Digital Workplace Business Case:

What is the financial value of investing in digital working?

Paul Miller

dwg Digital Workplace Group

Don't journey alone

Independent expertise for intranet and digital workplace success

Other recent DWG research

Measuring Internal Communications: targeted metrics that demonstrate impact

This report builds on DWG's previous research into metrics, providing a detailed guide to the effective measurement of internal communications. It analyses results from benchmarking to establish the current state of internal communications metrics and considers how best to measure impact and engagement, cautioning against some of the pitfalls: drawing wrong conclusions; choosing the wrong things to measure; and getting carried away with the numbers. Download the executive summary or full report (DWG members only): www.digitalworkplacegroup.com/resources/download-reports/measuring-internal-communications

The Art of Collaboration

This DWG research report examines ways in which teams responsible for intranets and collaboration platforms can improve the success of online collaboration. It concludes that success will be greater the more collaboration is formalized, structured and focused upon different work-related processes, functions and groups. Less value will be gained if collaboration is informal or vague in scope. By focusing attention on formalizing collaboration, intranet and collaboration teams can help to increase adoption and value. It includes case studies from COWI, Environment Agency, GfK, and Lloyds Banking Group. Download the executive summary or full report (DWG members only): www.digitalworkplacegroup.com/resources/download-reports/art-of-collaboration

Strategy and Governance: a good practice guide

DWG's in-depth research report "Strategy and Governance: a good practice guide" identifies some of the current trends in intranet strategy, governance and senior sponsorship. Drawing on DWG's "Strategy & Governance" benchmarking model and a specially commissioned survey of intranet managers, plus in-depth case studies, it highlights relevant examples of good practice. Download the executive summary or full report (DWG members only):

www.digitalworkplacegroup.com/resources/download-reports/strategy-governance

All our research reports are available for download by DWG members in the Research section of the DWG extranet.

The Digital Renaissance of Work:
Delivering digital workplaces fit for the future | Paul Miller and Elizabeth Marsh

The world of work is experiencing an unprecedented transformation driven by technology. In this follow-up to The Digital Workplace: How technology is liberating work, Paul Miller, CEO and founder of the Digital Workplace Group, is joined by co-author Elizabeth Marsh to pick up the story and help organizations create digital workplaces fit for the future.

A unique combination of thought leadership and practical advice, this book will bring the reader up to date with the latest developments, such as: no jobs but lots of work; the new digital work ethic; why "teamwork" needs a makeover; the human-centred digital workplace; what this means for physical workplaces; and why the revolution starts with education.

It also provides essential guidance on how to deliver a productive and engaging digital workplace in your organization, explaining how to: assess maturity; make the business case; set up the programme; and measure progress.

See more about The Digital Renaissance of Work: Delivering digital workplaces fit for the future at:
www.digitalworkplacegroup.com/the-digital-renaissance-of-work/#content

Overview of services

Managing an **intranet**, **collaboration platform** or **digital workplace programme** for a large organization can be a lonely, thankless task and it's growing more complex every year. **Get DWG on your side**

1 Industry best practice for large organizations

2 Objective data for making critical decisions

3 Independent expertise to guide strategy and plans

Sample members and clients

Adobe · IKEA · Transport for London · citi · ExxonMobil · McKESSON · PRUDENTIAL · CVS CAREMARK · at&t · EY

An expert partner to drive change and success

We provide independent expertise to large organizations to help them advance their intranets and broader digital workplaces through two distinct services:

1 A confidential member benchmarking forum

2 Bespoke consulting projects

Strengths of the Digital Workplace Group

Real-world practitioners: Our benchmarkers and consultants have previously managed intranets and digital workplaces at major organizations. Our expertise is rooted in experience.

Large company experience: For over a decade we have worked with Fortune 1000/FT 500 and similar organizations. Our expertise and insights focus on the challenges and needs of that group.

Measurement and research focus: Our consulting and evaluations are underpinned by measurement and our rich research programme. Our mantra is "data and metrics in a world of opinion".

Independence: All our work is vendor neutral and our evaluation framework is technology agnostic.

Two lines of service

Member Forum

Confidential learning, ongoing improvement

The DWG Member Forum is a confidential, members-only benchmarking group. Since 2002, we have carried out more than 500 evaluations in major organizations, giving us a rich background of knowledge and unrivalled insight into current best practice. Membership combines extensive evaluations with peer learning and expert research.

Three elements of membership:

- **Benchmarking evaluations:** In-depth analysis of your sites/environment and comparison with other members

- **Peer learning:** Rich interaction and sharing with teams from other major organizations

- **Expert research:** New members-only reports every year and an enormous archive of papers and videos

Consulting Services

Strategic interventions, bespoke projects

DWG Consulting Services provides vendor-neutral, unbiased and high-quality advice, and practical hands-on support for digital workplace and intranet programmes. This work is rooted in our decade of providing measurement and research-driven membership services and our team's experience of working within large organizations.

Sample consulting projects:

- **What does "good" look like?** – External insight of industry best practice to inform strategies and plans

- **Define vision, strategy & roadmap** – Methodology and expertise to set your forward path

- **Facilitated workshops** – Engage stakeholders across a global organization or within a function

Areas of focus

- Benchmarking evaluations
- Content management
- Collaboration platforms and social business
- Digital workplace roadmaps
- Enterprise mobile
- External insights and research
- Facilitated workshops and innovation labs

- HRIS and other self-service applications
- Metrics and measurement
- Search and findability
- Strategy and governance
- Stakeholder engagement
- Usability, navigation and design
- User research

❝ We needed a resource. We felt lost. DWG provides resources in one place. It became clear to us that DWG is the one-stop-shop for everything we need.❞
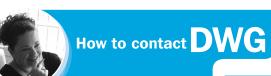
Laura Pierce Director,
Corporate Intranet ADP

❝The most valuable thing about DWG is being able to meet your peers. If you work in intranets, it's normally a closed community… But in this forum, you know you're going to get honest answers and honest opinions.❞

Mark Mazza Senior Manager,
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2 Executive summary

Work is shifting from the physical to the digital workplace. Offices are not disappearing, but they are reducing in size. Their configuration is also changing, and their role in the workplace is being adapted. Work itself is becoming increasingly portable, mobile and flexible. This shift is driven by a host of factors: lower cost and better technology, transport issues, emergency or disaster situations, workforce needs, environmental targets, new hire demographics, internet innovation – the list goes on.

It is a shift that brings challenges in where and how we work. These are partly physical – the need to adapt the places in which we work, whether these are repurposed offices, better home offices, co-working or "third places". But wherever we work physically, we are also almost always in a digital workplace. What is the quality of these digital environments? How easily and intuitively can they be accessed? How portable and productive are they? Do they operate consistently across the whole organization, whether in one region or globally? Are they secure everywhere and always? How do they enable working beyond corporate borders into the supply chain and marketplace? Do they support work across time-zones and geography? Are they rapid, stable and persistent?

These are questions that organizations that want to increase their competitiveness and win the war on talent, need to ask themselves. The US Work and Families Institute found in its 2012 National Study of Employers that flexible working options are on the rise. A modern, advanced digital workplace is critical to support the new ways of working that have gained momentum in recent years – and that need will increase. Momentum is building. The US and UK governments are both taking steps further to support the case for flexible working, as well as alternatives to commuting and office-based work. We have fashioned and designed physical places in which to work; now we must do the same for their digital equivalents. But strong, capable digital workplaces require strategic and implementation resources. They also require financial investment over time.

Our 2012 Digital Workplace Business Case survey showed that senior management concern about the potential cost of investment in technology infrastructure is one of the main barriers to the digital workplace. So what is the business case for allocating substantial resources to the digital workplace? How should we answer the essential question from the CFO: "So we need to spend X – but what is the return on that investment?" This briefing paper from the **Digital Workplace Group (DWG)** collects the known and proven hard financial benefits that flow from investing in the digital workplace.

"GSA's analytics on telework show that, depending on the size of the programme, there is a 200 to 1,500% return on the initial technology investment after adopting a telework system, thanks to increased productivity, reduced absenteeism, lower real estate costs and reduced recruitment and retention needs." Martha Johnson, GSA (General Service Administration) 2010.

The list of tangible financial benefits is growing steadily and DWG will produce updates to this paper as the business case evolves. We are deliberately NOT including the so-called "soft benefits" around areas such as engagement, morale, culture, communication or innovation – not because they are not important but because they are part of a separate aspect of the digital workplace covered elsewhere by DWG.

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2 Real estate reductions

Overview

Investment in the digital workplace is a prerequisite for enabling employees to work effectively while reducing office space. Traditional offices are expensive, inefficient, inflexible and difficult to scale (particularly down). Through office-hotelling, desk-sharing, agile working programmes and resulting changes to the office footprint, companies can dramatically reduce the capital drain of owning or leasing a building. Additionally, they can save on electricity, parking leases, travel subsidies, furniture, computer equipment, supplies, maintenance and maintenance services, security, insurance, taxes, communal area expenses, and environmental and safety compliance. In this section you will find compelling examples of how leading organizations, such as BT, Citi, IBM, Hewlett-Packard (HP) and Deloitte LLP – plus the US and UK governments – are already making significant savings on real estate costs.

Most employees' experience is that on a typical day their office is rarely full. Their co-workers may be working in a different office or from home, out at external meetings with clients, on a training course or simply on holiday. For example, Sun Microsystems, an early pioneer of flexible working arrangements, found that even in the early noughties, around 35% of its office space was not being utilized, regardless of whether there was a flexible working programme or not. A recent CoreNet survey found that around 60% of a company's desks are vacant at any one time.

Making more efficient use of space through a variety of different methods – for example, by hotelling, desk-sharing and increasing teleworking – creates significant opportunities to reduce office space and therefore the cost of renting or owning a building.

It's worth remembering that it's not only rental, mortgage or tax costs that drain valuable financial resources, but also the accompanying costs such as office equipment, power and ongoing facilities management. Moreover, buildings with long leases may require long-term financial commitments, which potentially reduce an organization's ability to be flexible and agile.

The global recession and continuing difficult economic climate mean that reducing costs is likely to be the chief driver for introducing alternative and agile flexible working programmes. Reducing real estate is one of the most obvious ways to do this.

There is some evidence to show that large organizations are encouraging reductions in office space during these challenging economic conditions. For example, a New Ways of Working Survey from 2011, which featured more than 100 respondents from Fortune 500 organizations, found that the average percentage of employees with regular assigned workspaces had reduced from 76% to 66% between 2009 and 2011. Meanwhile, cost savings had replaced "employee work–life balance" as the principal driver for "alternative workplace programmes", up from 66% in 2008 to 76% in 2011.

There are also plenty of examples from different organizations successfully reducing office space. Before it merged with Oracle, Sun Microsystems' Open Work programme was saving $70m in real estate and an additional $24m a year alone, according to an interview with Ann Bamesberger who led the programme. This case study is covered in more depth in Paul Miller's book "The Digital Workplace: How Technology is Liberating Work".[1]

One notable example is BT's Agile Worker programme, which encouraged more full-time homeworking. BT calculated that this saved approximately £6,000 a year per homeworker mainly through reduced estate costs. With over 10,000 homeworkers in 2009, this meant more than £60m in savings.

A recent CoreNet survey found that around

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1 The book is available in ebook and print from Amazon and Barnes & Noble.
See http://www.digitalworkplacebook.com for further information.

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Another interesting initiative has been HP's three-year long Global Workplace Initiative. This was set up in 2009 and will, according to HP "result insignificantly improved utilization of our real estate assets. The initiative… helps us work to reduce the space we occupy, use resources more efficiently, decrease our climate impact and water consumption, and cut costs. It has the additional benefit of freeing up office buildings for use by other organizations, so overall, fewer offices worldwide need to be constructed."

Although the environmental benefits of the initiative are emphasized externally, the cost benefits are also enormous, aiming to reduce occupancy costs by 40% through an overall reduction in office space of 50%. So far, the programme has been very successful and, according to a report by the Telework Research Network, HP has managed to increase its office space utilization from an average of less than 40% to nearly 80% in just three years.

With many other examples (see below) showing similar yields, the cost savings from real estate reductions must be a key element in any business case for investment in the digital workplace. It makes for a much easier C-suite sell. Describing the impact of the shift to a mobile platform, Matthew Robinson, SVP and CTO of American Express, comments: "The senior management didn't understand why anybody would want to enable mobile work forces until you say, 'You're going to save this many square feet in Manhattan,' where real estate is 'kind of' expensive." The Impact of Technology Mega Trends, Center for Digital Strategies, Dartmouth University (US) 2011.

Examples and statistics

A 2011 **New Ways of Working** survey, which included more than 100 Fortune 500 respondents, found that the percentage of employees with assigned workspaces had shrunk to 66%, a 10% decline from just two years earlier. Between 2008 and 2011, the principal driver of alternative workplace programmes (a term used in this field) shifted from employee work–life balance (81% in 2008 and 66% in 2011) to cost savings (66% in 2008 and 76% in 2009).

The next highest drivers in 2011 were:

- employee productivity (64% in 2011, up from 53% in 2008)
- business agility (61% in 2011, up from 56% in 2008)
- employee attraction/retention (59% in 2011, substantially down from 69% in 2008)
- improved collaboration (47% in 2011, down from 50% in 2008)
- sustainability (41% in 2011, down from 50% in 2008)
- access to customers/co-workers (41% in 2011, down from 50% in 2008)
- business continuity (20% in 2011, substantially down from 44% in 2008).

The **US Patent and Trademark Office** avoided $19.8m in new real estate expenses through agile working. It has leveraged homeworking and office-hotelling to grow its workforce – from 6,000 to nearly 10,000 – without increasing its real estate footprint.

By transforming its sales team from office-based to mobile, **YELL** reduced its real estate costs by £1.5m ($2.5m) a year and drove efficiency through reduced downtime.

In 2010, **International Data Corporation (IDC)** predicted that, by 2014, 1.2bn workers will not be working from a traditional office.

Between 2008 and 2011 the main driver for new ways of working shifted from **work–life balance** to **cost saving**.

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The **Telework Research Network** estimates the average business could save $2,500 to $5,000 a year in real estate and related costs for each half-time teleworker. The reality is, when you factor in business travel, vacation, sick leave, field work, meetings, conferences, homeworking and alternative work schedules, primary office space is unoccupied 30% of the time already.

GlaxoSmithKline says it has saved nearly $10m annually in real estate costs by gradually shifting 1,200 employees at its Research Triangle Park, North Carolina, office to unassigned seating. Similar moves outside the US have saved the UK-based company some £25m ($40m) annually.

The **US General Services Administration** estimates that 36 externally mobile and interactive workers can be accommodated in the same amount of space as 24 deskbound workers. It recommends that deskbound workers be allocated 48 to 64 square feet of space, internally mobile workers be allocated 36 to 54 square feet of shared or assigned space, and externally mobile workers be allocated 30 to 48 square feet of shared or assigned space.

Deloitte offers most of its 45,000 employees nationwide the option to telecommute as many as five days a week and has done so for 15 years. As leases have come up for renewal, the consulting firm has been able to reduce office space and energy costs by 30%. It saved $30m in 2008 after redesigning facilities to accommodate mobile workers who don't need permanent desks.

Through its Global Workplace Initiative, **HP** increased its office space utilization from an average of less than 40% to nearly 80% in just three years. The ratio of employees to desks ranges from 2:1 to 20:1 and varies by job, location and other factors.

The **US federal government** estimates for providing office space for the typical federal employee run as high as $10,000 or more annually. Permanent change of station costs range from $150,000 a move to as high as $250,000 a move (under the appraised value programme).

On any given day, more than 115,000 **IBM** employees around the world work in a non-IBM office. Forty percent of the IBM workforce operates without a dedicated office space. The employee/desk ratio is currently 4:1, with plans to increase the ratio to 8:1 in field locations. IBM calculates that it saves $450m a year in reduced facility infrastructure and associated initiatives through agile working.

BT's Agile Worker programme saves approximately £6,000 a year for every full-time homeworker at BT. In 2009, with 10,168 homeworker participants, BT saved approximately £60m, largely based on reduced estate costs.

Based on data from the largest validated database of office property in the UK, a 2007 **UK government report** found that, because of homeworking and office-hotelling, government office occupancy is about 25% less efficient than private-sector facilities. Through improved space efficiency, it suggests, the average per person space could be reduced to 12 square metres. With more than a sixth of government offices now occupying more than 24 square metres per person, the report estimates the savings across government properties could total £1.25bn a year.

In 2009, **Cisco** realized more than $1.1bn (£0.6bn) of cost savings from a combination of telecommuting, connected workplace, virtual experts and remote collaboration.

The average business could save **$2,500** to **$5,000** a year in real estate and related costs for each half-time teleworker.

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The **US Office of Personnel Management** has launched a telework pilot which expects to save as much as $3bn through 2012.

Citi's Alternative Workplace Strategy reduces the cost of Citi's real estate while satisfying workers' desire for more flexibility.

Software development company **Allstate Northern Ireland** trialled homeworking up to three days a week for its 1907 staff. Resulting savings were calculated at £1,819 per employee in 2011, and as all three office locations are at full capacity, extending this policy will allow Allstate to grow employee numbers without extending its buildings.

> **Key points on real estate**
>
> - Traditional offices are expensive, inefficient, inflexible and difficult to scale (particularly down).
> - About 60% of a company's desks are vacant at any one time.
> - The average business could save $2,500 to $5,000 a year in real estate and related costs for each half-time teleworker.
> - Savings from real estate reduction through new ways of working programmes are making the headlines globally: Cisco ($1.1bn), BT (£60m), Deloitte ($30m), IBM ($450m), US Patent and Trademark Office ($19.8m), GlaxoSmithKline ($50m) and more.
> - Investment in the digital workplace is a prerequisite for enabling employees to work effectively while reducing office space.

3 Productivity improvements

Overview

When work becomes digital, portable and flexible, what happens to staff, contractor and freelance productivity? The facts show that the shift to the digital workplace has a clear positive impact on efficiency, productivity and quality of work – with marked financial benefits. There are now extensive case studies of productivity improvements from digital working – in this section we look at examples from varied organizations, such as UPS, Ecolab, BT, Fairview Health Services, Bechtel and Cisco.

The DWG survey found that improved productivity of employees is the main "hard" benefit of the digital workplace that will have the most impact with senior management. Furthermore, there is a growing number of case studies that demonstrate a strong link between agile working programmes enabled by the digital workplace and increased productivity among employees.

One example is the case of an award-winning teleworking initiative at the US Air Force's Central Adjudication Facility (AFCAF). In this initiative, the number of teleworkers at AFCAF rose from 40 to 100, with 90 of these working full-time, although all 165 employees had the available equipment and training to be able to work outside the office. The results have been dramatic. Colonel Hickman from AFCAF has said: "The telework programme has dramatically increased productivity… New technology such as dual monitors, laptops with docking stations and collaboration tools prompted 100% of teleworkers to report improved communication with their supervisors. Our productivity increased 55.62% in just one year."

Employees themselves also perceive they are more productive. For example, a Cisco study of its workforce in 2009 found that 69% of employees surveyed thought they were more productive when they worked at home, with 75% saying the timeliness of their work also improved. There appear to be several reasons for increased productivity, some of which are explored below.

The example at AFCAF shows an investment in the digital workplace, including collaborative tools. It may be that this investment in technology has resulted in improvements in communication, collaboration and other work processes. The result may be general gains in productivity for everybody working, irrespective of their location, including being in the office.

Another potential reason for increased productivity is simply because working in a regular office may be inefficient. For example, Jason Fried, the co-founder of 37Signals and co-author of "ReWork", has commented on the lack of productivity in the office. In a talk given at TedXMidwest provocatively titled "Why work doesn't happen at work" he argues that the constant interruptions experienced in a physical workplace, often through meetings and manager interventions, lead to rampant inefficiency. He believes office workers "are trading in their work day for a series of work moments… it's like your day is shredded to bits. You have 15 minutes here, and 30 minutes there. Something else happens and you're pulled off your work… You look back at your day and you realize you didn't get anything done."

Other obvious benefits to productivity include the time saved by not commuting into the office. Some of the time gained from this exercise inevitably is given back to the employee's own leisure or family time but a surprising amount is also given back to the company in extra working hours. For example, Ann Bamesberger, Director of the Open Work programme at Sun Microsystems, in an interview originally included on the Sun website, stated that the "increased productivity from not having to make non-essential trips is given back to the company and is also taken back by the employee as a benefit."

Studies show that

60%

of time saved from commuting is used for work.

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Bamesberger estimated that 60% of saved time was actually devoted back to work. This exact split (60/40) – the proportion of time saved by teleworking that is given back to the company – was also reflected in a survey produced by Cisco in 2009.

Another reason for improved productivity may be that employees are simply happier with flexible working patterns, and this leads to a more productive workforce. One of the experts interviewed for Paul Miller's book is Wayne Clarke, the Managing Partner of Best Companies, and an international expert on employee engagement. Clarke believes in a strong link between the ability to work flexibly and an engaged employee.

"We did some specific work looking at the effect of flexible benefits on employee engagement. We looked at everything from health club memberships to profit-related pay to crèche schemes for kids. The only benefit we found that seemed to affect engagement scores was flexible working... If you have a flexible working culture, it means you've probably got a culture of trust... a culture where your managers get on and believe that people can work under their own steam."

Engaged employees are likely to work harder and better. This tends to improve productivity; for example, in the Cisco survey already cited, nearly 67% of employees believed their quality of work delivered flexibly was better. Two related benefits from a happier, more engaged workforce that strongly impact the bottom line are a reduction in employee turnover and rates of absenteeism. These are important elements for any business case for the digital workplace in their own right.

Examples and statistics

The **US Air Force's Central Adjudication Facility**, where 95% of employees now work at home, saw a 55% increase in productivity in one year of its agile working programme.

The **Telework Research Network** estimates the value of annual increased productivity through half-time telework at between $4,000 and $16,000 per teleworker, based on the average US salary for telework-compatible jobs, and increased productivity of between 15% and 55%. Some 75% of mobile workers worked more hours because of the increased flexibility in when and where they could work; 55% worked at least 10 or more extra hours each week.

Ecolab, a Fortune 500 company specializing in cleaning, sanitizing, food safety, and infection control products and services, reported that its work-at-home customer service representatives answered 16% more calls, and increased quick call resolution by 10%.

Following its adoption of a flexible work environment, **Hennepin County Human Services and Public Health Department** (HSPHD) – a public agency that provides a variety of public assistance, public health and social services – reported a 9% increase in processing cases and a 77% decrease in unprocessed in-basket items.

As a result of its workplace flexibility programme, **Fairview Health Services**, a regional healthcare network, experienced a 50% decrease in overtime. The company found that unproductive working practices, such as wasted time in meetings and unnecessary commuting, were eliminated. One employee commented: "I'm able to do my work when I choose... I love not having to fight rush hour traffic every day. I get an extra hour of sleep and an extra hour of work, just by eliminating my drive on 35W."

BT, a pioneer of agile working, now has 15,000 homeworkers out of 92,000 employees. The company finds that homeworkers are 20% more productive and notes that they take fewer sick days.

BT finds that homeworkers are
20%
more productive
and take fewer sick days.

3

UPS reported an increase in productivity among homeworkers of 17%. Some 86% reported increased job satisfaction.

Alpine Access, one of the largest all-virtual call centre employers in the US, attributes a 30% increase in sales and 90% reduction in customer complaints to its home-based agents.

In a study of more than 24,000 global workers, 80% of **IBM** managers agreed that productivity increases in a flexible environment. The study found that employees with flexible schedules and telecommuters were able to work 18 more hours a week before they felt work interfered with their personal lives. Office workers reached their limit at just 38 hours a week.

Some 87% of **National Science Foundation** managers who adopt flexible working practices report that employees' productivity increases or remains the same while homeworking.

Cisco has generated an estimated annual saving of $277m in productivity by enabling agile working practices for its employees. Cisco found that homeworkers spent 60% of their former commute time working. In addition, about 69% of homeworkers said they had higher productivity when working remotely; 75% said the timeliness of their work improved; and 67% said their overall work quality improved when homeworking.

Geir Ramleth, CIO of **Bechtel**, described his company's success while building an airport in Qatar: "It's a huge open space. We put in our own WiFi throughout the construction site, and launched an iPad-based inspection app for the people in the field. We measured a three- to five-fold gain in daily productivity for people who had the app. In an industry as old as ours, finding anything that gives that kind of gain is just huge, it's fantastic."

A 2011 briefing by the UK government cites an example from **Microsoft** of improved productivity of 28 minutes per employee per day through the use of unified communications technology, which saves $86m in employee costs.

At the **Defense Information Systems Agency** (DISA), 90% of managers surveyed indicated that teleworker productivity was the same or better than in the typical office.

A 2010 **US Remote Working Research Summary** by Microsoft found that teleworkers believe they are more productive when working remotely than in the office.

Key points on productivity

- Improved productivity of employees is perceived as the main "hard" benefit of the digital workplace that will have the most impact with senior management.
- Work that happens in traditional offices is often inefficient.
- Employee engagement is positively impacted by flexible work options. Engaged employees work harder and better.
- The value of annual increased productivity through half-time telework is estimated at between $4,000 and $16,000 per teleworker.
- Companies that have introduced some kind of flexible work programme have found significant productivity improvements. For example: BT (↑20%), UPS (↑17%), US Air Force Central Adjudication Facility (↑55%).
- Investment in the digital workplace is a prerequisite for increasing productivity through new ways of working programmes.

A DWG survey found that improved productivity is the main **"hard" benefit** of the digital workplace that has the most impact with senior management.

4 Absenteeism declines

Overview

People missing work through sickness and other issues is a major, but often unarticulated, cost to organizations. Absenteeism has proved hard to reduce to date. Many instances of staff being off work are due to factors others than actual illness that prevent them from working. The digital workplace produces significant and sustained reductions in absenteeism, and the direct and related financial gains from this are dramatic.

Employee absenteeism is an enormous cost for businesses. A 2011 PricewaterhouseCoopers (PwC) survey found that absenteeism alone was costing UK businesses around £32bn a year, while a survey by Gallop estimated that US businesses experienced more than $153bn in lost productivity each year through absenteeism caused by the poor health of their workforce.

While, instinctively, organizations know that employee absenteeism is a problem, often the overall costs to a business due to absenteeism are not quantified. This was reflected in the DWG survey, which found that respondents regarded reduced absenteeism of employees as the least important benefit of the digital workplace. However, it remains a serious issue and it is likely that if it were articulated more often, more employers would attempt to tackle the issue head on.

One of the ways to tackle reducing the number of sick days is through flexible working. For example, a pilot in teleworking at the City of Ottawa, running between January 2009 and July 2010, found absenteeism among municipal staff had reduced by a very significant 42%. Taking into account all the other benefits of the programme, it was estimated that plans to extend the scheme might eventually result in overall savings to taxpayers of $40m per year.

Another example is at BT, a pioneer in this area with a very significant population of homeworkers. BT found that employees on its homeworking programme were taking 63% fewer sick days than their office-based counterparts.

There are potentially many reasons why the number of sick days can be significantly reduced through agile working programmes. One of these may be that flexible working can result in working patterns which have a positive impact on employee health, therefore resulting in fewer sick days.

For example, stress is a major cause of absenteeism. The actual cost of workplace stress is difficult to estimate, but in the US estimates have ranged from $150bn to $300bn a year. Meanwhile, the UK government Health and Safety Executive estimated that in 2005/06 "work-related stress, depression and anxiety" resulted in 14m lost working days, representing an estimated cost of £500m to the UK economy.

There may also be potential health benefits from avoiding working too many hours. For example, a survey of 6,000 UK civil servants concluded that people working 10 hours a day were 60% more likely to have heart disease or a heart attack than those who only worked seven hours a day.

Whatever the specific figures, the number of sick days caused by stress and over-working is significant. Flexible working can help reduce stress by allowing busy employees to juggle more easily the various demands of work and family. They can avoid the pain of commuting and enjoy a less immediately pressurized working environment. Flexible working is also often a reflection of trust between an employee and their immediate line manager, and here a positive working relationship can significantly improve the working experience.

Absenteeism is estimated to cost US businesses more than **$153 billion** per year.

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A 2008 survey in the UK jointly carried out by the Cranfield School of Management and Working Families found that half of employees felt that flexible work helped reduce their stress levels, although interestingly 16% actually felt more stressed through it. Likewise, the US-based Families and Work Institute believes that having a good balance between life and work is very likely to mean good overall employee health, including less depression and stress, and fewer sleep problems.

Flexible working also helps reduce absenteeism among workers who may not necessarily be sick. The 2011 PwC survey in the UK indicates that a significant proportion of employee absenteeism may not actually be down to illness. It found that at least a third of employees lie to take time off work but, of these, 61% do so because they are disillusioned or bored with their job.

According to Neil Roden, an HR consulting partner at PwC: "Introducing or enhancing flexible working arrangements can make a difference. Ensuring people feel they're not taken for granted is also important. Some 15% of those who provided false excuses felt they deserved the time."

Overall, there is a body of evidence that shows flexible working reduces employee absenteeism. Despite this, there is still some cynicism about the real value of this approach within organizations. To overcome this, measurement of the actual cost of absenteeism to a business, plus evidence to show that flexible working can reduce absenteeism, is needed. This might persuade leadership teams to invest in agile working programmes and related technologies, which can help take things to the next level.

Examples and statistics

US Department of Labor studies show that absences are a substantial and growing expense of doing business, costing employers nationwide as much as $100bn a year. Labour officials estimate that 3% to 5% of an employer's workforce was absent on any given day in 2010. Other experts project the average daily rate as high as 8%.

The **Telework Research Network** estimates the value of reduced absenteeism from half-time telework at an annual $1,900 per teleworker based on the average US salary for telework-compatible jobs and 3.6 fewer days absent annually.

According to **Mercer's** survey, Total Financial Impact of Employee Absences, employers' direct costs of all absences reached 12.2% of payroll in 2010. Thus, an employer that has 500 employees and pays an average annual salary and benefits of $60,000 would spend $3.7m a year on people who did not work. Employers with 5,000 employees would spend $37m. The direct cost of an absence is the compensation an employee receives for time not worked. It may be full-salary continuation for vacation, sick leave, personal leave or short-term disability, or a separate benefit paid by a disability carrier. If an employee earns $200 a day and receives a disability benefit of 75% of pay, for instance, the direct cost is $150 per day.

There are also indirect costs, especially for unplanned absences; for example, the cost of continuing operations while employees are on leave. Employers may hire temporary or replacement workers, offer overtime, add responsibilities to supervisors, or carry additional workers on the payroll in anticipation of absences. Or they may opt to do nothing – leading perhaps to lower productivity and lost revenues because fewer customers are served or fewer products manufactured.

Employers' direct costs of all absences reached

12.2%

of payroll in 2010.

4

The **Mercer** survey, in line with others conducted by the Disability Management Employer Coalition and the Integrated Benefits Institute in San Francisco, aggregates data for all employer responses. It estimates average direct and indirect costs of all categories of absence at about 35% of payroll. That means a 500-employee company dedicates $10.5m a year to dealing with absences, while a 5,000-employee company spends $105m.

During a year-long agile working pilot in the **City of Ottawa**, employee absenteeism dropped by about 42%.

A 2011 survey by **Harris Interactive** found that 4% of adults who commute have called in sick to work because they couldn't face their journey. These unscheduled absences cost organizations 8.7% of payroll each year.

A **CareerBuilder** survey of 3,700 workers found that nearly three-quarters (72%) of workers typically go to work when they are sick. Workplace pressures and "presenteeism" may be causing workers to go in when they feel under the weather, as more than half (55%) of workers said they feel guilty if they call in sick.

According to the **Families and Work Institute**, a good work–life balance is highly predictive of employee overall health (only 28% of employees rate their health as excellent in 2008, a 6% decline since 2002), with:

- fewer minor health problems
- fewer signs of depression (one third of employees show signs of clinical depression)
- fewer sleep problems (28% of employees report sleep problems)
- lower stress levels (41% of employees report three or more indicators of stress often or very often).

In a 2009 survey by the **Society for Human Resource Management,** 70% of HR professionals thought that flexible work arrangements had a positive impact on absenteeism; 58% felt such arrangements had a positive impact on employee wellness.

Ryan LLC, a tax advisory firm with 900+ employees, saw its voluntary turnover go from 20% to 6% as a result of its MyRyan programme, which allows employees to choose where and when they are most efficient and effective. The percentage of those employees who plan on working at Ryan until they retire rose from 56% to 85%.

The **US federal government**'s telework cost/benefit model estimates a 63% reduction in unscheduled absences per teleworker.

According to the 2007 **CCH Unscheduled Absence Survey**, while 34% of people call in sick to work at the last minute due to "personal illness", 66% take time off to deal with personal or family issues. Agile working has proven to be the second most effective method of reducing absences; flexible scheduling is first.

Eversheds LLP has found that absence figures, while already low, have further reduced from 2.3% in January 2012 to 1.9% in January 2011 as a result of its flexible working programme.

70%
of HR professionals think that flexible work arrangements have a positive impact on absenteeism.

4

In a study of 1,566 teleworkers at **BT** published by Emerald Group in 2012, 74% of teleworkers reported a "good" or "very good" work–life balance. Specifically, the study revealed that while teleworkers reported working longer hours, they didn't seem to mind as long as they had control over the hours they worked.

Key points on absenteeism

- Studies indicate significant costs to employers from absenteeism; for example, average direct and indirect costs of all categories of absence are estimated at about 35% of payroll.

- The value of reduced absenteeism from half-time telework is estimated at an annual $1,900 per teleworker.

- Improvement in overall work–life balance, and reduction of stress, are key factors in reducing absenteeism enabled by new ways of working.

- The digital workplace produces significant and sustained reductions in absenteeism, and the direct and related financial gains from this are dramatic.

5 Staff turnover decreases

Overview

This paper is about the "hard" benefits of digital workplace investment, but one "soft" benefit in particular has direct financial savings: happy, engaged and productive staff remain with their employers. Like absenteeism, staff turnover is a significant cost. Some of this is direct cost, particularly with processes relating to recruitment, on-boarding and training, as well as potential lost productivity by not having a full complement of staff. Here even small percentage improvements translate into big numbers financially year on year. In recent years, studies by leading organizations such as the Society for Human Resource Management and the Association for Psychological Science, among others, have found clear and unequivocal links that show alternative ways of working have a positive impact on staff turnover.

There are also many softer issues, which are more difficult to measure, but still impact the organization. These include the potential for lost knowledge and expertise that is "disappearing out of the door", as well as the effects on morale for the existing workforce. Not only do they see their colleagues leave but they may also have to take on extra workload during the transition to a replacement.

There are a number of studies and surveys which suggest that alternative ways of working, which give employees more flexibility and autonomy about how and where they work, can lead to significant increases in employee satisfaction. For example, Microsoft Netherlands, which implemented a major multi-faceted programme to find new ways of working, partly powered by new technologies, found a 40% improvement in employee satisfaction scores over a period of five years.

As a general rule, employee dissatisfaction at work is high. Several recent surveys suggest that a significant proportion of employees are dissatisfied with their work. These include a Conference Board study involving 5,000 US households, which found that only 45% of employees regard their job as "satisfying", and a Right Management survey conducted during the 2008 recession, which found only 13% of employees planned to stay with their employer once the recession ended.

One of the themes in the book "**The Digital Workplace: How Technology is Liberating Work**" is that the way work and jobs have been fundamentally organized is responsible for a disenchanted workforce. The opening words suggest: "Most work in most organizations is awful. It's mind-numbing, soul-destroying and depressing. Everyone knows this but virtually no one admits it. Walk into most offices and you can feel your heart sink. Same place, same tedium, just another day."

While not everyone might share this strongly expressed opinion (and there are undoubtedly some success stories out there), low engagement has also been exacerbated by the recent financial crises and a suspicion of those who run many of our institutions. For example, there may be a wider lack of trust in business, with the latest Edelman Trust Barometer finding that 53% of respondents trusted business, a drop of 3% over the previous year.

Of course, there are many reasons for high or low employee turnover rates, but there is an obvious link between high employee satisfaction (usually displayed in employee opinion surveys) and high retention rates. Happier employers are less likely to leave.

5

There are plenty of examples where it has been shown that teleworking is linked to high employee satisfaction. For example, a 2009 Cisco survey of about 2,000 employees concluded that telecommuting could "lead to a higher employee retention rate, as more than 91% of respondents say telecommuting is somewhat or very important to their overall satisfaction". Moreover, the Telework Research Network reports that "95% of employers say telework has a high impact on employee retention".

Specific published examples where there is a direct link between teleworking and retention are harder to find, but a couple of case studies hint at the link. For example, at the US government DISA, a teleworking initiative was introduced at the same time as an office relocation move from one state to another. Operationally, staffing levels were kept at 100% (with an attrition rate of about 8%) despite this.

Perhaps the most dramatic reductions in employee turnover are shown where flexible working arrangements are particularly important to some employees. For example, BT, a pioneer in flexible and homeworking, has recorded an incredible 99% rate for women returning to work after maternity leave. The national average in the UK is around 47%.

Overall, alternative working patterns are incredibly popular among staff and may well prove to be a vital component of any strategy that seeks to keep employee turnover at a minimum, in turn leading to competitive advantage. This is an obvious element to include in any business case for investing in the digital workplace.

Examples and statistics

A 2011 **New Ways of Working** survey showed employee attraction and retention as the fifth highest driver of alternative workplace programmes (named by 59% of respondents, behind cost savings cited by 81%, employee work–life balance cited by 66%, employee productivity cited by 64%, and business agility cited by 61%).

The **Telework Research Network** estimates the value of reduced turnover from half-time telework at an annual $3,350 per teleworker, or $79,000 per retained employee, based on average US salary for telework-compatible jobs.

The **Cisco Connected World Technology Report** 2011 found that more than a third of college students in the US, UK and Canada (37%, 35% and 34% respectively) said they would take a lower salary (up to $10,000 less) for the option to work wherever they are most productive and happiest. When the same question was put to existing employees, the proportion who would take a lower salary was 38% in the US, 28% in the UK and 52% in Canada.

A 2010 **Right Management** survey of US employees at the depth of the recession showed that only 13% intended to stay with their employers when the economy improved. Some 60% said they planned "to pursue new job opportunities as the economy improves"; a further 21% indicated that they were considering making such a move and were actively networking as a result.

A **Conference Board** study involving 5,000 representative US households found that only 45% of employees regard their jobs as satisfying, and only a slim majority (51%) find their jobs interesting. Job satisfaction, the study reveals, has declined by 16% since 1987, with about a quarter of that decline (nearly 4%) occurring in 2008 alone.

The value of reduced turnover from half-time telework is estimated at

$3,350

per teleworker per year.

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The recession has clearly increased workforce unhappiness, but the trend is not merely cyclical and the challenge not merely short term. The Conference Board's figure for US job satisfaction (45%) is almost identical to Right Management's figure for US employee engagement (44%).

In the **iPass Global Mobile Workforce Report** 2011, although 95% said their employers encouraged or tolerated agile working, 40% would like to have an even more flexible work environment. If they aren't getting enough flexibility at work, 33% would seek employment elsewhere; 57% would be less satisfied with their job; and 45% would feel less productive.

Without the trek to the office – on average, a 75-mile round trip for respondents of the **Staples Advantage** survey – 76% of telecommuters are more willing to put in extra time on work and say they are more loyal to their company since telecommuting.

Since 2003, **Winning Workplaces** has sponsored a Top Small Companies Workplaces award programme. A synthesis of the applications submitted showed that companies that used one or more flexible work arrangements had 25% lower average staff turnover in 2010 compared with those that didn't use any and their average employee tenure was 43% higher.

A **Workopolis** poll found that more than half (56%) of Canadian fathers say they would take a 10% pay cut to spend 10% extra time at home with their kids.

According to the **Association for Psychological Science**, most estimates of employee replacement costs range from one half to five times the employee's annual salary. Thus, if a quarter of the workforce of a business leaves each year, and the average pay is $35,000, it could easily cost a 1,000-person organization between $4m to $10m a year to replace employees.

More than 91% of **Cisco**'s 2,000 survey respondents say that being able to telework is somewhat, or very, important to their overall satisfaction.

In a 2009 survey by the **Society for Human Resource Management**, 80% of HR professionals felt that flexible work arrangements have a positive impact on employee retention. Some 75% felt it helps them to attract employees and 86% felt it improved employee commitment.

In **Accenture**'s 2012 Women's Research – The Path Forward, 64% of respondents said that they stay in a job longer if offered flexible working.

Canada's Top 100 employers competition has found that employees who are given the option to telecommute report greater loyalty.

82% of **Fortune Magazine**'s 100 Best Companies to Work For in 2011 offer telecommuting opportunities to workers.

UK insurance company **NHBC** has reported a low absenteeism rate (£328 average sick pay per employee, compared with £600 stated by the CIPD), as a result of its flexible working programme.

Without the trek to the office **76%** of telecommuters are more willing to put in extra time on work and say they are more loyal to their company.

5

Key points on staff turnover

- Recent studies have found clear and unequivocal links that show new ways of working have a positive impact on staff turnover.

- The value of reduced turnover from half-time telework is estimated at an annual $3,350 per teleworker, or $79,000 per retained employee.

- If a quarter of the workforce of a business leaves each year, and the average pay is $35,000, it could easily cost a 1,000-person organization between $4m to $10m a year to replace employees.

- Employees with flexible working arrangements are more likely to be satisfied, productive and committed – and to stay with their employer in the long term.

- The digital workplace is a key component in reducing absenteeism through flexible work options.

In the UK,
the **2012 Olympics**
were a major catalyst for companies to adopt **flexible work programmes.**

The US government revised its original estimate of the cost of lost productivity from snow-related office closures in 2010 from **$100m a day to $71m** to account for the growing **number of teleworking** federal employees.

6 Operations continuity

Overview

Employees are increasingly used to disruption to working patterns due to circumstances outside their control. While some disruption may be down to problems specifically at an organization, such as the company's headquarters being flooded, most of this "disruption" is centred on the inability of an employee to be able to travel to a physical workplace, generally an office.

The types of external factors that can affect business travel and commuting are far and wide. Sometimes these can be extraordinary situations, such as terrorist attacks, the cancellation of air travel due to the presence of volcanic ash in the air or potential avoidance of a swine flu pandemic but, more often, they are down to poor weather conditions; for example, the cancellation of public transport or impassable roads.

Both the US and UK governments have recently been proactively promoting new ways of working to meet these challenges; for example, "snowmageddon" in parts of the eastern US in 2010 and the London Olympics in the UK in 2012.

Clearly, the ability of employees to access the various key systems and applications they need to carry out their normal work activities from any location is central to successful operations continuity. In many respects, of all the benefits from investing in the digital workplace included in this report, operations continuity may be one of the easiest to sell to senior management.

Generally, disaster recovery and business continuity processes are already well established within large corporates and government organizations and are a clear agenda item for IT departments, although in practice the efficiency and depth of these may vary dramatically from one organization to another.

Of course, the bottom-line benefits of operations continuity only really come into play when a crisis actually happens and can only be expressed as the costs potentially saved. However, as the case study from the US government (below) demonstrates, the cost savings can be substantial.

Certainly, if there is little or no provision for remote working during a crisis within your organization, then it is time to raise this urgently as an issue, and as a central argument for investing in a better digital workplace.

Examples and statistics

Some 1,200 **US Defense Information Systems Agency** (DISA) employees worked at home during the February 2010 snowstorms, when most of the federal government was essentially closed. And the National Institute of Health (NIH) finds homeworking especially useful for pandemic planning. During the February 2010 snowstorms, NIH kept working.

John Berry, Director of the **US Office of Personnel Management**, speaking about the impact of these events on working practices within the government, said: "If there is a silver lining to 'snowmaggedon 2.0', it was proving that our government does not shut down. At least 30% of our employees logged on to their office computer systems or were physically present, not counting many thousands more who worked on BlackBerries or simply brought home the papers they needed. That is great progress over the single digits possible in the last blizzard of '96, but much more is achievable. Managers and agencies now have tangible proof of the critical importance of driving agile working capabilities forward."

57%
of workers planned to work remotely during the London 2012 Olympics.

6

During the east coast snowstorms of winter 2010, the **US Marine Corp**'s Business Enterprise organization effectively maintained continuity of operations in the national capital region. Even though the federal government was officially closed for 4.5 days, Business Enterprise employees in the region were "at work" for 63% of that time. Homeworking accounted for 53% of the work hours recorded.

The **Centers for Medicare and Medicaid Services** invested in a technology upgrade for staff in 2007 making extra provision for telework that was estimated to increase the cost by about 30%. CIO Julie Boughn said: "When the snowstorms happened [in February 2010] it made me look like a genius. We came pretty close to actually paying for that 30 percent [during the storms]."

The **US government** revised its original estimate of the cost of lost productivity from snow-related federal office closures in 2010 from $100m a day to $71m to account for the growing number of teleworking federal employees.

Telligent's 2012 Market Survey Report "Do Brits Really Believe in the Social Enterprise?" found that 57% of employees surveyed were planning to work remotely during the London 2012 Olympics.

Key points on operations continuity

- The ability of employees to access the key systems and applications they need to carry out their normal work activities from any location is central to successful operations continuity.
- The US government has reported extensively on the productivity benefits of remote working during the snowstorms of 2008.
- In the UK, the 2012 Olympics were a major catalyst for companies to adopt flexible work programmes.
- The digital workplace is a key component in enabling operations continuity through the ability to work anywhere.

7 Environmental gains

A standard component of any large corporate's external communications programme is now the corporate social responsibility (CSR) report. Inevitably, one of the key details featured in this will be the efforts the company is making to reduce its impact on the environment. Agile working programmes and investment in online collaboration tools that reduce the need for travel are often cited as some of the initiatives which contribute to this effort.

While it's easy to be cynical about the "PR spin" given on efforts to reduce carbon footprint, the actual environmental benefits can be significant. An example in "**The Digital Workplace: How Technology is Liberating Work**" is Cisco which, in its 2010 CSR report, makes an explicit link between using collaboration solutions internally (principally WebEx and telepresence) to host a staggering 19.3 million hours of virtual meetings. This represents an annual saving of 47,000 tonnes of carbon emissions a year and a general reduction of 12% of Cisco's output of greenhouse gases since 2007.

Of course, the *potential* environmental savings are even greater, with new ways of working reducing the need for travel, both for commuting every day (generally by road) and flying. Gartner, for example, in 2009 predicted that telepresence would replace 2.1 million airline seats by 2012.

Another way of reducing environmental impact is by reducing real estate. For example, in HP's three-year Global Workplace Initiative it is seeking to reduce the amount of total square footage it occupies. HP says: "During 2010, consolidation enabled us to close 16 data centres and 447 computer labs, and to reduce floor space by around 12,000 square metres, while maintaining our presence in all the world's major regions and our ability to support customers worldwide. In turn, we estimate that this consolidation avoided 260,000 tonnes of carbon dioxide equivalent (CO_2e) emissions."

Reducing an organization's environmental impact makes sense on many levels and has many benefits. Some of these are intangible; for example, the ability to help preserve or improve an organization's reputation, which is particularly important if the main activity of the business has some additional environmental impact.

A more tangible benefit is the ability to reduce various environmental taxes and penalties, which may have been introduced in different countries to help encourage energy efficiency or a reduction in carbon footprint. For example, in the UK, there is a Climate Change Levy which applies to non-domestic users, while in Australia, late in 2011, the government passed a carbon tax, which charges A$23 ($23.78) a tonne on the top 500 polluters from July 2012, moving to an "emissions trading scheme" from 2015.

With carbon taxation set to grow (California, for example, is set to introduce a scheme in 2013) and other environmental levies only likely to increase, active reduction in the carbon footprint from companies will become ever more commercially prudent, with a likely direct impact on the bottom line.

7

Examples and statistics

The **Telework Research Network** estimates that if US employees with compatible jobs and a desire to work from home did so half the time, the nation could cut its Persian Gulf imports by 47%. The greenhouse gas impact would be equivalent to taking the entire New York State workforce off the road. The energy savings would total more than double what the US produces from all renewable energy sources combined.

According to the **Climate Group's** Smart 2020 report, currently the largest opportunity identified within "dematerialization" (i.e. reduced use of the world's resources) is home-working. Although other dematerialization opportunities may come to prominence in the future, based on historic trends, the analysis found that homeworking would have the largest impact – up to 260 $MtCO_2e$ (metric tonne carbon dioxide equivalent) savings each year. For example, in the US, if up to 30 million people could work from home, emissions could be reduced 75–100 $MtCO_2e$ in 2030, comparable to likely reductions from other measures such as fuel-efficient vehicles.

Microsoft estimates that its employees avoided flying more than 100 million miles in the first year of using unified communication technology, saving 17,000 metric tons of CO_2.

Eversheds, between 2008/09 and 2009/10, set a 10% travel-related carbon reduction target. However, this was exceeded, with comparable travel costs falling by 24%, saving £1.3m through flexible working and use of technology.

In 2010, according to the **Global Business Travel Association**, 427 million business trips were made by Americans alone.

Capgemini's carbon emissions have fallen by 12.6% since 2008 as a result of its TravelWell programme, which included providing technology alternatives to non-essential travel. It has also achieved WWF UK's "One in Five Challenge" (reducing business flights by 20% in five years). A founder sponsor of the challenge, Capgemini achieved this in the first year, reducing flights by 4,508.

Cisco employees participating in a telework study reported cost savings of $10.3m a year in fuel that would normally be used to commute.

The software company **Autodesk** has 20 telepresence suites worldwide and has cut travel by 16% since installing its first suites in 2007.

At **Zurich Financial Services,** the use of audio- and video-conferencing has reduced business mileage by over 1 million miles, with fuel cost savings of £122,000 and an extra 17,000 working hours being created.

Through its award-winning flexible working programme, in 2009/10 **Ernst & Young** avoided 6.8 million air miles from using video-conferencing facilities. And in 2010/11, it achieved a 24% reduction in distance travelled by road per head, and a 15% reduction in CO_2 emissions per head, compared with 2006/07. It also achieved a 5% reduction in distance travelled by rail and CO_2e emissions per head in 2010/11 compared with 2006/07. Its flexible working strategy has been supported by a £650,000 initial investment while the potential annual direct cost savings from business travel avoidance is £2.5m.

Microsoft employees avoided flying 100 million miles in the first year of using unified communication technology.

Digital Workplace Business Case:
What is the financial value of investing in digital working?

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7

In 2011, **E.ON** saved 25,668 hours of travel and 454.32 tonnes of CO_2 through the introduction of Telemeet (VCoIP) at 26 locations across the UK, achieving cost savings of £1,134,02. In the same year, it also saved 30,396 hours of travel and 991.13 tonnes of CO_2 through ongoing promotion and use of telepresence in these same locations, achieving additional cost savings of £1.8m.

UK insurance company **NHBC** reduced its car fleet average CO_2 emissions by 20g/CO_2/km in the two years to the end of March 2012 as a result of its flexible working programme.

> **Key points on environmental gains**
> - Reducing environmental impact is a key factor of an organization's CSR commitments.
> - If US employees with compatible jobs and a desire to work from home did so half the time, it is estimated the nation could cut its Persian Gulf imports by 47%. The greenhouse gas impact would be equivalent to taking the entire New York State workforce off the road.
> - Significant savings can be achieved through the reduction of business travel; for example, Ernst & Young (£2.5m a year) and Cisco ($10.3m a year).
> - Digital workplace technology has the potential significantly to reduce the negative environmental impact of organizations.

A Appendix A: Survey Results

We received 20 completed surveys, which have given us some interesting insights into the types of benefits of the digital workplace that are likely to resonate with senior management.

Main conclusions

- Respondents believe that improved productivity of employees is the main "hard" benefit of the digital workplace that will have the most impact with senior management.

- There is a lesser degree of consensus over which "soft" benefit of digital working will resonate most with the C-suite; attracting talent and increased employee engagement were the most popular choices.

- The main barriers to investment were regarded as organizational culture and the significant investment needed in technology infrastructure.

- Showing evidence of success through use cases and metrics was regarded as important for any business proposition to senior management.

- A variety of challenges around the digital workplace were mentioned, including arguing for investment and the need for change management.

Results summary

There are "harder" benefits arising from agile working enabled by the digital workplace. Please rank the following statements in the order in which you believe the leadership of your organization would place the most importance when considering investment in the digital workplace. Please rank (1) for the most important and (6) for the least important.

Statement	Average rating	% of first choice from respondents
Reduce real estate and associated costs	3.20	15%
Improve productivity of employees	1.80	70%
Reduce absenteeism among employees	5.05	0%
Increase retention rates of staff	3.05	15%
Allow for disaster planning and operational continuity	3.75	0%
Gains for the environment	4.15	0%

- Improved productivity of employees was regarded as by far the most important benefit to impress senior management, with an average score of 1.8. Some 70% of respondents selected this as their first choice.

- Respondents regarded reduced absenteeism of employees as the least important benefit. With an average score of nearly 5.05, respondents selected it as their overall least important benefit.

A

There are "softer" benefits arising from agile working enabled by the digital workplace. Please rank the following statements in the order in which you believe the leadership of your organization would place most importance when considering investment in the digital workplace. Please use (1) for the most important and (6) for the least important.

Statement	Average rating	% of first choice from respondents
Increased employee engagement	2.85	30%
A better work–life balance for staff	4.35	10%
More innovation and generation of ideas	3.15	10%
Attracting and retaining the best talent	2.75	25%
Appeal to generation Y or millennials working style	4.20	0%
Modernize or influence company culture	3.70	25%

- Opinion was divided about the most important "softer" benefit arising from agile working, with "attracting and retaining the best talent" and "increased employee engagement" the most popular benefits.

- "Better work–life balance" and "appealing to generation Y / millenials" were regarded as the least important benefits.

What are the various barriers to getting more investment in the digital workplace within your organization? Please rank the following statements in order of relevance by placing (1) for the most relevant to (6) for the least relevant.

Statement	Average rating	% of first choice from respondents
Potential investment in technology infrastructure is too high	3.05	31.6%
Organizational culture is not conducive for it to work	2.79	31.6%
Lack of support from leadership function	3.37	10.5%
Middle management resistance to flexible working	3.58	10.5%
Concerns about data security	4.05	10.5%
Concerns about effective performance management of individuals	4.16	5.3%

- The two main barriers to getting more investment in the digital workplace were regarded as a non-conducive organizational culture and the potential high cost of technology infrastructure.

- The barriers which were more to do with concerns over operational issues (data security and effective performance management) were the two least popular choices.

A

If you were making a case for investment for the digital workplace to your senior management team, which of the following statements is likely to have the most impact? Please rank (1) as having the most impact to (4) having the least impact.

Statement	Average rating	% of first choice from respondents
Demonstrating success from other companies through use cases and metrics	2.11	16.7%
A "maturity model" that proves we're behind on the digital workplace compared to other organizations	2.56	27.8%
Our direct competitors are all doing it and we aren't	2.50	33.3%
A critical incident forces it onto the radar (e.g. a disaster situation or major event)	2.83	22.2%

- The most popular first choice was evidence that a company's direct competitors were involved in the digital workplace.

- The least popular first choice was demonstrating success from other companies with use cases and metrics, yet this had the highest average rating. If any conclusion can be drawn, it perhaps suggests that evidence might not have immediate impact, but is vital for the validity of any business case when it comes under scrutiny.

What does the digital workplace opportunity mean for your organization? Please add any relevant details about specific opportunities and challenges which are pertinent to your organization. (Free text response.)

Fewer than half of the organizations chose to answer this question. Themes covered in responses varied from the logistical challenges of different functions working together, to the opportunities relating to employee engagement and productivity. Specific responses included:

- There is a plethora of opportunities, but funding for any investment in these capabilities is in considerable competition against initiatives with more tangible, "hard return on investment" numbers.

- One challenge will be to have groups work together which may not have had to before, e.g. Technology, Real Estate, HR.

- A leaner and more agile company.

- It will allow knowledge workers to become more efficient by introducing a centralized point of access for online tools.

- The challenge to embracing a total flexible, digital workplace is the change in habit and the costs involved in letting one way of doing things go and adopting the new way… irrespective of the opportunities we have to impact our workforce positively.

Is there anything innovative or exciting that your organization is doing with digital and flexible working?

Only about a third of respondents answered this question. Some gave very brief details of what they were doing, the most common element being establishing platforms for collaboration.

B Appendix B: References

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