



A COVID-19 Virtual Ideation Experience

Team Topic and Number: **Space Utilization & Metrics – Team 17**

Team sponsor/chapter (if applicable): **Becky Binder**

Team Lead: **Nathan Sri, Unispace**

Team Members:

Name	Company
Edmund Tse	Agilent Technologies
Praveen Kumar	Space Matrix Design Consultants Pte Ltd
Nathan Sri	Unispace
Vignesh Thangadurai	Cisco Systems
Wendy McEwan	Knight Frank
Sheridan Perkins	Standard Chartered Bank
Sunil Gupta	Cognizant Technology Solutions
Rishi Patel	Savills
Kalashayana Prabhu	Lowe's Services India Pvt. Ltd.
Rajat Bhattacharjee	Turner & Townsend

Input your submission below. Please remember that you have 1500 words to share your insights.

As per the World Economic Forum, "[COVID-19 is the world's biggest psychological experiment](#) with 2.6 billion people under some kind of lockdown, and this will likely result in a secondary epidemic of burnouts and stress-related absenteeism". Simultaneously, the COVID-19 pandemic has also forced companies to transform business processes and leverage technology to work remotely wherever possible. Many industries have successfully adopted the "Work from Home" model.

As countries and cities continue to fine tune regulatory requirements for businesses and communities to start opening up, each company will incrementally develop its own playbook for running their workplaces and creating experiences that facilitate productivity without creating health risks.

In terms of space planning, companies will deal with challenges such as changes in demand in the new environment, a necessity to resume certain functions on premise and a preference to continue to run many other functions in the work from home model. Due to many contingencies and unknowns, companies will continuously work on redesigning existing offices and likely plan for new layers of facilities.

In this context, The CoreNet Global Hackathon is very timely and all the themes are relevant in the areas real estate professionals are currently addressing to address challenges and maximize opportunities ahead. Our team has ideated on the **Space Utilization and Metrics** track addressing the key questions presented, namely,

1. Will COVID-19 reverse the trend of reducing square footage per employee and shift the focus from space-centric measurements to human centric measurements? or
2. Will companies place greater priority on reducing expenses?
3. Further, will the significant business disruptions and prolonged uncertainty ushered in by COVID-19 bring transformational change in companies' leasing strategies?

Based on our team's deliberations, we foresee that square footage per employee will increase to address safety concerns; however, companies will need to design and execute plans to reduce Capex and Opex without compromising on safety. Companies are already incurring additional costs to run the business throughout the COVID-19 situation and thus they will drive cost reduction in the areas where they can without influencing safety and efficiency. Lease expenses will be one such area where companies will look at cost reductions with innovative engagement models.

In a nutshell, **we believe that the design of future workplaces will have a combination of metrics to measure safety, wellbeing and efficiency.** Corporate Real Estate and other functions will continue to track conventional cost related metrics however there will be much more visibility for people health and well-being related metrics.

Companies will have hybrid work environment, which would include - **work from office, work from home, work from near-to-home and work from third party flex**. Accordingly, employers would identify different work activities for each work environment. Projects involving active collaboration may continue to run from the offices while a lot of individually driven jobs may become candidates for work from home.

Key Criteria to determine work location would be –

- Well defined work vs unstructured work
- One on one work vs collaboration & brainstorming driven work
- Requiring a standard IT set up vs requiring a complex customized and high capex set up
- Informal collaboration vs formal interactions
- Internal interactions vs external interfaces
- Data Privacy requirements
- Customer and employee expectations
- Regulatory requirements

Workplaces would open gradually and companies are likely to redefine occupancy levels considering acceptance of flexible work locations. We see fears, successes and learnings of COVID-19 defining real estate planning.

This scenario provides CoreNet with an opportunity to create a **Scores/Index** to rate organizations (and potentially buildings) based on the implementation of best practices and measurement of metrics outlined in CoreNet defined frameworks.

Physical Infrastructure, Intellectual Infrastructure and **Emotional Infrastructure** could be broad categories to group metrics into the overarching **CoreNet Employer of Choice Rank; CoreNet Gold Standard Rank**. Specific categories, related metrics and weightages can be customized depending upon industries, regions etc. Such an index would tap into the broader business C-Suite and connect the property narrative to the core business and digital transformation priorities driving change in most of today's enterprises.

Accordingly, we recommend the following metrics be included to form such an Index.

- Percentage of revenue spent on Employee Wellness & Assistance Programs

We believe that companies will have to increase investment in providing psychological support to employees and their families.

Driving factors will be anxiety of living in a VUCA world, stress and depression due to isolation of working from home, health hazards of WFH set up, increased set up for health & safety in the offices etc.

Simultaneously, we would see reduction in utilization of health benefits for life-style related illnesses since employees would get an opportunity to utilize time saved on commuting for wellness initiatives. In long run, this would lead to reduction in HMO premiums for the employers for standard illnesses.

- Employee Engagement scores and Retention rates

Typically, HR and business leaders are key influencers for Employee Engagement scores however going ahead CRE function will play a much more vital role in keeping employees happy.

Employees will choose and continue to work for companies, which design workplaces with associate well-being as their north star.

- Higher Percentage of Female Leadership

Given greater acceptance for work from home, we expect to see a higher number of women professionals continuing in their careers and grow to leadership roles.

- Diversity of Talent pool

Employers would get access to an untapped talent pool, as location would no longer be a constraint for hiring right talent. We could also see an increase in contract based and part time employees. Such developments could lead to lower salary / employee and/or higher revenue / employee.

- Percentage of revenue investments in Information Security

With higher adoption of work from home and working from co-working places along with continuously increasing, sophistication of cybercrimes, companies will need to spend more on information security.

- Capex & Opex - \$ / seat for Work from Home

We foresee companies creating standard work from home infrastructure requirements depending upon nature of work and establish cost/seat for work from home. Companies will also standardize requirements for connectivity etc to arrive at baseline Opex.

- Capex & Opex - \$ / seat for Work from office

Over next 3 to 5 years, we believe companies will make changes such as - reduction in common spaces and amenities, implementation of social distancing, spending more on cleaning, maintainig of seclusion areas for containment, etc.

This likely to see reduction in Capex / seat and increase in Opex / seat

- Area / seat

We see that area per seat will increase and service industry may follow 175-250 sq ft/seat for office environments

- Seat Sharing

Seat sharing is likely to reduce. Employees are likely to have separate seats even if they work in different shifts.

- Percentage capacity un-utilized

Due to a combination of factors such as reduction in business, success of work from home, social distancing norms etc., companies are likely to have un-utilized spaces in near to mid-term and it will be an important metric for executive leadership.

We expect lot of consolidations and portfolio optimizations in coming years.

- Transport expenses / employee

We will see very dynamic behavior on amount spent for work commute. While there will be no cost for employees working from home and the cost will reduce for those working from co-working spaces near their homes, the cost of commute to work will increase due to social distancing.

- Percentage of annual rental vs rental for flexible third-party spaces

Post COVID-19, companies in general will be likely be more interested in flexible spaces as a strategic long-term option.

- Percentage of employees working from home

Given overall high success of work from home in many industries, we can expect this to be a key metric for business planning.

- Percentage of revenue spend on HVAC powered with IoT, AI & ML

We will see higher investments in intelligent building set ups. These solutions will address key demands of efficiency as well as wellness from infrastructure point of view.

As a society, we will also see a renewed focus on sustainability. This will give CRE professionals immense opportunity to contribute with creativity, commonsense and intellect by collaborating across domains and beyond organizational boundaries. The CoreNet Index provides CoreNet with a unique opportunity to create an industry benchmark, which reaches beyond the traditional property community. By providing a standard relevant to the Employer Brand this will not only help organizations navigate creating workspaces that enable long-term success for their businesses, but also help keep employees engaged and make positive contributions to society. Organizations will aspire to learn about and implement CoreNet Standards to gain recognition and credibility with potential talent and their investor stakeholders.

References –

1. <https://bit.ly/Team17-1> - Lockdown is the world's biggest psychological experiment, World Economic Forum
2. <https://bit.ly/Team17-2> - The Emotionally Bonded Organization: Why Emotional Infrastructure Matters and How Leaders Can Build It