



POINT OF VIEW | DYNAMIC WORKPLACE SERVICES

Rethink the Workplace: Adapting to a Digital Workforce

JUNE 2018

Introduction



Digital transformation and digital disruption have become fashionable phrases to describe the change that enterprises are now going through, but these labels don't do justice to the era in which we're living. In fact, the world is in the middle of what the World Economic Forum describes as the Fourth Industrial Revolution — the emergence of new technologies that transcend and link the physical, digital and biological worlds and that will have enormous impacts on all disciplines, industries and economies.¹

Such change isn't unprecedented, even if the pace of the revolution is more rapid than previous periods of upheaval. And we can learn from history: Past industrial revolutions demonstrate that such transformations utterly and irrevocably change the nature of work. Just as mechanization spawned a process of industrialization and urbanization 250 years ago, so too will the technologies of today require the modern workforce to work in a completely different way.

Most organizations are only just beginning to understand the imperative to address workforce change. As new technologies have emerged, the immediate — and

understandable — instinct is to focus on the customer, concentrating efforts on the changing value proposition. Delivering that proposition, however, won't be possible without workforce transformation, including a reimagining of key business enablers such as IT systems and architecture.

Organizations must now come to terms with how the Fourth Industrial Revolution is completely changing the workplace. For example:

- Between evolving technology and varying generational attitudes, organizations need to rethink their approach to the workforce.
- To reposition a business in the face of disruption, organizations also need to reimagine the workplace and remodel the workforce using emerging technologies.
- Speed is imperative; organizations that are too slow to adapt won't survive.

Current trends and the impact on our workforce

It's important to recognize that it isn't only emerging technologies that will reshape the workplace. Societal and demographic changes will prove equally important. People trends, in other words, are just as significant as technology trends.

Nevertheless, the impact of new technologies is dramatic. The past shows many advances, but the technologies of the Fourth Industrial Revolution — spanning disciplines including cloud computing, the internet of things (IoT), artificial intelligence (AI) and machine learning, robotics and automation, and analytics and big data — offer something different. These technologies have the potential to seamlessly connect people, places and organizations.

The pace of change is remarkable. The McKinsey Global Institute estimates that IoT could have an annual economic impact of up to \$11.1 trillion by 2025.² It's also projected that the number of connected IoT devices worldwide will jump 12% annually (on average) — from nearly 27 billion in 2017 to 125 billion in 2030, according to analysis from IHS Markit.³

Automation is proceeding at breakneck space. Another McKinsey Global Institute report suggests that half of today's work activities could be automated by 2055, and that this change could happen up to 20 years earlier.⁴ This isn't to suggest that half of all jobs will simply disappear — in previous revolutions, new technologies have created more work than they've destroyed — but that many current roles will no longer exist.

The advance of data and analytics is just as dramatic. Many studies of the exponential rate of data growth have been done, but the broad consensus is that the size of the world's digital dimension is roughly doubling every two years — and that it will grow 50 times between 2010 and 2020.⁵

People change goes hand in hand with these trends. As more of the world's population enjoys longer, richer and healthier lives, they're going to work for different reasons. The imperative for subsistence is no longer the dominant factor in employment.

The rise of the millennial generation — the first to come of age in the digital era — is particularly important. In the U.S., for example, Pew Research Center says millennials have now become the nation's largest living adult generation, surpassing the baby boomers and Generation X, and they're starting to dominate the American workforce.⁶ On a global level, millennials will make up 50% of the workforce by 2020 and 75% by 2030, according to PwC.⁷ Attracting, retaining and getting the best out of millennials will require organizations to behave differently.

The new workforce's attitude to IT is also radically different. "Digital by default" millennials have high expectations, ranging from the ability to work remotely while accessing company networks and infrastructure to bringing their own devices into the workplace and the organization's IT infrastructure. Bring-your-own-device adoption rates are now reaching 50% in North America.⁸

Managing for disruption

In this new landscape, both organizations and their workforces will have to take responsibility for adapting to the new realities of work. Individuals wedded to old ways of working, or unwilling to acquire new skills, may find it difficult to obtain employment. Organizations that are unable to support staff through this transformation, or to build an IT infrastructure fit for this purpose, may struggle to recruit and retain staff. They'll be rapidly eclipsed by more nimble competitors, whether these are fleet-footed industry incumbents or disruptive new entrants.

For the workforce, the imperative now is to think about the extent to which their jobs remain relevant, and whether they have the required skills as their roles change or are replaced by disruptions such as automation, AI and machine learning tools. In most cases, the answer to this question is likely to be no. Closing this skills gap will be a pressing challenge. The workforce may need to seek help from a broad range of sources, including the organizations that employ them.

At the organizational level, the challenges posed by the Fourth Industrial Revolution will be wide-ranging. Companies will need to reshape their workplace and their workforce to stay relevant and better utilize the connected world.

There is little time to lose, and the price of delay is high — with the decline toward irrelevancy accelerating for organizations that don't evolve. Research shows that in 1965, corporations in the S&P 500 Index could expect to remain within this flagship benchmark for an average of 33 years; by 1990, the average tenure in the S&P 500 had narrowed to 20 years, and it's now forecast to shrink to 14 years by 2026.⁹ At the current rate of churn, half of today's S&P 500 firms will fall out of the index over the next 10 years.

The reality is that there can be no one-size-fits-all solution for enterprises of different sizes and in different industries.

Speed, in other words, is of the essence. But what does transforming the workplace look like in practice? The reality is that there can be no one-size-fits-all solution for enterprises of different sizes and in different industries. Nevertheless, certain fundamental principles apply across the board:

- **The need to transform the workplace.** All organizations must now work harder to reimagine the shape of their workplace infrastructure in this new landscape. For example, how will they empower a digital, always-on working environment? How will they develop over multiple platforms, from desktop to mobile? What will be the role of analytics? How will they keep the enterprise secure?
- **The need to harness the power of data.** A huge opportunity exists for organizations to harness data and analytics tools to understand what their workforce does today and what will remain relevant as jobs change in the future. Similar tools will provide constant feedback about workforce sentiment, as well as the workforce's hopes and fears about the challenges they face.

Right now, not enough organizations understand the skills their workforce currently possesses and what new skills they will require for the future. Nor have these companies thought about how to equip their people with those new skills. It may be necessary, for example, to provide incentives for learning, whether through new job opportunities or simply a willingness to give the workforce time out of the workplace for training and education.

- **The need to remodel the nature of work.** With organizations expecting so much from their future workforces, they'll need to think about how to attract and retain the best people. For example, how will organizations provide more flexible working environments? Should they shift away from a maintained workforce to more contracted or freelance models? Where will they find the right skills at the right time? It will be important not to lose sight of what potential employees will want, as well as what's right for the organization.
- **The need to work within a broader ecosystem.** Organizations should also recognize their place in a broader picture of societal change, working with a wide range of stakeholders to help build a workforce that is ready for the future. For example, schools, colleges and universities will need help understanding what skills organizations will look for from their students; very often, these educators may also lack the skills to impart this knowledge.

These principles aside, there is no avoiding the fact that organizations now face some difficult decisions, and they must look beyond the distractions of short-term reporting cycles. Leadership must think about setting workplace transformation targets for 12 months, and then more long-term targets for the subsequent 18 to 36 months. They should investigate the tools and technologies that will equip the organization for success, including automation. Above all, organizations must work with their workforce to plan effective change for the short, medium and longer terms.

Five strategies for rethinking the workplace and adapting the workforce

1 Start with a strong organization change management (OCM) program.

A successful part of change is when people accept, own and drive changes. A strong OCM approach focuses on an organization's most important asset — its people. OCM will help people understand the reasons for change, secure their involvement and insights, create understanding and commitment, put in place the capabilities to make needed adjustments and enable the organization to track the process of change.

2 Build a dynamic workplace to enable an efficient, always-on workforce.

The workforce needs the right tools to collaborate and create a workplace that is smart, agile and secure. Organizations need to implement a dynamic workplace solution that aligns to users' behavior and enhances the user experience. They should also focus on retraining their workforce to perform more intelligent tasks by leveraging analytics to provide actionable insights, automation to reduce the time spend on repetitive tasks and virtual assistants for more productivity.

3 Innovate and adopt intelligent operations.

To stay relevant and competitive, business leaders must embrace analytics, automation and machine learning to deliver not only superior customer and user experiences but also intelligent operations. Organizations should leverage analytics to understand behavior, trends and patterns, as well as automation, to reduce the time it takes to deliver outcomes.

4 Invest in emerging technologies.

To get the most from emerging technologies like IoT, cognitive computing and automation, it's imperative for organizations to have talent who understands digital technologies, as well as industry and functional priorities. Engaging with the right partner will help the organization accelerate technology selection and deployment. Partners will evaluate readiness, define solutions and services, and develop a roadmap. Organizations not only need to train and enable their workforce with new technologies but also reward them for applying and leveraging these technologies.

5 Focus on winning the war and not the battle.

Leadership often makes decisions that focus solely on the short term, such as annual or quarterly goals, sacrificing both long-term investments in innovation and the option to explore the application of new technologies. Leaders need to understand that some of these decisions may lead to a significant loss of market share or competitive capability in the future.

Conclusion

Adapting to change isn't a one-time activity but an ongoing pursuit where organizations track changes that impact their workforce and technologies that may impact their business. If your organization wants to maintain or gain a competitive advantage, driving workplace evolution is key.

Let's get started

Visit our [Dynamic Workplace Services](#) page for more information on our solutions and to check out the latest in NTT DATA Services offerings.

Sources

¹ Schwab, Klaus. "[The Fourth Industrial Revolution: what it means, how to respond.](#)" World Economic Forum. January 14, 2016.

² McKinsey & Company. "[The Internet Of Things: Mapping The Value Beyond The Hype.](#)" June 2015.

³ IHS Markit. "[The Internet of Things: a movement not a market.](#)" October 24, 2017.

⁴ Manyika, Chui, Miremadi, et al. "[Harnessing automation for a future that works.](#)" McKinsey Global Institute. January 2017.

⁵ Inside Big Data. "[The Exponential Growth of Data.](#)" February 16, 2017.

⁶ Fry, Richard. "[Millennials surpass Gen Xers as the largest generation in U.S. labor force.](#)" Pew Research Center. May 11, 2015.

⁷ Brown, Gosling, Sethi, et al. "[Workforce of the future: The competing forces shaping 2030.](#)" PwC. 2017.

⁸ Bouk, Josh. "[Top BYOD Trends for 2018.](#)" Cass Information Systems Inc. November 14, 2017.

⁹ Scott D. Anthony, S. Patrick Viguerie and Andrew Waldeck. "[Corporate Longevity: Turbulence Ahead for Large Organizations - Executive Briefing.](#)" Innosight. Spring 2016.

Visit nttdataservices.com to learn more.

NTT DATA Services partners with clients to navigate and simplify the modern complexities of business and technology, delivering the insights, solutions and outcomes that matter most. As a division of NTT DATA Corporation, a top 10 global IT services and consulting provider, we wrap deep industry expertise around a comprehensive portfolio of infrastructure, applications and business process services.

NTT DATA