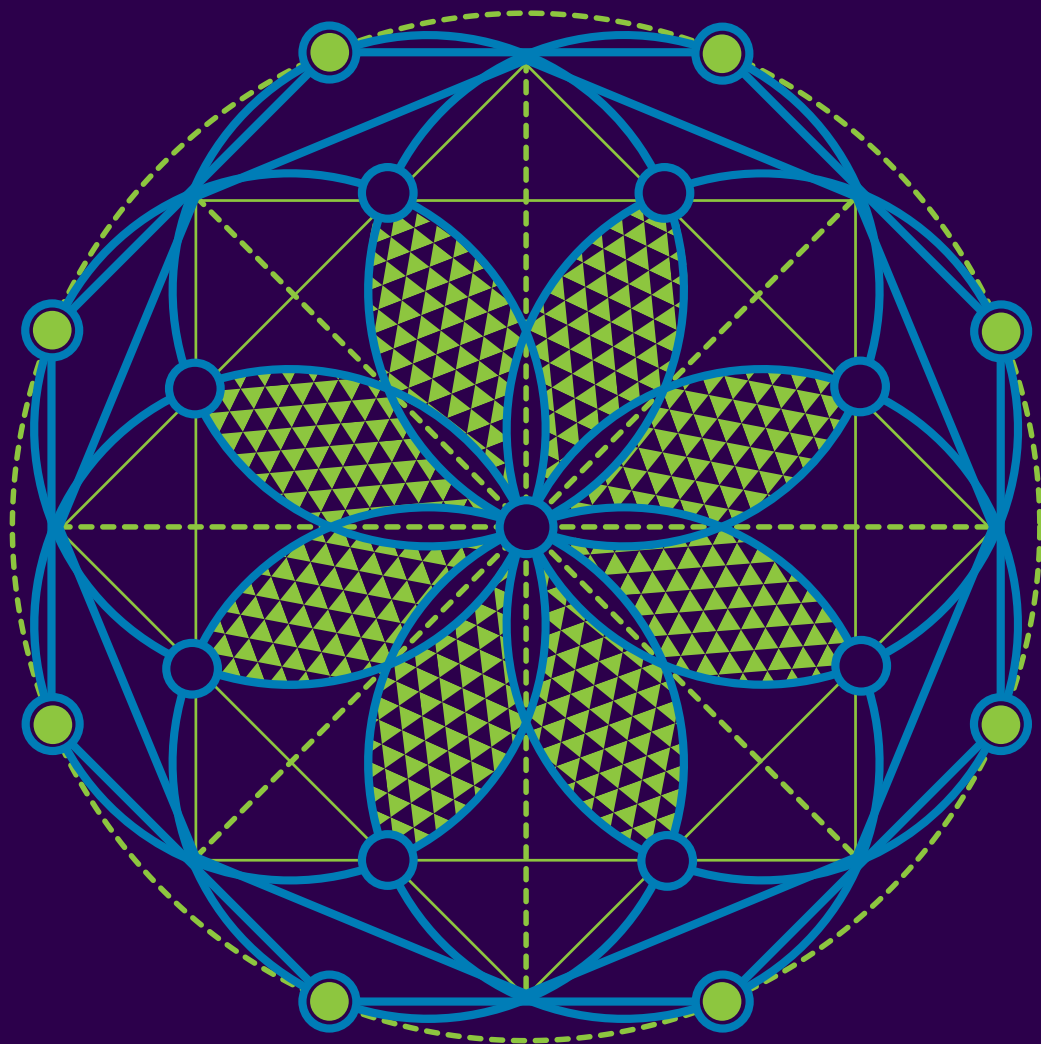


The **Future of work:** From remote to hybrid



Introduction

“Without an existential shock like the COVID-19 pandemic, you would have needed change management programs to convince and motivate people to make the desired changes. In this case, there is no time to consider any alternatives; no time to resist. You wake up and the new way of working simply exists – there is no alternative and there is no option to return to how things were. This amount of change – had it been gradual – would have taken decades.” – Professor Benjamin Laker, Professor of Leadership, Henley Business School, University of Reading.

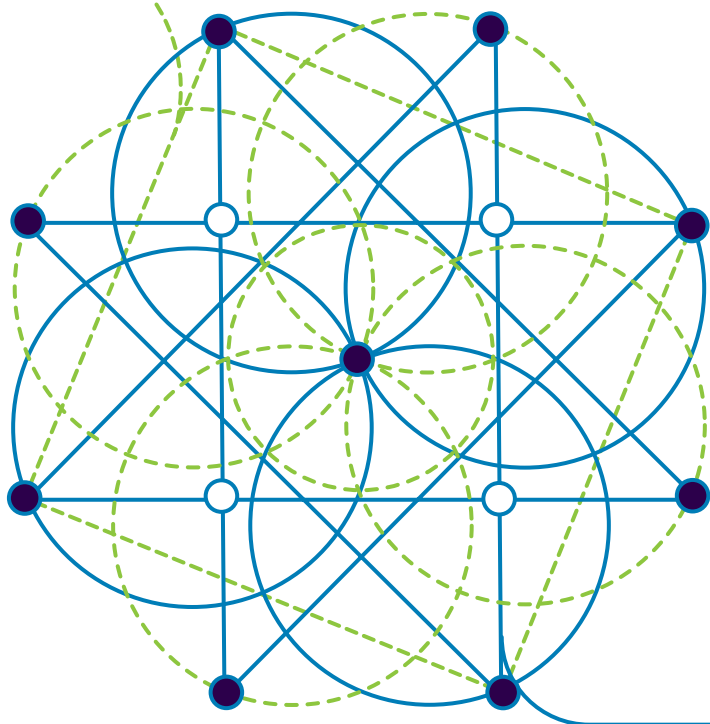
The COVID-19 pandemic has been a watershed event in the history of the world – a major healthcare crisis that has challenged society in new ways. It has also signalled a major shift for businesses as lockdowns were imposed around the world and organizations were pushed, almost overnight, into an enforced experiment in remote working. In industries where all-out virtual working is nearly impossible – such as manufacturing, power generation, mining, construction, etc.¹ – many operations simply ceased, with devastating consequences for economies and jobs.

For many organizations, the move to a virtual operating environment was not entirely new and had already been underway in the pre-pandemic era. In recent years, as companies focused on remote working in response to changes in employee needs and behaviors, many of them actively looked at hybrid working in some form. A hybrid workforce essentially refers to a workforce that is distributed across different locations, from traditional office and factory spaces to remote locations, including within employees’ living space, be it a family home or shared apartment. A hybrid working model is characterized by the flexibility and choices it offers employees, and it can be an innovative way of driving new approaches to agility, collaboration, and ways of working.

A recent report suggested that even in sectors that historically tend to be more location-dependent, such as manufacturing, more than half of businesses were considering some degree of hybrid working.² The pandemic has only accelerated this trend. According to Bryan Campbell, agile transformation executive at ExxonMobil, *“We absolutely see remote working or ‘work from anywhere’ as the new operating model. In our context, it was already envisioned to be a destination, but it’s been greatly accelerated with the pandemic. We recognize this as a new operating model and one that will last in some form in the future.”*

To understand the evolution of “remote working” into “hybrid working,” we surveyed 500 organizations and 5,000 employees from a range of sectors globally and conducted detailed interviews with academicians and executives. Based on our research, this report examines a range of key questions:

1. What do organizations and employees think about the sustainability of remote working models?
2. What gains can organizations expect from these models?
3. Have organizations effectively managed the shift to remote work?
4. What steps should organizations take to effectively implement a hybrid working model and leverage its benefits?



Executive summary

Remote work is here to stay

- Widespread remote working is increasingly becoming the “new normal.” Three-quarters of organizations expect 30% or more of their employees to be working remotely, and over a quarter expect over 70% of their staff to be working remotely.
- Organizations expect remote models to work well in functions such as IT, finance, and accounting. However, every function will need to transition their operating model to a hybrid operating setup.

The shift to remote working has boosted productivity and cost savings

- Employee productivity at organizations grew during Q3-2020, driven by reductions in commute time and adoption of virtual collaboration tools. Over six in ten organizations witnessed productivity gains in Q3-2020 due to remote working and average productivity gains ranged from 13%-24%.
- Nearly 70% of organizations believe that the productivity gains of remote working are sustainable beyond the pandemic.
- A majority of organizations expect remote working to reduce real estate, facilities management, and business travel costs, among others.

Have organizations effectively managed the shift to remote work?

- Remote employee burnout is on the rise. Over half of employees feel burned out as a result of working remotely and the figure rises to 61% for younger employees aged 31–40.
- Employees feel apprehensive about long-term remote work, which impacts their engagement, satisfaction, and productivity, with 56% fearing the stresses and demands of being “always on.” Employees also feel organizations do not trust them and are micromanaging them.
- New joiners feel lost and disengaged in a remote setup. Half of them said they would quit if remote working were the only option.

Beyond remote: Recommendations for shifting to a hybrid workforce future

- **Rethink the sourcing model to enable “deliver where you are”:** Expand your talent-sourcing boundaries – use more of the fluid workforce (such as freelancers, or independent workers) and global tele-workers, either nationally or across international borders.
- **Define what constitutes “authentic” leadership:** Encourage autonomy, empathy, and transparency. Redefine the role of leaders to empower employees to make data-driven decisions, use data to manage the remote workforce, and enhance remote leadership skills such as empathy, active listening, and adaptability, etc.
- **Reinvent a “trusted” work culture with new collective rituals:** Build digital communities to activate purpose and a sense of belonging. Embrace new collective rituals, such as more virtual team-building activities, and virtually recreate modes of informal connection.
- **Install a robust digital infrastructure to accelerate seamless digital working:** Establish secure digital accessibility to business processes – anytime, anywhere, and with any device. Leverage digital tools, technologies, and skills to drive remote working efficiency and productivity. Transform backend technology into a resilient, flexible, and cloud-ready enabler for daily activities and innovation.
- **Shape up organizational real-estate to address the needs of a hybrid workforce:** Reimagine the office as a destination that strengthens cultural connection, learning, and bonding between employees (across onsite, remote and hybrid employees).
- **Tailor the employee experience to adapt to a hybrid operating model:** Rethink all elements of the employee lifecycle, including onboarding, learning and development, compensation and benefits, well-being, and performance management.
- **Establish a business case for the target hybrid operating model:** To make sustainable progress in a hybrid work setup, organizations need to conduct detailed assessment of its impact on key metrics.

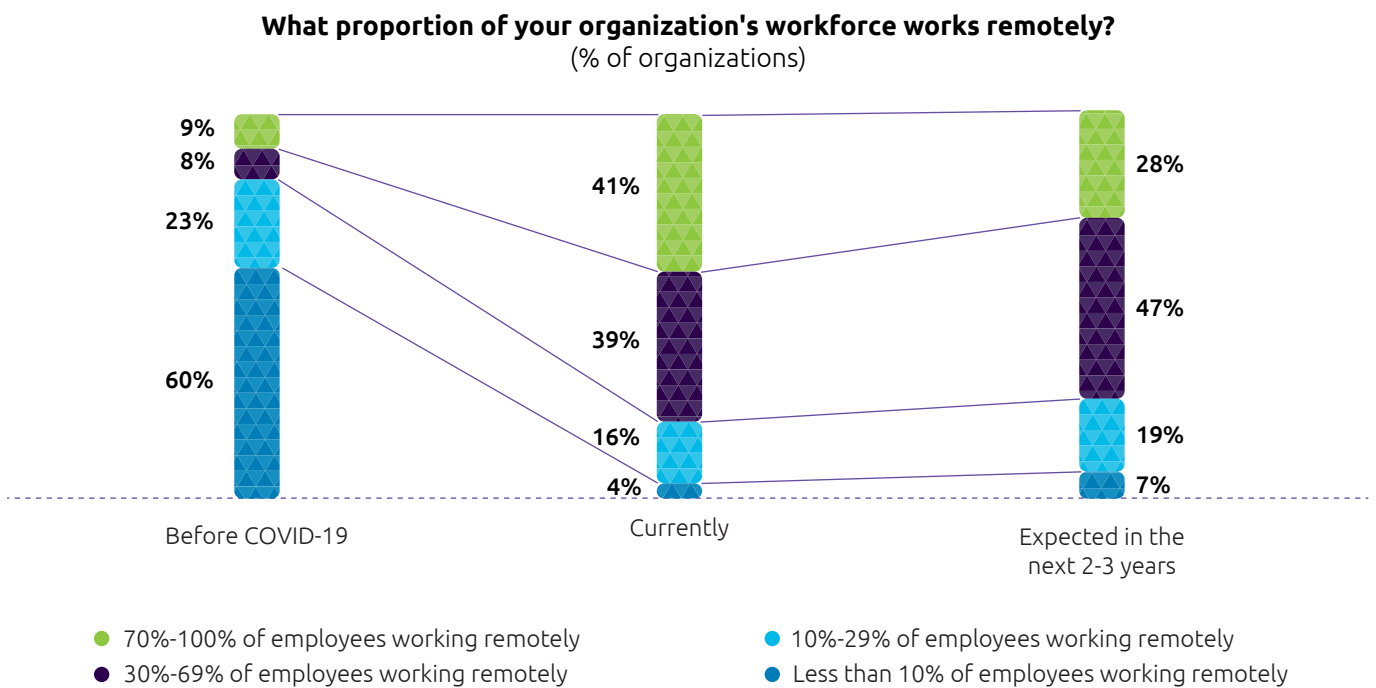
Remote work is here to stay

Organizations and employees both expect remote working models to stay

Widespread remote working has been quickly adopted as the norm by organizations. According to the executives in our study, three-quarters of organizations expect 30% or more of their employees to be working remotely, and over a quarter expect over 70% of staff to work remotely (see Figure 1). Technology companies are far more aggressive in allowing permanent remote work to its employees. Twitter, for example, was the first company to allow its employees to work from home permanently.³ Similarly, Microsoft allowed its employees to work from home freely for less than 50% of their working week, or move to a permanent remote work upon approval from managers.⁴ Companies in traditional sectors have also announced similar plans:

- US-based Capital One Financial has extended the flexibility of remote working to the majority of employees at its US call centers for cards even after the COVID-19 pandemic ends.⁵
- Siemens AG, the Germany-based engineering services company, announced a new mobile working model to enable employees worldwide to work from remote location for two to three days per week on average.⁶
- French automaker, Groupe PSA, announced that its office-based staff will work remotely even after the pandemic ends.⁷

Figure 1. Around three in ten organizations expect more than 70% of their employees working remotely in the next two to three years, up from just one in ten before COVID-19



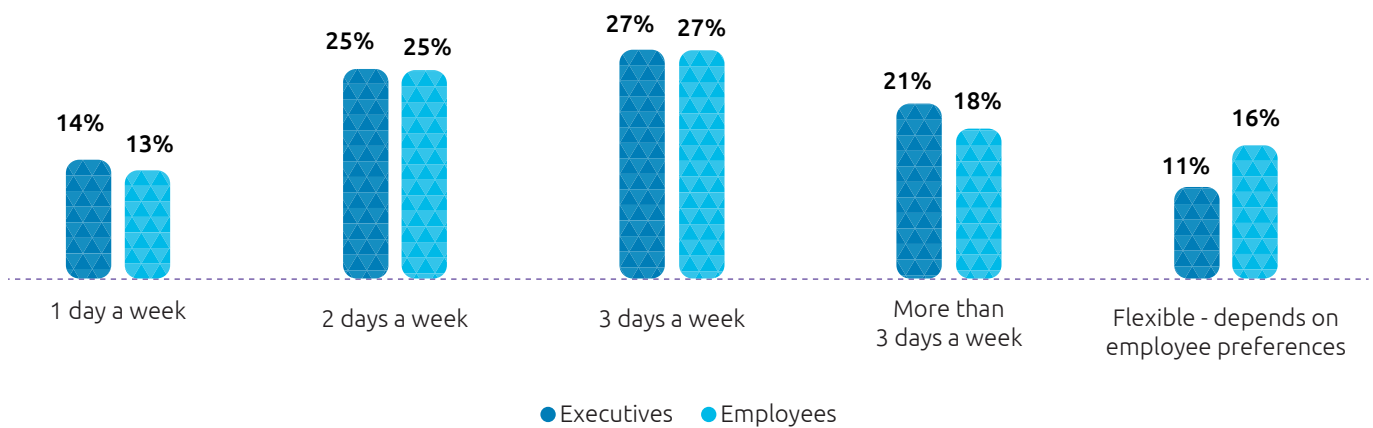
Source: Capgemini Research Institute, Remote workforce survey, September–October 2020, N=500 executives.

Executives believe that employees across functions will work from remote locations for 2.4 days per week on average in the post-pandemic “new normal.” This is close to a 70% rise from 1.4 days before the pandemic.

Moreover, as Figure 2 shows, employees and executives are aligned when it comes to the workforce setup in the new normal. Almost half of both employees and employers foresee at least three days of working from remote locations. Another 16% of employees want the frequency of remote work to be flexible, depending on their preferences.

Figure 2. Around 45% of employees think they will spend three days or more per week from remote location going forward

What will be the frequency of remote work at your organization in the next 2-3 years?



Source: Capgemini Research Institute, Remote workforce survey, September–October 2020, N=500 executives, N=5,016 employees.

Organizations are striving to strike a balance between remote and office working. UK-based asset management firm Schrodgers, for example, embraced flexible work policies while emphasizing the continued importance of face-to-face

interactions, stating, *“These will empower employees to adopt working practices that best meet client responsibilities, business requirements, and their individual working patterns while ensuring that we still have face-to-face interaction to maintain our culture of collaboration, innovation, and strong productivity.”*⁸



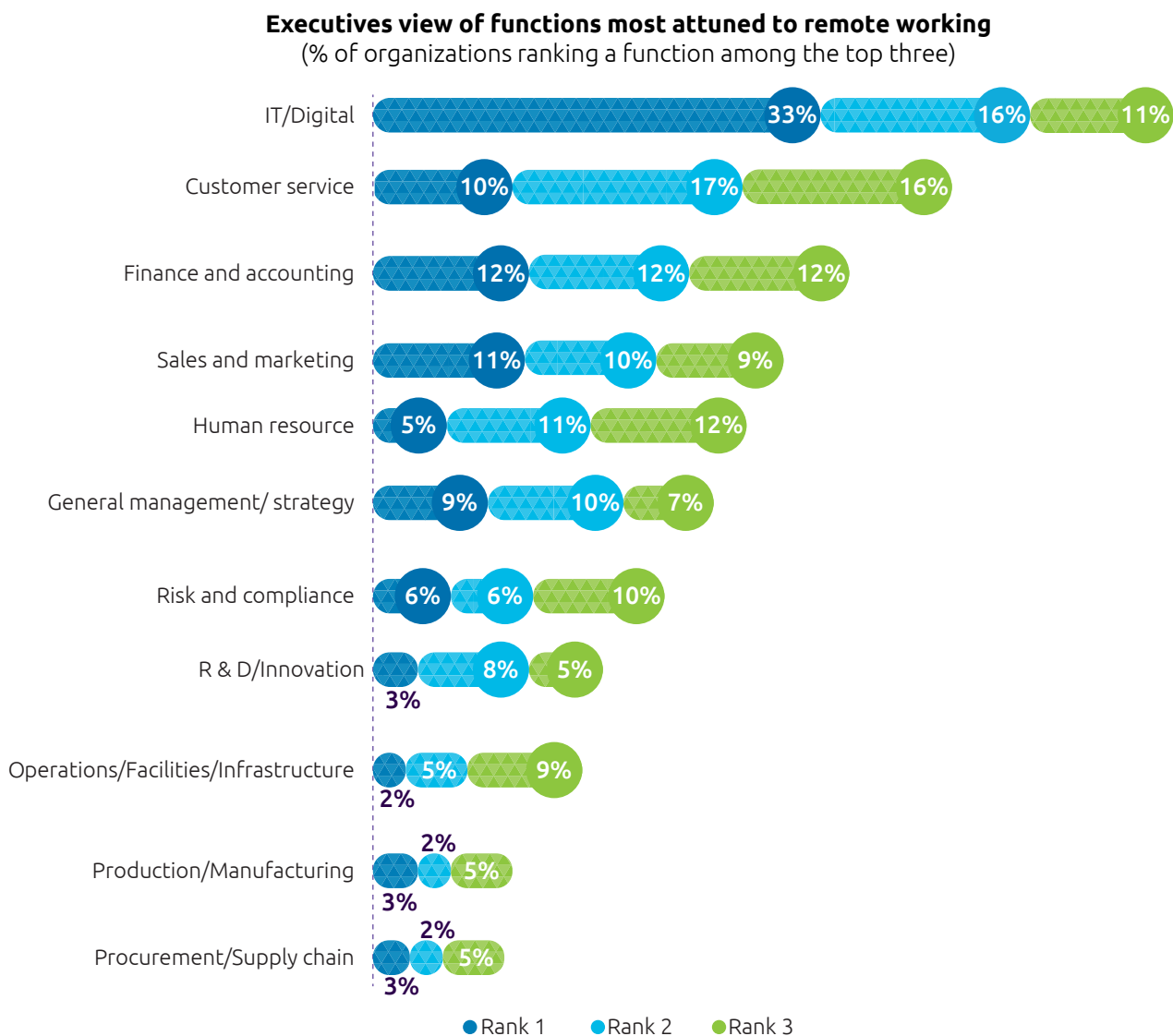
75%
of organizations expect 30% or more of their employees to be working remotely.

Organizations expect remote models to work well in functions such as IT, finance, and accounting

When we asked executives about the functions that can be transitioned with relative ease to remote working, IT/digital was the top ranked followed by customer service (see Figure 3). In the half yearly results for UK-based retailer, Next PLC, chief executive officer – Simon Wolfson says, “The benefits [of new ways of working] fall into two categories: (1) in our

warehouse and call center operations we have discovered more efficient ways of working and (2) in non-operational departments such as IT and Buying, working from home has forced us to take advantage of new technology with all its possibilities for improved communications, efficiency, and employee job satisfaction.”⁹

Figure 3. IT/digital and customer service are the top ranked functions predisposed to remote work



Source: Capgemini Research Institute, Remote workforce survey, September–October 2020, N=328 executives who agree that most of their employees will be in a hybrid or fully remote model in the next two to three years.

This general view is corroborated by employees – they ranked the same functions (IT/digital, customer service, and finance) in their top three in terms of fit with a “work-from-anywhere” model. As James Luck, director of IT operations at the US Department of Energy, tells us, *“We are looking towards a tele-hub location where teams can get together and have critical meetings. However, if we are doing a complex IT project we might meet at the beginning of the project face-to-face to make sure we have all the objectives and rules of engagement and the expected outcomes defined. Then, we move to a telework type environment to continue the project.”*

For functions such as IT/digital, this also points to further challenges and changes:

- As they go remote and free from geographical limits, a new front will open in the war for talent.
- Elements of the IT operating model – including structure, governance, processes – will undergo massive change. For example, as digital processes become even more critical, cybersecurity and cloud infrastructure will occupy a centerstage in a remote working model.
- IT will also need to rethink how to run agile development/ DevOps processes smoothly in a remote environment.
- As an enabler for the other functions, IT will also need to invest in automation of support such as deploying virtual assistants to deliver 24/7 customer service, new ways to collaborate internally and externally, and provide capabilities to execute projects virtually.

Furthermore, 61% of employees in both operations and manufacturing functions also said that they would be more comfortable with a remote model, despite these two functions traditionally being thought of as a natural fit with

on-premises working. This implies that organizations, in order to meet employee expectations, will need to take a nuanced view of each function and understand roles that can be performed outside their premises. Organizations need to establish the “remoteability” of each role to understand which jobs can be transitioned smoothly and which cannot be done from remote locations. Joseph Natale, president and CEO, Rogers Communications, a Canada-based communications services company, said,¹⁰ *“I think that 100% work from home in perpetuity is not the right answer for our organization. I think it depends on the role. It depends on the type of work that people are doing. The more they’re working on complex tasks, transformational tasks across organizations and different groups and departments, you can’t replace face-to-face on that front.”*

However, even with those roles that are deemed impossible to shift to remote working, organizations still need to think how to provide working flexibility for employees in those teams. So far, most organizations have announced remote working policies only for corporate employees. Companies would need to be careful not to create a rift between knowledge workers who can transition to remote work easily and the shop floor or factory workers, whose jobs are more tied to organizational premises. As Sunil Ranjhan, senior vice president, HR at automobile company Maruti Suzuki India, told us, *“Currently the pandemic is on so you could have very differentiated ways of working. But comparisons between blue-collar and white-collar employees are bound to come up. Going forward, I see that could be one of the issues.”* Increasing automation of production processes, for example, can help blue-collar workers to work remotely more often. Organizations will need to think about how to extend flexible working ways (number of hours, shifts, rotation of roles, etc.) to workers in high-touch roles.



“Without an existential shock like the COVID-19 pandemic, you would have needed change management programs to convince and motivate people to make the desired changes. In this case, there is no time to consider any alternatives; no time to resist. You wake up and the new way of working simply exists – there is no alternative and there is no option to return to how things were. This amount of change – had it been gradual – would have taken decades.”



Professor Benjamin Laker,
Professor of Leadership, Henley Business School,
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The shift to remote working has boosted productivity and cost savings

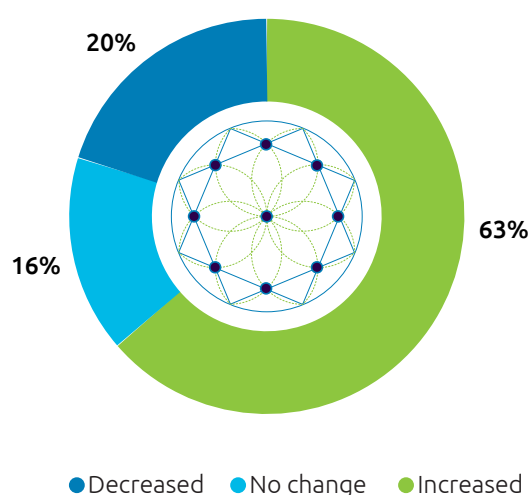
Organizations report productivity gains due to remote working and expect them be sustained post pandemic

Kalpna Kochhar, director, Human Resources Department, International Monetary Fund (IMF) says, *“Speaking for the IMF, the speed with which we adapted to this new reality – not only in HR but across the institution – was truly remarkable. Of course, like everyone else, being in a virtual environment does come with downsides, including relationship building and the spark of creativity. But I would dare to say that our productivity and efficiency have gone up.”*¹¹

In 2013, a BBC study showed a 13% increase in productivity simply by allowing employees to work from home just one day every week.¹² Flexible arrangements in companies such as Best Buy, British Telecom, Dow Chemical, among others, show that a remote working model is 35%–40% more productive.¹³ Our organizational survey across ten sectors and nine countries indicates that 63% of organizations have reported productivity gains in Q3-2020, due to remote working (see Figure 4). In terms of magnitude, average productivity gains range from 13%–24%.

Figure 4. A majority of organizations report increased organizational productivity in Q3-2020 due to the shift to remote work

Percentage of organizations reporting productivity change due to remote working in Q3-2020



Source: Capgemini Research Institute, Remote workforce survey, September–October 2020, N=500 organizations.

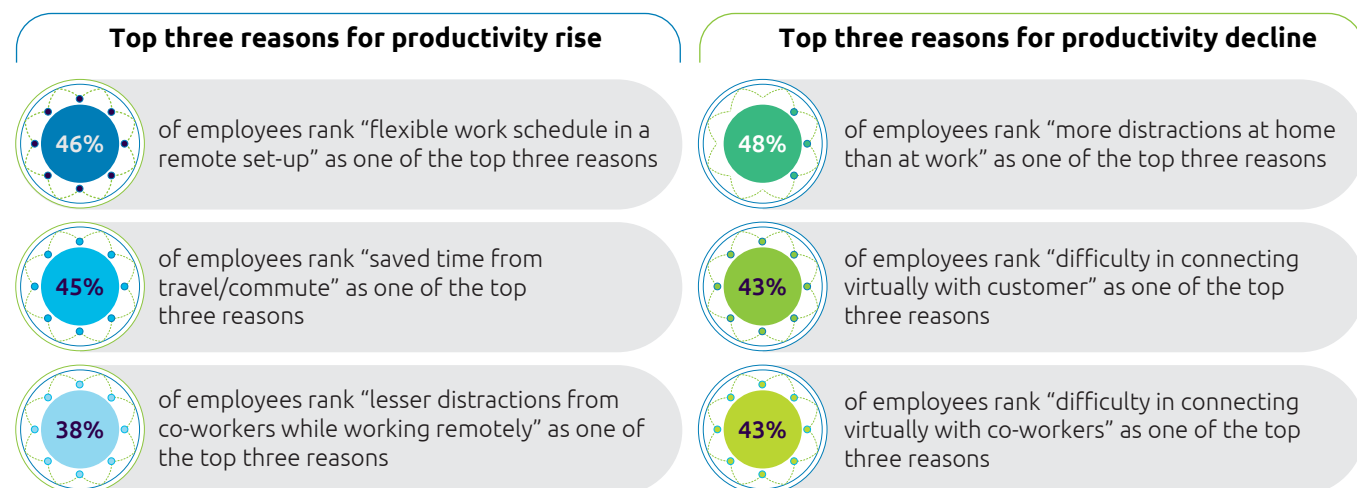
Of course, organizational productivity is a function of the productivity levels of individual employees. This means that employers need to work with employees to understand the reasons for increase or decrease in individual productivity in a remote work environment. One way to ensure that is to gather continuous feedback from employees and seek to understand how they have benefited and disadvantaged through this new working model.

Employers point to two drivers of increased productivity: people are spending less time on commuting and organizations are providing effective virtual collaboration tools. Employees also point to a reduced commute time and flexible work schedule as the key reasons why productivity has increased (see Figure 5). Other reasons include the fact

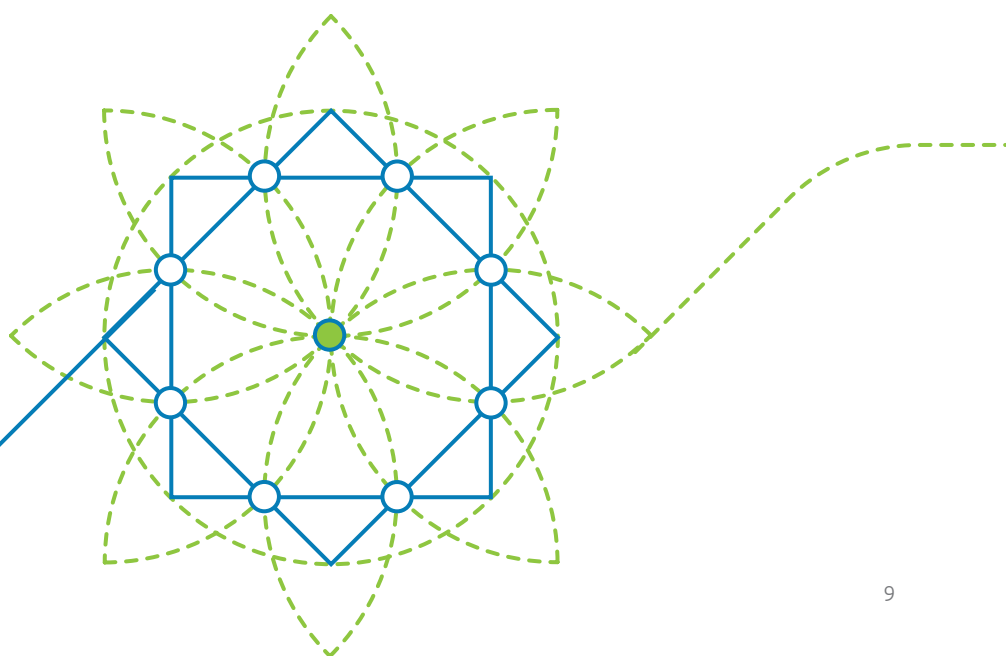
that employees are less distracted: past research studies have shown that businesses lose \$600 billion a year in workplace distractions.¹⁴

According to Professor Benjamin Laker, professor of leadership, Henley Business School, University of Reading, *“Productivity is increasing because people are becoming much more task-focused than relationship-focused.”* Of course, distraction does not entirely disappear in a remote environment. For employees who reported a productivity decline in our survey, the main reason is feeling more distracted at home than at work (see Figure 5). Other predominant reasons include difficulty in remote collaboration with co-workers and in connecting virtually with clients and customers.

Figure 5. Employees attribute work schedule flexibility and savings on commute to productivity increase and distractions at home to productivity decrease in Q3-2020



Source: Capgemini Research Institute, Remote workforce survey, September–October 2020, N=5,016 employees.



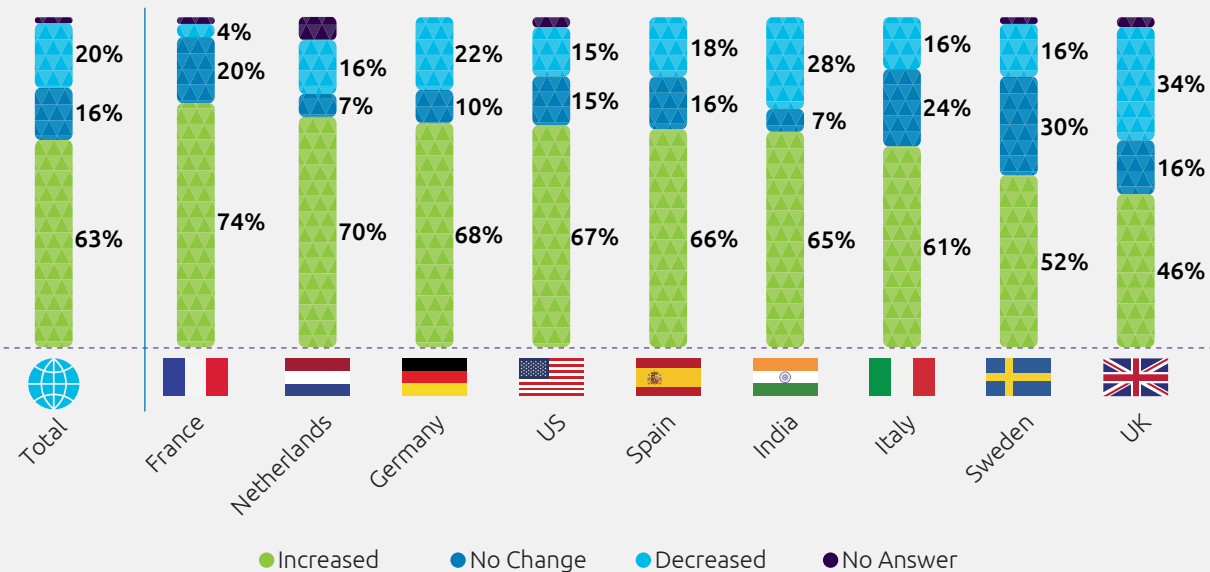
Productivity changes – A view by country and function

As Figure 6 shows, 74% of French companies reported a productivity increase in Q3-2020, followed by the Netherlands (70%) and Germany (68%), making these three the top performers.

On the other hand, just 46% of British companies reported an increase, with 34% actually reporting a decline.

Figure 6. More than 70% of organizations in France and Germany report a productivity increase due to remote work

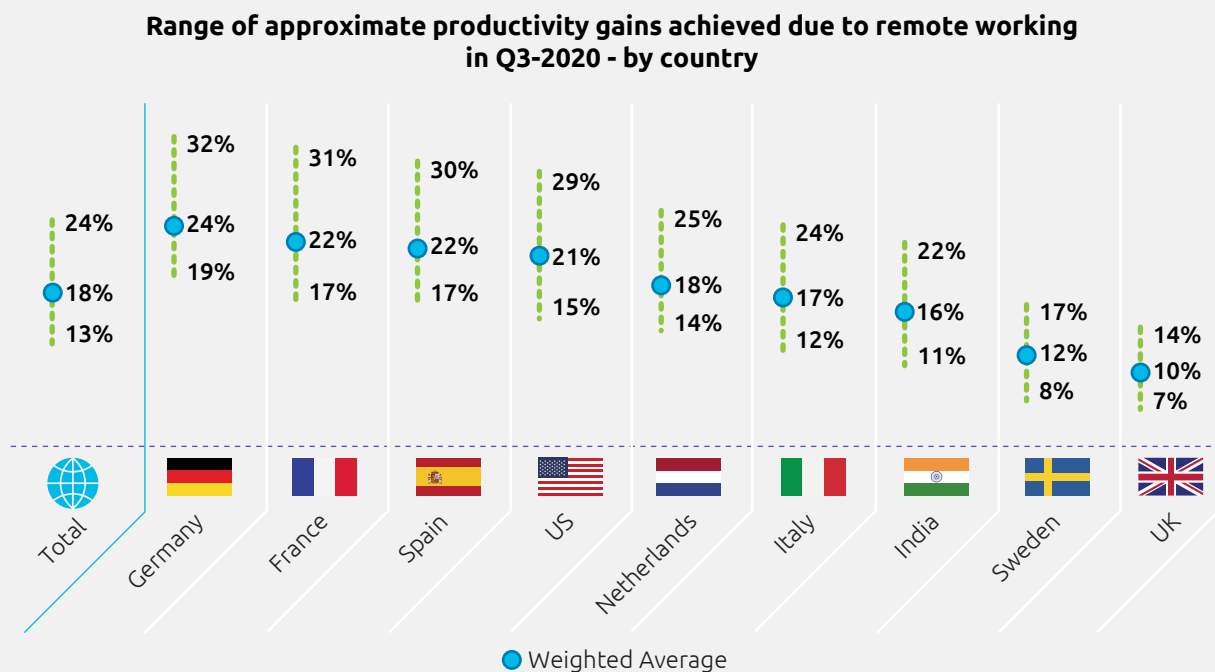
Percentage of organizations reporting productivity change due to remote working in Q3-2020 – by country



Source: Capgemini Research Institute, Remote workforce survey, September–October 2020, N=500 organizations.

In terms of the magnitude, Germany leads the pack, with organizations in the country saying they have seen 19%-32% productivity gains in Q3-2020 (see Figure 7).

Figure 7. Organizations in Germany and France have reported the highest productivity increase due to remote work



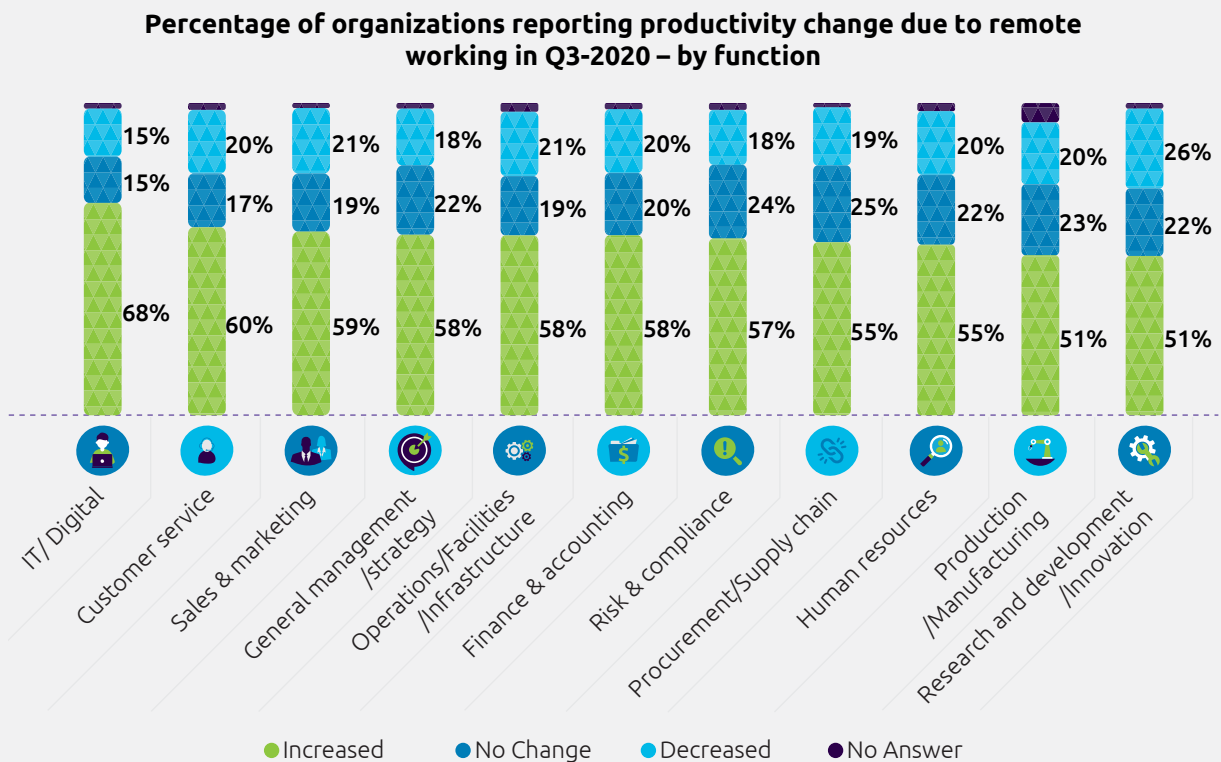
Source: Capgemini Research Institute, Remote workforce survey, September–October 2020, N=315 organizations that reported productivity increase in Q3-2020.

From a functional standpoint (Figure 8), IT/Digital (68%) lead the way in productivity, followed by customer service (60%) and sales & marketing (59%). Digitization and use of technologies such as artificial intelligence have helped organizations deliver improved productivity in these functions. For instance, insurance provider Aegon quickly pivoted their customer service model during the pandemic, launching a web chat capability in just five days. This allowed its agents to handle more than 200 web chats a day. The agent experience platform also helps them with the “next-best action” to deal with common requests, such as pensions or mortgage payments, ensuring faster response times.¹⁵ According to

Professor Joe Nellis, professor of global economy at Cranfield School of Management, Cranfield University, this trend is very much in line with expectations. He says, *“No surprise that IT/digital and customer services features at the top. Even for sales and marketing, several organizations have completely halted their physical corporate marketing events and are conducting those virtually.”*

As expected, functions such as production/manufacturing, R&D/innovation, and supply chain – which involve more on-premises work and a higher proportion of blue-collar workers – report the lowest levels of productivity increase.

Figure 8. More than 60% of organizations report a productivity increase in IT/digital and customer service functions due to remote work



Source: Capgemini Research Institute, Remote workforce survey, September-October 2020, N=500 organizations.



“No surprise that IT/digital and customer services features at the top. Even for sales and marketing, several organizations have completely halted their physical corporate marketing events and are conducting those virtually.”



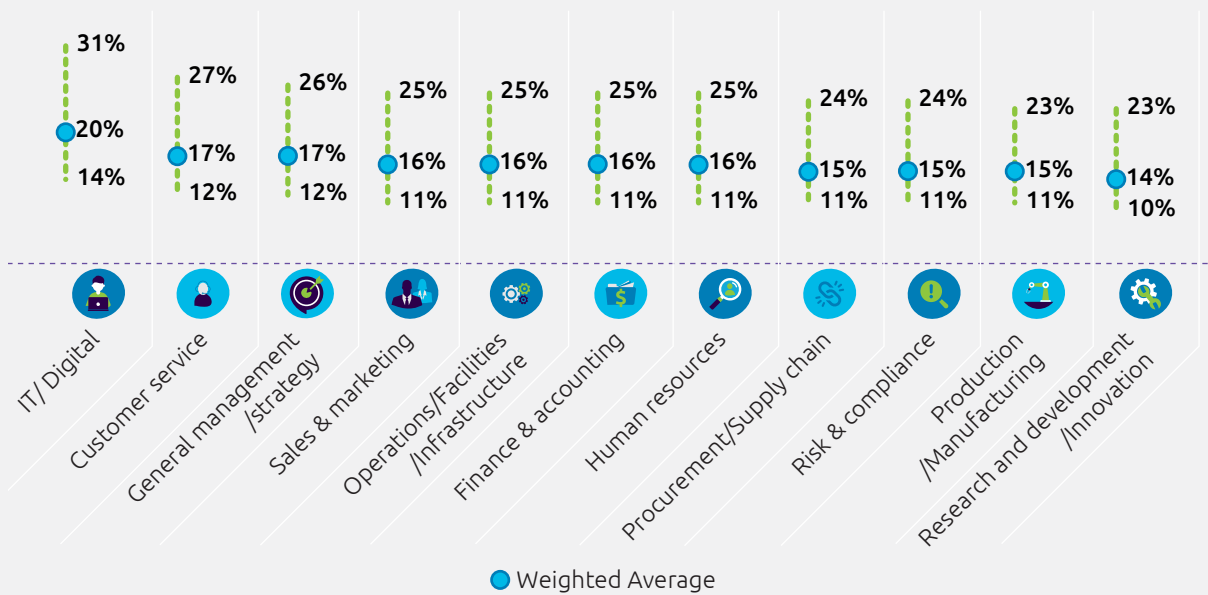
Dr. Joe Nellis,
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 Management, Cranfield University.

In terms of magnitude, IT/digital shows the highest weighted average of productivity gains (14%-31%),

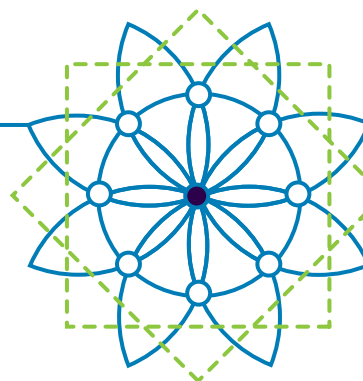
followed by customer service (12%-27%) (see Figure 9).

Figure 9. IT/digital and customer service functions have seen the highest productivity increase due to remote work

Range of approximate productivity gains achieved due to remote working in Q3-2020 - by function



Source: Capgemini Research Institute, Remote workforce survey, September–October 2020, N=315 organizations that reported productivity increase in Q3-2020.

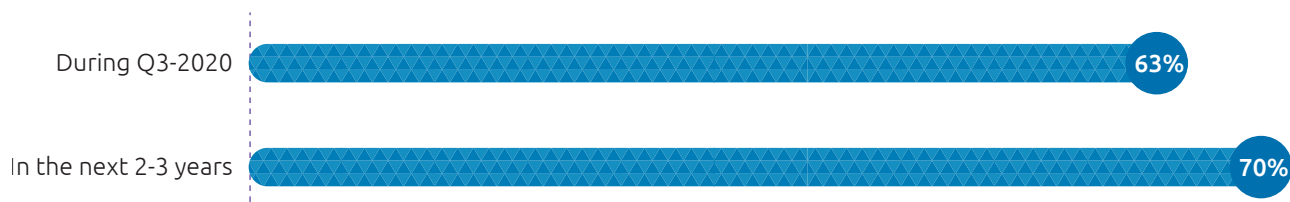


Nearly 70% of organizations believe that the productivity gains of remote working are sustainable beyond the pandemic (see Figure 10). Based on an approximate calculation

for productivity levels, the companies project an overall productivity rise of 17% in the next two to three years.

Figure 10. 70% of organizations believe that the productivity gains of remote working are sustainable beyond the pandemic

Percentage of organizations projecting productivity increase due to remote working



Source: Capgemini Research Institute, Remote workforce survey, September–October 2020, N=500 organizations.

However, sustaining productivity levels beyond the pandemic will depend on how quickly organizations learn and reorient themselves. For organizations to remain productive after the pandemic, they need to focus on prioritizing high-value

added work, empowering leadership to better embrace the changes, factoring in changes in employee mindset, and building individual and organizational resilience. We provide recommendations to sustain productivity later in the report.



“We absolutely see remote working or ‘work from anywhere’ as the new operating model. In our context, it was already envisioned to be a destination, but it’s been greatly accelerated with the pandemic. We recognize this as a new operating model and one that will last in some form in the future.”



Bryan Campbell,
Agile transformation executive at ExxonMobil.

A majority of companies say remote working will reduce costs

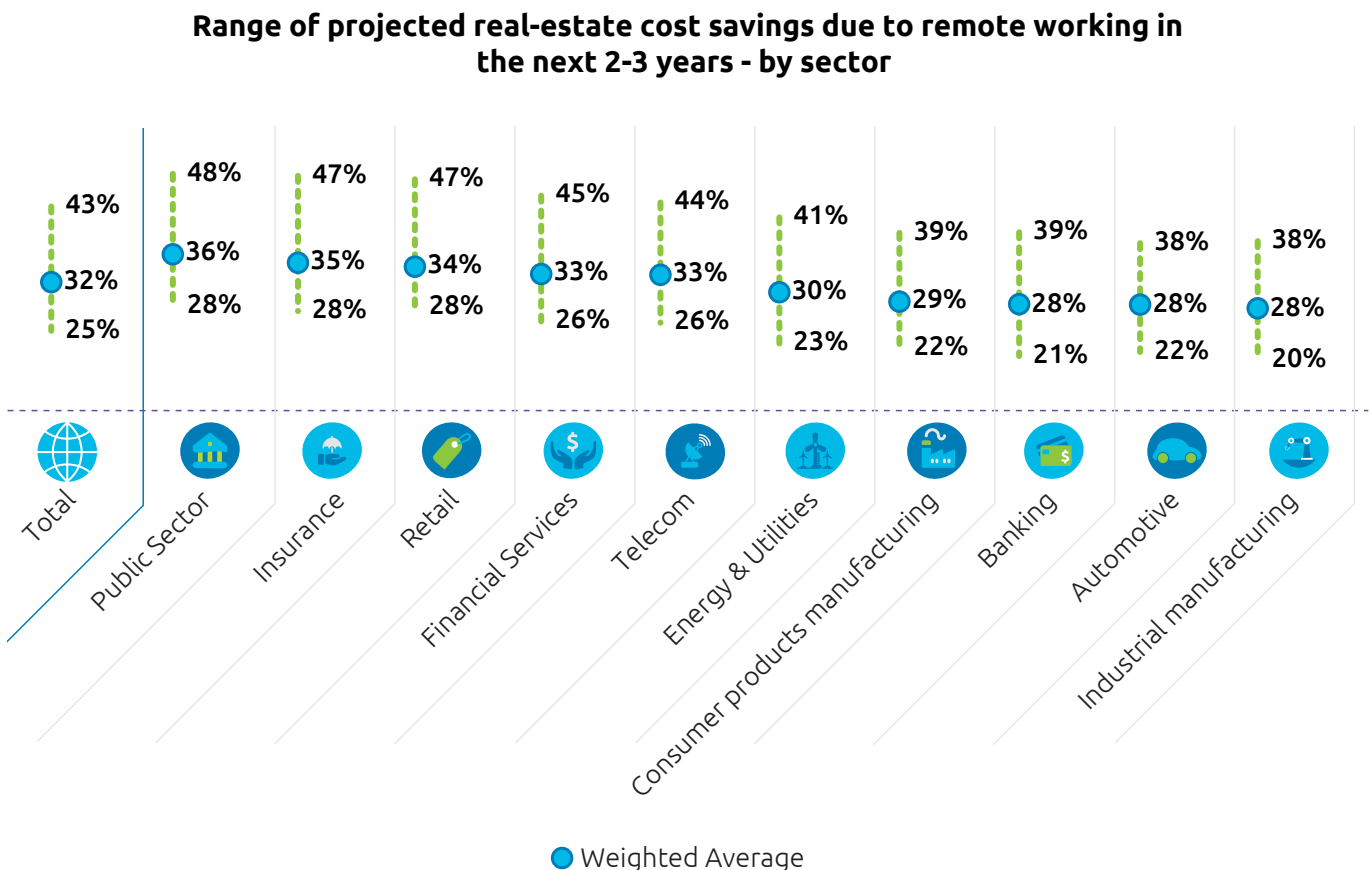
Organizations expect substantial real estate cost savings from remote working

Ever since lockdown measures were put in place, organizations have been looking at their real estate infrastructure and revisiting ownership and leasing strategies. With many realizing that productivity can be maintained in the long run through remote working, cutting down on office space costs is being targeted. BP plc, a British multinational oil and gas company, announced in June that it would allow 50,000 out of its 70,000 employees to work remotely as a measure to reduce office spaces and related costs.¹⁶

In our survey, 88% of organizations agree that they have realized real-estate cost savings with remote working in the last three to four months, and 92% expect savings in the next two to three years. Across sectors, organizations in insurance are particularly optimistic, with 97% projecting savings in the next two to three years.

As Figure 11 shows, when it comes to magnitude, the public sector projects the highest average weighted cost savings in real estate (28%-48%). According to the World Bank, governments and the public sector are extremely asset-heavy in terms of real estate and need to readily reevaluate their long-term real estate portfolios and strategies to offset declining revenues as a result of the COVID-19 pandemic.¹⁷

Figure 11. Public sector and insurance organizations project the highest real-estate cost savings in the next two to three years due to the shift to remote work



Source: Capgemini Research Institute, Remote workforce survey, September–October 2020, N=460 organizations which anticipate real estate cost savings in the next two to three years.

The digital and collaborative workplace

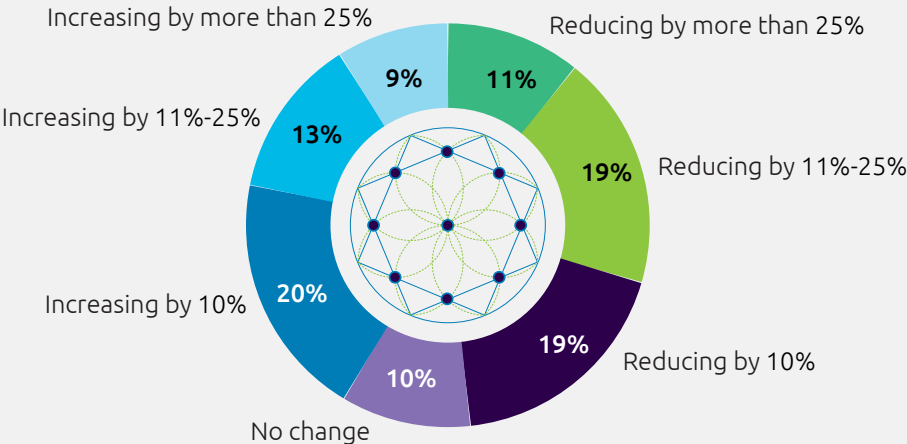
With the rise of remote working, 71% of organizations are expecting employees to permanently relocate outside of big cities, although almost half of them anticipate the extent of relocation to be only less than 10% of their workforce. According to Jes Staley, CEO, Barclays, a UK-based bank, *"I think the notion of putting 7,000 people in a building may be a thing of the past ... we use much more significantly our branches as alternative sites for investment bankers and call center workers and people in the corporate bank."*¹⁸

Executives are divided about office space consolidation – around 42% agree that the pandemic

has accelerated their office consolidation plans. As Figure 12 shows, around half (48%) of the executives see their total office space needs reducing by at least 10%, while 41% of executives also see it increasing by the same percentage. As Mark Dixon, CEO at IWG, UK-based managed office company, stated, *"From a medium to long-term perspective, there is going to be huge demand for workplaces, but in different places. Big companies are saying to their employees, we will give you an office near your house ... so they want to buy space on a platform that all of their people can use anywhere at any time."*¹⁹

Figure 12. Nearly half of the organizations see their total office space needs reducing in the next two to three years

How much you anticipate your total office space needs changing in next 2-3 years?

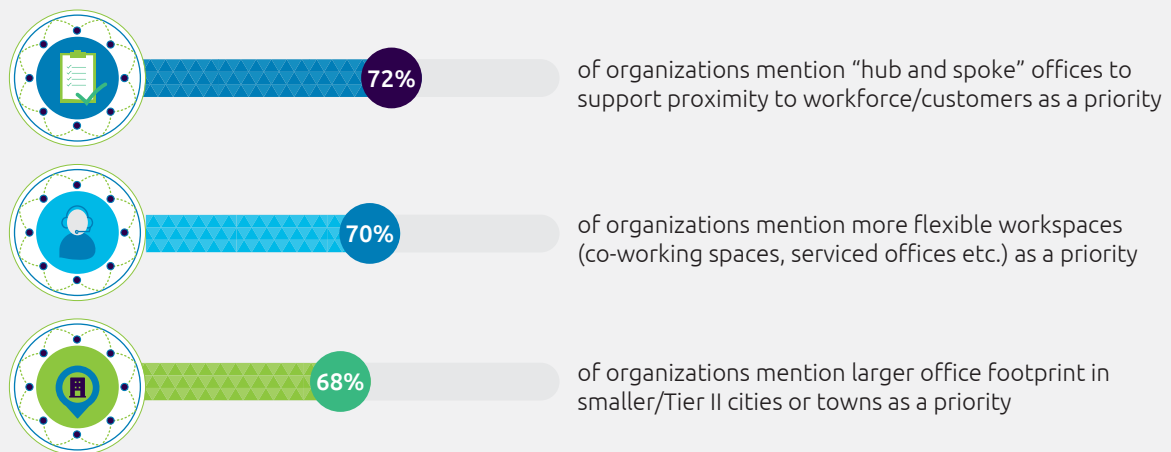


Source: Capgemini Research Institute, Remote workforce survey, September–October 2020, N=500 organizations.

However, what executives are clear about is that the “official real estate” will undergo significant changes

in the post-pandemic era (see Figure 13).

Figure 13. Organizations expect hub and spoke offices, flexible workspaces, and more offices in tier II cities to emerge in the next two to three years



Source: Capgemini Research Institute, Remote workforce survey, September–October 2020, N=500 organizations.

The role of offices will also change – already we are beginning to see organizations reimagining offices from “places to complete individual tasks” to “places to collaborate, share, and innovate.” Anja Hamilton, executive vice president and chief human resources officer at Poly, a communication equipment company says, *“While home offices and co-working spaces are going to rise in prominence, we don’t see the traditional offices disappearing anytime soon. New collaboration spaces will pop up but there will still be a need for centralized company workspaces for idea generation and to give the workforce its sense of identity. For the post-pandemic scenario, the office real estate may be restructured, scaled-down,*

*or take its form in a co-working space so that flexible workers can fulfill the craving of being alongside other people, without being tied to a specific desk or location.”*²⁰ Singapore-based DBS bank also plans to launch 5,000 square foot “Living Lab” in Singapore that aims to blend physical and virtual work space configurations.²¹

And the employees agree. They expect both short-term measures to combat the pandemic, including promoting social distancing and providing low-touch office experiences, and long-term changes such as increasing collaboration places in offices (see Figure 14).

Figure 14. Employees expect a safer, low-touch and collaborative office



Source: Capgemini Research Institute, Remote workforce survey, September-October 2020, N=5,016 employees.

Organizations should leverage technology to enable a digital workplace, including the following:

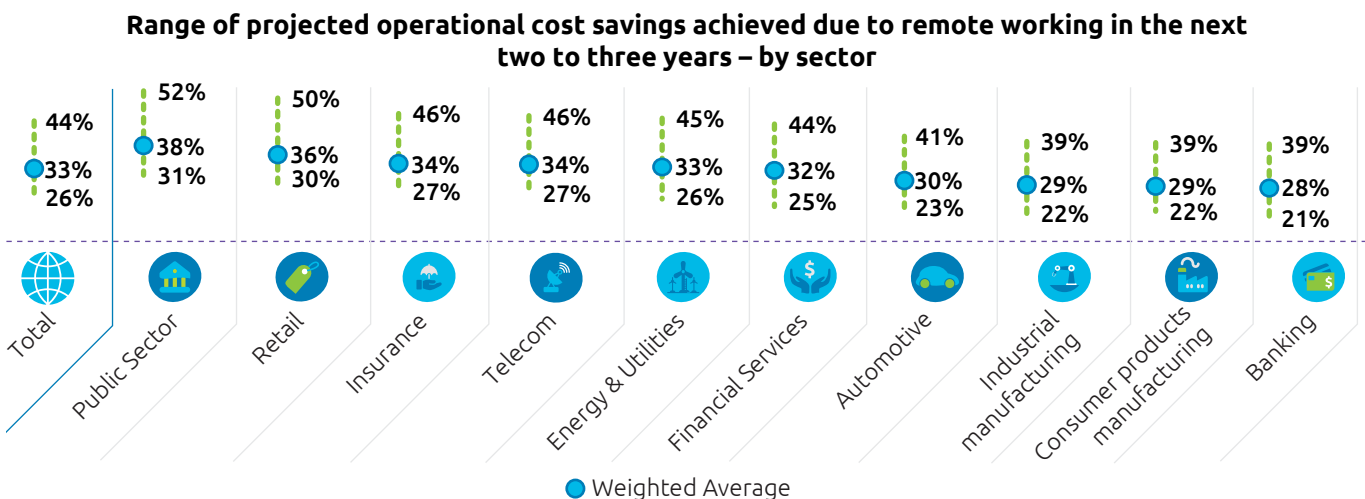
- Implementing real-estate analytics and benefit tracking tools – such as building management analytics to optimize energy use and improve visitor experience.
- Reconfiguring office spaces to create more collaboration places (meeting rooms, conference rooms, etc.) such as using large video displays to support on-site and remote meetings
- Virtualizing office spaces to enable augmented training events (classrooms and webinars)
- Using AR/VR/MR (augmented/virtual/mixed reality) in office spaces, specifically to create immersive training environments in sectors such as healthcare or domains such as production, sales, HR, etc.

Projected cost savings in operations and facilities management are also significant

Another avenue for savings is reduction in operational and facilities management costs in the office or factory spaces, such as costs due to heating and air-conditioning, office supplies, etc.

- In the next two to three years, a majority of organizations in the public sector (98%) project operational cost savings (which include energy, network, maintenance, etc.), with an overall 92% of organizations projecting savings on the same lines.
- When looking at the magnitude of expected cost savings, public sector leads here and also has the most positive outlook in the next two to three years (see Figure 15).

Figure 15. Public sector and retail organizations project the highest operational cost savings in the next two to three years due to the shift to remote work



Source: Capgemini Research Institute, Remote workforce survey, September–October 2020, N=460 organizations that anticipate operational cost savings in the next two to three years.

Organizations expect to save big on business travel and allowances

Given travel restrictions, 93% of companies have saved on business travel and allowances in Q3-2020. This was most widespread in India (99%) and France (98%). Moreover, 92% of organizations overall project savings over the next two to three years as well. Our survey projects that overall cost savings from reduced business travel would vary from 26% to 45% in the next two to three years. *"I will go on the record to say that travel will never, ever go back to the way it was pre-COVID; it just won't"* says Brian Chesky, co-founder and CEO of

Airbnb. Chesky thinks that business travel will not recover for some time as people can conduct business online.²²

Along with the cost-savings from real estate, operations, facilities management, or reduced business travel – organizations need to look at the investments in a remote model, specifically, remote working equipment (laptops, support in home office setup) to ensure the best working conditions for employees. According to a recent study, more than 20% of companies in the US are helping to pay for their employees' home-office equipment. In March 2020, Shopify – a Canadian e-commerce company – gave its newly remote employees \$1,000 to set up their new home office.²³

Remote workforce and sustainability

Estimates show that 28% of all US greenhouse gas emissions come from the transportation sector, and commutes account for a big percentage of these.²⁴ Global Workforce Analytics estimates that working from home half the week can reduce emissions by 54 million tons every year.²⁵ Even back in 2014, through telecommuting, Xerox reduced greenhouse gas emissions by 40,894 metric tons, and its remote staff saved 4.6 million gallons of gas by not commuting.²⁶

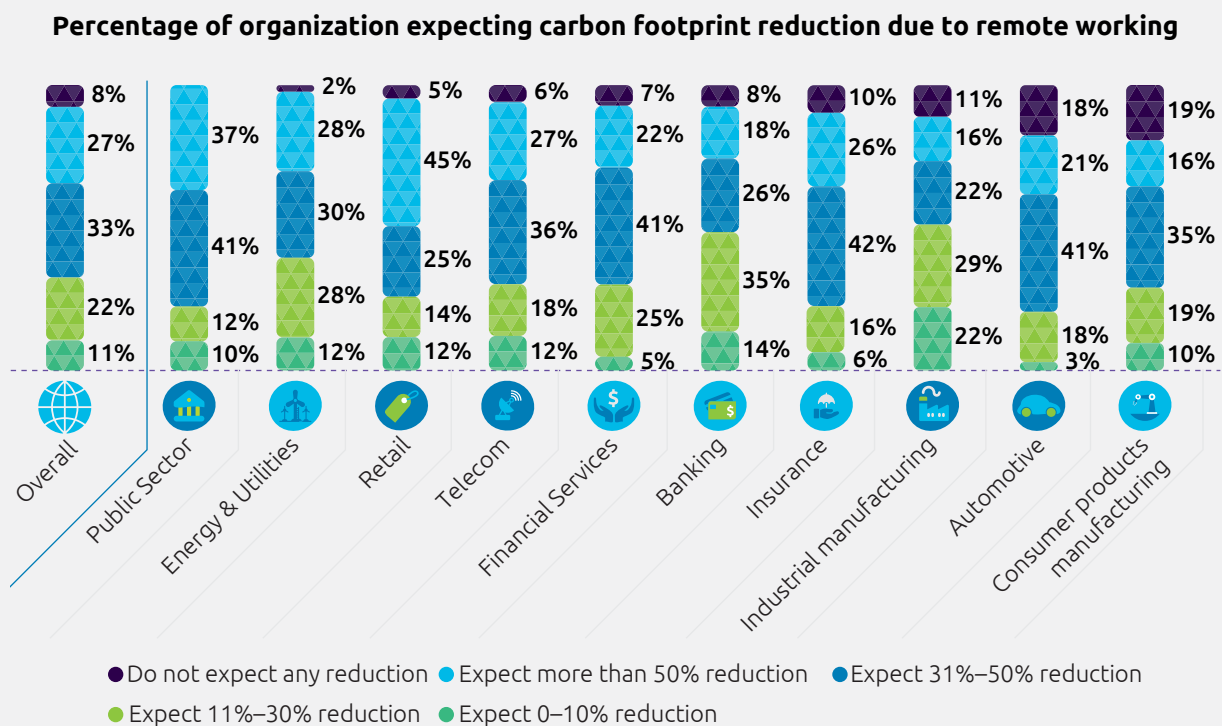
In today's environment, organizations are convinced of the environmental benefits of telecommuting. In our executive survey, two-thirds (67%) of organizations believe that remote work will boost

their sustainability agenda – in terms of reduced greenhouse gas (GHG) emissions, and reduced use of energy, water, and consumables.

Moreover, as Figure 16 shows:

- 92% of organizations expect to see a reduction in the enterprise carbon footprint owing to remote work, with nearly 27% expecting their carbon footprint to reduce by more than 50%
- The public and energy & utilities sectors are the most optimistic

Figure 16. More than one-third of organizations in the public sector expect reducing carbon footprint by more than 50% due to remote work

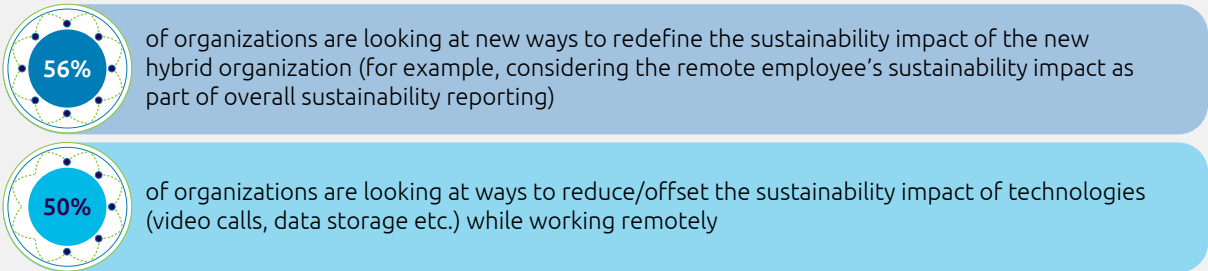


Source: Capgemini Research Institute, Remote workforce survey, September–October 2020, N=500 organizations.

However, according to estimates from the International Energy Agency (IEA), a day of working from home could increase household energy consumption by between 7% and 23% compared with a day working at the office, depending on regional differences in the average size of homes, heating or cooling needs, and the efficiency of appliances.²⁷ Most companies do not include emissions resulting from remote work in their emissions calculations. UK-based renewable energy supplier Bulb estimates that UK firms could face a “black hole” of 470,000 tons of carbon this year due to unaccounted energy use incurred by employees at home.²⁸ In our executive survey we also found that most organizations do not take into account the environmental footprint of remote employees in their overall carbon footprint – only 36% of organizations say they do this currently.

However, the positive news is that organizations have started to think along these lines (see Figure 17). Lloyds Banking Group’s sustainable business director Fiona Cannon says, “While the COVID-19 pandemic has resulted in a further reduction in our carbon emissions, most notably through less travel, we recognize the need to balance this against the additional emissions caused by colleagues working from home.”²⁹ Renewable energy platform Arcadia has started offering clean energy as a work-from-home benefit, even subsidizing employees’ higher monthly bills.³⁰ NatWest has built a carbon calculator to help staff understand the environmental impact of working from home during the COVID-19 pandemic and to give tips on how they can cut their footprint.³¹

Figure 17. Organizations are looking at the new ways to redefine and offset environmental impact of remote working



Source: Capgemini Research Institute, Remote workforce survey, September–October 2020, N=500 organizations.

Have organizations effectively managed the shift to remote work?

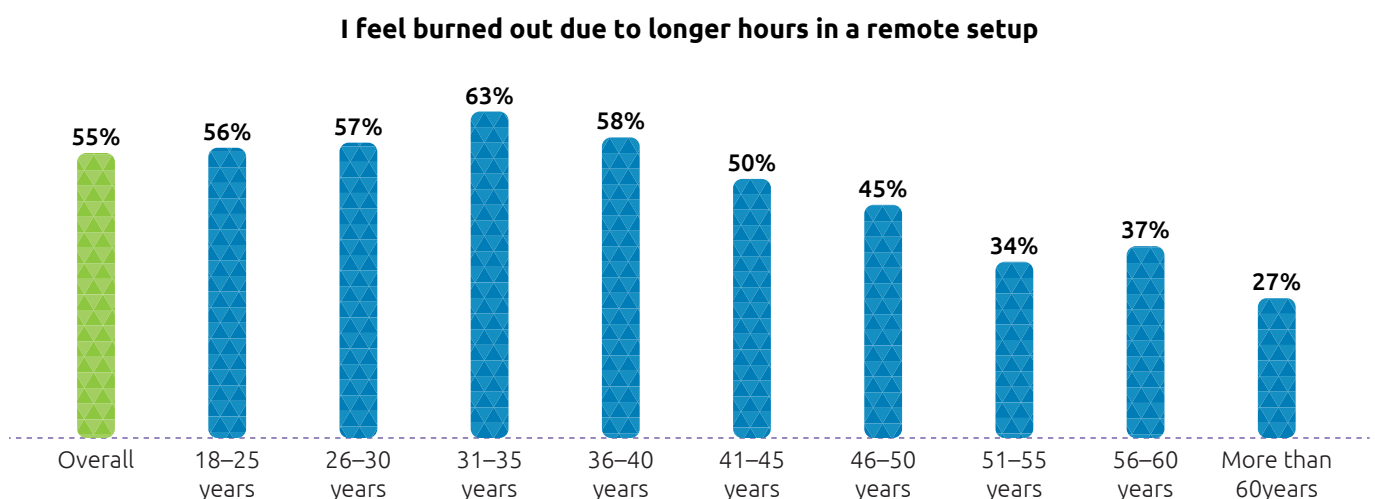
Remote employee burnout is on the rise

While on-premises working allows people to separate work from home and switch off from work, many remote employees feel the boundaries between personal and work life are blurring. This can lead to burnout³², which echoes earlier, pre-pandemic research into what were then called “teleworkers.” For example, in 2016, Professor Kelly Basile (assistant professor of management at Emmanuel College) and Professor T. Alexandra Beauregard (reader in organizational psychology at Birbeck, University of London) conducted 40 in-depth interviews with teleworkers. They say, *“When work and home activities take place in the same physical space, physical, temporal and psychological boundaries between work and home can become blurred.”*³³

Our employee research finds that remote employee burnout is growing. As Figure 18 shows, more than half (55%) of employees feel burned out due to longer working hours in a remote environment.

Age wise, the younger generation needs more support to deal with uncertainty and stress – 61% of employees aged 31–40 say that they feel burned out due to longer working hours in remote work. Clearly, if organizations fail to support these next generation of leaders, they will not be able to retain them. By gender, burnout is an issue for 56% of male respondents and 52% of female.

Figure 18. Employees in the 31-40 age group feel more burned out in a remote environment



Source: Capgemini Research Institute, Remote workforce survey, September-October 2020, N=5,016 employees.

While we saw earlier that productivity has increased, these signs of burnout raise questions about whether employees are overstressing themselves. This, in turn, raises questions about whether productivity gains can be sustained. Organizations need, therefore, to look closely at employee stress management, from making well-being a part of organizational culture to even using technologies such as AI to manage employee burnout. For instance, a consulting

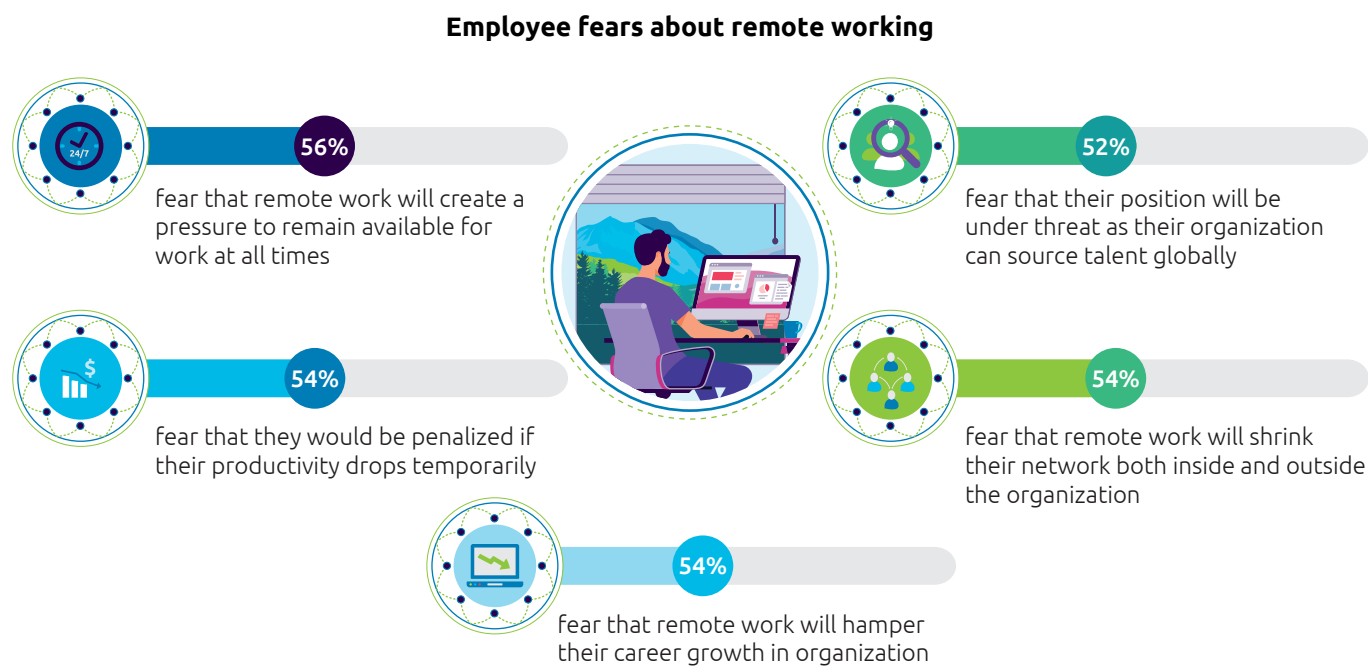
organization is running a pilot project that combines machine learning with wearable devices to understand how lifestyle habits and external factors are impacting employees. The project involves volunteers using fitness trackers that collect biometric data around the clock. When this data is combined with a series of cognitive and biometric tests, and then fed through an AI algorithm, the insights aim to help staff better manage stress.³⁴

Employees are anxious about sustained remote work

Our survey also shows that employees feel significant apprehension about long-term remote work, which impacts their engagement, satisfaction and productivity (see Figure 19). For example, 56% fear the stresses and demands of being “always on.” Organizations need to understand these employee concerns and fears and react with empathy. “In

uncertain times, the role of the HR team is to see things through a lens of empathy. To be the voice of employees, and anticipate the challenges and opportunities they are facing, and develop plans, programs, and information to overcome and optimize them,” says Donna Kimmel, executive vice president and chief people officer, Citrix³⁵

Figure 19. Constant pressure to be available at all times, and adverse impact on career growth and network are some of the fears employees have about remote work



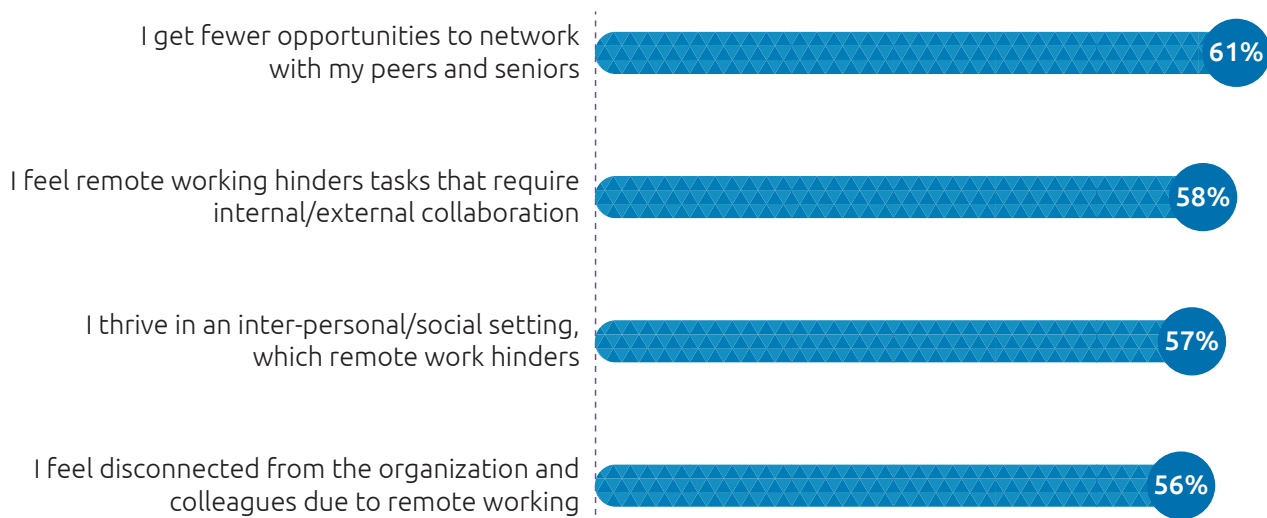
Source: Capgemini Research Institute, Remote workforce survey, September–October 2020, N=5,016 employees.

A feeling of disconnection is also a significant issue, as Figure 20 shows. For example, 56% feel disconnected from their organization due to remote working. Of the employees who feel disconnected, 41% fall in the 31–40 age bracket, but in the over-fifties, this drops to 8%.

A shared culture and purpose will become increasingly important for people to feel connected in a virtual world.

Donna Morris, chief people officer, Walmart, says,³⁶ *“Communication is so important right now. Those of us working from home right now don’t get the casual interactions that we would have in the office. We’re encouraging everyone to make time to create and collaborate as a team – to have those casual chats.”*

Figure 20. Employees feel the lack of inter-personal connections and feel disconnected from organizations



Source: Capgemini Research Institute, Remote workforce survey, September–October 2020, N=5,016 employees.

“In a remote work scenario, organizations today are adopting a virtual onboarding approach for their new hires. It includes a virtual walkthrough on different functions, different departments, processes, and organizational culture.”

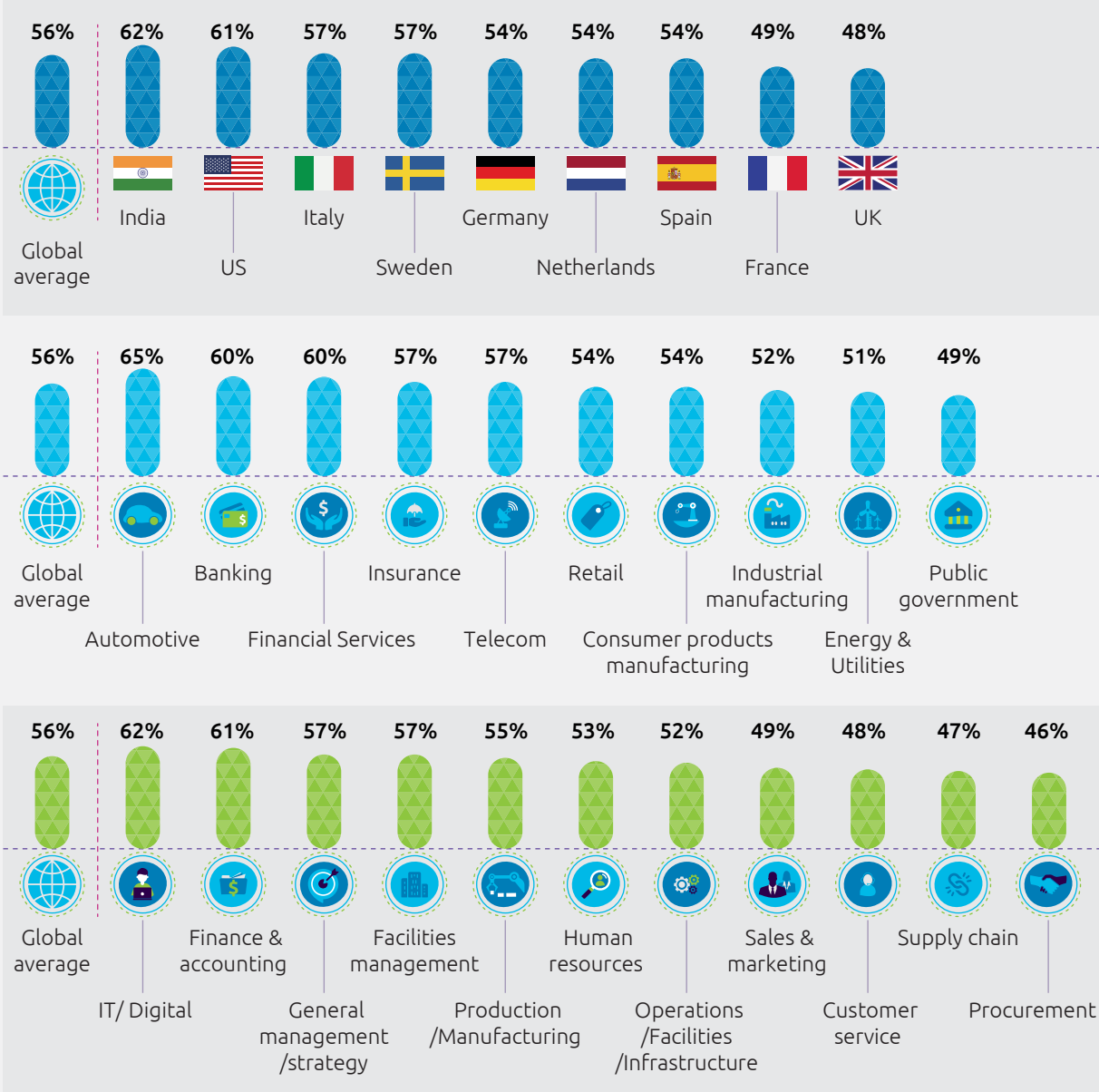


Swapnadeep Bhattacharyya,
Group director of strategy and corporate development for Metro AG.

Employee disconnect – A view by country, sector, and function

Figure 21. Employee disconnect is more pronounced in countries such as India, sectors such as automotive, and in functions such as IT and finance and accounting

I feel disconnected from the organization and colleagues due to remote working
 (% of employees agreeing to the statement)



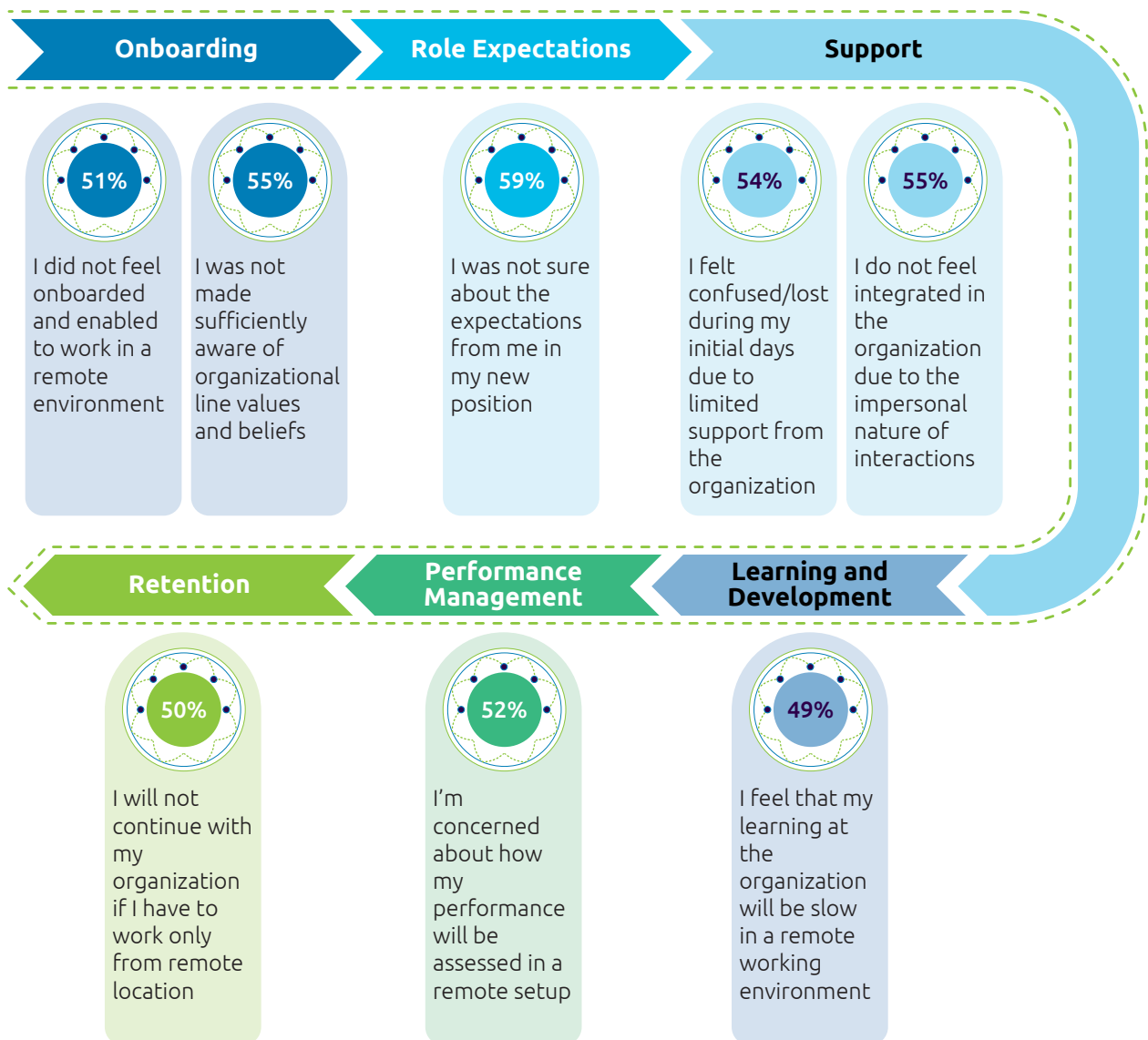
Source: Capgemini Research Institute, Remote workforce survey, September–October 2020, N=5,016 employees.

Half of new joiners would quit if remote working were the only option

In our employee survey, we reached out to 327 employees who had joined their organization in the last six months. We tried to understand their experience of remote working in a new organization during the pandemic. As Figure 22 shows,

we found significant issues. For example, 50% of these new joiners say that they would not continue with the organization if they had to work only from a remote location.

Figure 22. New joiners feel lost and not integrated with the team in a remote set-up



Source: Capgemini Research Institute, Remote workforce survey, September-October 2020, N=500 organizations, N=327 new joiners.

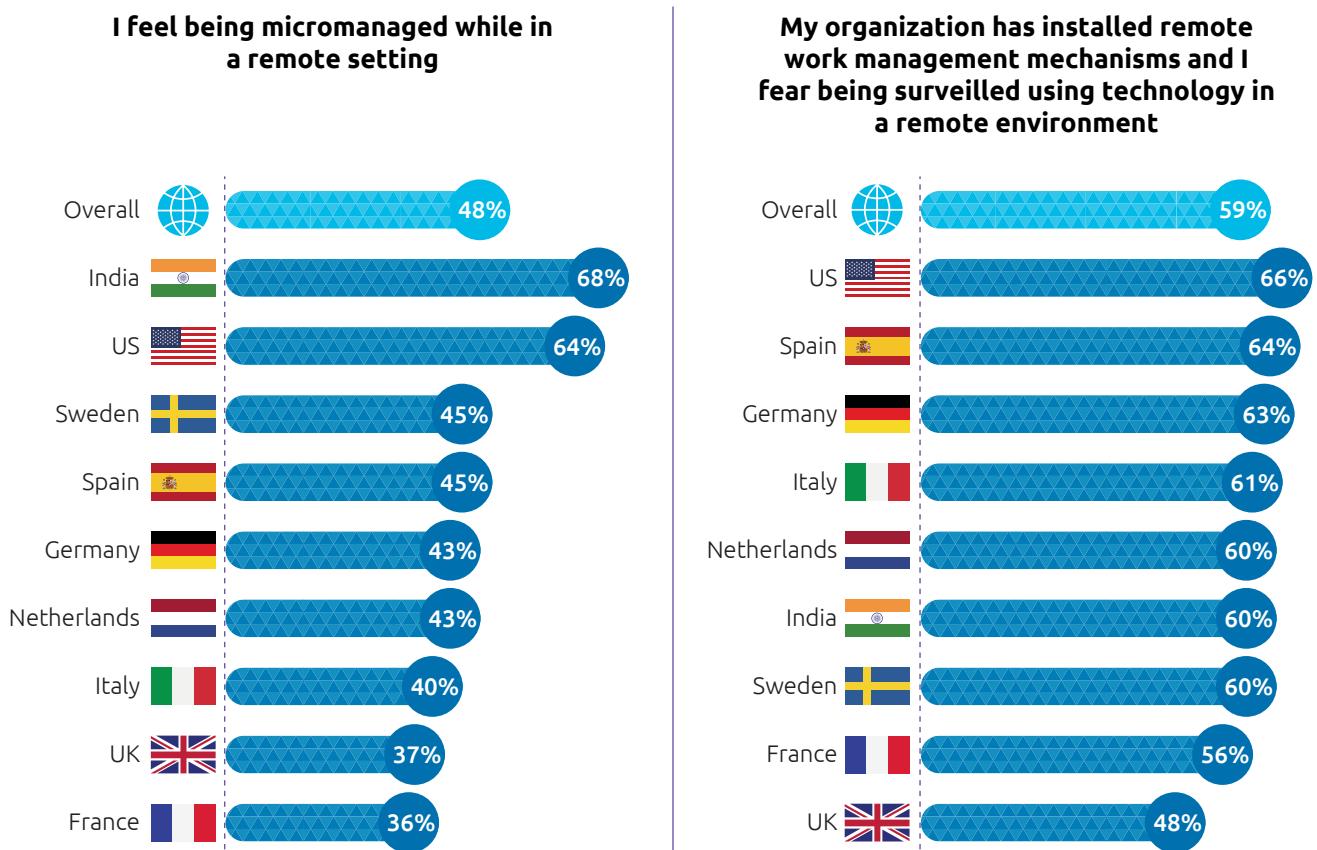
Employees feel that organizations do not trust them and are continuously monitoring and micro-managing them

Although 78% of organizations say that they are focusing on developing a culture that provides more autonomy to employees (and are training their middle managers on the same philosophy), close to half (48%) of employees feel that they are being micromanaged in a remote setup. The issue is very pronounced in India and the US. Age-wise, 54% of employees aged 31–40 felt they were being micromanaged. A recent survey that focused on middle managers found that a significant proportion had issues in trusting remote workers.

The survey found that over a third (38%) believed that remote workers usually perform worse than those who work in an office.³⁷ It is clear that simply “telling” managers to trust their employees is insufficient – there needs to be an extensive shift in mindset and culture.

Moreover, 59% of employees feel that they are surveilled by the remote working and productivity measurement tools deployed by organizations (see Figure 23).

Figure 23. Employees feel being micromanaged and surveilled in a remote setup



Source: Capgemini Research Institute, Remote workforce survey, September–October 2020, N=5,016 employees.

There is a strong correlation between employees feeling that they are “trusted” to manage themselves and burnout rates. Of the employees who feel they are being micromanaged, 66% also feel burnt out in a remote setup. This is a wakeup call

for organizations about designing a future way of working, where employees feel valued and trusted and have the work-life balance needed to sustain productivity gains.

Beyond remote: Recommendations for shifting to a hybrid workforce future

The fully remote model that we have seen in recent months has delivered mixed results. While it has brought tangible advantages – from a better work-life balance for certain groups of employees to productivity gains for some organizations – we also found it has its limitations. This points to a future built on a hybrid model, which strikes a balance between work-from-home and office models, and which aims to differentiate the company and build its employee proposition. Next Plc, a UK-based retailer, says, *“We will allow the balance between working from home and in the office to evolve over time, allowing each functional area (buying, design, systems development, etc.) to work its way towards the optimum working practices for its particular needs and its particular people.”*³⁸

This will mean that organizations will need to find the right operating model for a hybrid approach. This is not the same as imposing a virtual layer over the existing organization.

Professor Rose Luckin, professor of learner-centered design at the UCL Knowledge Lab in London, adds, *“Organizations need to realize that this new hybrid way is not a case of necessarily repeating what they used to do in the physical workplace sense. Companies that thrive in this environment will be those that see it as an opportunity to work, lead, and organize differently.”* It will impact the way leaders think and lead, the way work is conducted, and existing processes and team structures. Before leaders settle on one operating model, they need to test and iterate to determine the right fit for various functions. Leading organizations will create a prototype of a virtual organization, a minimum viable organization (MVO), where core components and characteristics of the future organizational model for each function are tested and optimized under real conditions.

The right structure should strike the balance between empowerment and control, centralization, and delegation, and the number of desired levels in the organization. Leaders can use the opportunity to question existing structures, rethink the effectiveness of operating models, and break down organizational silos and barriers between teams. Below we recommend a few considerations to establish the right operating model in a hybrid working world:

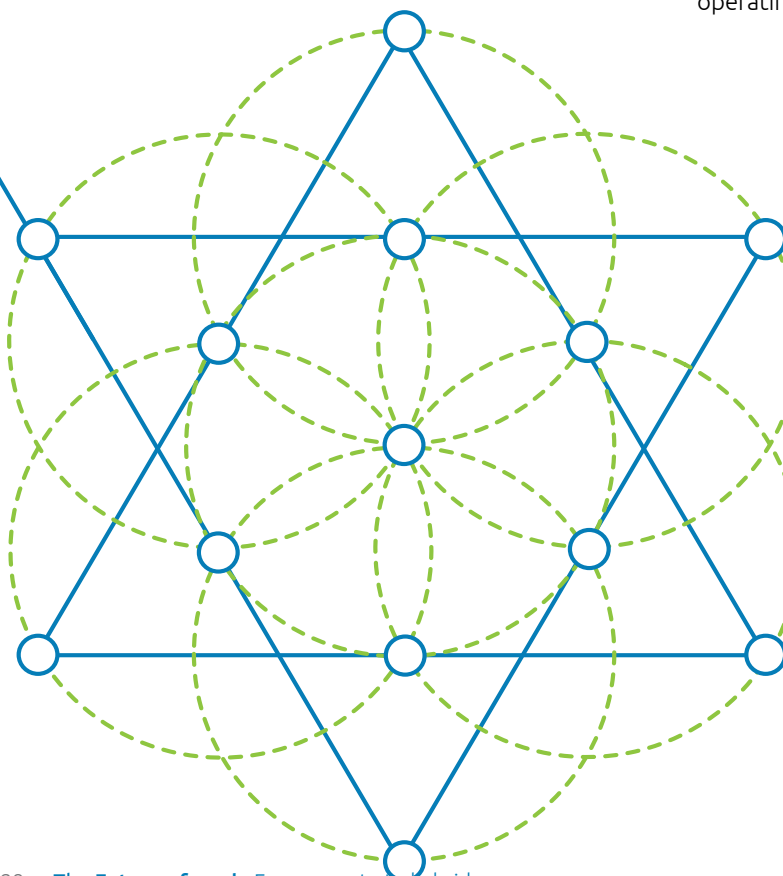
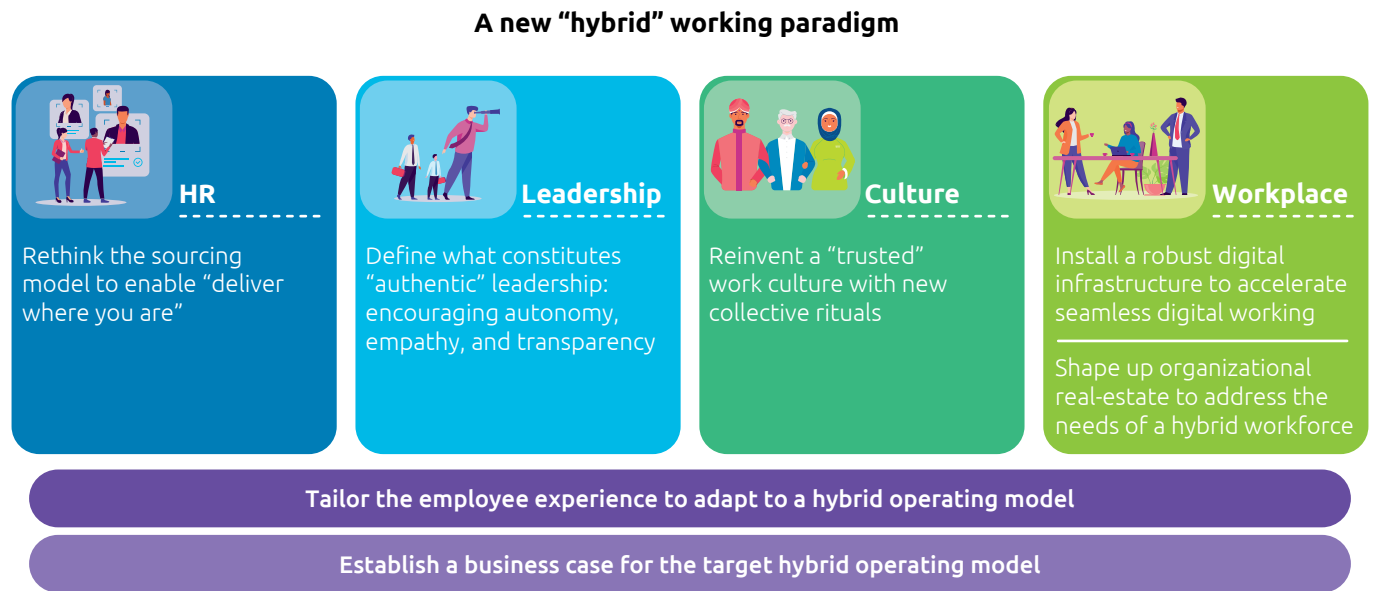


Figure 24. Key recommendations for a new hybrid working paradigm



Source: Capgemini Research Institute Analysis

1. Rethink the sourcing model to enable “deliver where you are”

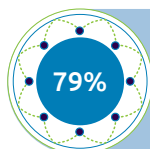
Removing the need for people to be present at a place of work means organizations can expand their talent sourcing boundaries. Tali Mandelzweig, chief operating officer and co-founder of MeetFox, an online meeting platform in New York City, says, *“I think the biggest misconception that is being challenged right now is the requirement of needing to hire locally.”*³⁹ We see many models emerging:

- Fluid workforce:** According to a Capgemini survey from May 2020, 70% of organizations said that the current COVID crisis will lead them to hire a more fluid workforce in the future, such as freelancers, or independent workers.⁴⁰ Mathias Linnemann, CEO of Worksome – a marketplace for freelancers in Denmark – validates this trend, saying, *“This crisis shows companies their dependence on digital solutions... Corporates will move forward with trimmer workforces, invariably using freelancers across the board.”*⁴¹

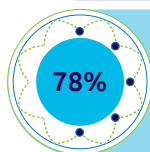
- Global tele-workers:** Global tele-workers are expert resources who are physically distant from the parent company, either nationally or across international borders. If a company is not constrained by geography when looking for critical skills, it can target skilled talents who may be in plentiful supply in another area. Inspired by the success of remote teams during the lockdown, ING Australia is targeting workers from across the country for new technology roles.⁴² Nearly 73% of executives in our research say that they have started to hire from locations in different time zones.

Our research shows that organizations have already taken a few steps in global talent acquisition – which includes digitization of sourcing and upstream recruitment processes (see Figure 25).

Figure 25. To build talent acquisition processes suitable for remote environment:



of organizations have started to digitize processes like contract signing, etc. to support global talent sourcing



of organizations have started to digitize upstream recruitment processes (search, assessments, interviews, etc.)

Source: Capgemini Research Institute, Remote workforce survey, September–October 2020, N=500 organizations.

However, this new sourcing paradigm implies a huge shift in the organizational operating model. Recruitment and sourcing – which have typically been local functions – now need to move towards a global sourcing approach in this model. Organizations now need to **define new global contracts**, which requires a detailed attention to local employment laws. It also requires an understanding of financial and tax laws when hiring remote employees in other countries. Customizing benefits (such as healthcare, etc.) in accordance with local laws will also be required, as will **tailoring pre-boarding and onboarding processes to a global hybrid workforce setting** (we take a closer look at onboarding later in the report).

This new talent sourcing regime will also allow organizations to source diverse talent more easily. In our research, 90% of

executives believe that remote working will open doors for them to recruit diverse profiles (by gender, location, etc.) *“There is so much talent in smaller cities that has been untapped so far. Flexible work arrangements would certainly bring that talent to the fore, especially women who find it difficult to migrate or shift their base,”*⁴³ says Madahvi Lall, head of HR at Deutsche Bank India. Radhika Ramesh, global delivery center head for CIS India, Capgemini, has outlined how the company has now focused on hiring women from remote rural locations, saying, *“The pandemic showed us that work can be handled seamlessly from anywhere in the country because of telecom infrastructure and that is where we decided to launch the project to hire qualified rural women who have been forced by circumstances not to pursue a career.”*⁴⁴



“Organizations need to realize that this new hybrid way is not a case of necessarily repeating what they used to do in the physical workplace sense. Companies that thrive in this environment will be those that see it as an opportunity to work, lead, and organize differently.”



Professor Rose Luckin,
Professor of learner-centered design at the UCL Knowledge Lab in London.

2. Define what constitutes “authentic” leadership: encouraging autonomy, empathy, and transparency

Redefine the role of leaders

The role of leaders will undergo a paradigm shift in a hybrid work environment. Critical success factors for leaders in the hybrid environment include:

- **Empower employees to make data-driven decisions:** Capgemini’s research on “data-powered” enterprises finds that only 37% of business users get access to data at the speed at which they need to make decisions. Moreover, 59% say that the organization’s data access policies result in them spending more time on seeking approvals than actually doing analysis.⁴⁵ In a remote setup, smooth exchange of data and information are even more important for interdisciplinary cooperation.
- **Nurture remote leadership skills: critical leadership skills include:**
 - **Empathy and active listening:** understanding employees’ stated and unstated pain points in a world where there is less physical interaction
 - **Adaptability:** the ability to run complex programs virtually and lead in an increasingly uncertain environment
 - **Communication and transparency:** increase the amount, frequency, and transparency of communication to manage employees’ aspirations and emotions
 - Overall, this requires that leaders prioritize and develop their **emotional intelligence**.
- **Use data to deal with the challenges of virtual work:** Leaders would need more sophisticated tools to detect and address signs of burnout and excessive stress among their employees. Behavior analytics can be deployed to predict such risks while taking care that such tools are not used to surveil them. According to Francine Katsoudas, Cisco’s chief people officer, *“AI/ML is helping us better understand how our people think and work. It’s helped us develop perks to incentivize our employees, find pools of hidden talent around the globe, and develop new ways to stimulate innovation. We are learning new ways to collaborate.”*⁴⁶

Senior leaders should also designate champions or coaches to democratize these new behaviors and mindsets among budding leaders at all levels.

Instill a results-based managerial mindset that encourages autonomy

Our research shows that 71% of employees prefer more decision-making autonomy in a remote environment. This is essential for employees to achieve individual productivity gains and sustain them in the long run. Simon Wolfson, CEO of Next plc, says, *“We have had to let go of some of our time-honored product selection processes – with all their checks and balances – and we have empowered individuals and small teams to make more decisions outside of the corporate machine. For many, this has been liberating and the best people have increased and improved their creative output.”*⁴⁷

As mentioned earlier, close to half (48%) of employees feel that they are being micromanaged in a remote setup. Organizations have to take measures to alleviate such concerns quickly, or face the risk that productivity will start falling in the medium to long run. This should begin with training and empowering managers to trust their employees and provide them with more autonomy:

- First, leaders need to provide more autonomy to managers, who would then convey this culture to their reports and teams. Trust is a key element, and frequent virtual connections are critical to build relationships and trust.
- Second, managers should be informed about the benefits of remote working and sensitized to be aware of the psychological needs of remote employees. Without encroaching on the autonomy of the employees, managers should be encouraged to provide moral support to their teams.
- Third, make the management of employees more focused on the results they deliver, which means that managers will spend less time micromanaging what people are doing to achieve an end goal. The Results-Only Work Environment (ROWE) experiment by Best Buy is a leading pre-pandemic example of this approach in action: employees were allowed to work with minimal oversight from managers and their performance was judged only the basis of their results.⁴⁸ Organizations may need alignment in legislation and contractual agreements since implementing an output-based delivery model would require moving away from the traditional input-based model. Buy-in from employee unions may also be necessary as this would fundamentally alter the way of working.

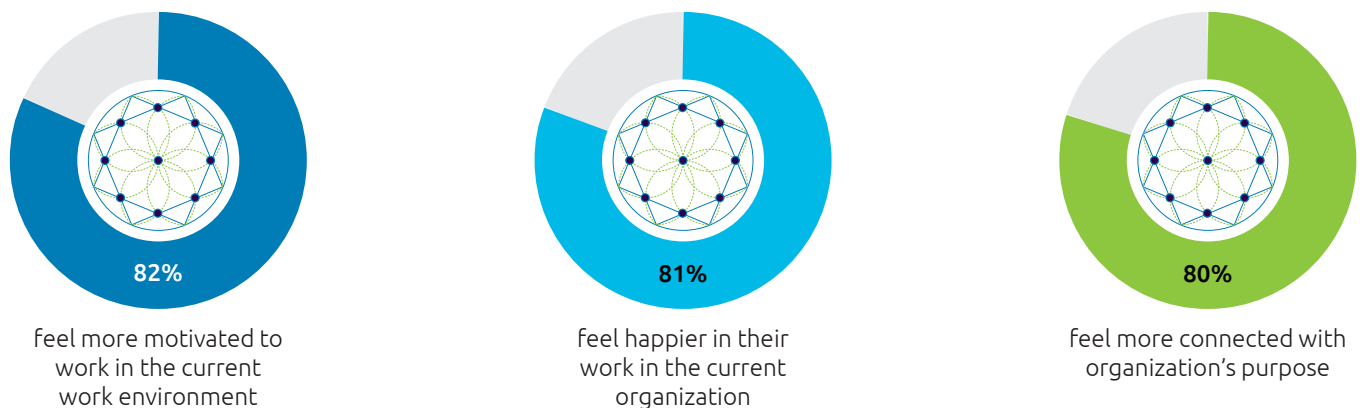
3. Reinvent a “trusted” work culture with new collective rituals

Build digital communities to activate purpose and a sense of belonging

“Communities” are all about connection, sharing a vision, and performing impactful work as a cohesive team. When employees feel a sense of community, they are more

productive, innovative, collaborative, and more loyal towards the organization. This is borne out by the research. When we looked at those employees who said they felt part of a “closely-knit team,” we found, for instance, that 80% feel more connected to the organization’s purpose (see Figure 26).

Figure 26. Of the employees who felt part of close-knit team ...



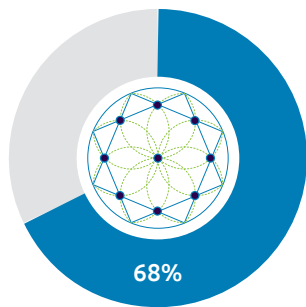
Source: Capgemini Research Institute, Remote workforce survey, September–October 2020, N=3,289 employees who agree to the statement “I felt part of a close-knit team at my organization while working remotely during the COVID 19 lockdown.”

Embrace new collective rituals to keep employee motivation high

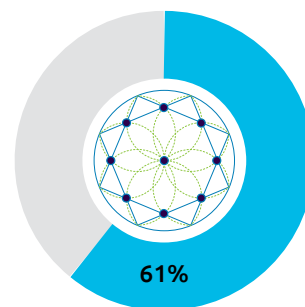
Collective workplace rituals are important for employee motivation. As Figure 27 suggests, 68% of employees want their organizations to focus on more team-building activities. Also, around three-fifths of employees want their organizations to find a way to virtually recreate those informal connections that were the staple of pre-pandemic office and workplace life.

New York-based education company General Assembly has a video chatroom link set up for workers to join in the morning, where they can catch up with colleagues over their morning coffee. Meg Randall, director of product delivery for General Assembly’s tech team, says, “*You never know who is going to be in there, but it mirrors what it is like to get coffee in the kitchen at the office. It is just small talk that lasts for a few minutes, but it is a nice ritual if you are craving that human connection everyday, which I have been.*”⁴⁹

Figure 27. Employees prefer collaborative rituals during remote working to keep up their motivation



of employees prefer their organizations to focus on more team-building activities



of employees want organizations to recreate informal connects innovatively - such as virtual water-cooler chats or virtual coffee sessions etc.

Source: Capgemini Research Institute, Remote workforce survey, September–October 2020, N=5,016 employees.

4. Install a robust digital infrastructure to accelerate seamless digital working

A robust digital infrastructure is key to rapidly shifting to a remote working model and maintaining business continuity. IT teams need to pivot quickly towards adopting a digital infrastructure that offers resilience, agility, and scalability at its core. Organizations need to not only invest in the best possible data management and analysis tools, but also make targeted investments in their employees and their expertise in using these tools.

Establish secure digital accessibility to business processes, anytime, anywhere, and with any device

The World Economic Forum Future of Jobs Report 2020 says that 84% of companies have accelerated the digitalization of work processes.⁵⁰ With greater digitalization – and with a rapid shift towards a hybrid working model – the issue of secure and enhanced digital accessibility to business processes becomes critical. Organizations need to quickly adapt in a range of areas, such as providing access to secure databases, virtual collaboration tools, or internal portals and knowledge hubs.

One of the major concerns that organizations need to tackle in this regard is cybersecurity. Cybersecurity leaders are concerned about the ease with which data may be exposed by employees working remotely during the pandemic.⁵¹ Shobhita Saxena, executive director, Enterprise Architecture & Analytics at Adient – an American automobile seats manufacturer – says, *“Our organization had concerns about cybersecurity and exposure of Adient assets, with so many employees working remotely globally. Our security team has taken actions to ensure*

that the relevant security measures are in place to minimize the risk of exposure. In some cases, the controls needed are governed by country-specific regulations and it's important to be compliant.” According to an executive survey conducted as part of Capgemini’s recent research on “defining and winning the post-COVID new normal,” 74% of the executives suggest that there will be an increased focus on upgrading business technologies such as cybersecurity over the next 12 months.⁵²

Leverage digital tools, technologies, and skills to drive remote working efficiency and productivity

Providing employees with adequate tools, technologies, and a robust data infrastructure is key to adapt to a hybrid operating model. According to our survey, 81% of the executives said they have enabled employees to access tools, data, and insights everywhere. Our past research shows that 54% of executives consider investing in building digital skills – such as artificial intelligence, data analytics, digital marketing, etc. – an immediate priority. With better understanding of digital technologies, individual remote working productivity can be improved. In turn, digital technology can be used by organizations to monitor employee productivity and customize their delivery of a remote working setup according to employee needs.⁵³

Transform backend technology into a resilient, flexible cloud-ready enabler for daily activities and innovation

COVID-19 has shown us that secure cloud architectures are no longer nice-to-haves but are must-haves for almost everyone – from enterprises and governments to small businesses, schools, and hospitals. Research we shared in July found that 40% of the organization rank migration of legacy IT systems to cloud-based applications among the top three business-technology priorities for the next 12 months.⁵⁴ Organizations can use these cloud-ready backend systems to

further accelerate modernization and digital transformation while increasing operational cost savings and efficiency in the process.

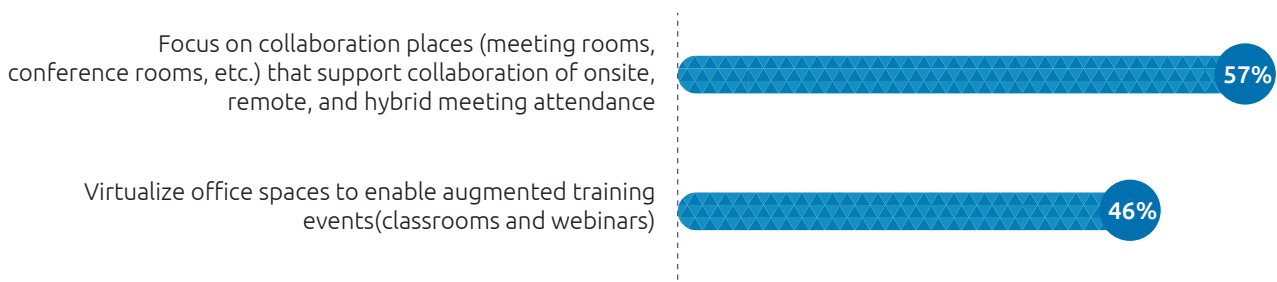
A number of financial services organizations, such as UBS, have been shifting data to the cloud to accelerate response times and allow more staff to work remotely while addressing cybersecurity concerns.⁵⁵ This is helpful for a distributed workforce that is operating via a hybrid model from many different locations, and is capable of handling the associated data-related demands.

5. Shape up organizational real-estate to address the needs of a hybrid workforce

Organizations need to reimagine the office as a destination that strengthens cultural connection, learning, and bonding between employees (across onsite, remote, and hybrid employees). Spanish multinational financial services organization BBVA is already looking at physical workspaces as a place to invigorate teams, socialize, and nurture a sense of belonging. Imma Catalá, head of strategy and solution development in the talent and culture area at BBVA, outlines how the bank is formulating three directions for the corporate

workplace, *“First, as a central meeting place for employees where we share our culture and values and we create a sense of belonging, giving employees a feeling of community. Also, as a place that fosters innovation where team dynamics are versatile and creative. And finally, to provide a place for those employees who cannot work from home for technical or logistical reasons.”*⁵⁶ Figure 28 depicts how organizations are adapting a “phygital” workplace design to encourage collaboration and learning in their hybrid workforce.

Figure 28. Organizations are adapting workplace design to encourage collaboration and learning of the hybrid workforce



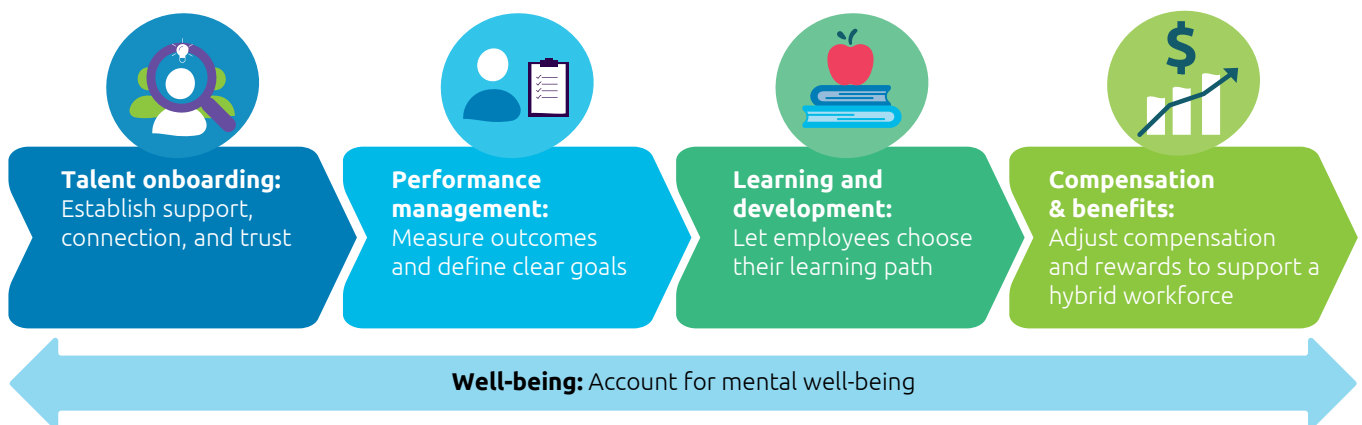
Source: Capgemini Research Institute, Remote workforce survey, September–October 2020, N=500 organizations.

Technologies such as artificial intelligence (AI), internet of things (IoT), and augmented and virtual reality (AR/VR) will also play a crucial role to make the “new office” safer, smarter, space and resource efficient, productive, and collaborative. Toy manufacturer Mattel, banking giant BNP Paribas, and the multinational energy corporation Enel Group have been

using augmented and virtual reality to improve remote collaboration. The platform provides the experience of in-person meetings with lifelike avatars, and also allows users to generate content including 3D models, images, videos, and PDFs, with hand gestures and voice commands.⁵⁷

6. Tailor the employee experience to adapt to a hybrid operating model

Figure 29. The hybrid employee experience



Source: Capgemini Research Institute Analysis.

Talent onboarding: Establish support, connection, and trust

The virtualization of onboarding - i.e. the structured integration and training of new employees into a company - is a pressing issue for organizations today. As figure 22 highlights, 51% of the new joiners in our survey did not feel onboarded and enabled to work in a remote environment. As a result, half say that they will leave the organization if working from a remote location is their only option. Building an effective onboarding process means:

- **Establishing a feeling of trust:** 54% of new joiners felt confused/lost during their initial days with the company due to limited support from the organization. An “onboarding buddy” can help to stand by the new team member, especially in the first few weeks, to build trust and knowledge. US-based insurer MassMutual kicked off a virtual summer internship this year. Interns are assigned a manager, an intern coordinator and a buddy to help navigate their journey.⁵⁸

• **Communicating the organizational culture clearly:**

52% of new joiners say they are not sufficiently aware of organizational values and beliefs. Swapnadeep Bhattacharyya, Group director of strategy and corporate development for Metro AG, says, *“In a remote work scenario, organizations today are adopting a virtual onboarding approach for their new hires. It includes a virtual walkthrough on different functions, different departments, processes, and organizational culture.”*

• **Supporting people in making strong connections:**

Over a third (38%) of employees said they had difficulties in collaborating virtually with new joiners as there was no previous working relationship to build on, and this was one of the top five challenges affecting their productivity. Companies need to formalize processes for more frequent connections between new recruits and managers and teams/co-workers in a remote environment

- **Seamless provision of robust IT equipment:** Although 57% of new joiners say that their organization equipped them with necessary hardware, such as a laptop, attention needs to be given to ensuring that IT equipment has all the necessary software and is received by new hires before onboarding. This is critical to make them productive from day one.
- **Updating training modules:** Updating training modules with immersive ways for new hires to understand organizational values and interact with buddies or mentors.

Performance management: Measure outcomes and define clear goals

As the pandemic fundamentally changed how we work, organizations were forced to take a critical look at the common performance metrics, such as attendance and output, which are not necessarily in line with today's needs. Some concerns and expectations of new joiners such as uncertainty about how their performance will be assessed, or whether they will be able to chart their career path are also applicable to tenured employees. Around 54% of them are concerned that remote work will hamper their career growth. Employees would also prefer complete knowledge of opportunities available and how these are democratized to all eligible employees. In our survey, seven in ten employees expect their organizations to provide distinct learning paths to up-skill/reskill themselves and chart their own career progression.

Measure outcomes over outputs

In the research, 79% of executives said that, in a remote working scenario, they have started to make changes in performance management processes – they are now managing for outcomes rather than output. For example, in terms of employee training, an *output* would be the number of training sessions held. However, the *outcome* would be the knowledge transferred to workers. In other words, outcomes are the end goal that the organization is trying to achieve – in this example, making workers more knowledgeable and skilled.

Rather than measuring productivity on the number of hours employees log, organizations need to look at the impact they create in the organization. Outcome-based performance

evaluation allows employees to focus on achieving measurable impact and not just on effort alone. The Results-Only Work Environment (ROWE) of Best Buy mentioned earlier is a leading example of this approach. *"(We will implement) a different leadership style, one that focuses on outcomes rather than on time spent at the office,"* explained Roland Busch, Deputy CEO and Labor Director of Siemens.⁵⁹

Clear definition of goals/OKRs (Objectives and Key Results)

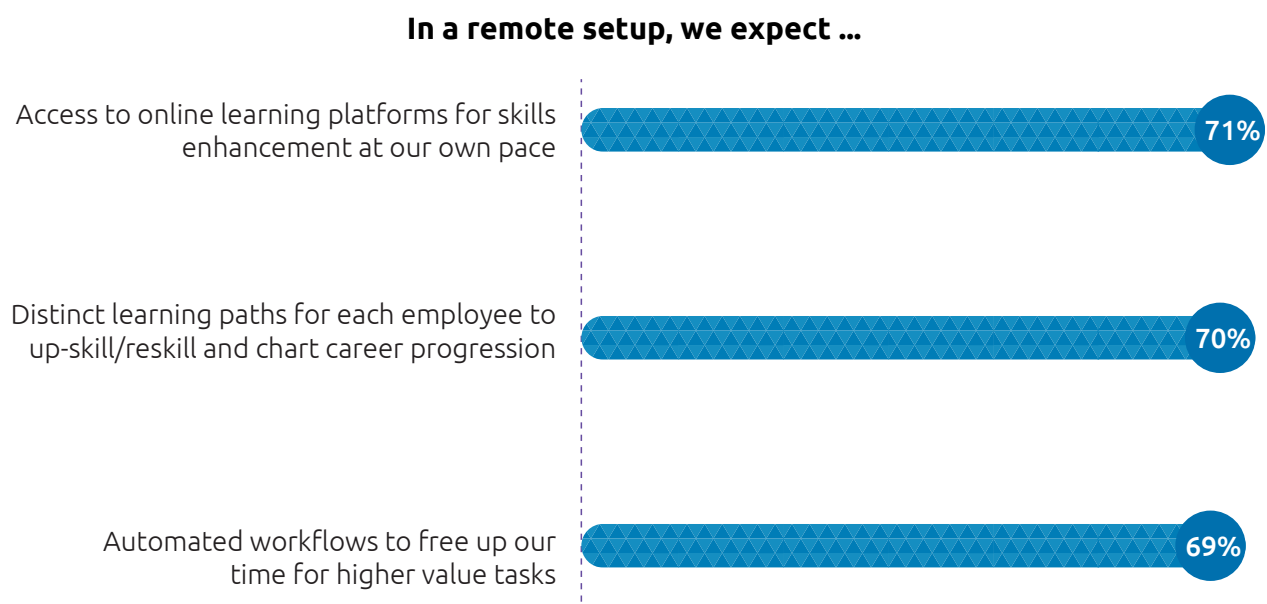
We also found that 79% have started to think about new workforce metrics and KPIs for remote workers. OKR is an ambitious and aspirational goal at the top level that adds a specific, outcome-based measurement element to track progress:

- OKRs connect what employees are doing in their daily work to the company's long-term goal, irrespective of where they are working from. Previous research shows that employees who strongly agree that they can link their goals to the organization's goals are 3.5 times more likely to be engaged.⁶⁰
- OKRs also provide a sense of purpose – as workers can see how they're contributing and making a difference. According to a managing director at an IT services company, *"It's a pretty chaotic and uncertain time for a lot of people so they embrace having goals and objectives as it gives them a sense of purpose. For some, that sense of purpose gives them a reason to get out of bed in the morning as it's an anchor in times of uncertainty."*⁶¹
- OKRs enable employees to take more ownership for initiating improvements, which reinforces a positive and innovative culture and boosts agility and responsiveness.

Learning and development: Let employees choose their learning path

The vast majority of executives (81%) say that they have given employees access to online learning platforms for skills enhancement. However, that is just one step. Employees expect a whole suite of training and skill development practices (see Figure 30).

Figure 30. Employees have high expectations from learning & development department in a remote setup



Source: Capgemini Research Institute, Remote workforce survey, September–October 2020, N=5,016 employees.

To design deeper learning experiences, organizations will need to:

- **Focus on self-directed learning:** Create learning autonomy by letting employees choose their own learning track in alignment with organizational purpose. As Figure 30 highlights, 71% of employees prefer skills enhancement at their own pace and 70% want distinct learning paths customized to them.
- **Democratization of learning:** Flip delivery formats – moving from regional in-classroom delivery by nomination to much of the online course content being available to all. Moreover, bringing perspectives from across the organization on content development will also increase the effectiveness of training as well as employee ownership.
- **Learning guilds:** Leading organizations are taking steps in enabling their community to solve problems. For instance, Shopify – a Canada-based eCommerce company – empowers individuals to collaborate across teams for problem solving. This empowerment could come in the form of bumping up privileges in their learning management systems or other learning tools, sharing ideas, books, and leveraging platforms such as Slack to have an open discussion.⁶²
- **Keep the content engaging:** Sriram Rajan, head, Novartis Learning Institute – India adds, *“Over a long period of time, I suspect the virtual space will lead to “learner fatigue.” What*

*organizations need to think of, therefore, are strategies around how they can sustain “learner engagement” in a virtual world. From bite-sized learning to redefining what we have known “learning” to be, to creating ecosystems that capture the new paradigm of learning, organizations would need to disrupt some deep-rooted paradigms.”*⁶³

- **Focus on soft skills:** In a hybrid environment, digital skills – such as artificial intelligence and data analytics – are clearly key, as is training in areas such as data security and data protection. However, it is also important to build the soft skills of both employees and management and provide training in areas such as resilience, adaptability, effective communication, empathy for teams, and agility to adapt to sudden change. Amanda Gervay, senior vice president, Human Resources, Asia Pacific at Mastercard, adds, *“While the pandemic hasn’t changed the functional skills that our people need, soft skills such as cognitive flexibility, creativity and innovation, adaptability and resilience, social intelligence, negotiation, and virtual collaboration skills are more important than ever. The past few months have also spotlighted the need for leadership qualities such as inclusivity, connectedness, empathy, and decency.”*⁶⁴

Organizations are exploring technologies such as AR/VR for learning and development in a remote workforce. Major retailers such as Lowe’s and Walmart have reported positive results after rolling out VR training. Through immersive

simulations, VR can ensure retail workers hit the ground running when non-essential stores reopen.⁶⁵

Compensation and benefits: Adjust compensation and rewards to support a hybrid workforce

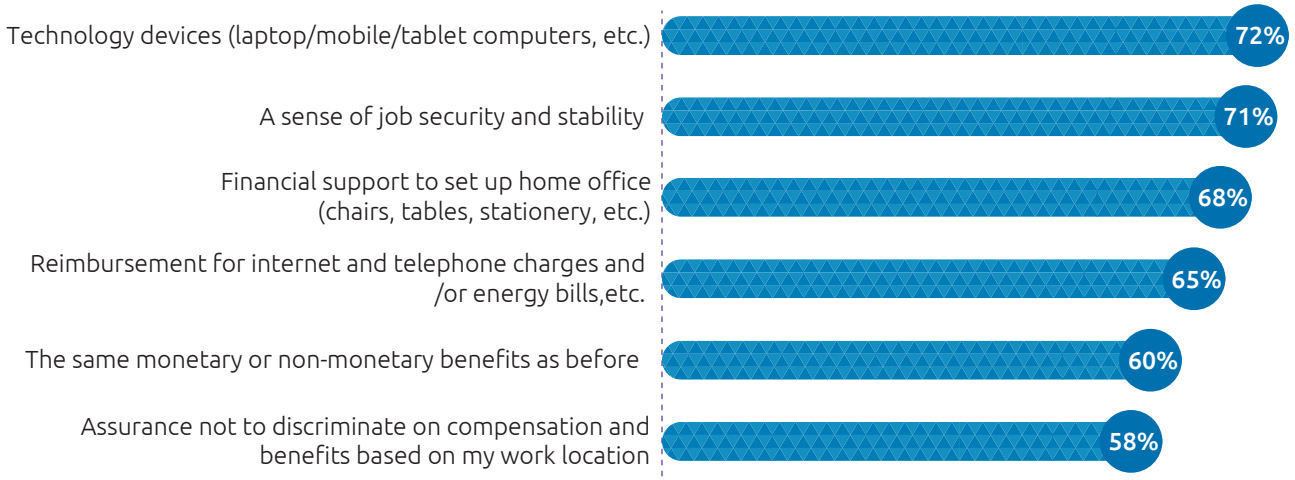
Today, the picture on compensation is not clear-cut. On the one hand, we see organizations such as Facebook and VMWare announcing that they will adjust compensation based on where remote employees choose to live, which reflects the need to not pay a Silicon Valley “premium” for workers who do not live in the valley.⁶⁶ On the other hand, we see companies such as Reddit announcing that it will not cut the pay of its 600

US employees on the basis of where they choose to live in the country.⁶⁷

Our research shows that employees expect the same level of compensation and benefits from organizations irrespective of their “home” location. As Figure 31 shows, 60% of employees rank “same monetary or non-monetary benefit as before” and 58% rank “assurance on non-discrimination on compensation and benefits due to work location” among the top five financial expectations from organizations. And, there is a clear trend in the research showing that many remote workers are considering relocation: 54% say they “might consider” relocating to a smaller town/city if they have to work remotely.

Figure 31. Employee’s expectations on financial aspects in a hybrid work scenario

**In a remote setup, I expect my organization to provide me with ...
(% of employees ranking the below statements among top five)**



Source: Capgemini Research Institute, Remote workforce survey, September–October 2020, N=5,016 employees.

This raises a number of questions about how compensation and benefits should be set for employees in a hybrid workforce: Should it be based on employer location or employee location? Should it be based on national median? What about the complexities brought in when global talent is sourced? Should there be a global grade? Should there be a skill based-pay approach with a location component? What about the tax implications in various countries? How will long term incentives (LTI) and short term incentives (STI) work? What about the rewards and recognition strategy? What about the benefits such as healthcare? What about allowances – such as travel, meals, etc.? Sunil Ranjhan from Maruti Suzuki India,

adds, “While an employee is working from home, how do we compensate for meal allowances or subsidized meals, for example? We need to do a detailed assessment and come up with a new set of allowances.” All these are some of the really complex questions facing organizations today.

To answer them, the human resources (HR) department needs to engage with the business and legal teams as a closely aligned and trusted advisor, finding solutions for areas such as global mobility and tax and compliance. National or local laws and regulations pertaining to working from home or remote working should also be taken into cognizance in designing compensation structures of employees.

Employee well-being: Account for mental well-being

Recent research shows that employers who support their employees more holistically see a 21% increase in high performers.⁶⁸ This is also a trend in this research, with employees looking for employers to considering their overall well-being and personal needs. For example, 75% of employees said that organizations need to “respect the boundaries of my available time.” To ensure employees continue to make productivity gains without leading to burnout or stress, organizations need to prioritize their well-being. Especially for women, past researches have shown that flexible working increases work/family conflict due to an increase in the domestic burden.⁶⁹ Dr Rose Luckin from the UCL Knowledge Lab, adds, *“I think that during the lockdowns women have suffered much more than men, and it has set women back in terms of their progress in the workplace. I think that for many reasons – they have tended to be the one who has had to do more of the child care while children have not been at school; they have tended to have to do more of the household chores – the managing, the operational management etc. along with their increased job responsibilities in this challenging environment.”* This means leaders need to adopt an empathetic leadership style, actively discouraging overwork. Professor Sourav Mukherji, professor for organizational behavior & human resources management at Indian Institute of Management Bangalore, adds, *“In the last few years, wellness has been a focus area in many organizations. Organizations have started to realize that they are no longer a bundle of economic transactions. In a*

blended or virtual work environment, it is even more crucial for organizations to focus on mental and physical well-being of the employees.”

During times of stress such as today’s pandemic environment, organizations can also support employees with access to digital well-being apps and helplines, and enhanced health insurance coverage. Many organizations are already taking steps in this direction. For instance, Anja Hamilton, executive vice president and chief human resources officer at Poly, a communication equipments company says, *“At Poly, we have rolled out several employee well-being initiatives to help employees combat burnout – we have introduced online platforms that provide programs to help people improve their mental well-being, performance, relationships, and sleep. We are also offering employee assistance programs wherein employees can connect with professionals to deal with any mental health, stress, depression, financial concerns, family issues, and well-being matters. We have also created internal groups where people can come together and share their talents with other employees. With this program, we’ve seen people with great skill sets come forward and take Tai chi and yoga sessions for our employees – this has helped boost employee morale.”*⁷⁰

Leading organizations have also been using digital tools and technologies to track and prevent burnout. For instance, companies including Metlife and Humana use machine-learning algorithms that listen in on customer-service calls to identify the stress level of customer service executives.⁷¹

7. Establish a business case for the target hybrid operating model

Although the shift to remote working has been associated with productivity gains and realized cost savings during Q3-2020, there are other factors at play that threaten to thwart this in the longer run. As mentioned earlier in the report, more than half (55%) of employees feel burned out due to longer working hours in a remote environment. With employees feeling increasingly disconnected from their organizations, executives should actively step in to alleviate these concerns. Otherwise, the gains achieved due to a rise in productivity and cost savings may erode very quickly.

A critical step is quantifying the impact of a hybrid approach on the business: establishing the business case and assessing the impact of all factors associated with remote working. Figure 32 provides an indicative framework of the parameters that an organization could use in order to assess the impact on productivity, cost, employee engagement, and environmental or society. To illustrate a possible use case for our impact assessment framework (see Figure 32), we have used the example of “rising employee burnout” under the employee behavioral metrics.

- **Productivity:** “Rising employee burnout” will likely have a direct negative impact on productivity in the medium to long run. This would, in turn, adversely impact revenue.
- **Cost:** There could be an indirect impact on cost due to increased employee churn because of greater burnout, resulting in increased hiring and retention costs. In certain cases, the employees may remain on the payroll without working or creating value.
- **Employee engagement:** Increased burnout could also hamper engagement through loss in concentration and increased absenteeism.
- **Environment/society:** There could be detrimental effects on the workforce’s mental health, leading to increased cases on mental illnesses in the society.

Depending on organizational context, factors and metrics could be added or deleted, as appropriate. As well as the framework being key to developing the business case, it can also help organizations identify “red flags” and risks that need to be alleviated quickly.

Figure 32. Remote working – Impact Assessment Framework

Metric	Factor	Parameters			
		Productivity	Cost	Employee engagement	Environment/society
Operational metrics	Maintenance of business continuity during emergencies				
	Reduced employee business travel and related allowances				
	Reduced operations, and maintenance of facilities (energy systems, security, catering, network, etc.)				
Employee engagement metrics	Propensity to attract global talent				
	Better employee retention				
	Rising employee burnout				
	Rising fear of being penalized if productivity drops				
	Rising feeling of being disconnected from the organization				
	Rising feeling of being micromanaged by employers				
	Less distraction from co-workers				
	Reduced number of sick days				
Sustainability & diversity metrics	Reduced enterprise carbon footprint/GHG emissions				
	Improved performance on sustainability factors				
	Greater recruitment of diverse profiles (based on gender, sexual orientation, location, etc.)				
	Reduced use of water and consumables, etc.				
	Increased energy consumption at the employee's home				
	Increased inequalities between different parts of the organization, e.g. between white-collar and blue collar workers				
Real-estate metrics	Restructured open spaces and more internal collaboration spaces (meeting rooms, conference rooms, etc.)				
	Reduced real estate rentals and lease, etc.				
	Changed office layouts to ensure social distancing				
	Reduced size of office spaces				
	Reduced capacity in offices				

Metric	Factor	Parameters			
		Productivity	Cost	Employee engagement	Environment/society
Real-estate technology investments metrics	Virtualized office spaces to enable augmented training events (classrooms and webinars)				
	Real estate analytics and benefit-tracking tools				
	Low-touch or contactless office space experience				
	Use of augmented/virtual reality in office spaces				
Virtual tools, technology and infrastructure metrics	Investments on virtual collaboration and virtual knowledge sharing tools				
	Investments on employee productivity tracking tools				
	Investments on cybersecurity				
	Investments on cloud-ready infrastructure				
	Investment in dynamic employee listening tools to measure/track engagement				
	Investments in digitization of employee experience – recruitment, onboarding, performance management, etc.				
	Investments in digital training/virtual conferences/seminars to up-skill and reskill employees in a remote environment				

Source: Capgemini Research Institute Analysis.



“In the last few years, wellness has been a focus area in many organizations. Organizations have started to realize that they are no longer a bundle of economic transactions. In a blended or virtual work environment, it is even more crucial for organizations to focus on mental and physical well-being of the employees.”

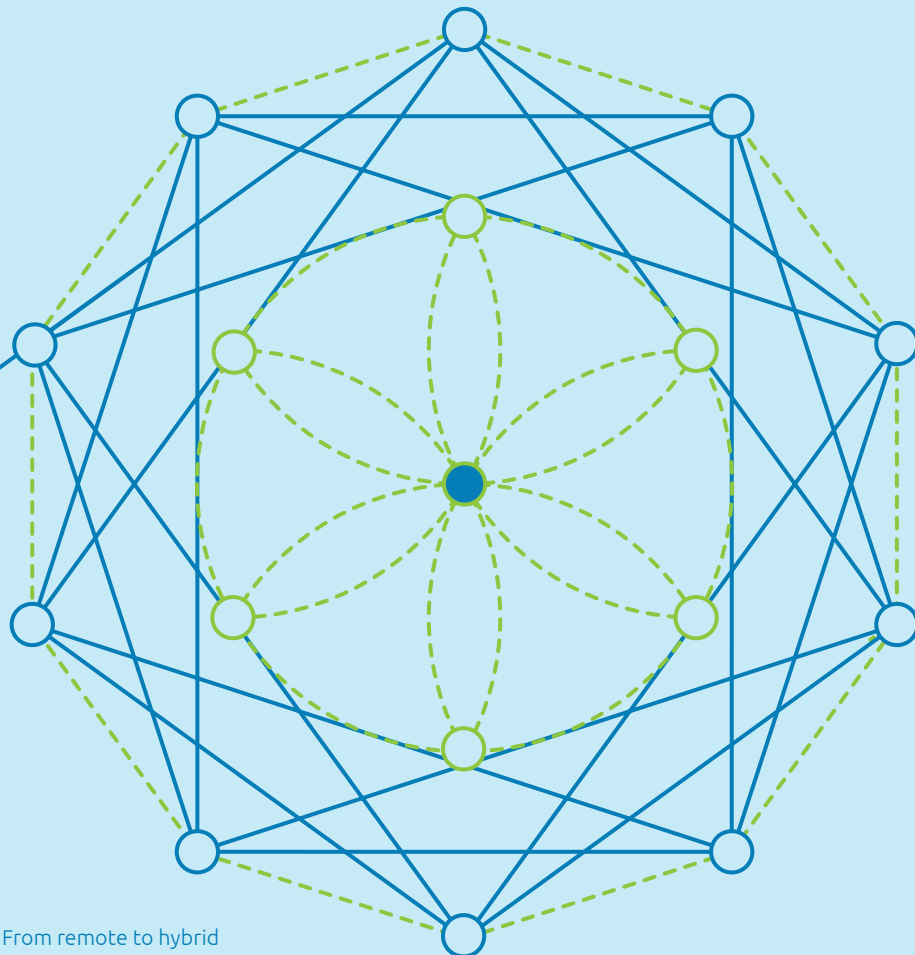


Professor Sourav Mukherji,
Professor for organizational behavior & human resources management at Indian Institute of Management Bangalore.

Conclusion

The pandemic has, almost overnight, completely shifted how we think about work and working models. In the short term, organizations have protected their employees and seized the advantages of remote working by adding a virtual layer to their existing operating models. However, we believe this is not enough. Organizations will not gain sustained competitive advantage through this limited approach. Instead, leaders need to understand how employees' needs and behaviors have changed; shift the way they manage and lead; reframe employee touchpoints, from recruitment to performance management; and reboot the role of the physical workspace. Organizations that go beyond a mere layering approach – and get their hybrid model right – will see improved productivity, lower costs, refreshed managerial roles, and a strengthened

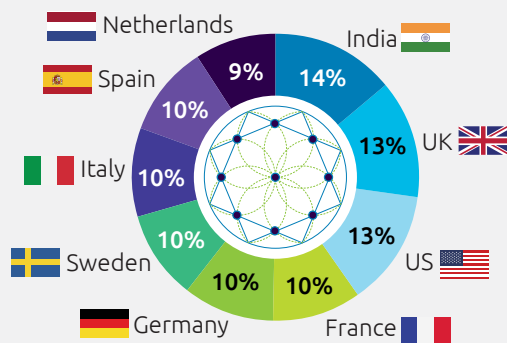
cultural fabric. Taken together, this approach will ultimately drive greater satisfaction among customers and more engagement among employees. In a future where machine intelligence will play an increasing role in our work, the importance of the human dimension – people's motivations, fears, well-being, enjoyment of work, aspirations, and work-life balance – will be even more important.



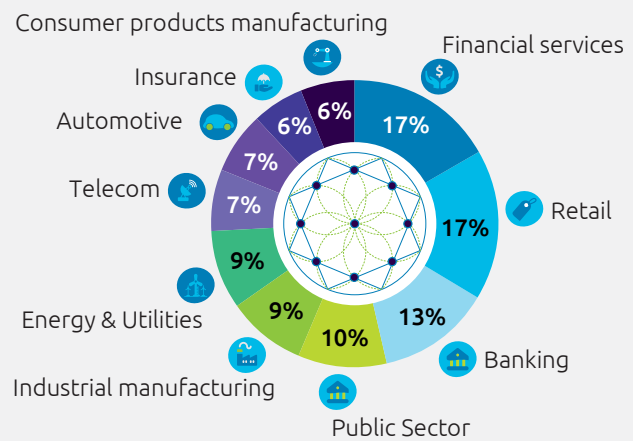
Appendix: Research Methodology

Organizational survey

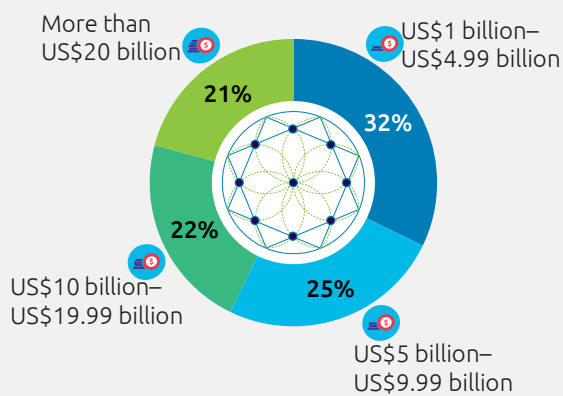
Organizations by country



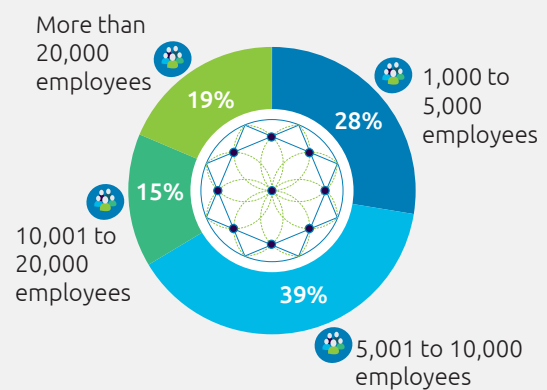
Organizations by sector



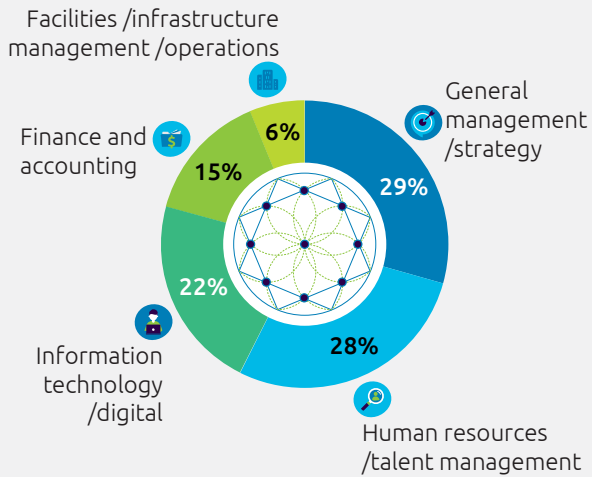
Organizations by revenue



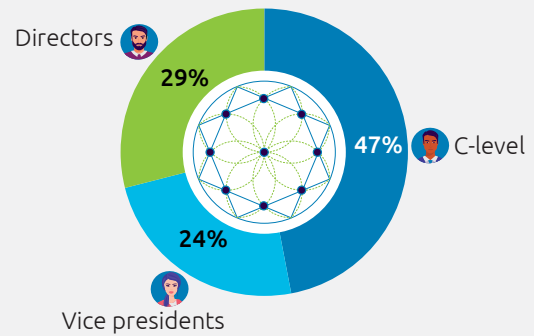
Organizations by employee size



Executives by functions



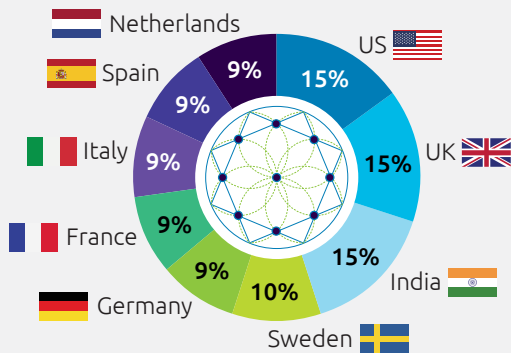
Executives by designation



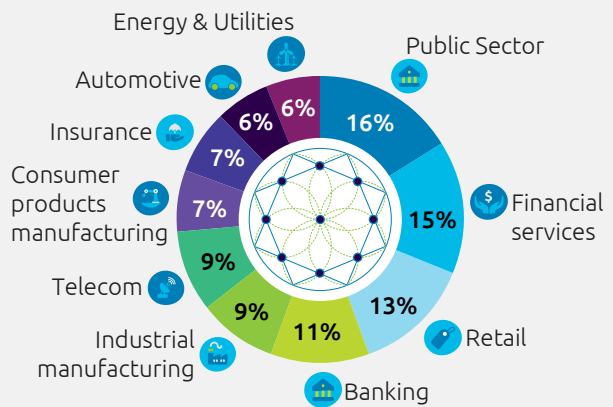
Source: Capgemini Research Institute, Remote workforce survey, September-October 2020, N=500 organizations.

Employee survey

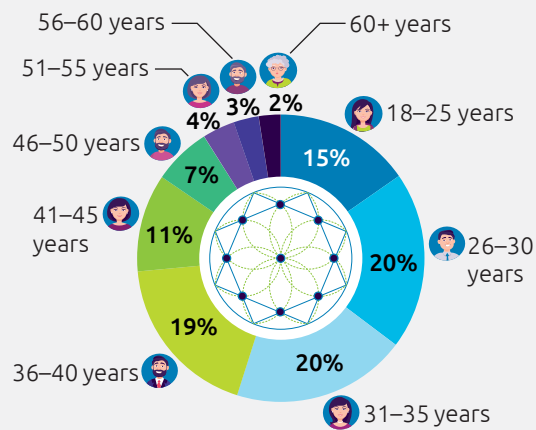
Employees by country



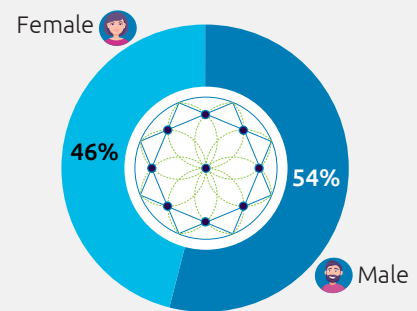
Employees by sector



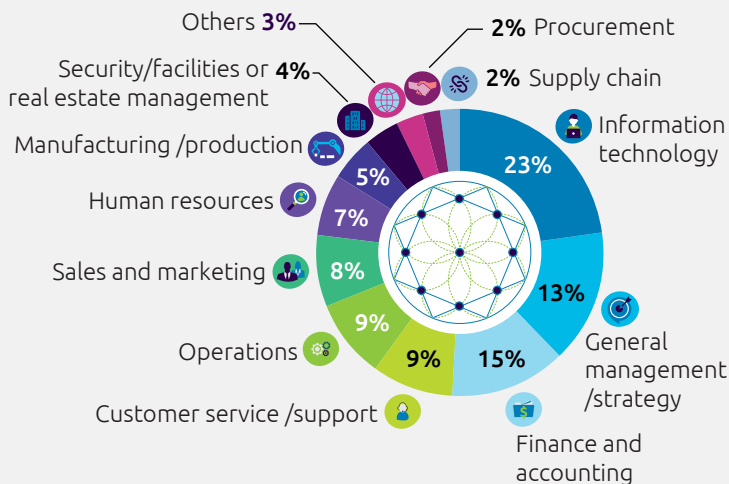
Employees by age



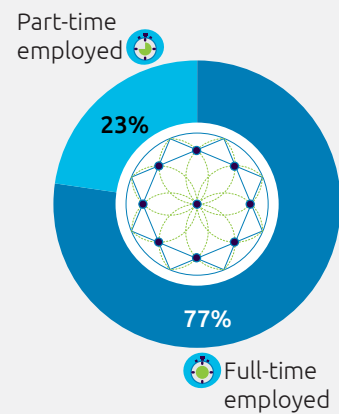
Employees by gender



Employees by functions



Employees by employment status



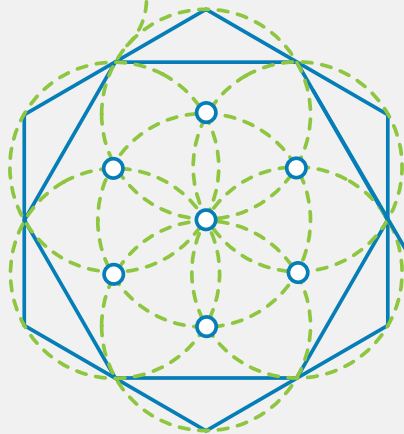
Source: Capgemini Research Institute, Remote workforce survey, September–October 2020, N=500 executives, N=5,016 employees.

Be Ready for the Future of Work by partnering with Capgemini!

Ready or not, the future of work just arrived! We are amid an unprecedented and growing disruption in which organizations are urgently seeking new ways of managing work in order to stay viable and balance the need for cost reductions, employee productivity and organizational resilience.

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To rise to the moment and remain competitive, organizations need to make quicker and better decisions through a fully digitalized and data-empowered HR function. This will enable the business to empower collaboration, swiftly transition to more flexible virtual or hybrid working models, and build the skills and capabilities needed to stay relevant.



How Capgemini can help you maximizing the benefits of a hybrid workforce model?

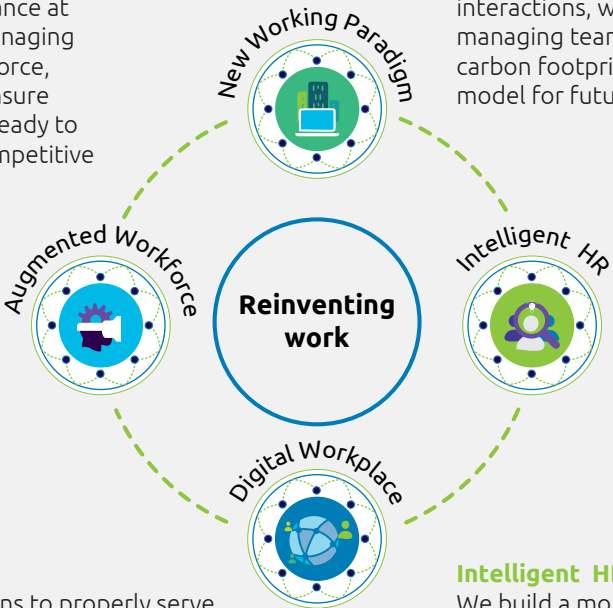
We help clients reinventing work by changing the equation between companies, people, and technology to deliver competitiveness, resilience and flexibility for the future.

Augmented workforce:

We help enable clients to identify opportunities to augment their workforce with AI and automation, bringing cost reduction, accuracy, efficiency, and increased performance at scale. By proactively managing the future of the workforce, skills and training we ensure that organizations are ready to adapt to a changing competitive landscape.

New working paradigm:

We help clients to maximize the ROI on digital investments by revisiting the definition of work and workforce. We thereby, rebalance real estate, commuting, remote work, social interactions, workers' enablement, managing teams, leadership, and the carbon footprint to reshape our clients' model for future competitiveness.



Digital workplace:

We support organizations to properly serve the complex and distributed new work environment by selecting and implementing the right infrastructure and technologies. We enable them to adopt efficient, intuitive, and secure digital tools, empowering employees to collaborate, interact, and create from anywhere, at any time, and on any device.

Intelligent HR:

We build a more talent-centric and data-driven HR function to underpin our clients' transition to the new world of work, and support business leaders in making real-time decisions based on evidence and insight.

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About the Authors



Claudia Crummenerl

Managing Director, People & Organization practice, Capgemini Invent
claudia.crummenerl@capgemini.com

Claudia is an expert in the people perspective of digital, automation and AI. She collaborates and support clients in how leadership in the digital age is evolving, how workforce and organizations transform through automation and AI, how the HR function is composed and how to engage with employees during the process. Her project expertise lies in the rollout of large transformation programs in an international context.



Stephan Paolini

Chief Talent & Learning Officer, Capgemini Group
stephan.paolini@capgemini.com

Stephan is the Chief Talent & Learning Officer for Capgemini, covering all talent management and continuous learning challenges across business Units and geographies. He has developed a strong expertise in many sectors and contributed to significant digital transformations. He is recognized as a people levers specialist, enhancing and sustaining transformation effectiveness through various actions on leadership & performance, management innovation, digital HR, culture change, talent & organization performance, agile learning or change dynamics in complex environments.



Catherine Perronet

Vice President, Reinventing Work, Capgemini Invent
catherine.perronet@capgemini.com

For over 20 years at Capgemini, Catherine has been developing skills in global projects design and orchestration, corporate governance, and priority management in global and complex environments. She believes that one can deliver results only if the human dimensions are well-taken care of. In this high-speed digital transformation era, she therefore helps clients to look at their business challenges through the eyes of their employees, leveraging their human capital – and helping them to “reinvent work.”



Isabelle Lamothe

Vice President, People & Organization practice, Capgemini Invent
isabelle.lamothe@capgemini.com

Isabelle is an expert in transforming organizations through people. Her convictions are that empowered people are the motor of change and that unleashing employee energy is key for increasing companies sustainable performance and resilience. She strongly believes that Covid crisis has accelerated and amplified existing trends and that it is time for transforming the ways of working.



Sushil Ravindranath

Director, Digital Employee Operation
sushil.ravindranath@capgemini.com

Sushil is an expert in designing HR process centred around employee experience. His area of expertise helps clients to adopt to the new age technology and process which helps them enhancing their client experience.



Isabell Schastok

Manager, People & Organization practice, Capgemini Invent
isabell.schastok@capgemini.com

Isabell is an expert in designing people and organization-centered digital transformation solutions by empowering employees, developing leaders and innovate organizations. Her area of expertise helps her to prepare clients to master the transition to the new world of Digital, AI and Automation. Her passion is to anticipate and co-create the future of work with clients.



Jerome Buvat

Global Head of Research and Head of Capgemini Research Institute
jerome.buvat@capgemini.com

Jerome is the head of Capgemini Research Institute. He works closely with industry leaders and academics to help organizations understand the business impact of emerging technologies.



Nancy Manchanda

Senior Manager, Capgemini Research Institute
nancy.manchanda@capgemini.com

Nancy is a senior manager with Capgemini Research Institute. She keenly tracks the patterns of digital disruptions across industries and evaluates its impact on businesses.



Gaurav Aggarwal

Manager, Capgemini Research Institute
gaurav.aggarwal@capgemini.com

Gaurav is a manager at the Capgemini Research Institute. He likes to assess how technology impacts businesses and understand how they respond to it. He is eager to learn about emerging business models, technologies, and trends across sectors.



Arnab Chakraborty

Manager, Capgemini Research Institute
arnab.chakraborty@capgemini.com

Arnab is a manager at Capgemini Invent and is part of the ELITE general management cohort. He is focused on learning how to help companies connect strategy with implementation. He is interested in high-impact management consulting and strategic research.

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The Capgemini Research Institute is Capgemini's in-house think tank on all things digital. The Institute publishes research on the impact of digital technologies on large traditional businesses. The team draws on the worldwide network of Capgemini experts and works closely with academic and technology partners. The Institute has dedicated research centers in India, Singapore, the United Kingdom, and the United States. It was recently ranked number one in the world for the quality of its research by independent analysts.

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For more information, please contact

Global

Claudia Crummenerl
claudia.crummenerl@capgemini.com

Australia Susan Beeston susan.beeston@capgemini.com	Belgium Evi Peeters evi.peeters@capgemini.com Jef Marien Jef.marien@capgemini.com	DACH Claudia Crummenerl claudia.crummenerl@capgemini.com Iris Brückner iris.brueckner@capgemini.com
France Isabelle Lamothe isabelle.lamothe@capgemini.com Catherine Perronet catherine.perronet@capgemini.com	India Humera Pathan humera.pathan@capgemini.com	Italy Stefano Barzaghi stefano.barzaghi@capgemini.com Alessandro Kowaschutz alessandro.kowaschutz@capgemini.com
Netherlands Marjolein Wenderich marjolein.wenderich@capgemini.com Erik Staffeleu Erik.staffeleu@capgemini.com Timothy Janisch timothy.janisch@capgemini.com	Norway Karl Thomas Reinertsen karl.reinertsen@capgemini.com	Singapore Christine Chanier christine.chanier@capgemini.com
Spain Laurent Perea laurent.perea@capgemini.com	Sweden/Finland Madeleine Bernhardsson madeleine.bernhardsson@capgemini.com Jarmo Kortelahti jarmo.kortelahti@capgemini.com	UK Rosemarie McGuire rosemarie.mcguire@capgemini.com
US Tyler Duff tyler.duff@capgemini.com		

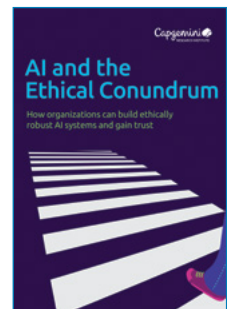
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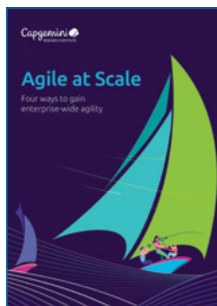
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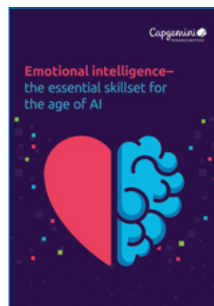
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