CV-19: Lasting Legacies

How UK tech sector businesses are responding to the demands of the CV-19 environment

HSBC UK

Introduction

In this insight we find out how UK tech sector businesses are responding to the demands of the CV-19 environment.

CV-19 has changed our world forever, but what we are hearing from our customers is that many of the CV-19 driven changes affecting how businesses operate were in fact already in play. The crisis has accelerated existing themes – often to a dramatic extent. These themes are impacting businesses in the tech sector and far beyond – and it seems they are here to stay. That's why we're referring to them as 'Lasting Legacies'.

We wanted to share our experience of how businesses are evolving and adapting to meet the new demands of a reshaped working world. To find out more from the front line, we recently surveyed 50 leaders of high-growth companies, ranging from small high growth UK start-ups to our largest international firms – and everything in between. In a recent webinar, we also spoke to two tech company CEOs, Andrew Orrock of leading Internet of Things (IoT) and Machine to Machine (M2M) managed services provider Arkessa, and Peter Sweetbaum of IT service management company Content+Cloud, on how CV-19 is changing their world of work and leaving a lasting legacy.

Based on our survey findings, we have separated the lasting legacies of CV-19 into the following five themes:

1 **Remote working**

2 **Productivity improvement**

3 **Innovation acceleration**

4 **Culture and wellbeing**

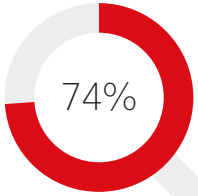
5 **Office space changes**

Our survey of 50 tech company leaders explored how businesses are adapting and evolving the way they work due to the impact of CV-19.

Remote working

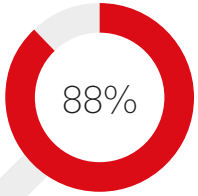
of respondents said that they expect their organisation to continue working remotely more frequently when the crisis is over than they did before

Remote working



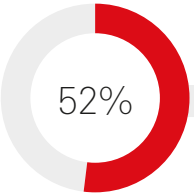
expect much more of their organisation to work remotely much more frequently than before

Innovation spend



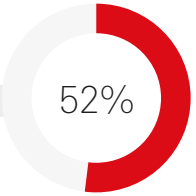
expect to spend the same or more on innovation as a result of the crisis

Office space changes



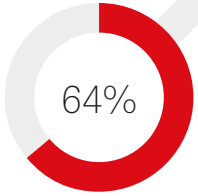
expect that it's likely that their organisation will reduce its office space

Innovation spend



expect to make changes to their products or services or how they are provided

Office space changes

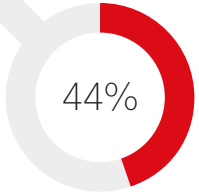


say it's likely that their organisation will change how it uses office space – from traditional desk layout to collaboration spaces

Culture and wellbeing

Most have increased or developed employee wellbeing initiatives

Productivity improvement



believe they have seen an improvement in productivity levels since the move to remote working

1 › Remote working

You can't put the remote working genie back in the bottle!

CV-19 has had far-reaching effects on the way we work: the switch to remote working – across the British business landscape from tech start-ups to public sector enterprises – is one of the most palpable. Every single one of the respondents in our survey of tech company leaders said that they expect their organisation to continue working remotely more frequently than they did before, even when the crisis is over.

What's more, 74% expect much more of their organisation to work remotely much more frequently than before. Andrew's experience at Arkessa is typical: "We've had a single-minded focus on transforming the way we're working."

While some degree of remote operation is not new for tech companies, the step-change to universal remote working, the 'war footing' of the lockdown period, and the uncertainty of crisis recovery have posed unprecedented challenges for businesses across the board – even for a cloud tech company with 750 staff across multiple offices like Content+Cloud. Peter explains: "Moving into lockdown, we were operational pretty seamlessly, but getting people settled into a new way of working took some effort."

How do you lead a business in a fully remote environment? Does it need a new operating model? What new technology do you need? How can you maintain staff culture and wellbeing? Here we explore how the UK's resilient tech companies have responded to the challenges – and opportunities – of remote working.

> **"We've had a single-minded focus on transforming the way we're working."**
>
> Andrew Orrock, CEO, Arkessa

2 › Productivity improvement

Is it sustainable?

One positive effect of remote working, at least in the short term, has been a boom in productivity. Twice as many of our survey respondents think productivity has gone up rather than down: some 44% say they've seen productivity levels improve (38% 'slightly' and 6% 'significantly'), while one in three think that productivity has been unaffected since the shift to remote working, and 22% that it has decreased.

While a short-term performance uptick drives business benefits, there is a recognition that such a state is not sustainable. As we move from full-on crisis mode back to something more like BAU, business leaders tell us of their concerns about staff burnout, and their eagerness to allow more flexibility, and encourage better balance.

"I think we can be more effective and productive working predominantly from home, but it doesn't have to be at breakneck speed and at the expense of your mental and physical wellbeing," says Andrew. Proving remote productivity has created a culture of trust and perhaps an end to presenteeism: performance not presence, as the saying goes.

3 › Innovation acceleration

A new urgency

The crisis has kick-started an unprecedented urgency in the pace of innovation – and a corresponding increase in innovation spend. In fact, 88% of our survey respondents expect to invest 'the same or more' in innovation as a result of CV-19. But innovation is now more critical than ever in all industries, not just tech. Innovation doesn't just mean moving systems to the cloud but embracing the technology (and mindset) needed to survive and thrive in the CV-19 environment, from enabling employees to work remotely to meeting changing customer behaviours.

The cloud bounce

Many of the major tech trends we are seeing come to the fore today are not new. CV-19 "has accelerated the transformations that were going to happen anyway," thinks Peter: "We've seen two years' worth of digital transformation in two months."

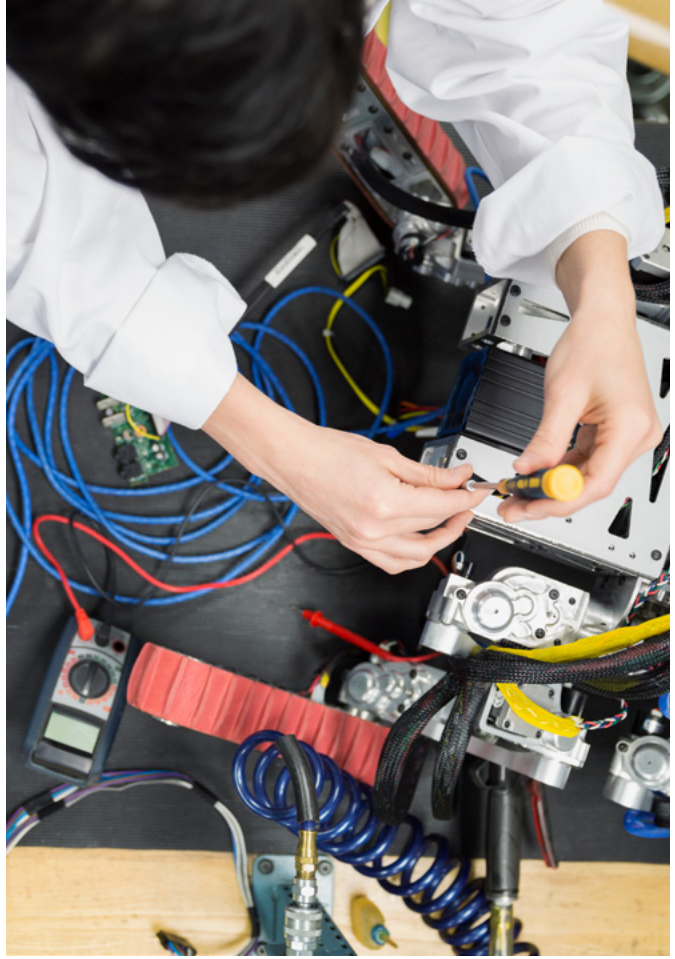
For example, use of cloud technology has increased over the last five years but remote working has forced businesses to move from paper-based or rigid legacy systems into flexible mobile-first and cloud-native applications. "Suddenly having a ubiquitous communication tool, or a single way to access all their technology has become so much more important to our clients than it ever was," explains Peter. "Their priorities have changed, and so their appreciation of – and dependency on – these technologies has changed." Much of this push is away from paper to simple mobile phone-based secure tech, such as document e-sign. Paper does not work very well in the remote working environment – especially when people can't easily print at home.

Innovating to sell

Tech firms are pivoting their product sets, even whole business models, to meet customer demands. Our survey found that just over half (52%) of business leaders expect to invest in making changes to their products and services, or how they are provided, for example, enhancing online journeys and self-serve capabilities.

The e-commerce evolution has taken two decades, but "the whole world shifted to e-commerce overnight," says Peter. "As a result, things we thought were going to take years got pulled forward to this year and done in months." Sales functions must adapt to this accelerated change in buying behaviours: if your previous routes to market are blocked – say, if you relied on trade shows, how do you engage now? Your route to market may need to divert through systems-integrated channels and distributors. Perhaps there's no substitute for face-to-face but we're hearing from clients like Andrew and Peter that tools such as Zoom, with their window into people's homes and personal lives, have in fact proved effective for building customer relationships.

> **"We've seen two years' worth of digital transformation in two months."**
>
> Peter Sweetbaum, CEO, Content+Cloud



An innovation mindset

While the fast-moving tech sector is accustomed to constant change, CV-19 has shown just how quickly businesses from agile start-ups to public sector enterprises can implement change, be it new technology or ways of working. "It has put clients and companies in a place where they're actively looking to understand how technology can help," says Peter. More accustomed to continual change and iterative improvement, teams are more accepting of things being imperfect or not working than ever before and embracing an innovation mindset. Many business leaders we have spoken to are determined to bake this attitude into their business culture post-CV-19: they want to retain both this spirit of innovation as well as the ability to implement rapid change.

4 › Culture and wellbeing

We're in this together

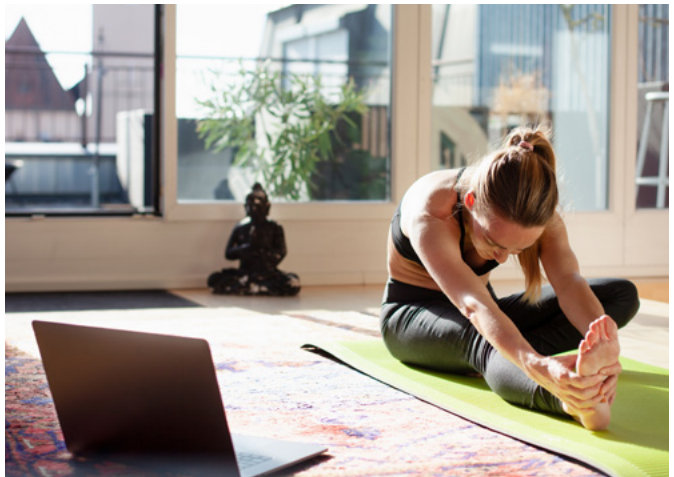
Tech can't drive change alone. One of the strongest lasting legacies of CV-19, in businesses in every sector, is a realisation of the importance of people, a focus like never before on culture and wellbeing. The crisis has shown what a collective, innovative spirit is possible with a robust staff culture.

Andrew's experience at Arkessa is typical: "Everyone is pulling together and wants to find better ways of doing things. We're all trying to work out what the new rule book is and what the new way of working looks like. I think the key reason that our team has continued to operate without skipping a beat is down to the fact that we have got a strong and well-formed culture. We've been super-keen to retain and protect it."

Supporting staff
Our survey showed that maintaining that strong staff culture, and employees' physical and mental wellbeing is fundamental to tech leaders. Many firms have initiated or stepped up many fantastic employee wellbeing initiatives during remote working. Communication and senior management visibility – on a business-wide level such as all-hands sessions, through to one-to-one contact – is a key theme that comes through in many responses.

"If anything, we've seen communication increase and improve", says Andrew. Beyond staff comms and line management, remote tech enables virtual social events 'where we don't talk about work', from drinks-by-Zoom and pub quizzes to cooking classes and even DJ sets. While there may be no substitute for in-person social connection, collaborative tools such as MS Teams help to break down barriers and establish bonds, aiding staff engagement, and therefore also proving effective for remotely onboarding new staff.

Focus on mental health
Supporting mental health is manifested in everything from mindfulness sessions to funded social welfare support and counsellor services. At Content+Cloud, says Peter: "We created a series of social engagements focusing on physical and mental wellbeing and learning and development covering everything from 'coding for kids' to yoga. It was amazing to see how well people responded. We're still running them now." Leaders say they are giving staff the flexibility they need in difficult circumstances and encouraging them to take leave – even if exotic holidays are out of the question. One company has even delivered hampers to each member of staff!



Tech company leaders told us …

"We trained some employees to be mental health first aiders and set up a buddy system. We also ramped up employee communication and online social events for our employees."

"We will maintain the cultural improvement that we have seen already by sticking with the enhanced and transparent communication style we have adopted."

"We are trying to encourage cross-functional meetings to enable staff to stay in touch with other departments."

"We're still struggling a little with staff burnout and need to spend more time addressing this!"

"Since lockdown we have successfully recruited and onboarded people who we have never met in person."

5 › Office space changes

Office 2.0

The change in the use of office space is a significant lasting legacy of CV-19. Just over half (52%) of our respondents expect that it is likely that their organisation will reduce its office space as a result of CV-19 (24% of those think it extremely likely, 28% quite likely). We may see a shift from large central HQs to smaller localised sites. Only a proportion of staff, or specific teams, will be in situ at one time, while others work remotely. The post-CV-19 office space will have a different look and feel, with social distancing measures, hand sanitiser stations and modified desk arrangements. The office may not offer the social interaction people are craving.

Two tribes

Not all employees will want to go back to the office (even if it has a new ping-pong table). We are seeing a split into two worker tribes. One, those who are equipped, accustomed to, and perfectly happy to retain an element, or all, of the habits of remote working in the future. And second, those – usually at an earlier stage in their career – who are desperate to return to the office. The latter may not have the luxury of a home office, they may need their workplace as an escape from the confines of shared living spaces.

What's certain is that the function of the traditional office will change. 64% of business leaders say that it's likely that their organisation will change the way it uses its office space (this increases to 77% of those that expect to reduce their office space). While breakout areas are nothing new, we may see the office itself become a space for collaboration, where these two tribes come together to innovate on strategic, big picture issues with the 'actual work' being carried out remotely.

21st century skills

The increased need for collaboration is one factor that will bring to the fore the importance of '21st century skills'. The dynamics of the remote work environment has emphasised the need for competencies such as initiative, critical thinking, creativity, communication and leadership, and the need to understand not necessarily how new tech works, but what it can do. In an ever-evolving sector – and society – having a growth mindset and embracing lifelong learning are priceless. As is a trait that has been illustrated in all the admirable staff support work we've heard about: 'social and cultural awareness' – in other words, generally being a decent human being!

The technological and human innovation that the CV-19 crisis has triggered is a powerful combination that should offer hope for a positive future for British business, in the tech sector and beyond. Andrew sums it up perfectly: "Growth and change excite me – even more so when you realise you've got a team capable of delivering it."

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> Andrew Orrock, CEO, Arkessa

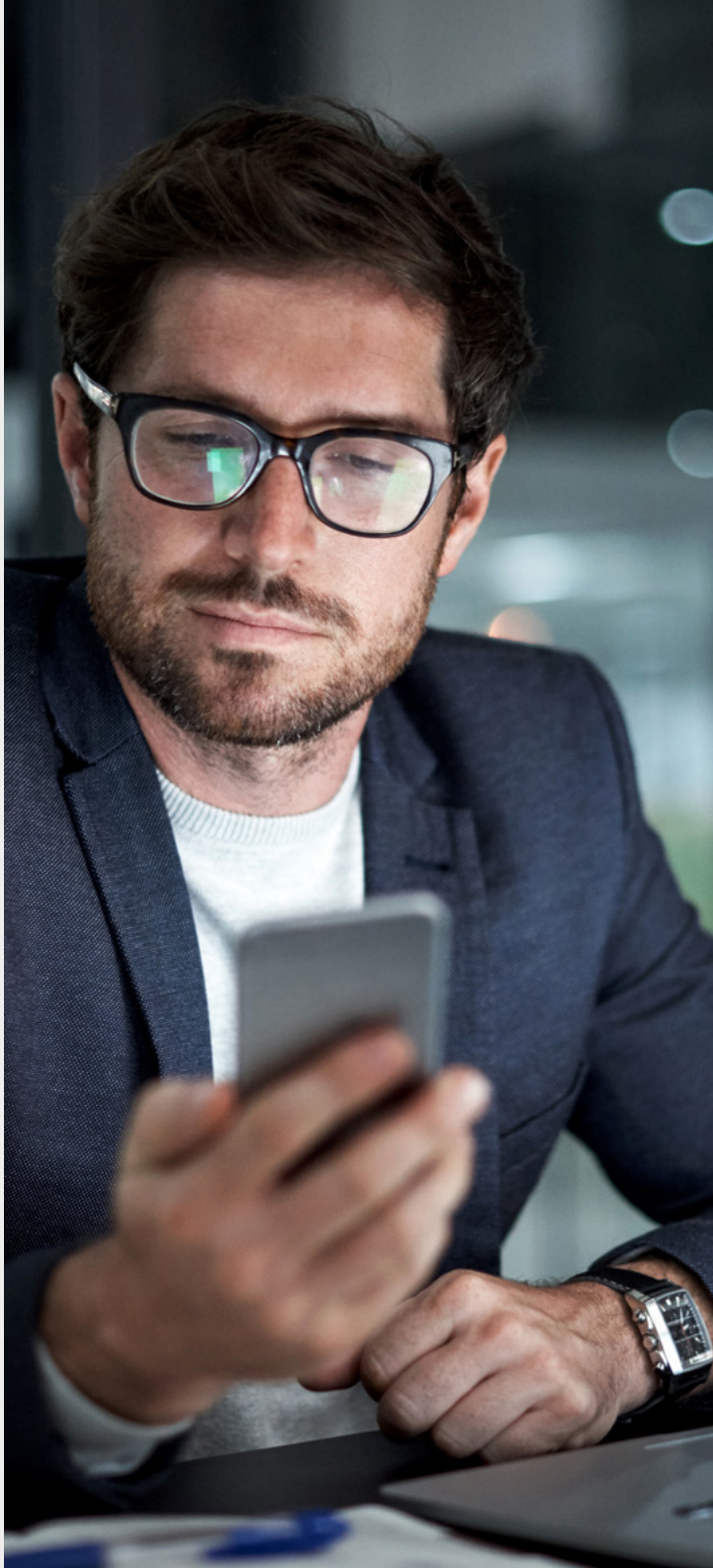
Summary

The lasting legacies of CV-19 on the world of work in the tech sector are:

- The shift to remote working will likely lead to a future way-of-working model that's a hybrid of remote and in-person, with the office functioning more as a collaborative space.
- CV-19 has accelerated existing tech trends such as the use of cloud-based technologies that will become more deeply entrenched in business operations in the UK tech sector – and beyond.
- The need for, the speed of, and the culture of innovation in tech sector businesses, from start-ups to enterprises, will drive positive change in the post-CV-19 future.
- We may not keep up the virtual yoga but the CV-19 period has emphasised the importance – and business value – of staff culture and wellbeing like never before.

If you'd like to find out more, listen in to our latest webinar, 'Lasting legacies of COVID-19'. Our tech sector team is joined by Andrew Orrock, CEO at Arkessa and Peter Sweetbaum, CEO at Content+Cloud to explore the lasting legacies of CV-19 and how it's changing their world of work.

Watch the webinar



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