From hot desks to the connected office

ACTIVITY-BASED WORKING IS DRIVING BUSINESS OUTCOMES
Activity-based working adoption is growing in Australian businesses

What is activity-based working?

Activity-based working (ABW) is the reorganisation of the workplace to enable staff to be more productive and collaborate using shared workspaces in the office and external locations like home offices. Essential components of activity-based working are hot desks and shared workspaces, technology components, like devices and application access and strategies that encourage employees to be more productive. ABW breaks down the knowledge siloes associated with legacy role-based working environments and empowers more people to work on projects that require cross-functional skills. ABW is not simply working from home or a remote location. The elements of ABW can be applied in any location.

Australian organisations are quickly changing the way they manage their workforces. Telsyte research indicates nearly a third of Australian enterprise organisations are supporting ABW and a further 35 per cent are looking to support it in the immediate future. The research profiled ABW adoption and intentions by organisation type and found the highest adoption of ABW to be among government (and non-commercial) entities and enterprises with offices located both in Australia and overseas.

Australian companies with international offices and Australian branches of international companies are the types of organisations with the highest intention to adopt ABW. This indicates ABW is helping distributed organisations increase productivity with staff located in different locations. Looking ahead, by 2020 Telsyte forecasts that two-thirds of Australian organisations will support ABW environments.

Activity-based working can break down barriers between staff and foster a new level of productivity. With 36 per cent of organisations not planning to support ABW, there will be a growing capability gap between those that benefit from improved collaboration and customer service and those that remain with legacy role-based workplaces.

“Nearly half (45%) of Australian organisations see easy device peering and data sharing as part of the future of activity-based working”
The growth of activity-based working in Australian organisations

28% 2015
66% 2020

Source: Telsyte Australian Digital Workplace Study 2015; n=424

Average number of people within the organisation participating in activity-based working & working from home

27% 2015
40% 2020

Source: Telsyte Australian Digital Workplace Study 2015; n=424
## Activity-based working by type of organisation

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Yes (%)</th>
<th>Planning to adopt ABW (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>An Australian company (Australia only) (n=190)</td>
<td>21%</td>
<td>29%</td>
</tr>
<tr>
<td>An Australian company (with international offices) (n=147)</td>
<td>31%</td>
<td>49%</td>
</tr>
<tr>
<td>Australian branch of an overseas company (centralised ICT) (n=35)</td>
<td>26%</td>
<td>43%</td>
</tr>
<tr>
<td>Australian branch of an overseas company (local ICT) (n=25)</td>
<td>32%</td>
<td>20%</td>
</tr>
<tr>
<td>A government/non-commercial entity (n=27)</td>
<td>67%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Source: Telsyte Australian Digital Workplace Study 2015; n=424

> 43% of Australian organisations see smart office environments including cloud, mobility and the Internet of Things as being part of the future of activity-based working
Activity-based workers more productive, deliver faster ROI

Research is showing that organisations that have invested in activity-based working are experiencing immediate productivity and financial benefits. Activity-based working is also adding value to Australian organisations through increased productivity and better knowledge sharing.

How is activity-based working value measured?

- Better employee productivity
- Lower real estate and fixed costs
- Lower operating expenditure (e.g. power savings)
- Higher job satisfaction
- Better collaboration

Telsyte research found activity-based working adds value in 61 per cent of organisations that have adopted it and, on average, the productivity of an activity-based working employee is seen as 16 per cent more than a regular employee. This is equivalent to an extra 6.4 hours per week per ABW employee.

In addition to the tangible time-saving benefits, staff in ABW organisations have shown greater job satisfaction, as seen by one large Australian bank where most staff did not want to return to their old way of working.

To determine the costs involved and potential business benefit of activity-based working, Telsyte investigated the relative cost per employee organisations have experienced. Organisations report the cost to enable an activity-based working employee is on average only 7 per cent more than a regular employee.

The return on investment (ROI) among organisations that have adopted activity-based working is also strong with 25 per cent of organisations stating they experience a return on their investment in less than 12 months. Additionally, 66 per cent of organisations surveyed by Telsyte see a payback within two years with the average ROI term being around 15 months.
Activity-based working is driving business outcomes

- A high 61% of organisations see activity-based workers as more valuable.
- Activity-based workers are on average 16% more productive than regular workers.
- Activity-based workers only cost 7% more to enable.

Source: Telsyte Australian Digital Workplace Study 2015; n=121; base: organisations with activity-based working.

**ROI from activity-based working**

- More than 2 years: 6%
- 1 to 2 years: 41%
- Less than 12 months: 25%
- We do not need to measure ROI: 28%

Q. What is the ROI for your activity-based working initiative?
Source: Telsyte Australian Digital Workplace Study 2015; n=121; base: organisations with activity-based working.
Activity-based working drives better customer engagement

Telsyte’s research also investigated how activity-based working is adding value to organisation’s customer engagement. Nearly one-third of IT and business leaders with activity-based working environments focused on customer service said their business is able to better engage and service customers with ABW.

- 55% agree staff have better knowledge of customer requirements because of ABW
- 60% agree staff are able to better engage with customers because of ABW
- 59% say ABW enables better customer account management

“61% of IT and business decision makers agree that real-time customer engagement is enhanced because of ABW”

Another key change in customer engagement resulting from activity-based working is better knowledge of customer requirements. This is another example of how activity-based working can improve information sharing and knowledge collaboration.

Essential components of ABW: Mobility is key

<table>
<thead>
<tr>
<th>Item</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Smartphones</td>
<td>64%</td>
</tr>
<tr>
<td>Notebooks</td>
<td>60%</td>
</tr>
<tr>
<td>Wireless Network</td>
<td>56%</td>
</tr>
<tr>
<td>Tablets</td>
<td>55%</td>
</tr>
<tr>
<td>Office (design/layout)</td>
<td>49%</td>
</tr>
<tr>
<td>Headsets</td>
<td>37%</td>
</tr>
<tr>
<td>Desktop PCs</td>
<td>33%</td>
</tr>
<tr>
<td>Furniture (desks/chairs)</td>
<td>31%</td>
</tr>
<tr>
<td>Displays</td>
<td>31%</td>
</tr>
</tbody>
</table>

Q. Which of the following items do you consider part of an activity-based working system?
Source: Telsyte Digital Workplace Study 2015; n=121; base: businesses that support ABW
Better collaboration, lower office costs big drivers for ABW

With an activity-based working environment in place, IT and business leaders are confident staff are more valuable and producing better outcomes. Activity-based working fosters a culture of collaboration and knowledge sharing, where staff can be inherently more cross-functional in their duties.

Organisations not adopting activity-based working risk being burdened by siloed knowledge and having staff spend a lot of time in formal meetings instead of delivering on projects. Countless studies have attempted to quantify the time an average worker spends in meetings and the general finding is meetings are costly and time consuming. A Salary.com survey indicated 47 per cent of people view meetings as the biggest waste of time in their job.

Benefits from activity-based working

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Better team collaboration</td>
<td>8.0</td>
</tr>
<tr>
<td>Less office lease space/costs</td>
<td>7.9</td>
</tr>
<tr>
<td>Less need for organised meetings</td>
<td>7.8</td>
</tr>
<tr>
<td>More knowledge sharing</td>
<td>7.8</td>
</tr>
<tr>
<td>More innovation</td>
<td>7.8</td>
</tr>
<tr>
<td>Improved project management</td>
<td>7.6</td>
</tr>
<tr>
<td>Better, more real-time customer engagement</td>
<td>7.5</td>
</tr>
</tbody>
</table>

Q: What benefits does activity-based working bring, or could it bring, to your organisation? (Scale of 1-10 where 1=No benefit; 10=High benefit)
Source: Telstye Digital Workplace Study 2015; n=424 base: businesses with > 20 employees,
The costs associated with enabling activity-based working involve a combination of shared office space, including hot desks, and technology like wireless networks, devices and software to allow people to collaborate on projects. However, an interesting finding from Telsyte’s research is that almost one in five IT and business leaders reported cost reductions associated with activity-based working enablement.

Any program to implement activity-based working should consider both the tangible and intangible benefits it can bring, including better team collaboration and reduced office space.

The most immediate financial return organisations can experience with activity-based working is reduced office space and IT infrastructure requirements. For example, office rent in Australia’s largest city, Sydney, can vary between $650 and $1300 per square metre, giving strong incentive to businesses to minimise wasted space.

By enabling a more mobile workforce, including hot desks in the office, organisations can reduce their office space requirements and costs.

<table>
<thead>
<tr>
<th>Activity-based working enablement</th>
<th>Activity-based working benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office fit-out</td>
<td>Reduced office lease space</td>
</tr>
<tr>
<td>Devices</td>
<td>Increased productivity</td>
</tr>
<tr>
<td>Networks</td>
<td>Better customer engagement</td>
</tr>
<tr>
<td>Application access</td>
<td>Resource collaboration</td>
</tr>
</tbody>
</table>

Any program to implement activity-based working should consider both the tangible and intangible benefits it can bring, including better team collaboration and reduced office space.

2 Source: Sydney CBD Office Spotlight, Savills Research, October 2014
The success of an activity-based working program depends on a combination of the technology enablement and the culture of an organisation. Activity-based working is a good example of a business process that involves cooperation between business leaders, staff and technology. As activity-based working matures, there will be more options for connected devices and office equipment to become more crucial productivity enablers.

Both IT and business leaders believe company culture is the most important factor for the success of activity-based working, indicating many organisations need to fundamentally change the way work is done.

Organisations need to overcome the resistance to change from staff, and managers need to emphasise the benefits of team work and mobility. Other changes such as a personalised digital environment, like workspace profiles, can handle the concern staff have about not having a “personal” desk or workspace. Organisations can also practice rotation systems where people use a shared workspace on certain days of the week.

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**Company culture biggest barrier to activity-based working**

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**Q. What are the biggest barriers to activity-based working in your organisation?**
(Scale of 1-10 where 1=Not a barrier; 10=High barrier)

Source: Telsyte Australian Digital Workplace Study 2015; n=424; base: organisations with more than 20 employees
Most important components to the success of activity-based working

- **Company culture**: 37%
- **Technology**: 36%
- **People/staff**: 36%
- **Business processes**: 12%

Q: What is most important to the success of activity-based working?
Source: Telsyte Australian Digital Workplace Study 2015; n=424; base: organisations with more than 20 employees

Cultural aspects inhibiting uptake of activity-based working

- **Most staff work independently**: 43%
- **Most staff want their own workspace**: 40%
- **Senior management don’t see the value**: 34%
- **Lines of business are largely role-based**: 24%
- **Our business is not suitable**: 13%

Q: What are some of the cultural aspects of your organisation that are inhibiting the uptake of activity-based working?
Source: Telsyte Australian Digital Workplace Study 2015; n=424; base: organisations with more than 20 employees (multiple response)
As most staff are used to working independently in their own workspaces, business leaders need to promote the benefits of shared workspaces, and if possible reorganise the business to be less siloed.

With activity-based working becoming more connected and integrated with the wider technology landscape in the future, Telsyte recommends early IT involvement in activity-based working initiatives driven by the business. Activity-based working represents a good opportunity for the CIO and IT leadership team to demonstrate how the application of new technology can change the way people work for the better.

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### Roles best suited to ABW

<table>
<thead>
<tr>
<th>Role</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT staff</td>
<td>46%</td>
</tr>
<tr>
<td>Operations staff</td>
<td>35%</td>
</tr>
<tr>
<td>Marketing staff</td>
<td>28%</td>
</tr>
<tr>
<td>Middle management</td>
<td>26%</td>
</tr>
<tr>
<td>Sales representatives</td>
<td>25%</td>
</tr>
<tr>
<td>Accountants</td>
<td>23%</td>
</tr>
<tr>
<td>Field workers</td>
<td>22%</td>
</tr>
<tr>
<td>Customer service</td>
<td>20%</td>
</tr>
<tr>
<td>Senior management</td>
<td>16%</td>
</tr>
<tr>
<td>HR/Finance managers</td>
<td>13%</td>
</tr>
<tr>
<td>All staff</td>
<td>11%</td>
</tr>
</tbody>
</table>

Q. Which roles in your organisation are best suited to activity-based working?
Source: Telsyte Digital Workplace Study 2015; n=121; base: businesses that support ABW (multiple response)
Activity-based working is driving business outcomes

Australian business and IT leaders have a real opportunity to change the way staff work. Access to the right tools and resources is just the first step to unlocking this potential. If structured, centralised working is the only approach an organisation has taken for staff management, opening up to a more flexible, collaborative environment can drive positive change and innovation. Telsyte recommends a number of steps organisations can take to develop an activity-based working environment.

**Step 1: Identify**
Start by reviewing work spaces and determine how activity-based working can improve the existing environment. Develop an activity-based working plan for the office and provide the essentials of power, devices, networking and display technology at any location.

**Step 2: Trial**
Set up a number of hot desks in the office and invite staff to use them at their convenience. Trial ABW with projects that require cross-functional skills.

**Step 3: Develop**
With the future of activity-based working becoming more connected and integrated with the wider technology landscape, IT involvement in activity-based working initiatives is an imperative even if decisions are driven by the business. Continue to develop your ABW environment with staff input, taking onboard feedback on the resources and technology they need to improve their output.

**The path to changing ABW cultural barriers**

- **Communicate.** To overcome barriers to activity-based working like company culture and security concerns, IT and business leaders must get staff and business unit managers involved from the outset and communicate the benefits to both individuals and the wider organisation.

- **Consider all benefits.** Consider both the tangible and intangible benefits activity-based working can bring as part of the business case and plan for reduced office space.

- **Set expectations and address culture.** Company culture is the most important factor for the success of activity-based working, indicating many organisations need to change their approach to how work is performed, including the expectations of staff with regard to their own offices and workspaces.

- **Collaborate.** With most staff used to working independently in their own workspaces, business leaders need to promote teamwork, the benefits of shared workspaces and how the business can be re-organised to be less siloed.

Developing an activity-based working environment can lead to both tangible cost savings and improvements in quality and productivity in your organisation.
About this report

This report was commissioned by Samsung and independently produced by Telsyte. The report offers advice on how business and IT leaders can best prepare and take advantage of changing employee demands associated with activity-based working. The research contained in this report will help empower IT and business leaders to develop a business case to invest in activity-based working initiatives. The report provides comparative productivity and return on investment metrics as experienced by Australian organisations already managing activity-based working. The report also includes recommended steps towards creating an activity-based working environment that delivers business benefits.

Telsyte research respondent profile

The primary research contained in this report is sourced from the Telsyte Australian Digital Workplace Study 2015. The findings are based on an online survey of 424 IT and business decision makers in Australian organisations with between 20 to 20,000+ staff across a representative sample of vertical industries. The survey topics covered a range of business ICT software and technologies and trends, including workplace changes. Respondents identified their key business challenges, technology use and intentions, views on devices, the workplace and mobility.

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