe flexible working helps their business stay competitive.
- 83% believe flexible working helps their business maximise profits (compared to the 67% that said it improved sales in 2016).
- 80% stated that enabling their company's employees to work from anywhere helped them recruit and retain top talent (64% in 2016).

We have been running this survey for ten years, but the strength of responses this year, with positive answers in the 70, 80 and even 90 percent ranges, surprised even those of us at IWG who have worked in the industry for many years.

Thank you to all our 18,000 respondents for taking the time to give us their feedback. Whether you work for a startup, SME or large corporate, or are a property owner or other stakeholder in our industry, I hope you enjoy reading this report. It seems that one day soon, flexible working could simply be known as 'working'. We are reaching the tipping point.



Mark Dixon
CEO and Founder, IWG
May 2018



EXECUTIVE SUMMARY

At the start of 2018, over 18,000 professionals from a range of different industries in 96 countries spoke to us about how they use

flexible workspace. What they had to say suggests that a tipping point is coming.


Reaching the tipping point		
	91%	said that flexible workspace enables employees in their company to be more productive while on the move.
	89%	believe flexible working helps their business grow.
	87%	believe flexible working helps their business stay competitive.
	83%	believe flexible working helps their business maximise profits.
	80%	stated that enabling their company's employees to work from anywhere helped them recruit and retain top talent.

Increasing demand for on-demand



76%

stated that companies in their industry sector are opting for more pay-as-you-go business services.



71%

believe a rapidly growing proportion of companies are consuming business services through subscription-based services.

Personal productivity – a key driver

88%

said remote working locations help reduce commuting time for employees.



81%

said remote working locations help employees achieve a better work/life balance.



78%

said an increasing proportion of companies are choosing flexible office space to respond to employee demand for drop-in locations.

72%

said providing access to a huge network of flexible workspace helps them attract more talent.



Businesses can benefit strategically as well as financially



82%

stated flexible working helps them create a presence in new markets.



73%

stated it helps them mitigate risk.



89%

stated optimised costs is a key driver for increased use of remote working locations.

KEY FINDINGS



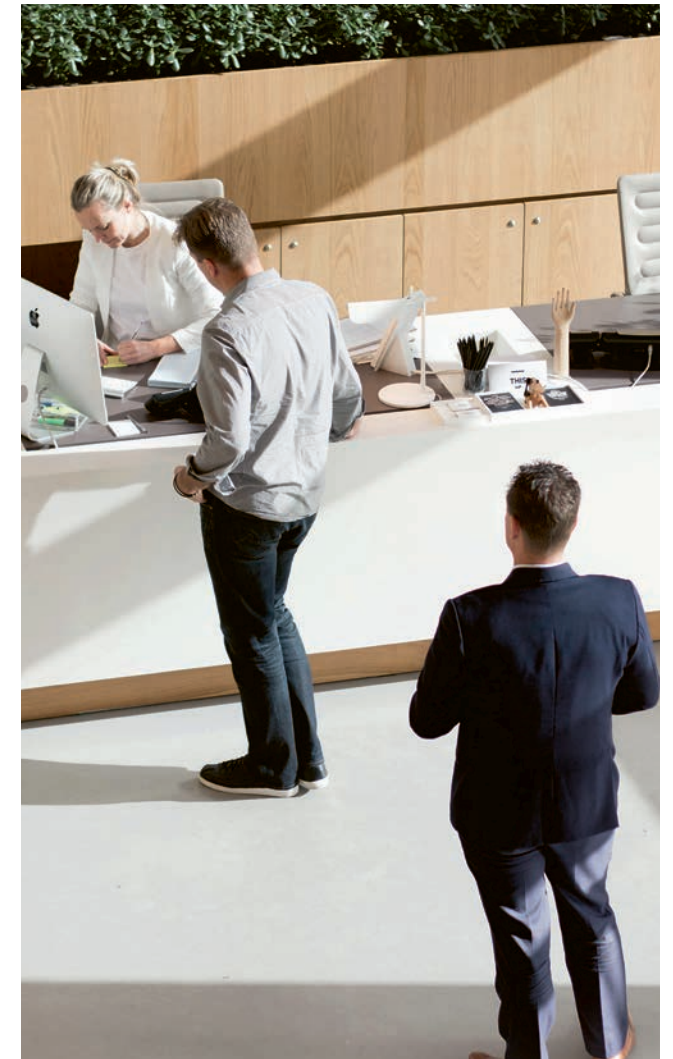
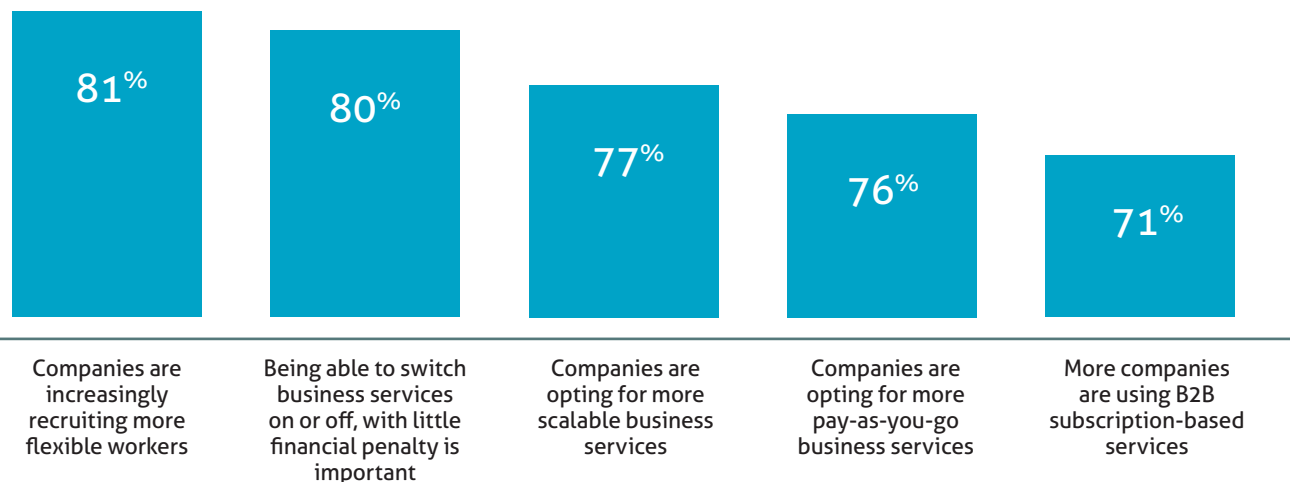
INCREASING DEMAND FOR ON-DEMAND

When digging into the detail there were some universal themes across the responses and locations. First, changes in technology and digitalisation have led to a growing use of on-demand services generally in business, with organisations of all sizes wanting to increasingly outsource non-core activities:

- 76% stated that companies in their industry sector are opting for more pay-as-you-go business services.
- 71% believe a rapidly growing proportion of companies are consuming business services through subscription-based services.

This is a trend that is not just related to workspace or real estate. It applies generally across all non-core businesses activities.

Increasing demand for on-demand: I believe that...



PERSONAL PRODUCTIVITY

Second, personal productivity is another key reason for using flexible workspace. For larger companies this includes attracting and retaining talent from a wider geographical pool.

- 80% of respondents stated that enabling their company's employees to work from anywhere helped them recruit and retain top talent.
- 78% said an increasing proportion of companies are choosing flexible office space to respond to employee demand for drop-in locations.
- 72% said providing access to a huge network of flexible workspace helps them attract more talent.

82% *of respondents believe flexible working helps people be more productive*

– IWG, 2018



PRODUCTIVE PEOPLE

From a Human Resources perspective it is clear that respondents firmly believe flexible working can make them and their teams more productive, but also that it can help them improve their work:life balance. With new technology making it easier than ever before to be in touch with people at any time of the day or night, it's hardly surprising that workers are demanding that their increased efficiency is offset by greater choice of location.

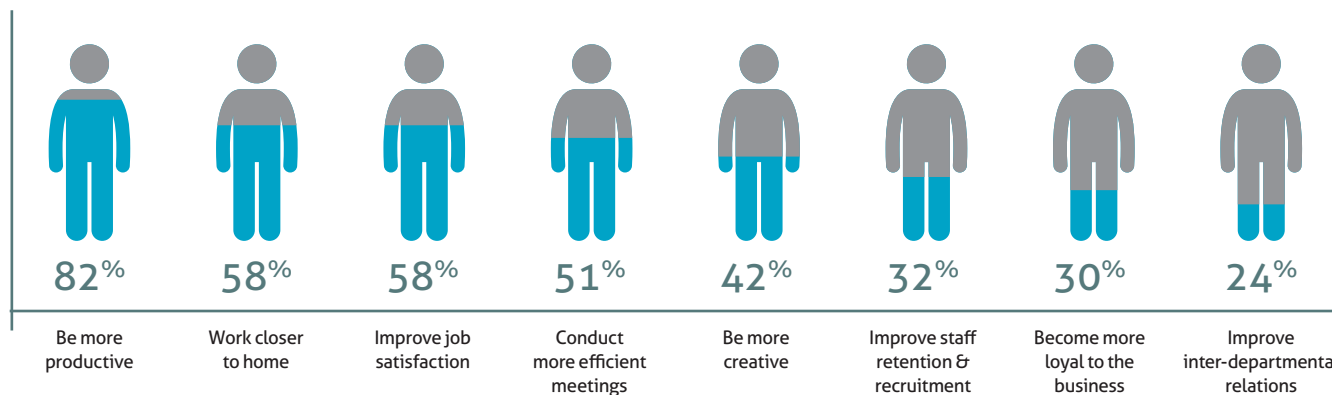
Not all working environments, however, were created equal. Respondents to previous iterations of the IWG research reported that working from home left them lonely, lacking interaction with other professionals, raiding the fridge

and irritated by noisy family members¹. Coffee shops too were rated as noisy and nosy with sensitive conversations at risk of being overheard. Particularly though, coffee shop frequenters lamented the lack of safety for worker's personal belongings. The drawbacks of working from non-professional locations clearly do not end there and include the inability to hold meetings and to access critical office equipment such as printers, scanners and a suitably strong Wi-Fi or broadband connection².

Safety, a fast internet connection and professional surroundings are far more important for business people to be productive than perks such as socialising and refreshments, it seems.

¹IWG data, 2014 | ²IWG data

Effects of flexible working



91%

Access to a network of workspaces enables on-the-go productivity

- IWG, 2018

In 2016 64% declared having a range of premises helped them recruit and retain top talent - this has risen to 80% in 2018

- IWG, 2018

88%

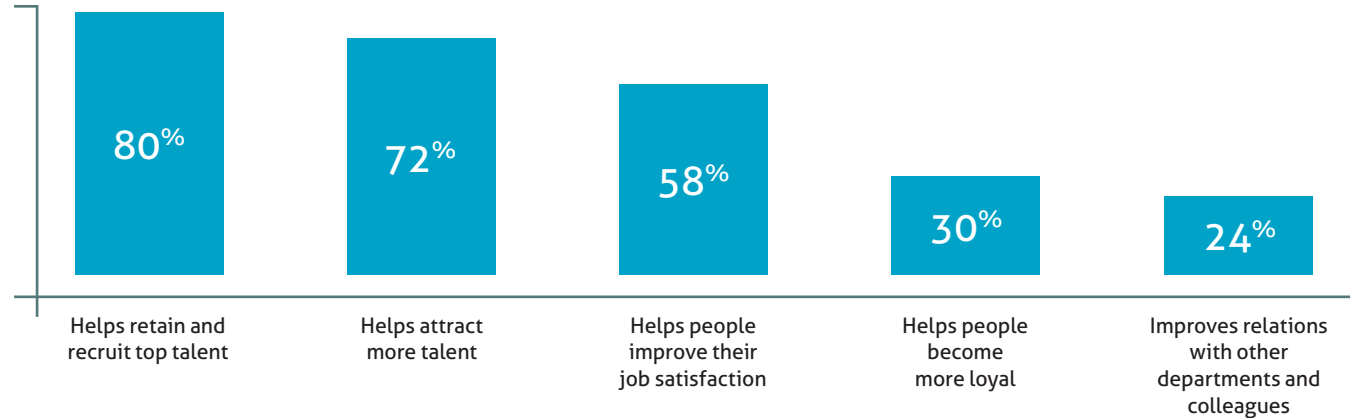
Reducing commute time is a key driver for flexible working

- IWG, 2018

ATTRACTING AND RETAINING TALENT

A significant majority of respondents reported that flexible workspace is a key way of attracting and retaining talent. By tapping into the work:life balance and the motivational benefits flexible working brings, businesses are keeping people loyal and also reducing overheads. With 64% of businesses reporting that they think firms in their industry are using flexible working to help them recruit, it follows that the benefits listed here are widely acknowledged by businesses.

Attracting and retaining talent with flexible workspace



BUSINESSES CAN BENEFIT STRATEGICALLY AS WELL AS FINANCIALLY

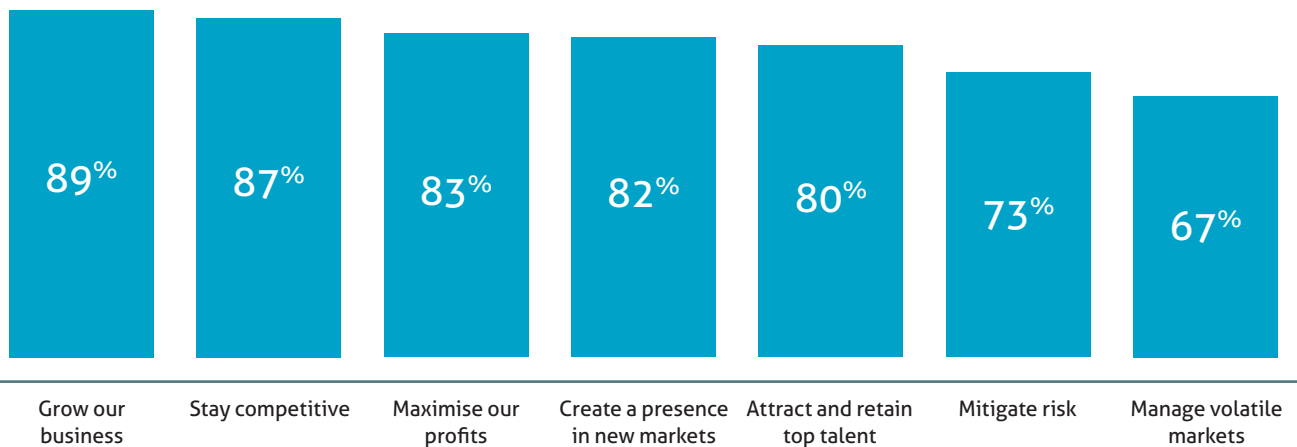
Third, businesses of all sizes are waking up to the strategic as well as the financial benefits of flexible workspace. They are specifically keen to avoid lengthy real estate leases to free up capital to invest in growth, and to become more rapidly responsive to market changes, while still leveraging opportunities by establishing premises in new areas, whether that is to be closer to employees, customers, or suppliers and other partners.

Running a leaner business, without hefty overheads means businesses can be more agile in their growth initiatives and can protect themselves from risk more effectively. Knowing they can get in and out of a market quickly, without the burden of hefty penalties from their lease for example, can make expansion much more approachable.

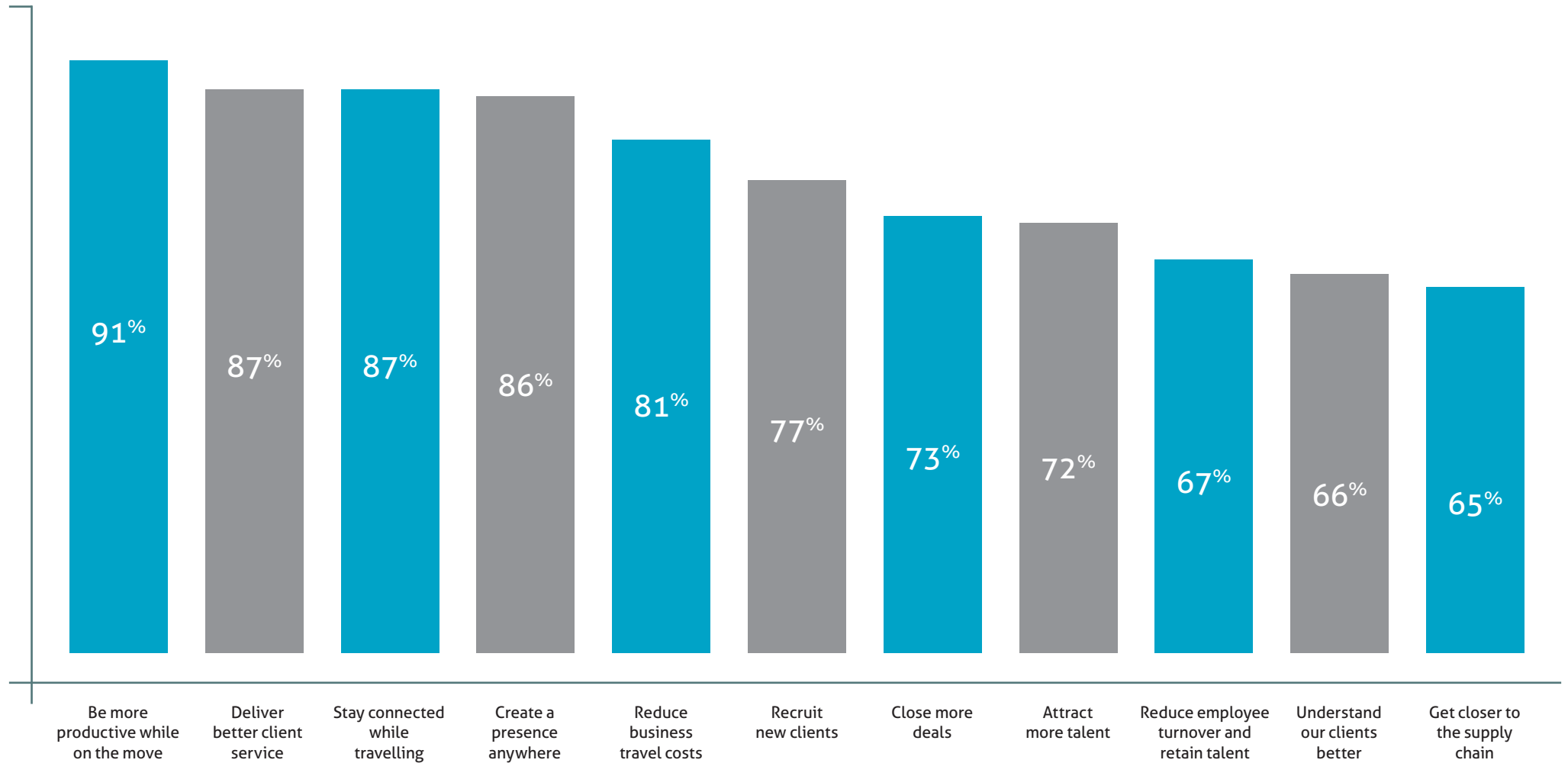
- 82% stated flexible working helps them create a presence in new markets.
- 73% stated it helps them mitigate risk.

Flexible working, supported by a professional flexible workspace network, is now being discussed by senior leaders across functions in companies including risk management, business development, human resources, marketing and strategy.

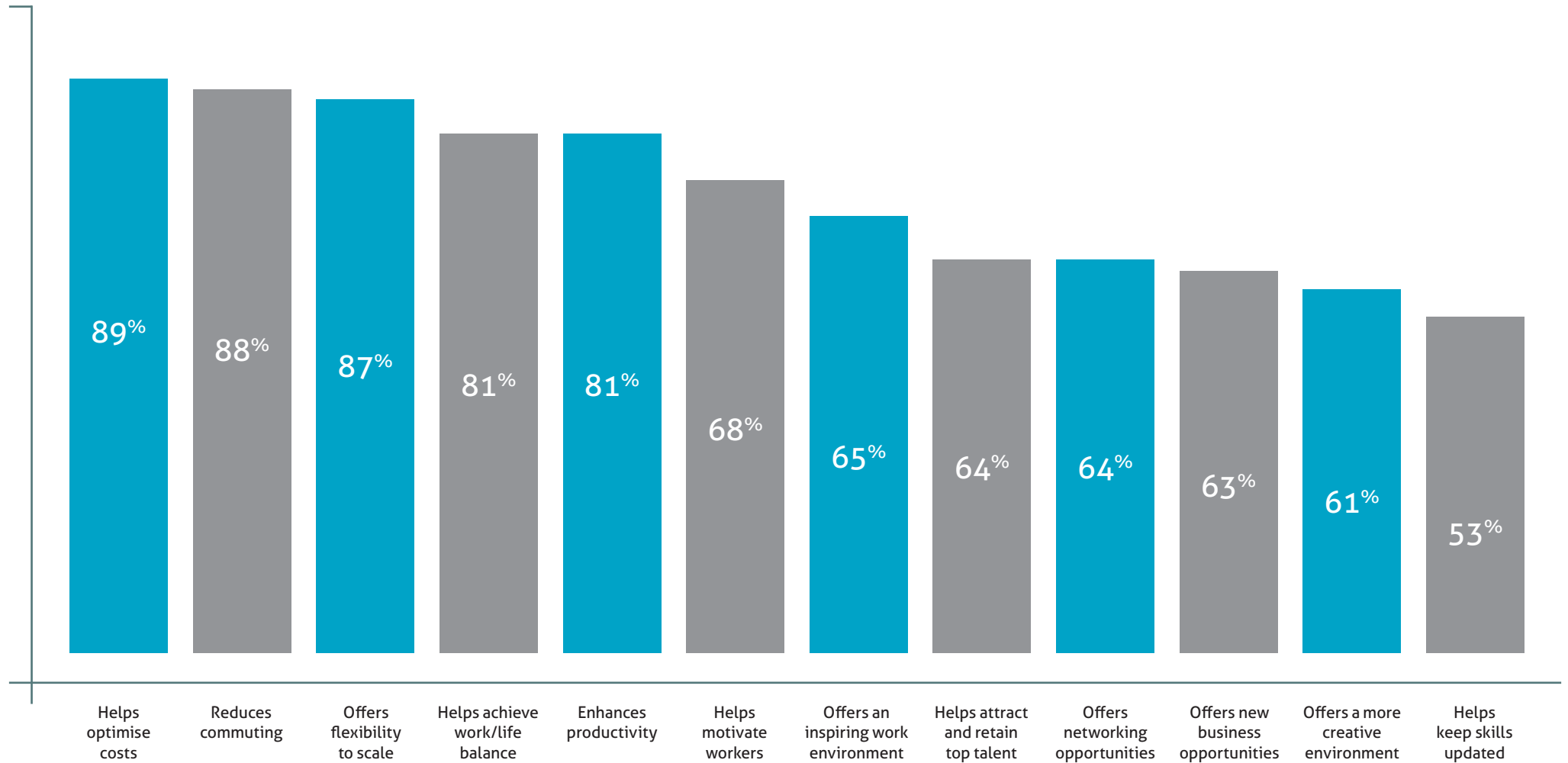
Enabling my company's employees to work from anywhere helps us...



A HUGE NETWORK OF LOCATIONS ENABLES US TO...



FLEXIBLE WORK DRIVERS



STRICTLY FINANCIAL

Finally, another key driver for flexible working is cost reduction. While a simple reason, it is often the most powerful in the boardroom.

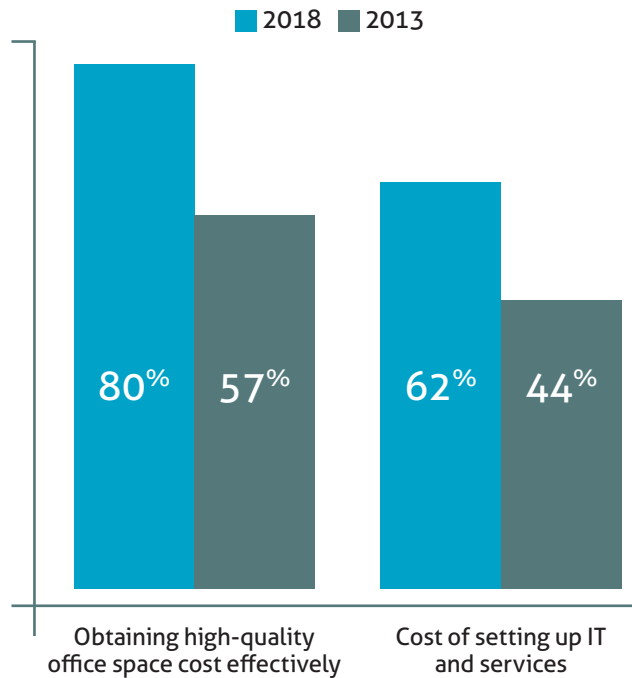
81% of respondents report they believe that using flexible office space can help their company save money by reducing their real estate management costs (such as purchase, administration, fit-out, maintenance costs, etc.), while 89% see driving down costs as a major driver. Compared with August 2013 the burden of set-up and finding appropriate office locations has clearly risen to the top of the agenda³. But critical obstacles still remain to businesses opting for traditional location set-up.

³Regus, August 2013

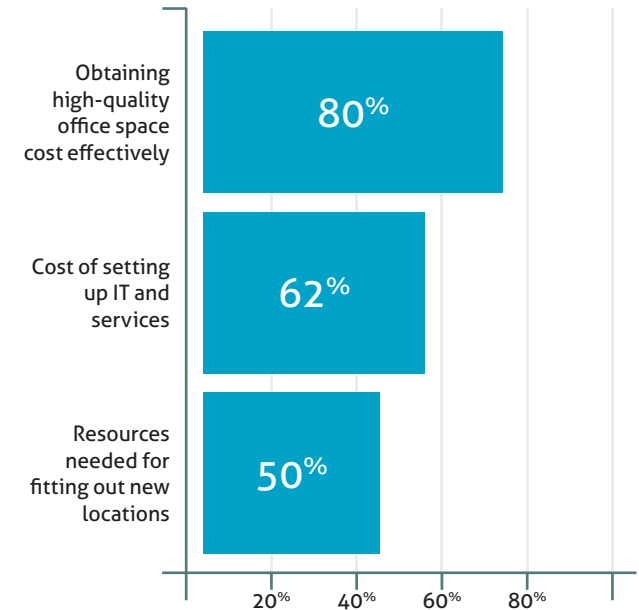
71% say that using flexible workspace helps avoid set-up costs and the need for capital investment

IWG, 2018

Main burdens of setting up a new location

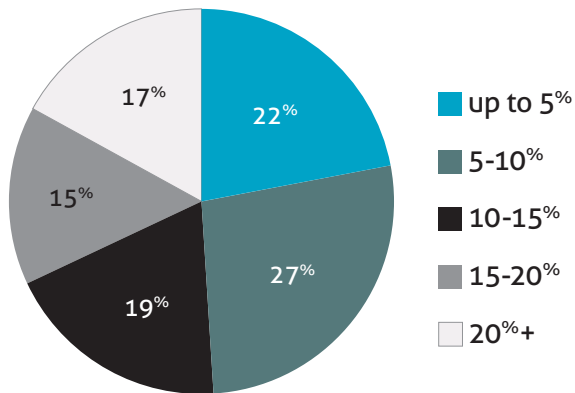


Top 3 obstacles to setting up a new location



Set-up costs represent a significant burden with 27% of business people saying that their business could save between 5-10% by converting all leasehold to flexible working space and 51% reporting 10-20% cost savings were achievable.

What savings can be made by converting long-term leaseholds to flexible workspace



Reducing overheads and capital expenditure is a key aspect that businesses are honing in on as they develop leaner strategies for continued and sustainable growth. What is interesting is that flexible working is no longer seen as simply a cost-cutting measure suited to boot-strapped start-ups and SMEs. It has become a fully-fledged element of strategy for all of the business, helping organisations save money and also stay agile and reactive to market changes, while boosting the productivity of their people.

The picture is clear: market demand for a fully flexible working model is strong, from both workers and businesses, but far too many hold back from truly revolutionising their operations and finally tipping the balance completely in favour of flexible working.



UNTAPPED OPPORTUNITY

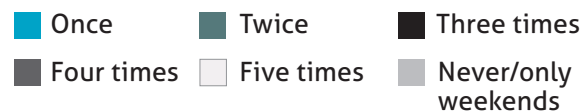
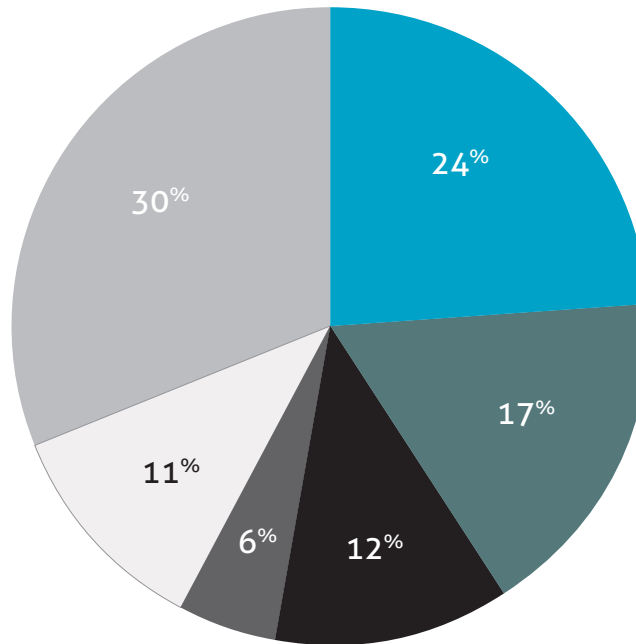
One key finding of this latest report that canvassed the opinions of more than 18,000 business leaders across 96 countries is that there is still huge potential for flexible working to continue its expansion. With workers still largely forced to opt for unsuitable workplaces when they are not in one of the main office locations, such as the home or a coffee shop, it's clear that more professional drop-in facilities are required.

The benefits are clear. As more and more property owners opt to find intermediaries that connect their space with the flexible needs of businesses and their workers, the flexible working revolution is teetering on the horizon ready to change working behaviours forever.

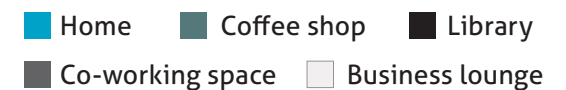
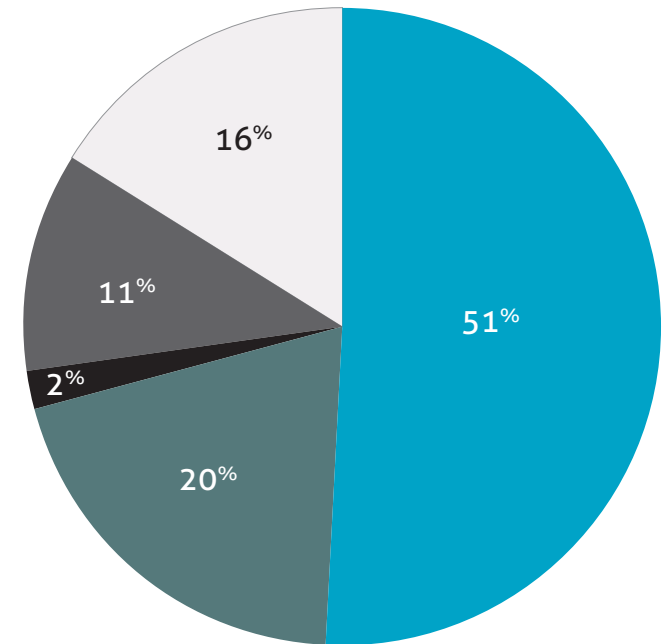
The mobile workforce needs productive environments

Fully 70% of respondents reported that they worked outside one of their main company offices at some point of the week and 53% for half of the week or more: a clear indicator that the bell has tolled for traditional, fixed-office working. Workers are clamouring for more choice of location, especially in terms of drop-ins, while more and more businesses are actively moving to flexible premises instead of traditional office.

How often in a week do you work outside a main office location?



Typical workspaces outside of the main office

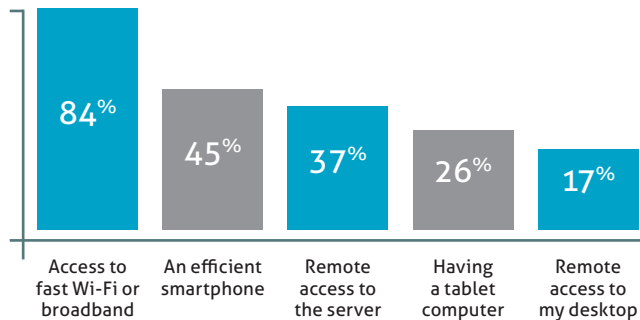


ONE SIZE DOES NOT FIT ALL - CHOICE IS NEEDED

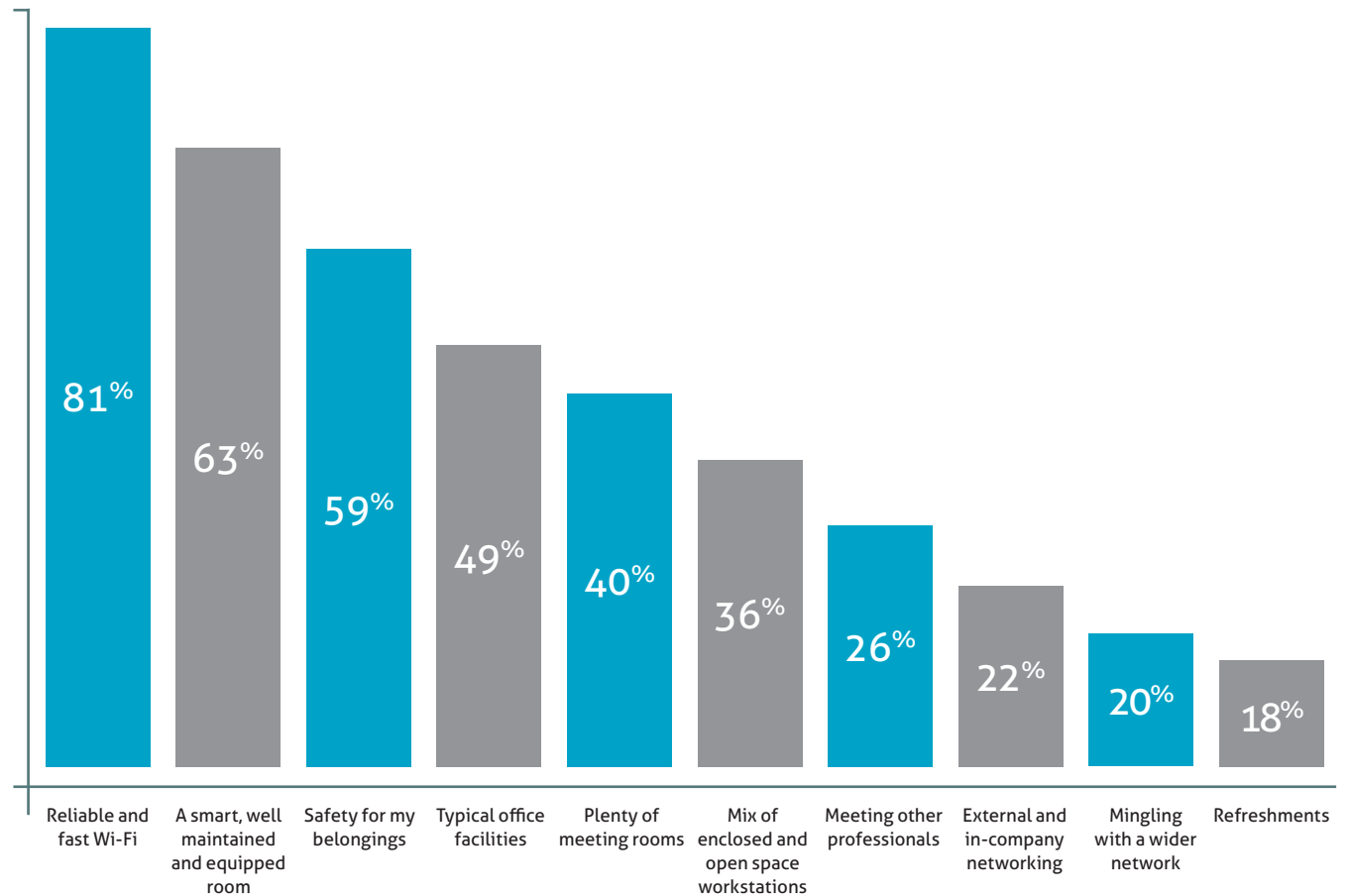
When it comes to defining what is a productive work environment, the definition boils down to three elements: Reliable and fast Wi-Fi (81% of respondents stated this as a key characteristic), a smart and well-equipped room (63%), and guaranteed safety (59%).

Interestingly, at this point in the workspace revolution, the opportunity to network (22%), share knowledge (20%) and access refreshments (18%) were not considered as important. Considering the growth of the co-working sector of the industry, this is perhaps surprising but suggests that one size does not fit all when it comes to flexible workspace. The co-working trend will continue to grow, but it's important to recognize that other types of workspace solutions continue to be needed.

Biggest tech enablers of flexible working in 2016 (IWG data)



Key features of a productive work environment



Working behaviour has been through a fully-fledged revolution over the past decade or so with flexible and remote working making their way into almost every company. This seismic shift in working habits has changed mentality to such a degree that most commentators acknowledge we're clearly at a tipping point where flexible working is officially becoming 'the norm' and the regular, fixed-location, 9-5 has run its due course. A number of drivers are at play in this revolution and each has attracted the scrutiny of a number of commentators⁴ but the key enablers to making flexible working a reality have certainly been technological development, personal productivity and business benefits.

⁴JLL, *Workspace, Reworked*, 2017; CBRE, *The Flexible Revolution. Insights into European flexible office markets*, 2017; Cushman & Wakefield, *Co-working 2018*; Deloitte, *Millennial Survey*; Deskmag, *2017 Global Co-working Survey*, 2016; Manpower, *Work, for Me: Understanding Candidate Demand for Flexibility*, 2017; FIA, *Freelancing in America*, 2017.



REGIONAL HIGHLIGHTS

Some interesting highlights from the report show that particular drivers and aspects of flexible working resonate more in specific geographical areas due to social, economic and cultural differences. For example:

- Fully 96% of rapidly growing African businesses think being able to work from anywhere helps them grow their business. Similarly, African businesses highlight the ability to maximise profits (90%) and stay competitive (93%) provided by flexible locations
- The ability to recruit and retain top talent thanks to flexible working is especially important in Latin America (84%)
- Latin American businesses are also more likely to highlight the ability to work from anywhere as a significant risk mitigation factor (78%)
- African and Asian business leaders are the most likely to report that the ability to work from anywhere helps them enter new markets (91% and 88%)

Employee demand remains a key driver ranging from 76% in the USA to 86% among African businesses.

Across all geographies, more and more businesses are moving to flexible subscription-based and pay-as-you-go service agreements with:

- Fully 75% of European companies are seeing more subscription-based business service agreements
- 83% of businesses in Africa are opting for pay-as-you-go arrangements

Finally, the main financial driver, cost reduction, is a major driver for flexible working in Latin America (92%) but scores well above 80% in all major geographies.

(More information and data about how the workspace revolution could impact your country or region is available by contacting us at www.iwgplc.com)



Methodology

Over 18,000 professionals from a range of different industries in 96 countries were surveyed in the IWG Flexible Working Survey. The sample is drawn from an IWG global contacts database of over 2.1 million senior business-people, managers or business owners, worldwide. The sample is highly representative of senior managers and owners in businesses across the globe. Respondents were canvassed online in January 2018 and contacts were drawn out of a pool of customers, prospects and business leaders from over 100 countries. The survey was independently managed by MindMetre Research. Respondents were asked for their views on the benefits and drivers of flexible working.

About IWG

Our companies help more than 2.5 million people and their businesses to work more productively. We do so by providing a choice of professional, inspiring and collaborative workspaces, communities and services.

Digitalisation and new technologies are transforming the world of work. People want the personal productivity benefits of living and working how and where they want. Businesses want the financial and strategic benefits. Our customers are start-ups, small and medium-sized enterprises, and large multinationals. With unique business goals, people and aspirations, they want workspaces and communities to match their needs. They want choice.

Through our companies, Regus, Spaces, No18, Basepoint, Open Office and Signature, we provide that choice, and serve the whole world of work. We create personal, financial and strategic value for businesses of every size. From some of the most exciting companies and well-known organisations on the planet, to individuals and the next generation of industry leaders. All of them harness the power of flexible working to increase their productivity, efficiency, agility and market proximity.





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