

THE NEW REMOTE WORK ERA: TRENDS IN THE DISTRIBUTED WORKFORCE

A global report analyzing
organizational shifts in
response to COVID19





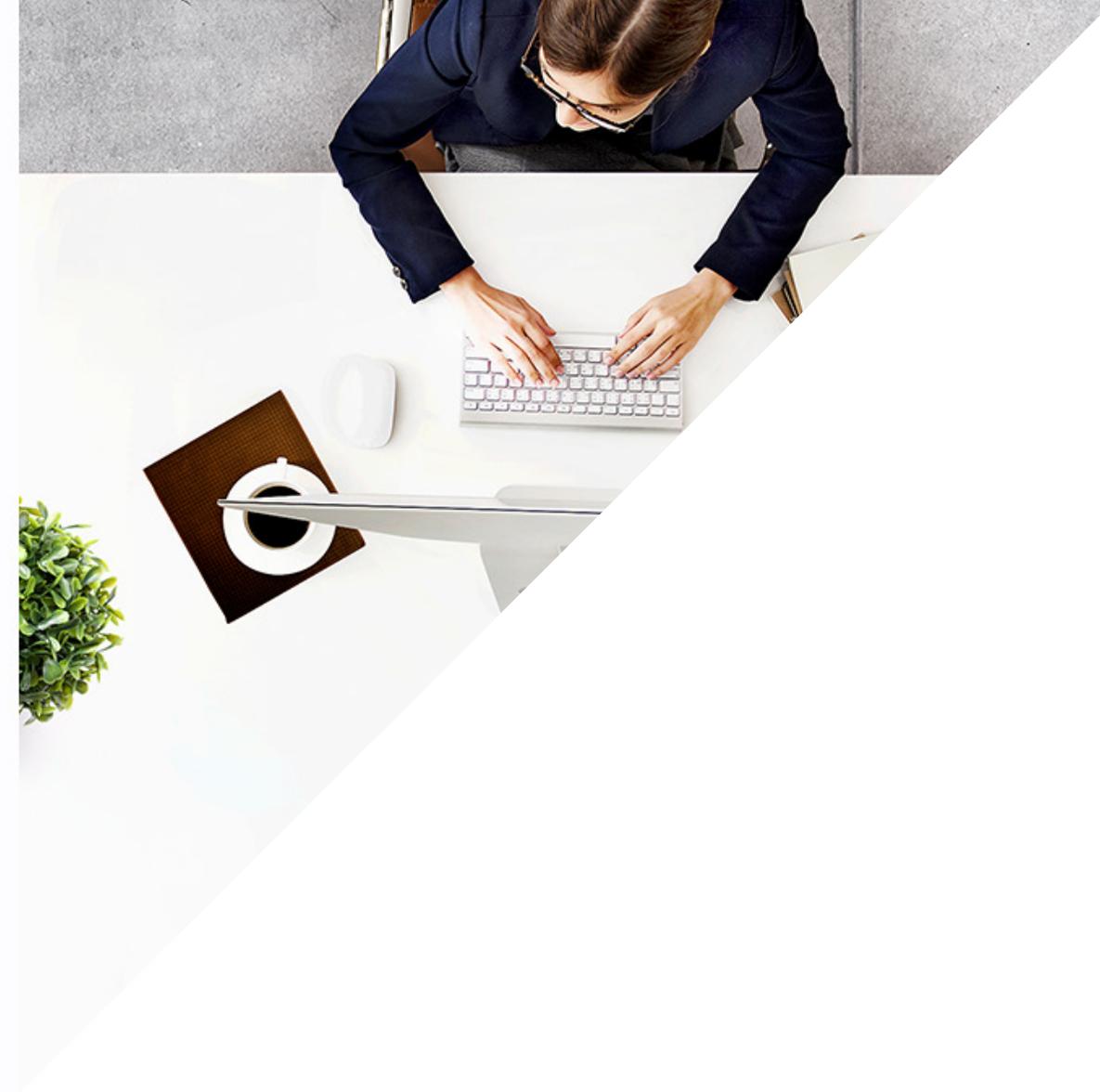


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Distributed Work, Accelerated

Thanks to improvements in digital workspace technology over the past several years, distributed workforces — with all their benefits — became an increasingly viable option for businesses. But despite the promise of cost savings, business agility, and employee flexibility, leadership inertia and fears thwarted most widespread attempts at this paradigm shift.

Would employees stay on task outside a physical office space? Would company culture survive? As we've come to see, these fears — while understandable — were unwarranted.

The global pandemic catalyzed organizations to act in spite of the barriers. It accelerated a cross-industry shift to remote work that had been poised to materialize, but had been stymied by the status quo.

And not only did the sky *not* fall, the clouds parted to reveal new opportunities. Companies that were previously lagging behind in terms of remote work and digital experience were able to make swift gains, putting them within the sights of the competition. And improvements in productivity, employee satisfaction, recruitment, and cost savings make it unlikely that businesses will ever return to a fully location-based model.

Insights from the Survey

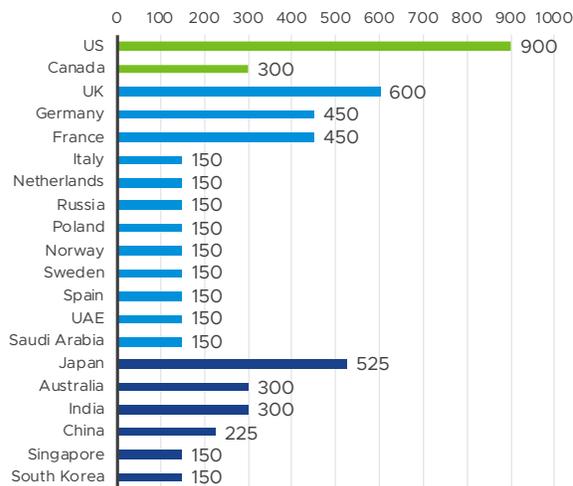
Key Findings

- ① By embracing remote work, organizations and industries that were once behind the curve are leveling the playing field and finding new opportunities to innovate and be more inclusive.
- ② By and large, fears about the transition to distributed work were not realized. The opposite was true: organizations and individuals saw benefits that they'd be hard pressed to give up now that they have successfully adapted their work cultures.
- ③ Owing to these benefits, the ability to work remotely is now more widely deemed a prerequisite even across what would be considered 'traditional' organizations and industries.
- ④ Organizations anticipate significant cost savings as a result of remote work. The majority of smaller* and high-performing organizations** are expecting to reinvest those cost savings in key areas.

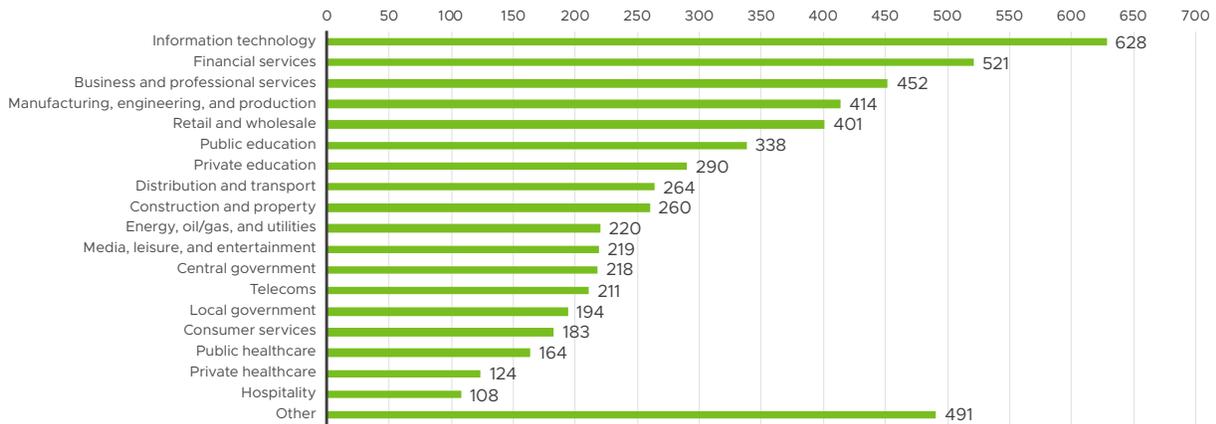
Survey Demographics

The survey — conducted by Vanson Bourne and commissioned by VMware and Dell — collected global data from 5,700 IT decision makers, HR decision makers, and business decision makers from June to July of 2020, split across the following dimensions...

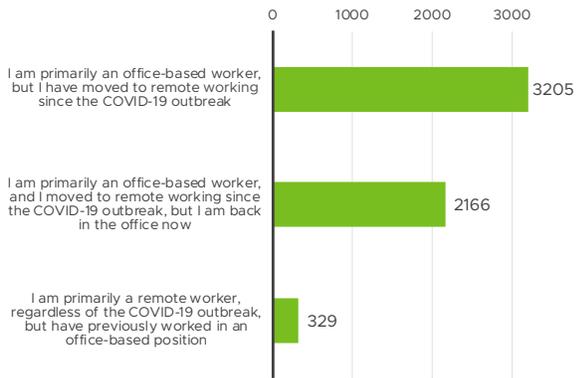
COUNTRY



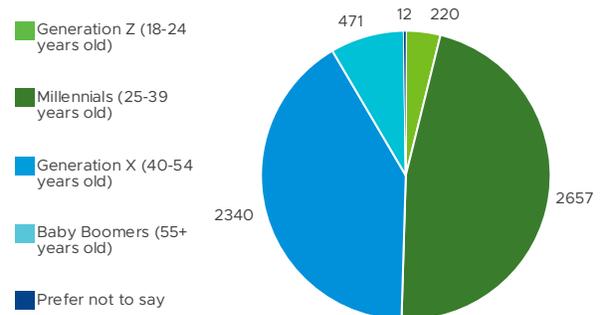
INDUSTRY

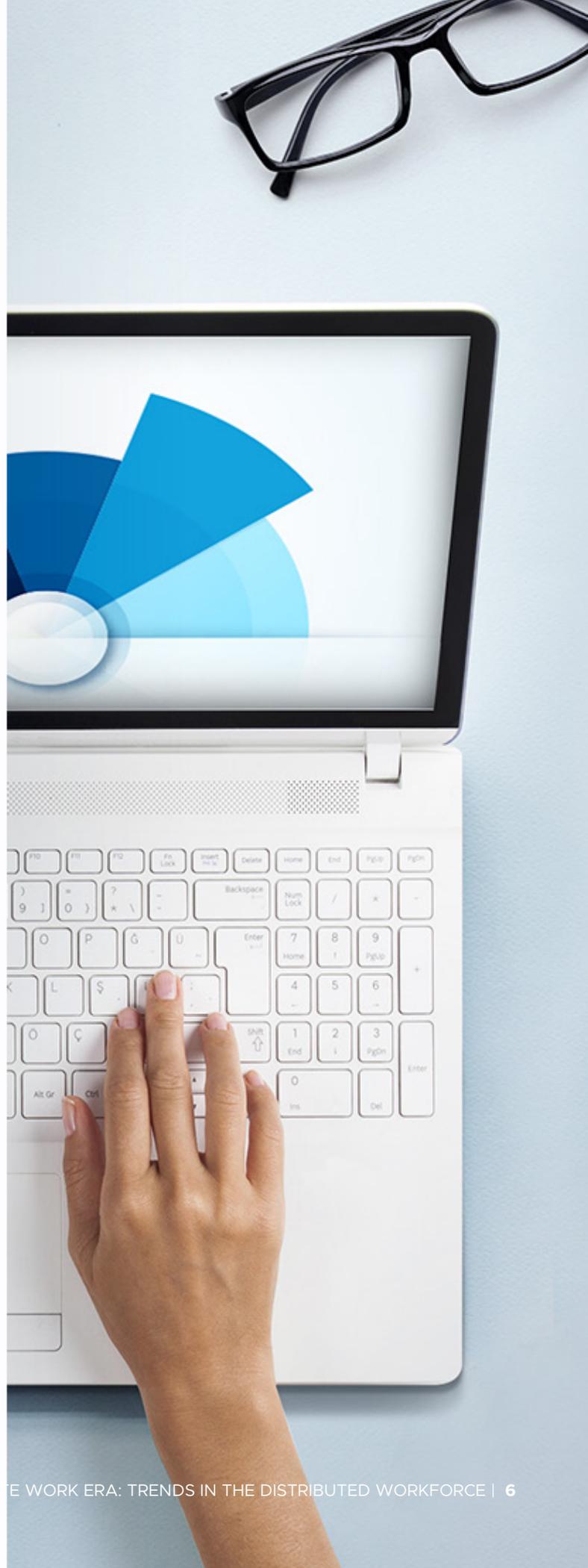


REMOTE WORK STATUS



GENERATION







1 By embracing remote work, organizations and industries that were once behind the curve are leveling the playing field, finding new opportunities to innovate and be more inclusive.

David Can Finally Take on Goliath

Organizations of all sizes, across all industries, are seeing benefits from their shift to a distributed work model, with **77%** of respondents[†] saying that their remote work capabilities were underutilized until recently.

Smaller organizations in particular seem to be enjoying outsized advantages that could help them compete with their larger counterparts.* **70%** of all respondents agree that smaller organizations are able to adapt faster to remote work. And, smaller organizations themselves agree to a greater extent than larger ones, indicating that they are experiencing the ease of the remote work transition firsthand:

SMALLER ORGANIZATIONS ARE ABLE TO ADAPT FASTER THAN LARGER ORGANIZATIONS TO THE NEW REMOTE WORK LANDSCAPE



Organizations with 500-999 employees



Organizations with 5,000+ employees

Smaller organizations are also seeing outsized benefits of remote work when it comes to competing for top talent:

TO WHAT EXTENT DO YOU BELIEVE HAVING A REMOTE WORK OPTION IMPACTS THE EASE OF RECRUITING TOP TALENT?



Organizations with 500-999 employees



Organizations with 5,000+ employees

And as we'll see later on, smaller organizations plan to make better use of cost savings resulting from remote work, indicating that the benefits for them will be compounded and will start to be reflected in other areas throughout the enterprise.

It's also worth looking at the attitudes of high-performing organizations compared to underperforming organizations and organizations that have neither growing nor shrinking revenue.** High performers believe they will see the value of remote work in staying competitive, more so than underperforming or static organizations:

"THE ABILITY TO ACTIVATE A REMOTE WORKFORCE WILL REPRESENT A COMPETITIVE DIFFERENTIATOR IN MY INDUSTRY"



High-performing organizations



Underperforming organizations



Static organizations

Satellites Are No Longer Sidelined

Another key outcome of the distributed workforce model has been the shift from an HQ-centric mindset to a better integration of satellite offices and teams. After all, when no one is at the center of the action, everyone can be part of the action. Of the respondents whose organizations consist of a headquarters along with branch or regional offices:

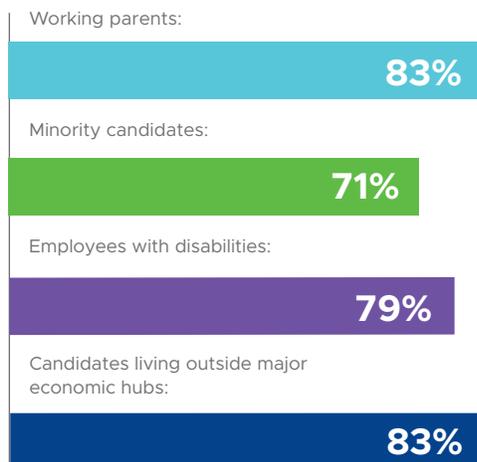


The distributed workforce model, therefore, has the potential to create organization-wide efficiencies and decentralize internal engines of innovation while simultaneously boosting employee morale and feelings of empowerment.

Employees on Equal Footing

In addition to fostering equity on an organizational level, remote work can create opportunities for individuals, both in recruitment and once inside the company:

REMOTE WORK OPTIONS/POLICIES ARE HELPING TO RECRUIT AND RETAIN:



Once hired, employees may also find more inclusive workplaces thanks to remote work.

65% of respondents feel more empowered to speak up in video conference meetings than in person.

69% say the majority of their team feels more empowered to speak their mind to leadership.

71% of respondents agree that time in meetings is more likely to be evenly shared between men and women — with men and women agreeing to a relatively equal degree (**72%** and **70%**, respectively).

70% agree that traditional advantages like physical stature are less meaningful now that most employees are working remotely.

Having perceived both immediate and future benefits to remote work, many survey respondents have started considering how the shift can drive delivery of new business models.

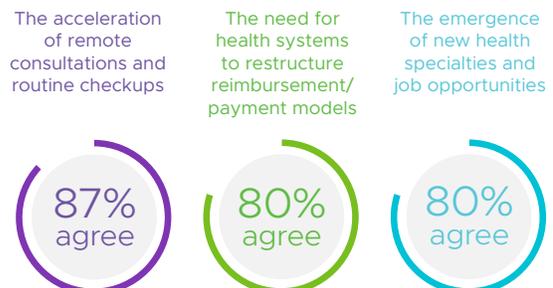
Innovation That Redefines Industries

For certain industries, the shift to remote operations not only creates efficiencies, it can usher in entirely new ways of doing business.

While **86%** of respondents in education agree that the move to distance learning has created significant challenges in the short term, **79%** believe it will also create new opportunities in the long term. These include:



The trend can be seen in healthcare to an even greater degree. **80%** of respondents in healthcare agree that the move to telehealth has created significant challenges in the short term. But even more respondents (**86%**) believe it will create opportunities in the long term, including:



2 By and large, fears about the transition to distributed work were not realized. The opposite was true: organizations and individuals saw benefits that they'd be hard pressed to give up now that they have successfully adapted their work cultures.

Fear 1: Productivity will plummet.

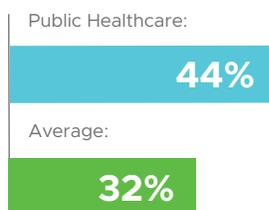
Since going remote, more than two-thirds (**67%**) of respondents have found that productivity has either increased or stayed the same. And high-performing** companies were more likely to say that productivity has *increased*:†

EMPLOYEE PRODUCTIVITY HAS INCREASED OR DRASTICALLY INCREASED



Interestingly, respondents in public healthcare were much more likely than those in any other industry to cite increases in productivity, indicating that the new organizational models for healthcare described in Takeaway 1 are already paying off.

EMPLOYEE PRODUCTIVITY HAS INCREASED OR DRASTICALLY INCREASED



Fear 2: I'll lose touch with my team.

Not only did this fear not materialize, many respondents saw improved relationships with colleagues, perhaps resulting from teams making a more conscious effort to check in.

76% say their personal connection with at least some of their colleagues has improved, with **14%** saying their personal connection with *all* colleagues has improved.

62% of respondents say that collaboration has either increased or stayed the same. And high-performing companies** are more likely to say collaboration has *increased*:†

COLLABORATION WITHIN TEAMS HAS INCREASED OR DRASTICALLY INCREASED



Fear 3: Morale will suffer.

83% of respondents feel that they've adapted surprisingly well to working remotely. And these numbers hold relatively even when split across age and gender, although women seem to be adapting slightly better than men. Interestingly, people who consider themselves to be introverts and those self-identifying as extroverts also agreed to a relatively even degree.

In addition...



68%

say their stress levels have improved



77%

say their work-life balance has improved



59
minutes a day

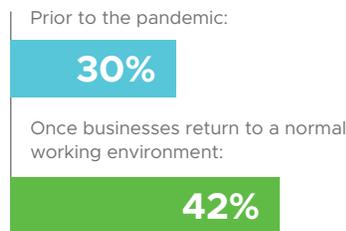
average time saved by working remotely, likely as a result of not have to commute or get ready

3 Owing to these benefits, the ability to work remotely is now more widely deemed a prerequisite even across what would be considered 'traditional' organizations and industries.

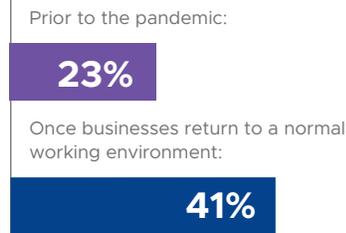
Perk vs. Prerequisite

Prior to the global pandemic, the ability to work remotely was widely regarded as a 'nice to have,' not something most employees would expect. But having seen the benefits directly, many people now consider a remote work option to be a crucial component of employee experience.

RESPONDENTS WHO CONSIDERED REMOTE WORK TO BE A PREREQUISITE (RATHER THAN A PERK)



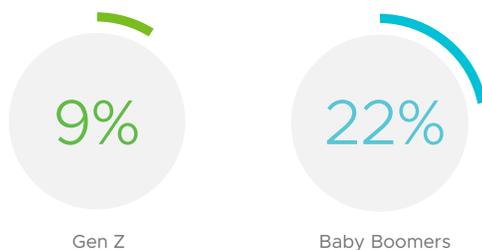
FOR RESPONDENTS IN NORTH AMERICA, THE CONTRAST WAS ESPECIALLY STARK COMPARED TO RESPONDENTS IN EMEA OR APAC:



Boomers Embrace Remote Work

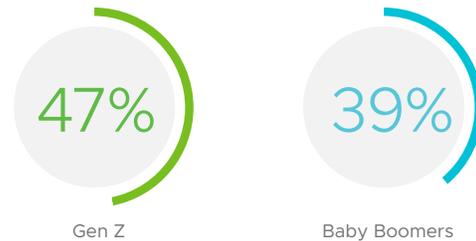
Perhaps counterintuitively, older cohorts seem to be embracing remote work even more readily than their younger counterparts:

"I DON'T HAVE ANY CONCERNS WITH REMOTE WORKING"



Among the respondents who did have concerns, Baby Boomers (age 55+) were much less likely than Gen Z (ages 18-24) to worry that their team would stay on task, indicating that perhaps with experience comes trust that employees will generally do what's expected of them.

"I WORRY MY TEAM WILL NOT STAY ON TASK"

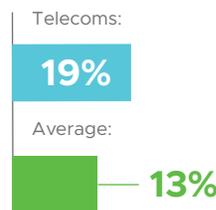


Tortoise and Hare Industries

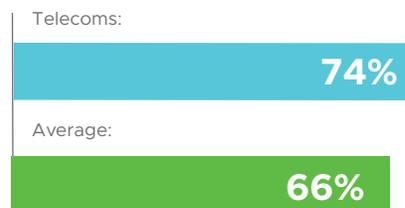
Although all industries saw similar gains in adoption and perception of remote work, some industries are diving in head first while others are slightly trailing behind in implementation.

Telecommunications has embraced remote work more than any other industry surveyed, which makes sense given that it was the least likely of any industry to experience challenges with the transition:

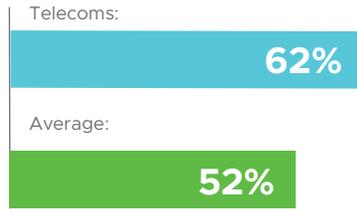
ORGANIZATION HAS NOT EXPERIENCED ANY CHALLENGES WITH REMOTE WORK



BELIEVES HAVING A REMOTE WORK OPTION WILL MAKE RECRUITING TOP TALENT EASIER



PLANS TO REDUCE INVESTMENT IN TRADITIONAL OFFICE SPACE OVER THE NEXT 12 MONTHS



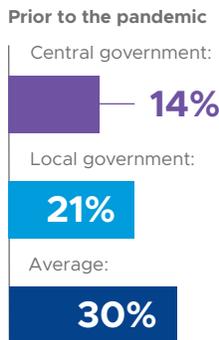
Meanwhile, respondents in government are more likely to cite technical challenges:

“OUR I.T. IS NOT EQUIPPED TO MANAGE A REMOTE WORKFORCE”

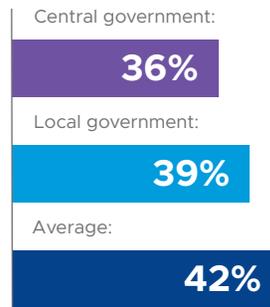


Interestingly, these respondents in government also experienced some of the most positive shifts in perception regarding the importance of remote options:

RESPONDENTS WHO CONSIDERED REMOTE WORK TO BE A PREREQUISITE (RATHER THAN A PERK)



Once businesses return to a normal working environment



Change over time



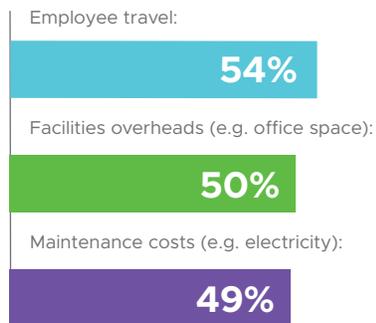
Despite experiencing some challenges in implementation, even the most traditional organizations are increasingly embracing remote work as the rule, rather than the exception.



4 Organizations anticipate significant cost savings as a result of remote working. Smaller and high-performing organizations plan on reinvesting those savings in key areas.

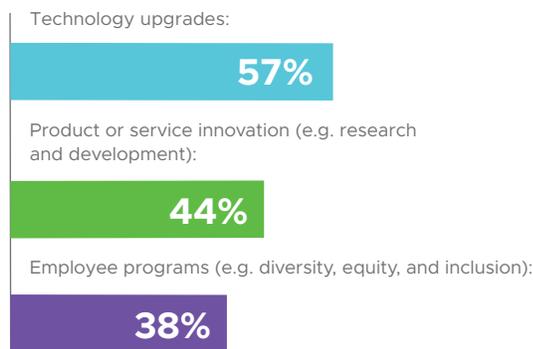
Where Companies Will Save

The vast majority of respondents (**90%**) anticipate that the shift to remote work will result in cost savings over the next 12 months. Unsurprisingly, the top 3 areas for savings involve employee travel and facilities:



Where Companies Will Spend

Regardless of the amount companies save, the true indicator of remote work's impact on the enterprise will be how effectively those funds are redeployed. For respondents who say their companies will have savings as a result of remote work in the next 12 months, the top 3 areas where they plan to reinvest are:



Look to the Smaller Organizations and the High Performers

Among the organizations that anticipate cost savings, we find some meaningful distinctions in how they plan to make use of the funds. Smaller organizations* are much more likely than larger ones to reinvest cost savings:

"I DO NOT EXPECT MY ORGANIZATION TO REINVEST ANY COST SAVINGS FROM REMOTE WORKING IN THE NEXT 12 MONTHS"



Smaller organizations are also much more likely than larger ones to reinvest savings from remote work in employee-focused initiatives, which could help them with recruitment and retention.

EMPLOYEE PROGRAMS (E.G. DIVERSITY, EQUITY, AND INCLUSION)



EMPLOYEE SALARY OR BENEFITS



TALENT ACQUISITION (E.G. AMPLIFYING JOB POSTINGS)





High-performing organizations are much more likely to reinvest remote work savings than their underperforming and not growing counterparts, suggesting that a company's overall willingness to invest resources back into the business could be correlated with revenue growth.

"I DO NOT EXPECT MY ORGANIZATION TO REINVEST ANY COST SAVINGS FROM REMOTE WORKING IN THE NEXT 12 MONTHS"



High-performing organizations are also much more likely to see the value in employee-focused investments, as well as investments in technology and innovation:

EMPLOYEE SALARY OR BENEFITS



TALENT ACQUISITION (E.G. AMPLIFYING JOB POSTINGS)



TECHNOLOGY UPGRADES



PRODUCT OR SERVICE INNOVATION (E.G. RESEARCH AND DEVELOPMENT)



By now it has become clear that the recent widespread shift to remote work has presented businesses with a big opportunity — both directly as it transforms operations and indirectly through cost savings that can be deployed elsewhere. But businesses must step up to meet the moment if they are to take full advantage.

What the Future Holds

Distributed work is almost certainly here to stay in one form or another. 61% of respondents agree that their organization is experiencing the benefits of remote work and can't go back to how things were before. However, here again, high performers are more likely to agree than underperformers and organizations that aren't growing.**

“MY ORGANIZATION IS REALIZING THE BENEFITS OF REMOTE WORK AND WE CAN'T GO BACK TO THE WAY WE WORKED BEFORE”



But there's a broad consensus that as this shift takes hold, companies will be expected to ensure their employees are set up for success. **90%** of respondents say “it is the responsibility of the employer to ensure that employees have the appropriate access to the digital tools to enable remote work.”

So where will we be 12 months from now? Over half of respondents (**52%**) expect that their organization will decrease or significantly decrease its physical footprint (i.e. traditional office space) during this time. Clearly, the response to the pandemic has given businesses the confidence they need to embrace a distributed work model. They've seen firsthand that people can work effectively together, even when they're apart.

Learn more at vmware.com/solutions/remote-work-technology

Global survey conducted between June and July of 2020. Survey included 5,700 IT, HR and business decision makers—conducted by Vanson Bourne, in partnership with VMware and Dell.

* For the purposes of this report, small organizations are those that have 500-999 employees; large organizations are those that have 5,000 or more employees.

** High-performing organizations are those that have self-reported year-over-year revenue growth of 15% or more; underperforming organizations are those for which revenue is shrinking by 1% or more year over year; not growing organizations are those that have 0% revenue growth year over year.

† Respondents from organizations with some form of active remote workforce during the peak of COVID19 in their country.



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