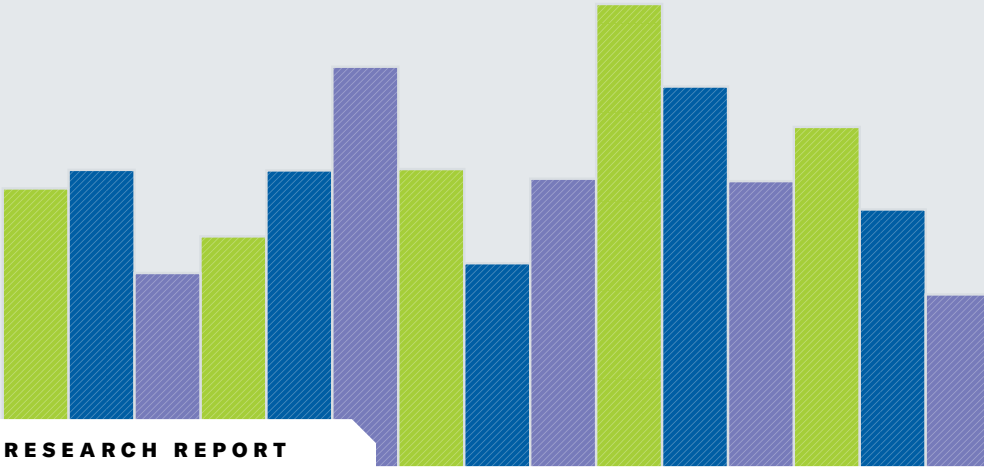




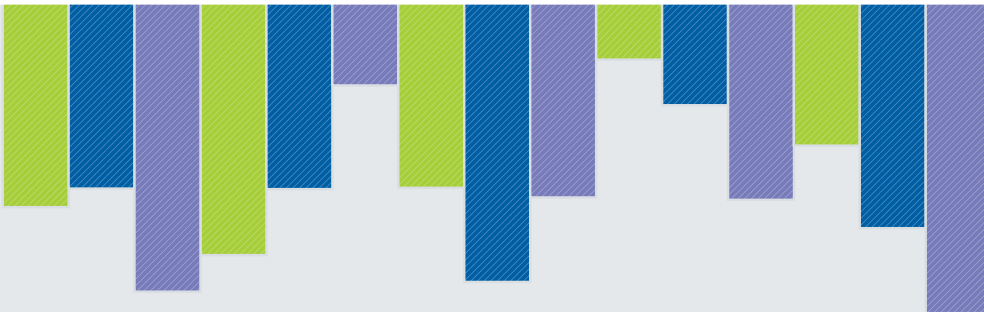
**Harvard  
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ANALYTIC SERVICES



RESEARCH REPORT

# Recreating Work as a Blend of Virtual and Physical Experiences



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## SPONSOR PERSPECTIVE

While Covid-19 has been transformational in shifting how all business has been conducted, it has also accelerated trends that were already occurring among some of the world's largest enterprises—and particularly the shift toward remote working. We at Verizon have recently expanded upon what we believe organizations need to consider as they shift to “business as unusual” in a recent series of [white papers](#).

In this new report, we build upon our previous advice and research. We sponsored research by Harvard Business Review Analytic Services to explore the current and future state of the digital workplace, based on a global survey of 1,080 business leaders. This report examines what it takes to be successful when it comes to managing remote workers, and key areas business leaders should focus on as they help their organization adapt to new ways of working.

Our starting point in this discussion is that pre-Covid-19, there were already two key trends changing the workplace: pervasive technology and data, deeply embedded in the business, and a dramatic shift in the talent pool in terms of both candidate expectations and required skill sets.

Organizations need to approach this change in workplace norms by reflecting upon the distinct qualities that have made work efficient during our current crisis, which include flexible working models, speed of decision making, collaboration, and human interaction, all supported by technology. For organizations to be successful in the future, they must ensure they intertwine the possibilities offered by technology with human capabilities in a “bionic” organization.

It's clear that today's workforces are already more widely dispersed, connected via technology, able to access critical information in “near real time,” and able to respond quickly to rapidly changing customer needs and shifting competitive dynamics than in any previous generation. And many organizations were already looking to digital transformation to enable future success.

The global pandemic has accelerated this move to digital. Business leaders are by necessity reimagining the way their organizations work, with people and technology at the center of this transformation. They are considering how they can leverage technology as an enabler to support remote working, but also acknowledging that their future organizational state will need to be more organic and flexible than in recent years.

At Verizon, we too have seen and experienced firsthand how the digital workplace is being transformed. One thing is clear: the widely held view that employees must be in the office to be working has largely been overcome. However, this doesn't mean that everyone will work from home in the future. Rather, organizations will selectively choose which types of work, people, and engagements require a physical presence and where they can gain efficiencies and productivity with virtual work.

To get the most from their digital work efforts, business leaders must focus on three things:

- **Work smarter.** Covid-19 has forced widespread use of video and web conferencing. Smart organizations are increasing efficiency by integrating these with collaboration tools such as document sharing, whiteboarding, and annotation in order to let employees collaborate remotely in real time, spend less time in meetings, and turn discussions into assignments.
- **Prioritize simplicity and integration.** To enable a cohesive, productive digital work environment, tools should be easy to use and integrate seamlessly with other workplace productivity and collaboration tools. This provides employees with a single, app-like experience across the tools they use every day.
- **Keep security top of mind.** Potential security gaps exist on employee PCs, devices, home networks, and apps, representing a growing threat with the recent dramatic shift to remote work. For organizations to get more value from their digital investments, they must address data security in their tools, policies, and practices. Enterprise-grade security enables organizations to identify and protect against fraud, and keep private calls and meetings private. Organizations should also consider implementing end-user security awareness training, acceptable-use policies that mitigate user exposure to threats, and new security policies for remote working, such as two-factor authentication.

There's never been a more relevant time for businesses to enable new ways of working. I encourage readers to use this report to accelerate their own digital workplace transformation journey. The right partner can help create a powerful digital workplace where a workforce can seamlessly communicate, collaborate, and connect. Verizon has the expertise, tools, and partner portfolio to help create that digital workplace. To learn more about how Verizon can help your organization expand your digital workplace tools and capabilities, visit <https://enterprise.verizon.com/products/business-communications/unified-communications-and-collaboration/>.

# Recreating Work as a Blend of Virtual and Physical Experiences

The global pandemic of 2020 has accelerated organizations' digital workplace transformations, and few will go back to the way things were before. The mass work-from-home experiment Covid-19 imposed on most of the world proved to be a remarkable success, according to new research from Harvard Business Review Analytic Services. "Without question, the five-day-in-the-office week is dead," says Michael Schrage, research fellow at the MIT Sloan School of Management's Initiative on the Digital Economy.

Companies in industries as diverse as technology, manufacturing, financial services, and health care, among others, adapted quickly as stay-at-home orders and advisories stretched from weeks into months. In the process, business leaders learned that remote work can be as effective as when most employees are in the office or traveling frequently to meet with their clients and teams. Sixty-one percent of the 1,080 business leaders surveyed globally say the quality of remote work has been at least as good as that done in the physical workplace. Only 22% disagree.

The survey, which was conducted in May 2020, explores the current and future state of the digital workplace. It reveals that companies are moving quickly to expand their employees' ability on a more permanent basis to communicate, collaborate, and carry out their work independent of their physical location or proximity to other people.

That expansion doesn't mean everyone will work from home in the future. Rather, organizations will be able to pick and choose which types of work and which people and engagements require a physical presence and where the company can gain efficiencies and productivity with virtual work.

## HIGHLIGHTS



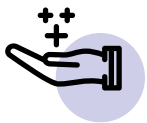
78% of survey respondents expect the amount of **remote work to increase post pandemic** from its pre-pandemic levels.



61% say the quality of **remote work is at least as good as** that done in the physical workplace.



57% say their investments in the **digital workplace have improved** business agility.



“Talent pools change with greater remote work. There’s wonderful talent available outside Silicon Valley, Boston, etc., [and] at a lower cost,” says Melissa Swift, global leader, digital transformation advisory, at Korn Ferry.

Blending the two together will create a better, more effective, expanded workplace, as well as a healthier work-life balance for many employees.

More than three-quarters of respondents expect the amount of remote work at their organizations to increase from where it was prior to the shutdowns, even after the pandemic passes. Nearly a third (30%) expect the amount of remote work to increase significantly, with another 48% anticipating a moderate increase. **FIGURE 1**

“I’m on the road 75% to 90% of the time,” says Amy Wright, managing partner of talent and transformation at IBM Global Business Services (GBS). “I would fly somewhere for a two-hour meeting. That’s never going to happen again.”

The anticipated increase in remote work stems not just from tangible benefits such as time and cost savings, but also from the simple fact that remote work has proven its viability in people’s own experiences. More than half of respondents (58%) who anticipate an increase say it’s because remote work has been normalized and well tested. Twenty-seven percent cite improved quality of life for employees, and 20% say it has increased productivity and improved outcomes.

Of course, there are challenges to manage, and not every company’s experience has been the same. A lot goes into enabling remote workers to thrive, including having the right technology tools, establishing new norms for engagement and collaboration, and taking into account the needs of different

roles and individuals. This research explores what it takes to be successful from a business perspective when it comes to designing the workplace of the future and successfully managing remote workers. One thing is clear: the widely held view that employees must be “at work” to be working has been largely overcome.

### **Risk Drives Investments, but Benefits Vary**

Not surprisingly, given when this research took place, business continuity and the ability to prepare for future crises topped the list of drivers for respondents’ investments in digital workplace capabilities, with 55% naming this a top-three driver. Another 48% included improving workforce flexibility in their top three drivers.

The benefits organizations are already seeing include and go well beyond these immediate needs. “Digital work has given us more options,” says Rui Silva, head of product for e-commerce logistics at shipping giant A.P. Moller-Maersk. “We’re seeing cost savings from less travel and the potential need for less office space. And with more time at home, people have less stress.”

More than half of respondents say their investments in the digital workplace have improved business agility (57%), business continuity (56%), and collaboration (52%), and more than two-fifths (44%) say they have increased productivity (only 11% say that productivity declined). **FIGURE 2**

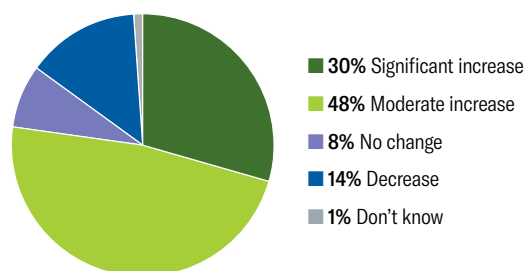
In addition to these tangible benefits, Melissa Swift, global leader, digital transformation advisory, at Korn Ferry, is intrigued by some of the ripple effects of normalizing remote work, such as being more open to hiring employees outside your own geographic area. “Talent pools change with greater remote work,” she says. “There’s wonderful talent available outside Silicon Valley, Boston, etc., [and] at a lower cost.” This openness to remote work also appeals to job seekers, who no longer have to tie where they live to who they work for, or to turn down attractive offers because they don’t want to uproot their families.

One unanticipated benefit that Swift has observed is that with senior decision makers spending so much less time on the road, they are more accessible to people throughout the company for conversations and connections that wouldn’t have happened before. This increased accessibility could be

FIGURE 1

### **Remote Work Will Certainly Increase**

Few respondents anticipate a return to the low pre-pandemic levels of remote work.

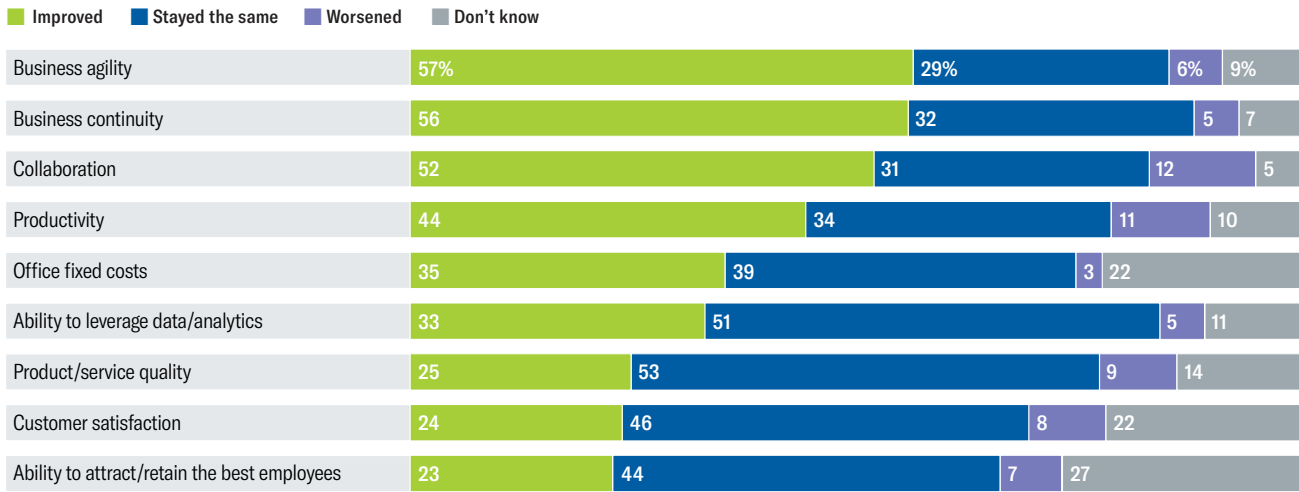


Source: Harvard Business Review Analytic Services Survey, May 2020

FIGURE 2

## Digital Workplace Delivers Results

How key metrics have changed from investments in the digital workplace



Source: Harvard Business Review Analytic Services Survey, May 2020

a game changer as leaders seek to influence their companies' culture and instill new norms.

As with any domain, there are different levels of maturity when it comes to digital work. More than a third of respondents to the survey (39%) have advanced digital workplaces, with mobility and online collaboration being a normal way of working, and with most of their applications and services online. These are the leaders. A similar number, 38%, are followers, with widespread use of mobile devices, a growing number of online applications and services, and only some standardization of collaboration tools across departments or business units. Having a patchwork of online services and limited standardization slows followers in their shift to the digital workplace. Meanwhile, the 23% who trail as laggards have only a few online applications and services, and little or no standardization of tools.

### Creating the Blended Physical/Digital Workplace

With remote work normalized, most expect the future workplace to blend physical and digital work in a manner that best serves their customers, business, and workforce. Eighty-six percent of survey respondents agree that the digital workplace must integrate and coexist with the physical workplace for the foreseeable future. What this coexistence looks like depends on the nature of the business, and the degree to which customers embrace a more virtual form of engagement.

“The pandemic has been an accelerant to working differently,” says Wright of IBM GBS. “We’ll adapt as fast as our clients can.”

While customers will drive this transition to a different work paradigm based on the benefits they see for themselves, companies can help them along by providing them with great virtual experiences—whether that’s well-executed online meetings supported by high-quality video and collaboration tools; remote diagnostics of installed equipment; or augmented reality that lets shoppers “try on” products without entering a store.

Paul McDonnell, executive vice president and chief commercial officer at United Rentals, a large industrial equipment rental company that had built up some of these capabilities prior to the pandemic, calls this “when opportunity meets a plan.” For instance, United Rentals has offered augmented reality-based safety training solutions that simulate equipment operation for years, but few customers took advantage. “One of the business roadblocks was that our industry was initially slow to adopt remote training,” says McDonnell, explaining the reluctance of customers to change from traditional, in-person training methods. “The pandemic created opportunity” to move customers to these simulated solutions, as it became impossible for a trainer and trainees to work in close proximity to each other, he adds.

While others in the industry are now starting to develop those simulation capabilities, “It takes time to build that infrastructure and platform,” he says. “We were ready when customers started to shift to more virtual and safe

engagement,” and he believes they will continue to use those options going forward. Forty percent of survey respondents anticipate using augmented or virtual reality for training in the future once they have reliable access.

Other functions, including sales, HR, and internal team engagements, are changing, as well. “Once people see new options to do things better, faster, and more smoothly, it will stick,” says Dan Higgins, chief information officer at United Rentals. Higgins envisions a blend of physical and digital work, with some activities leaning more toward the virtual and others more toward in-person experiences. “Face-to-face meetings are important, too,” he says. “There’s nothing like body language and eye contact to solidify alignment on tough issues.” Work that may be more effective in person could include product development meetings, onboarding new employees so they can “feel the culture,” and meetings with new clients, he says.

The efficiency of people working from home or simply not traveling to client sites is compelling. “I never imagined we could do so much in such a short amount of time,” says João Pedro Pires Marques, a European country head of integrated health solutions for a global medical device company. Meetings that used to consume days between setup and travel now can be arranged and take place in just a couple of hours. “The main reason we didn’t do it this way before is that it wasn’t acceptable to the client,” he says. “They wanted to be together. Now it’s the way to be. This can be a huge increase in productivity for us.” Marques believes work in the future will be a blend of

virtual and face-to-face. “Everything that doesn’t touch the relationship, we’ll try to keep it virtual.”

MIT’s Schrage believes that “managing interoperability between virtual and physical work will be key,” adding, “the key determinant won’t be the CEO but customers.”

This reality is leading many organizations to quickly enhance the digital experience for customers. “We will have to figure out how to better engage in more involved ways,” says Nicholas Kim, chief strategy officer in the eastern U.S. for Publicis Groupe, a French multinational advertising and public relations company with 80,000 employees. To do that, they are redrawing the client journey map, from business development through working together and executing a product, to how they provide service and run a campaign. “We have to look at that journey more deeply and understand which touchpoints to optimize to have productive conversations.”

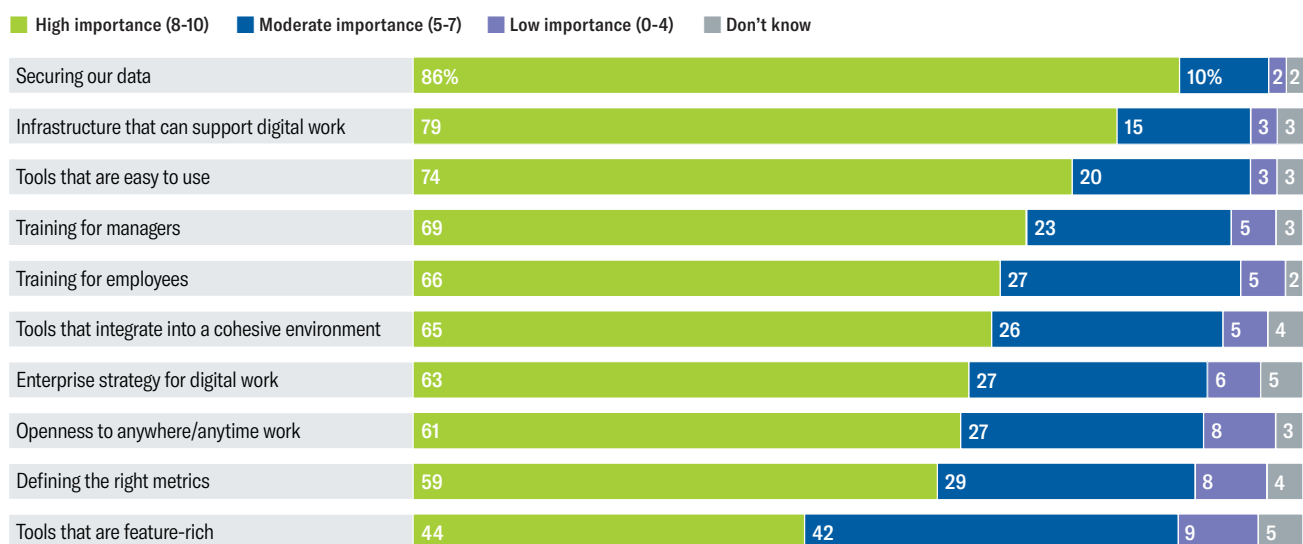
## Getting the Most from the Digital Workplace

Business leaders must be intentional in their approach to the digital workplace to maximize its benefits. One finding of particular note from the survey is that organizations that have a digital workplace strategy are consistently more likely to see greater returns from their investments in all dimensions than those that don’t. For instance, 52% of those with a strategy

FIGURE 3

### Building a Foundation for Gaining Value

Data security and the right infrastructure and tools are key to success.



Source: Harvard Business Review Analytic Services Survey, May 2020

have increased productivity compared with only 40% of those without. On most other metrics, those with a strategy beat those without by at least nine or 10 percentage points. To achieve these results, these organizations go beyond a mere work-at-home policy to define the purpose and goals of the program, the approach the organization will take, and how they will measure success. Such focus is clearly paying off.

Of course, strategy alone is not enough. To get full value from their efforts, companies must pay attention to technology, client and team engagement, and collaboration.

### Technology

Respondents for the most part have been satisfied with—and grateful for—the performance of their network infrastructure for remote work during the pandemic, with 83% expressing satisfaction. Leaders were more satisfied than the rest—at 91%—including 60% who were extremely satisfied, compared to only 17% of laggards. Network performance is something that should be factored into the future, with 79% saying that ensuring their infrastructure can support digital work will be very important to get value from their investments, rating the importance an “8–10” on a 10-point scale. **FIGURE 3**

Wi-Fi is still the predominant means by which employees access the digital workplace, with 63% saying they use mostly Wi-Fi and another 26% saying they use an equal mix of both Wi-Fi and cellular networks. The more widespread use of 5G mobile networking technology could change that, as respondents see it enabling a variety of positive outcomes.

The survey shows widespread use of a variety of technologies as part of the digital workplace, with video as a means of engagement topping the list, used by almost all respondents (98%) and extensively by 80%. Nearly all also use file sharing (97%), instant messaging/chat (95%), shared calendars (89%), collaboration tools (e.g., Slack or Teams—88%), cloud-based collaboration (85%), and online interactive training (85%). **FIGURE 4**

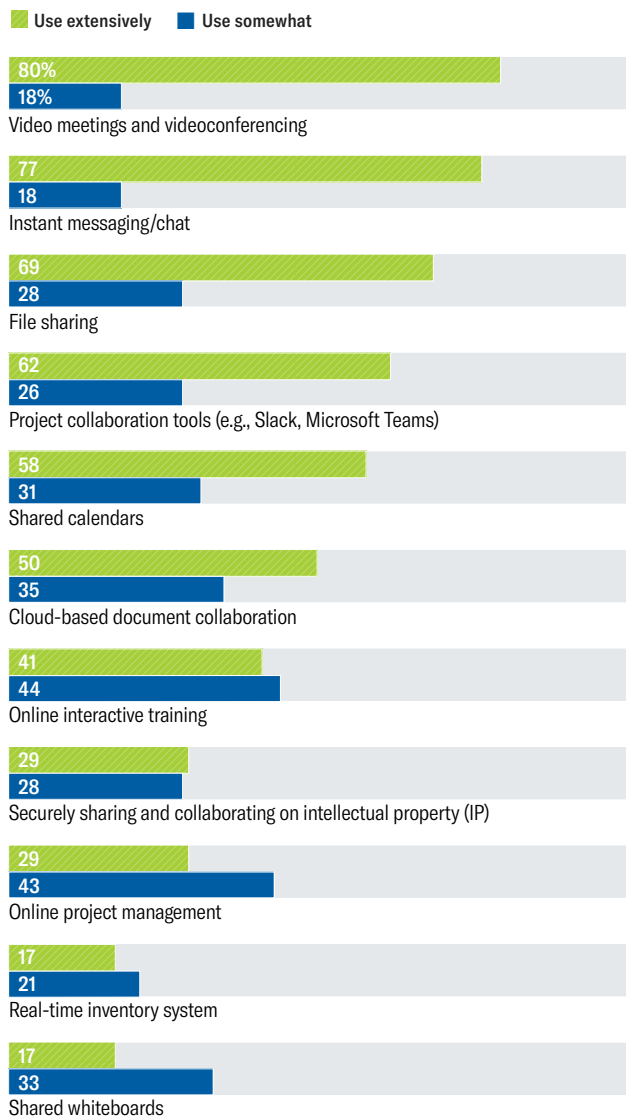
“Most companies were better prepared technologically than they thought,” says Korn Ferry’s Swift. “Now they’ve activated the use of collaborative technology that people were supposed to be using for years. Adoption has gone through the roof.”

This increase in use is exactly what happened at Capital One, the financial services provider. “Enabling work anywhere/anytime has always been part of our digital workforce strategy,” says Melanie Frank, managing vice president of technology at Capital One. The majority of the company’s employees were already equipped with the hardware and software they needed to work from home, and about a quarter of the company did so perhaps once a week, but regular working from home was more the exception than the rule. However, because it was prepared, the company was able to go from a small percentage of employees working remotely on a regular basis to over 40,000 working from home every day. “Our strategy and

FIGURE 4

### The Digital Workplace’s Wide Range of Tools

Many organizations are finally putting to use tools they already had in place.



Source: Harvard Business Review Analytic Services Survey, May 2020

investment in the tech really paid off,” Frank says. “We were able to scale up quickly.”

Other businesses had to scramble to get employees set up and used to working in a new way with new tools. Leaders at a \$10 billion-in-revenue health care system anticipated the shutdowns in early to mid-March and acted quickly. This mobilization included ordering new laptops and moving off internal servers and onto a collaborative platform for support

## Can Agile Development Go Digital?

Capital One shifted to agile development about a decade ago. During the first four months of the pandemic, doing agile work remotely with preestablished teams at the financial services provider “has been a seamless transition,” according to Melanie Frank, Capital One’s managing vice president of technology.

The goal was to “recreate the notion of physically colocated teams in a virtual environment,” says Frank. The company had begun to make the shift to virtual collaboration prior to the pandemic, putting backlogs and storyboards online, with many members in different locations. “Our focus has always been about creating a collaborative and inclusive culture within our teams, and we had been moving away from the physical representation already,” she says. Going remote is a much bigger leap for agile teams that are still using notecards rather than software to capture stories, she adds.

Capital One identified a few key issues to address to enable remote teams to function at their best.

First, they had to recreate the whiteboard function in the virtual setting. Technology leaders and agile coaches are developing tools and best practices for virtual whiteboarding as well as for facilitating large team meetings.

Second, they had to work out how to do program increment planning with multiple agile teams in a scaled agile framework. Using breakout rooms in a videoconferencing session lets multiple agile teams do their work, then come back together with the larger group. The idea is to define ways to structure and facilitate those interactions and identify tools to capture the output, Frank explains.

And, finally, newly formed teams had to develop trust. They are using videoconferencing solutions for virtual events and team bonding exercises such as show and tell, match your background to your costume—“any way we can think of to help a team gel.” This has helped deepen relationships and trust so that the work part goes more smoothly.

staff and clinicians who would be able to work from home, according to the health care system’s director of oncology. By acting quickly, “my team was able to pick up without skipping a beat,” he says.

Survey respondents expect to get the most value from tools that are easy to use (74% say this is very important) versus those that are feature rich, which only 44% say is very important. Thinking longer term, approximately two-thirds of respondents (65%) also say it’s very important that tools integrate into a cohesive digital work environment.

“Many roadmaps are being rethought” as a result of the pandemic experience, says Schrage. “They were built at a time when people had as part of their expectations face-to-face resolution, discussion, and design of those issues. The rationale for digital transformation remains the same if not greater, but the actual architecture for that—the actual digital transformation experience—is being revisited.”

### Client and team engagement


IBM GBS already had a portfolio of communication and collaboration tools in place. “The difference isn’t in the tools we’re using but in the way we interact with clients,” says Wright. “We develop relationships face-to-face. If we already have a relationship, we don’t miss a beat [working remotely]. But if we didn’t already have a relationship, how do we make that connection?” Video has helped, allowing people to be able to smile and engage and see how someone reacts in order to adjust, but in the future, most agree that relationship building is one key area where companies will prioritize face-to-face engagement. In the meantime, salespeople and others in customer-facing roles must learn how to create personal connections and a sense of empathy without spending an evening over a steak dinner, says Korn Ferry’s Swift.

Managing individuals and teams remotely is different, too. Business leaders and managers must learn a new set of skills and establish new norms for the workplace. For the director of oncology at the health care system, that included engaging HR to help structure off-site work protocols and increasing team huddles to daily events.

“Many managers are uncomfortable supervising work where workers are not right in front of them,” says Swift. As one of her clients put it, “We needed managers to check in on people, but what they were doing was checking up on them.” Micro-managing is less productive than engaging employees where they are and together figuring out what works. Two-thirds of respondents say that to get the most value from their digital investments, it will be very important to provide training for managers (69%) and employees (66%).


“Culture matters,” says Schrage, suggesting that some companies are going down the wrong path. “You say performance management; I say surveillance.” Healthy teams are built on trust and the sense that we’re in this together, he explains.





**“Many managers are uncomfortable supervising work where workers are not right in front of them. We needed managers to check in on people, but what they were doing was checking up on them.”**

**Melissa Swift, global leader, digital transformation advisory, at Korn Ferry**



**“What’s different about [doing agile or design thinking virtually] is you have to be very well organized in how it’s going to work so it’s productive and people feel good about it at the end.”**

**Amy Wright, managing partner of talent and transformation at IBM GBS**

Swift recommends that managers “grip the steering wheel less tightly and agree with the team [regarding] how things are going to work.” New work norms might include things like block scheduling and team office hours, creating space for “life stuff.” The companies that have taken this approach have produced better results, Swift says. “People feel empowered and in control, and they use their time smartly.” Different teams develop different norms.

Managers must also figure out how to ignite the energy that comes more naturally in an in-person setting. “If we’re together and get excited, everyone feels good about the energy from each other,” Wright says. Some companies and teams may need to increase the focus on recognition. When everyone’s remote, Wright continues, “Getting the team recognition for their good work has to be a purposeful planned activity, such as a blog post or an email to (or better yet, from) the boss about the great thing we just did.”

### Collaboration

One area that has proven challenging for many organizations is collaboration, whether internal—with agile teams, for example—or external, with clients. Forty percent of respondents say that it is harder to get good results from digital collaboration than from in-person engagement. Collaboration is another area where many companies may opt for more face-to-face once that is possible again. “Co-creation with clients is easier in in-person workshops where you can see what makes their eyes shine,” says the medical device company’s Marques. “It’s easier to understand where to put your energy.” In the meantime, to replicate that experience as much as possible, he uses video and is discovering which processes and practices work best. “We’re learning every day.”

Bharat Amin, executive vice president and chief information officer at Huntington Ingalls Industries, the largest military shipbuilding company in the United States, has participated in a few virtual conferences during the lockdown. He’s been impressed by the experience, which included virtual reality-based lobbies and auditoriums; breakout sessions; networking breaks; and the ability to ask questions and even to chat with peers. Now he’d like to bring that technology in-house to host some of the company’s internal events, such as all-hands and leadership meetings, training forums, digital summits, and recruiting road shows. He believes that being able to connect people this way will drive engagement and collaboration internally and externally during the pandemic and also be a new way to work at Huntington Ingalls going forward.

Capital One began incorporating more digital work into its agile processes even before the pandemic hit (see sidebar), as did IBM GBS. “What’s different about [doing agile or design thinking virtually] is you have to be very well organized in how it’s going to work so it’s productive and people feel good about it at the end,” says Wright. This approach includes being thoughtful about what people are experiencing and figuring

out ways to key in on that without being able to observe body language. “In person, it’s easy to see when you have five people who are very vocal, and five who aren’t, and pair them up,” she says. “In a virtual setting, you have to observe how many stickies did someone put on, or if they’re on mute or don’t have their camera on.”

## Challenges to Anticipate and Address

Not surprisingly, security is at the top of the list of things that might slow the momentum of increasing digital work. More than a third of respondents (35%) say that security concerns

### Three Keys to Successful Digital Work

To get the most from their digital work efforts, business leaders focus on three things.

**Work smarter.** Covid-19 has forced widespread use of video and web conferencing. Smart organizations are increasing efficiency by integrating these with collaboration tools such as document sharing, whiteboarding, and annotation in order to let employees collaborate remotely in real time, spend less time in meetings, and turn discussions into assignments.

**Prioritize simplicity and integration.** To promote a cohesive, productive digital work environment, tools should be easy to use and integrate seamlessly with other workplace productivity and collaboration tools. This provides employees with a single, app-like experience across the tools they use every day.

**Keep security top of mind.** Cybercriminals are targeting distracted employees and vulnerabilities in remote access infrastructures. Potential security gaps exist on employee PCs, devices, home networks, and apps, representing a growing threat with the recent dramatic shift to remote work. For organizations to get the most value from their digital investments, they must address data security in their tools, policies, and practices. Enterprise-grade security enables organizations to identify and protect against fraud, and ensure that private calls and meetings remain private. Organizations should also consider implementing end-user security awareness training, acceptable-use policies that mitigate user exposure to threats, and new security policies for remote working, such as two-factor authentication.

are a top barrier to moving faster going forward, with little difference between leaders, followers, and laggards. And 86% say that it will be very important to address data security to get the most value from their digital investments.

This linkage is especially true for organizations with very high data security requirements, such as government entities and those that serve them. For instance, as a commercial entity, Huntington Ingalls has a digital transformation plan to operate with a lot more agility—it already operates a 5G shipyard. But it's constrained by government regulatory requirements and believes it will have to operate at least two of its shipyards at level three or higher of the Department of Defense's new five-level cybersecurity maturity model certification (CMMC). Having to meet these requirements limits how fast Huntington Ingalls can move and how far it can go.

"We have to address cybersecurity, data protection of customer and corporate data, and how we do the work," says Huntington Ingalls' Amin. "We have to carefully plan for that. We can't just roll out [popular videoconferencing or collaboration tools]." That said, the company does have a plan to migrate to a cloud-based productivity and collaboration suite of tools within the next few years. "We'll do that in a secure fashion that addresses both CUI [controlled unclassified information] and CDI [covered defense information] data processing," he says. Others have found that not all the constraints they'd been operating under were necessary. For instance, the Veterans Administration (VA) operates as "the Fort Knox of health care" from a data protection perspective, says a learning officer from one part of the organization. "Our level of security is unparalleled." But the reality of the pandemic meant some things had to change, such as allowing the use of videoconferencing services, and that meant working around existing security standards. "The opening of all of this software that is not typically allowed on the VA network and seeing that the network hasn't been compromised is impacting the way executives are looking at remote work." The organization is now working on policies and procedures for who's allowed to do what, and what tools to use to enable remote work to continue in the future.

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More than three-quarters of respondents (77%) agree that a digital workplace is essential to operating a data-driven business.



As a financial services institution, Navy Federal Credit Union (NFCU) has a relatively conservative culture. "But when faced with a crisis, this organization rallies," says Alex Daman, chief security officer. During the pandemic, "the 'common purpose' part of the mission came to the fore." Being able to work securely from home meant not only ensuring the technology was secure, but also educating employees on security best practices, including simple things such as what to do differently when working on a personal computer versus one issued by the company. "The key is to make things easy to follow," Daman says.

Security is not the only barrier to moving ahead more quickly, and there are some notable differences between what leaders and laggards expect to encounter. For example, laggards are three times as likely as leaders to name a lack of a digital workplace strategy as a top barrier (29% versus 9%). They are also more likely to cite a corporate culture that prefers people in the office (33% versus 24%).

The pandemic has caused some cracks to form in that rigid culture. Amin attributes this to the lived experience of the company's top executives. Early in the pandemic, Huntington Ingalls' CEO and his staff started holding daily crisis management calls. Missing the face-to-face interaction, they switched to videoconferencing, even though some senior managers were at first uncomfortable with that. It went so well that, in April, "we started doing the board meeting the same way," says Amin. "It's completely video with subcommittee breakouts, etc."

Having witnessed the increase in productivity for company professionals working from home, the CEO has begun exploring how to extend those benefits in the future, including whether there's an opportunity to reduce office space. To buy some time in that thinking, the company just changed what was going to be a five-year lease on a new building to one year.

## The Future of the Blended Workplace

The pandemic has accelerated companies' digital transformation plans and pushed some companies' customers to embrace things they might not have been terribly enthusiastic about before. The medical device company, for instance, had been encouraging customers to do remote monitoring for some time, says Marques. "Suddenly, the market shifted, and everything was pushing in the same direction."

More than three-quarters of respondents (77%) agree that a digital workplace is essential to operating a data-driven business. A.P. Moller-Maersk has always been data driven, explains Silva. The difference now is employees have access to data in a distributed environment anytime, from anyplace in the world. "It makes work more real time," he says. "If I'm traveling, sitting in the airport, and something needs my approval based on specific data points, I can access that from my mobile device while waiting to board the plane."

At Publicis Groupe, the pandemic accelerated the launch of Marcel, the company’s artificial intelligence-supported employee platform, according to Kim. The pandemic made it necessary to freeze hiring and cut the use of contractors and freelancers. Certain internal jobs were being scaled back, as well. But rather than lay off those people, the system helped identify opportunities left open by contractors and match those with internal associates, regardless of where they were in the world. According to Kim, the system helped save 2,000 jobs by identifying people that could take on those roles—people who simply wouldn’t have been visible to parts of the company outside their area before.

### Going Mobile with the Digital Workplace

The digital workplace is not just about working from home or another part of the world; it’s about mobility, as well. Thirty-one percent of respondents say employees in their part of the organization access the digital workplace over mobile/cellular networks or an equal mix of mobile/cellular and Wi-Fi. Increasing ambitions around digital work is sparking interest in 5G networking technology.

The time frame within which respondents expect to adopt 5G is soon, with 41% saying they expect 5G to become a reality for their own organization within the next one to two years.

**FIGURE 5** “It’s a real-time world we live in,” says Kenneth Mercado, senior vice president of electric operations and technology at CenterPoint Energy, a \$12 billion-in-revenue electric and natural gas utility based in Houston. “We’re all going to get smarter and more efficient in how we meet customer needs through 5G.” For CenterPoint, that means having the same high-quality connectivity among its trucks, offices, and employees’ homes. “With mobile plus cloud plus the right device, we can do our jobs faster,” he says.

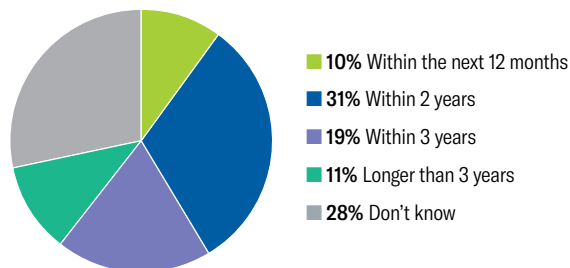
Survey respondents agree with this premise. Forty-two percent say they expect 5G to enable them to do current work faster and better, and 32% say it will help them switch more seamlessly from one mode and location to another. Many expect 5G’s potential to go well beyond such incremental improvements to provide more transformative change, too. A fifth (20%) say it will enable them to do work they’ve never been able to do before. Even more—28%—believe it will enable them to explore new business models.

Amin is excited about the potential of 5G to bring the digital workplace to Huntington Ingalls’ massive, 550-acre shipyard in Newport News, Va. In the past, he’s experimented with both wired and Wi-Fi access points. “It works in one area,” he says, “but then a big steel structure comes through and blocks the signal.” Mobile wireless devices don’t have that problem, but security can be harder to lock down. Amin’s team is currently working on endpoint security for the devices to work with 5G so “users can be anywhere in the yard—on a ship, in different big structures—and don’t have to go to another location to

FIGURE 5

### 5G Is on the Horizon

Timeframe in which 5G will become a reality in respondents’ organizations

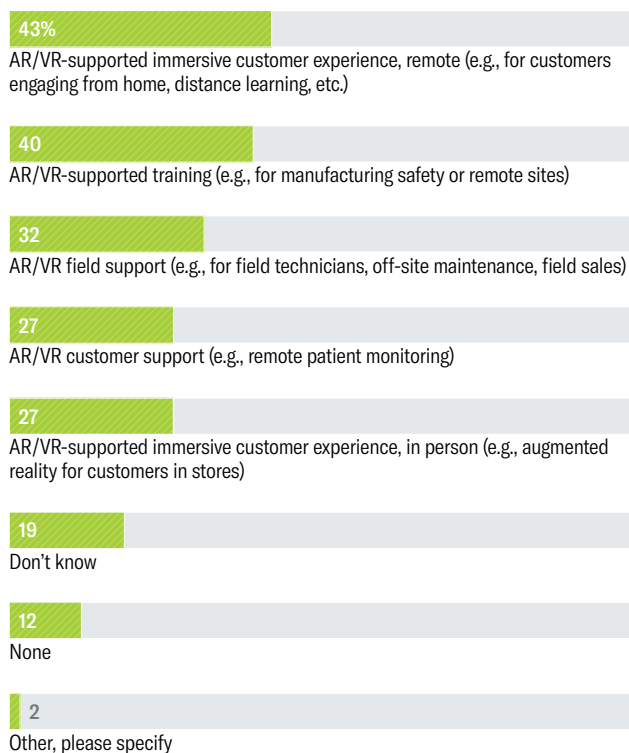


Source: Harvard Business Review Analytic Services Survey, May 2020

FIGURE 6

### Going Virtual in the Digital Workplace

How companies will use augmented and virtual reality in the future



Source: Harvard Business Review Analytic Services Survey, May 2020



“The quality of work is there if the tools, capabilities, and culture are there—both in the office and at home,” says Melanie Frank, managing vice president of technology at Capital One.

look up a drawing.” This would enable the team to provide shipbuilders with more bandwidth-hungry capabilities, like simulations and augmented reality applications. “The key is to do this securely,” he says. His team is looking into creating private Long-Term Evolution (LTE) and 5G networks that no one else can access externally.

The adoption of 5G will open the door for companies in a variety of industries to take advantage of higher-quality/lower-latency video and augmented or virtual reality (AR/VR). Respondents anticipate a variety of use cases for AR/VR when this happens, including for customer experience (43%), training (40%), and field support (32%). **FIGURE 6**

“AR is going to be a true differentiator for both user/customer experience and maintenance and other support,” says MIT’s Schrage. “AR is—quite literally—one of those added dimensions that improve transparency and visibility to a product, process, or service.”

“The whole impetus for our digital transformation is the explosion of the mobile internet and all that brings with it,” says Daman of Navy Federal Credit Union. “The possibilities of 5G offer incredible bandwidth on mobile devices.” While NFCU is currently focused on immediate tactical issues, such as what the technology can do in a crisis, “what got us here has given us an appreciation of the transformational potential of these technologies around the mobile internet,” he says. For example, with over nine million members of the U.S. military and their families around the world as their customers, they’re looking at the potential of telebanking. “Mortgage applications can be difficult to go through,” he says. “Having the ability for someone who is deployed somewhere across the globe to talk that through over telepresence could be a game changer.” Thinking about applications like that is built into their roadmap.

Wright sees 5G providing a “massive boost to productivity, with computers talking to computers, devices talking to devices,” she says. “Companies that keep up are going to be able to exponentially change their value proposition.”

## Conclusion

Coming out of the pandemic, business leaders have a real opportunity to optimize and even transform their way of working. The workplace of the future will blend physical and digital work to an extent not seen before. There is consensus that work can be virtual, but some aspects such as relationship building, socializing, and culture building are still best done in person. Travel for many team meetings, routine client calls, and conferences will be cut back, but travel for important client engagements, especially when establishing a new relationship, will resume. “It’s hard to build trust without seeing someone, but once you have that, virtual is fine,” says Wright. Ultimately, these decisions will be heavily influenced by the customer. To strike the right balance, companies are working to reimagine the workplace of the future.

As challenging as the pandemic experience has been for many organizations, some valuable lessons have come out of it. To avoid backsliding into the old way of doing things and maintain forward momentum, executives should highlight and promote the successes of their experiences during the shutdown. This approach includes quantifying the value of achievements in whatever ways make sense for their organization and investing in the tools and training that enable their employees to work in the environment in which they’re most successful—whether that’s virtually, in the office, or a hybrid mix of both.

“The quality of work is there if the tools, capabilities, and culture are there—both in the office and at home,” says Capital One’s Frank. “There is a lot to consider for the future—it will be important to think about the work being done, the job functions, and what individuals want and need.”

In the workplace of the future, organizations work smarter, prioritize simplicity and integration, and keep security top of mind. This journey is one that every organization will have to experience for themselves in the months and years ahead.

## METHODOLOGY AND PARTICIPANT PROFILE

A total of 1,080 respondents drawn from the HBR audience of readers (magazine/ newsletter readers, customers, HBR.org users) completed the survey.

### Size of Organization

**42%**  
10,000 or more  
employees

**34%**  
1,000 – 9,999  
employees

**24%**  
100 – 999  
employees

**0%**  
Fewer than 100  
employees

### Seniority

**19%**  
Executive  
management/  
board  
members

**35%**  
Senior  
management

**28%**  
Middle  
management

**18%**  
Other grades

### Key Industry Sectors

**15%**  
Technology

**11%**  
Financial services

**10%**  
Manufacturing

**9%**  
Health care

**9%**  
Education

**8%**  
Consulting services

All other sectors less  
than 8% each

### Job Function

**12%**  
Operations/product  
management

**11%**  
HR/training

**10%**  
General/executive  
management

**11%**  
Finance/risk

All other functions  
less than 8% each

### Regions

**42%**  
North America

**23%**  
Europe

**23%**  
Asia Pacific

**7%**  
Latin America

**5%**  
Middle East/Africa

Figures may not add up to 100% due to rounding.



# Harvard Business Review

ANALYTIC SERVICES

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