WORK 3.0

THE NEXT GENERATION MODEL
For Smarter Business

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Powering connections

Executive summary

Today's world of business is increasingly fast-paced, competitive, technology-led and global. Cultural, technological and physical elements are working together to drive a rapid pace of change like never before. From demand for more freedom in the way we work and the Bring Your Own Device (BYOD) trend, to technology innovation and the increasing adoption of new devices, platforms and applications, to the breaking down of international and regional barriers.

This paper explores the four critical elements that form today's working world - technology, physical location, working culture and business markets. It brings together fresh research revealing the demands and requirements of today's workforce, opinion from leaders in technology and innovation, alongside insights from analysts and experts in workplace psychology and modern architecture. We reveal how the interplay between technology, location, culture and business is transforming where, when and how we work.

For workers, it means taking control of their working lives; choosing their devices and technologies, and how, where and when they want to work. Traditional commuting patterns will be eradicated and a culture will evolve that supports multi-faceted careers. Self-discipline and adjusting to reduced 'live' face-to-face interaction will be critical and the education system will be tasked with preparing new generations of workers to adapt to a far less restrictive working culture.

For businesses, the resulting cost savings and productivity boom, with virtually limitless access to a global pool of talent, will dramatically improve operations and drive business growth. The new landscape will become fertile for start-ups, as traditional overheads such as real estate and staff become 'virtual' and can be scaled up or down almost instantly.

Trusting and managing remote workforces will become central to HR policies, alongside equipping staff with the tools and workspaces they need to collaborate effectively both remotely and face-to-face; and this will be underpinned by a robust technological infrastructure.

For vendors, the workplace revolution brings a huge new market opportunity, but the 'one size fits all' single vendor model will become obsolete. Businesses will be populated with interoperable best-in-class technologies. This will drive a fundamental shift in vendor models to contribute to an ultimate solution, working alongside other vendors, rather than competing on an all-or-nothing basis. Some of the biggest vendors in the networking and software world today will have to adapt in order to succeed in this more dynamic, open model.

Generation Work 3.0 is evolving. Read on to discover why we are at the tipping point of a workplace revolution that will signal a model for dynamic, adaptive and smarter business that is focused around the human cloud workforce.

Technology: setting the agenda

Technology has long been a driver of cultural changes, but today's workforce has seen an explosion of technological innovation which has enhanced how we communicate, interact and collaborate. Employees demands for flexible working practices, coupled with an insatiable appetite for the 'latest' devices and applications, are influencing the adoption of technology in business.

Alongside this, technology trends such as virtualization, cloud computing and unified communications are fast becoming a viable way to drive efficiencies and benefits into the workplace. These three elements present a powerful proposition for a new workplace, where virtualized, unified communication that operates entirely in the cloud can drive a consistent communication experience across any device and location for every user.

Virtualization and the cloud

Running multiple virtual machines from a single, physical platform that shares its resources across multiple environments can deliver an abundance of benefits, including cost savings through lower power consumption, reduced support and management resource, and enhanced green credentials due to fewer physical servers being powered.

Making use of applications and software in the cloud delivers similar benefits and many businesses are already getting a taste of what smarter business could look like by tapping into the increasing number of hosted services and providers that are available.

Popularity and demand for cloud-based and virtualized services that underpin fundamental IT infrastructures is increasing fast, even more so as businesses turn to the data centre, hosted voice communications and front-end, cloud-based applications and services such as Google Docs and IBM's SmartCloud for Social Business.

This trend is evidenced by the Compound Annual Growth Rate of virtual value added resellers compared to non-virtual.

It's a way of working that is quickly being adopted by consumers too, with solutions such as Dropbox and Apple's iCloud leading the wider public into the cloud.

Unified communications and collaboration

Unified communications (UC) is becoming an influential driver in changing working practices, encouraging efficient real-time audio and visual communication for workers across an increasingly diverse range of channels.

Crucially, UC has the potential to enable employees to achieve an 'in-office' experience from anywhere, on any device. This means any worker can collaborate virtually with team members as effectively as they would if they were sharing a meeting room; conferencing and collaboration tools can be accessed via soft, desk or smartphones, providing the ability for workers to share a corporate directory, work on documents or presentations, set up audio and video calls, send instant messages and see another's presence status.

The need to enable truly effective mobile working makes UC-based technology developments fundamental in revolutionising the workplace as we know it. New ways of working can increase productivity and streamline effective communications, changing how individuals, groups and organizations work while reducing communications costs and IT management time.

The rise of the end user

Technology is influencing almost every aspect of our daily lives and an almost insatiable appetite for gadgets and cutting-edge technologies is influencing the workplace like never before. While businesses used to be the main drivers of telephony, computing and communication adoption, it is clear they are no longer setting the agenda.

Instead, the dominant force in technological advancements has become the end user. Research from Mitel shows the BYOD trend is no longer in its infancy, as around two-thirds of employees are using their own smartphones, tablets and other devices for work.

Traditional working patterns are also under pressure, as Mitel data shows that the majority (81%) of workers now want to break free from their organization's nine to five culture in favour of flexible hours and working locations. This figure is even higher (87%) for younger generations who appear to be the biggest drivers of the revolution.

With workers pushing to bring their own devices into the workplace and calling for flexibility in working where, when and how they want, should businesses be taking advantage of this enthusiasm for technology-driven change?

Providing a flexible and robust infrastructure that can accommodate personal devices and choice could offer employees the freedom to work exactly how they want to, whilst at the same time lessening the hardware investment burden of trying to keep up with the latest devices.

Best of breed

In order to capitalise on all of these technology developments and meet the demands of the individuals within their workforces, businesses need the freedom to support a vast and dynamic network of hardware and applications – the best tools for the job, at an individual level, all working together seamlessly and intelligently.

Traditionally, relying on a single vendor as a one-stop-shop for a 'complete' solution gave IT and network managers complete control over their network, while integration, security and management was relatively straightforward. But it's an approach that is fast becoming obsolete. It is inherently inflexible and many organizations are now finding their infrastructure cannot be tailored to their specific needs.

With the rise of cloud computing, virtualization, applications and web services, the single vendor, 'one size fits all' strategy is entirely inappropriate. No single vendor is capable of offering a complete solution and problems occur when vendors stray into each other's domains. It is only by embracing an eco system of partners that organizations can ensure a reasonable counterbalance to any technology-driven argument, and be confident they have taken a truly best in breed approach.

It is inevitable that vendors themselves will have to adapt the way they think and open themselves up to work alongside each other. In doing so, businesses will become populated with interoperable best-in-class technologies and this will drive a change in vendor models, to become contributors to an ultimate solution, rather than competing based on all-or-nothing.

vVAR revenue growth rate > 20% CAGR – well in excess of market growth

Total product revenue

■ Virtual VAR (vVAR)
■ Non-Virtual VAR
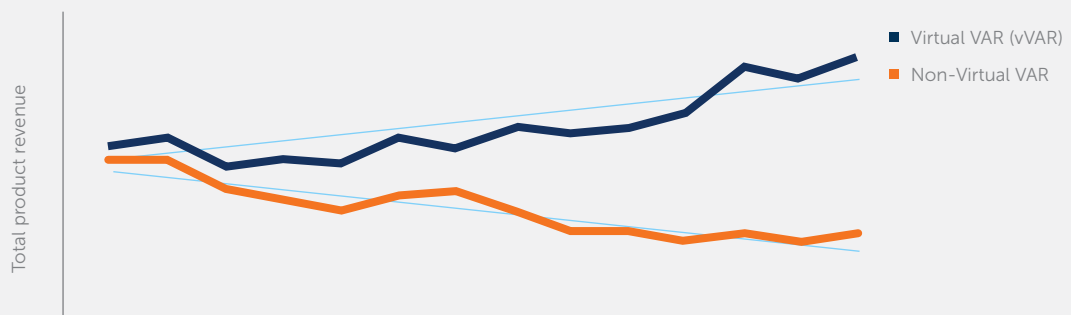
vVAR application attach rates are 50% higher than non-vVARs

Physical environment: next generation workplaces

The rise of flexible hours, mobile and remote working, and hot-desking are challenging the traditional office environment. Many workforces are no longer required to diligently travel to an office building on a daily basis to sit at a dedicated desk, and this trend is rapidly growing. The technological changes outlined previously will have a fundamental impact on physical workspaces, from a desk-level, to the office building and the towns and cities they are located in. New, innovative working environments will emerge that are no longer tied to a single location, providing the catalyst for the new human cloud.

The 'human cloud'

The shift in working practices has moved well beyond the need to accommodate individual requests for flexible home working options. Employees are demanding new ways of working, and whether it's from a coffee shop, logging into a network from another site, or setting up a home office, the technologies are available to mobilise the workforce.

As a result, businesses will no longer operate from static, physical places. Instead, employees will work within a 'human cloud', supporting companies from limitless locations.

Image appears courtesy of OfficePOD

Mitel research has revealed the importance of a dedicated home office too, with the majority (62%) of people who work from home preferring a dedicated work space that is distinctly separate from the rest of their home - and they believe they work better as a result.

The chartered building surveyor behind the OfficePOD concept, Stephen Tanner, predicts home office innovation will come from creating productive working environments outside of the spare room.

"An organization cannot promote the idea of flexible working and merely cover the provision of a desk and a chair in a spare room. Employers have a duty to provide staff with the tools they need to work effectively and productively; this should include a suitable working environment, wherever that happens to be. This type of benefit could be a replacement for the traditional company car, which would also encourage greener practices."

Stephen Tanner, Founder OfficePOD Ltd

"I use iCloud for many of my documents and I'm looking to completely drop my laptop soon as the cloud means I only really need my tablet and smartphone. As a company we are also moving towards keeping and managing everything in the cloud and that will make sharing and accessing documents even easier. Whatever we need, whenever we need it, accessible from whichever device is most suitable and available at the time."

Rob Charlton, CEO, Space Group

Image appears courtesy of Simon Voelker, BendDesk

Offices: real estate reassessed and rationalized

Offices no longer need to be places where employees regularly go to work, and some companies are realising they don't need physical office space at all. By embracing the human cloud and virtual working, many businesses will find they can perform effectively without a single fixed location.

Those who continue to rely on centralized, physical offices will view and use them in an entirely different way, turning them into hot-desking and collaborative working environments. Desk space will be a shared resource, utilized by any number of workers through plug-and-play technologies such as UC and desktop virtualization.

Virtual desks

The future of desks is virtual. The concept of isolating an operating system from a physical device is not a new idea and according to Gartner around 10% of mid-sized organizations have already deployed desktop virtualization.

The step change lies in the 'desktop' itself. As Gartner predicted the 'personal cloud' will replace the personal computer as the centre of users' digital lives by 2014, eliminating the focus on individually-owned PCs and laptops. Rather than taking ownership of a physical space, workers will be able to access their office in the cloud at a moment's notice from any device.

Mitel research supports Gartner's predictions, revealing the reliance that newer entrants to the workforce have on smartphones, tablets and multiple screens.

The cityscape

Despite the evolution of the human cloud and demand for remote working, it is likely that access to a professional office will continue to be required for in-person connection. However, this does not mean privately-owned, centrally-located real estate.

Instead, smart shared work centres will give easy access to meeting space, enabling businesses to take advantage of on-demand reception services and other business support services. Serviced office companies such as Regus and Avanta with shared and/or temporary office spaces were once seen as suited to small and start-up businesses that could not commit to obtaining their own real estate. But attitudes are shifting and the prestige associated with owned property is likely to diminish.

Longer-term, we expect to see traditional offices replaced with purpose-built, economical buildings based on collaborative spaces, shared by multiple organizations. As a result, concentrated 'city' areas will become diluted, as workers look for shorter commutes and access to business centres dispersed across larger regions.

Image appears courtesy of OfficePOD

"We've converted an unused part of our headquarters into a flexible workspace for local businesses and entrepreneurs, where instead of long-term leases we offer far more flexible facilities, and that goes for everything from individual offices to collaborative spaces. People pay a monthly subscription and can drop in and use our facilities by the hour, or even just visit our café, which means they're part of a community even though most work fairly independently."

Rob Charlton, CEO, Space Group
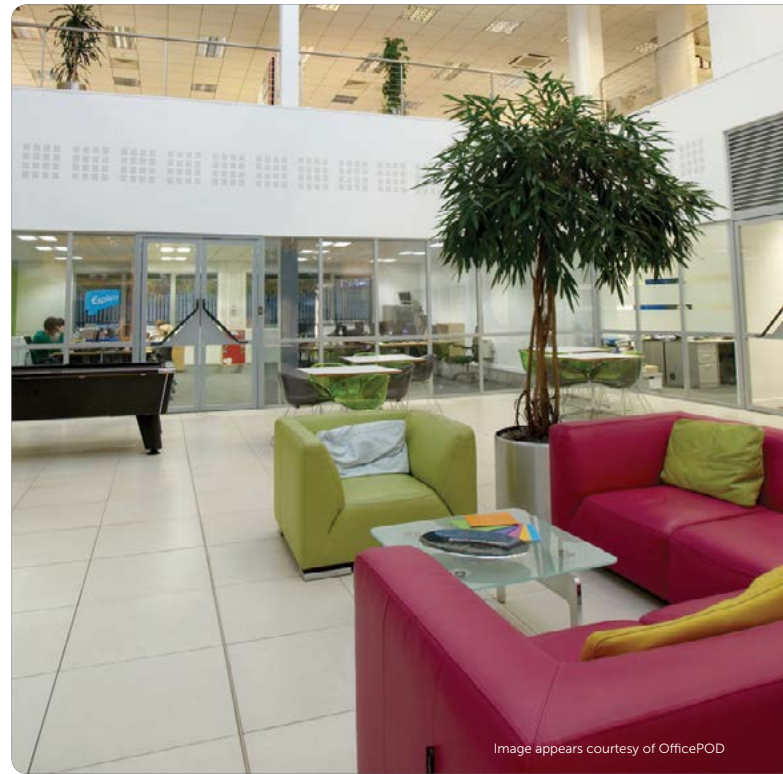
Rob Charlton of Space Group adds: "London is choked; and the recession has meant that many companies are paying through the nose for office space which is currently left empty. Companies are now increasingly looking for shorter, flexible leases that can grow and contract with the business, which is a practice that would really help streamline London's real estate whilst promoting profitability for businesses."

This will drive a lasting change in the landscape of cities as we now know them, which could become weighted towards residential and retail buildings, while we look to less concentrated, easy to access areas on the outskirts to house other commercial buildings. Suburban borders will blur and there will be a positive impact on transport networks, as congestion bottlenecks are eased and widespread uptake of homeworking or working in satellite offices dramatically reduces fuel consumption and carbon emissions.

Workers will appreciate significant time and cost savings too, as commutes are moved off-peak or eradicated completely, and the average worker commute of over 200 hours a year is reduced dramatically.

Business practice: a truly global market

Such a significant shift in working practices alongside countless technological innovations is set to make businesses more nimble, efficient and competitive. For example, city-wide cloud computing platforms could help start-ups take advantage of new technologies and applications without having to invest huge sums of money in in-house hardware and software.

The global talent pool

The virtual model is already altering recruitment strategies too. Faced with a global skills shortage, good talent is increasingly hard to find, but technology has created a global talent market that simply wasn't accessible previously.

This means that the labour market will need to prepare for an extremely competitive landscape, but at the same time businesses can prosper with a globally best-in-class workforce.

For the HR team, this poses new questions/challenges: how does a company's use of local talent weigh up against a remote workforce?

Striking a healthy balance and supporting remote workers through the provision of collaboration tools and creating productive environments for small work groups when they need to get together will become critical.

Online freelance worker platforms like Elance.com are already contributing to the shift in business dynamics as the adoption of contracted workers for many types of job functions grows.

Many SMEs and startups have already embraced hiring and managing talent 'in the cloud' in this way, but we are also now seeing a sharp increase in Fortune 1000 and FT 500 companies moving into the human cloud.

Business agility

Large and multinational enterprises are adopting the online employment model that gives them the flexibility to scale up and down, hire faster, make cost savings and take advantage of 'act on demand' opportunities. Business tools and facilities need to reflect this dynamic model.

Increasingly, individuals are adopting 'portfolio careers' whereby they undertake several paid activities simultaneously rather than being limited to a single job role. This lends itself perfectly to the new freedoms and flexibility of the next generation work model.

All of these trends make for a much more fertile landscape for start-ups setting up shop, but it doesn't need to stop at the entrepreneur. Today's businesses have access to free tools, innovative cloud-based technologies and vast internet resources.

The next generation work model brings great opportunity but also poses challenges for many different parts of a business and all divisions will be impacted, from HR and operations to sales and finance.

Culture shock: the societal impact of change

We currently have a workforce made up of many generations, but the situation is exacerbated when we consider the rapid pace of technological change. In just a few years, someone who used to be well versed on the latest email platforms and online collaboration tools is faced with a plethora of social media channels and smartphone apps.

The individualization of work

Such a diverse workforce is divided by different personalities and personal preferences, and different ways of working. For example, Mitel research has shown that women value flexible working hours and locations, whilst men value choice over tools and technology.

Today's younger workforce, which has grown up using the web and advanced personal computing devices, appears to be more open to new ways of working, as the Mitel research shows they are more welcoming to the idea of online and virtualized working. One in five of those aged 18 to 29 say they find the prospect of a 'portfolio career' appealing, compared to only one in ten workers overall.

According to change management expert Belinda Kent-Lemon of Occam HR, "portfolio careers are often appealing to those at the beginning and end of their careers, where some financial flexibility can be accommodated. But for the majority of those in their 30s and 40s, the financial demands of children and a mortgage mean that at least one partner will need a reliable income."

Technology as the cultural enabler

Looking ahead, there will be no 'traditional' way of working, as organizations look to appeal to a diverse workforce that wants to pick and choose its projects, hours, devices and location. But organizations could be making a mistake if they simply roll out technology to appeal to this diversity.

Technology should not define a business, but become the enabler for a business to define its culture, its spaces and the kind of organization it wants to be, as Roger Philby, founder of The Chemistry Group, explains: "Many organizations make the mistake of giving employees all the tools they need to work flexibly, but how these are used needs to come from the leadership table. What culture do you want to create? What behaviour do you want to incite? It's important that direction is given on how employees use this technology."

The emphasis for flexible working is often facilitating this outside of the office environment, but Mitel research shows that many workers still value the traditional office space for social interaction, sharing ideas and meeting with different parts of the organization.

"I find the prospect of a 'portfolio career' appealing"

18 to 29 year olds

"I find the prospect of a 'portfolio career' appealing"

All workers

According to Roger Philby, the value of flexible working is its inherent 'flexible' nature:

"For some people, home working is like a death sentence, while others struggle to cope with a noisy, highly-charged office environment. But ultimately, flexible working needs to work for the organization as well as the individual. If you know what culture you are trying to create then flexible working needs to become integral to this. If it is, you will naturally attract the right kind of people for your business."

Merging home and work spaces

Our research revealed there is demand for more flexible hours and working spaces, with less reliance on a central office location. Almost two-thirds of those people who regularly or occasionally work from home would prefer to have a dedicated space for work and this is more pronounced among workers aged 18 to 29.

But until home office innovations such as the OfficePOD really take off, many workers may find work-life balance difficult as personal and working environments merge in the same place. As the OfficePOD creator, Steve Tanner, pointed out "an organization cannot promote the idea of flexible working and merely cover the provision of a desk and a chair for their spare room".

Nature Vs. nurture

Over the next twenty years, those workers who knew little beyond the nine to five culture will move into retirement and younger people entering the workplace will have grown up having seen their parents work flexibly. But for now at least, nature and nurture both have roles to play, as workers look to adjust to an increasingly diverse range of colleagues and approaches.

The experience gained in the education system will be critical in shifting our culture and equipping young people with the skills they need to work in less structured ways. But Gavin Andrews, Leadership Lecturer and independent consultant, says there is little evidence of the education system adapting in order to prepare students for new ways of working:

"The younger generation still struggles with independent work, even at university level, and this could lead to serious productivity issues in the future if our workers lack the discipline to work effectively of their own accord."

"One of the issues for organizations located in city centre offices is that the young tech-savvy staff they wish to attract and retain are usually not yet homeowners with the luxury of a spare room or other dedicated workspace, making the facilitation of home working difficult. In contrast, those with the luxury of space for a home office are often more comfortable with a traditional office at least part of the working week."

Belinda Kent-Lemon, Founder, Occam HR

Empowerment or disengagement?

There are risks to the flexible working model. Could long-term working relationships lessen and what impact will a lack of face-to-face contact have? Mitel research has found that workers still believe that social interaction and opportunities to collaborate are the best things about working in an office, so it is critical for businesses to provide opportunities for effective interaction, even with a virtual model.

Whilst the personalization of working practices empowers individuals, it could also erode a sense of belonging – which is a vital ingredient for motivated, productive and loyal workforces.

It is essential at this early stage in the virtual workplace evolution that we identify the best methods to engender a positive, binding working culture, through self-management skills, promoting 'leaders' over 'managers' and providing tools (through technology) to supplement this. Ultimately, balance will be key.

Monitoring and supporting virtual workforces

While workers are calling for flexible, often home, working policies in the workplace, issues around isolation and detachment are often ignored. Companies must ensure that all employees, regardless of their work location, remain part of a well-informed, close team and build time interacting with colleagues into the work routine.

The right technology is crucial in delivering an effective remote working strategy. With the right tools and applications, employees can have an 'in-office' experience from anywhere, on any device – enabling remote workers to collaborate virtually with team members so that work can continue and productivity and morale are not affected.

For several years, trust issues have been seen as a barrier to the deployment of full-scale remote working but these are gradually eroding as our culture adapts to this type of practice. As Gavin Andrews points out, "trust is an issue for businesses, whether remote or not".

The human cloud revolution will happen whether managers like it or not. Instead of putting up barriers, managers should accept this change and put in place approaches that encourage interaction and collaboration. Getting the right systems in place that are conducive to a 'team' environment is important for any workforce, but absolutely critical for a disparate one.

Conclusion

Today's workforce has seen an explosion of technologies that will have a lasting impact on the way we communicate and work. The culmination of rapid technology developments, the demands of an increasingly diverse workforce, and business dynamics is driving lasting changes in the workplace as we know it.

This paper has considered the elements that are influencing today's working environment and predicts that rapid, drastic change is on the horizon with the potential to completely overturn the working world in this generation.

The impact of eradicating the traditional nine to five convention will be felt across many aspects of our lives as new phenomena such as the 'human cloud' workforce model drive changes in our offices, cities, economy and culture. To succeed as a smarter business, Mitel's advice is that organizations must embrace a more dynamic, flexible working culture that will be of benefit to individual workers, businesses and markets.

Technology is not only a key driver of this revolution, it will also be the catalyst for making sure that businesses are equipped to manage the change. With the right tools and infrastructure, organizations can use technology to optimise the emerging human cloud as their primary asset, but avoiding the perils of single vendor inflexibility will be key.

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