



essensY's

NEXT, FLEX | TECHNOLOGY FOR THE NEXT GENERATION AUSTRALIAN OFFICE

In collaboration with



FLEXIBLE WORKSPACE
AUSTRALIA

Foreword

Technology will define the next generation of commercial real estate.

There have been profound changes to working patterns since the onset of the pandemic. Such changes can make it easy to forget that rapid advancements in personal and communication technologies have been untethering office workers from their desks for many years. In-building technologies – especially those that make an end user's journey seamless and consistent – are now catching up and have become an essential tool in future-proofing offices for the next generation workforce.

When one looks at commercial real estate through this lens, it raises some important questions. Why is digital transformation not being made a top priority? Why is enterprise-grade internet not treated like a utility by owners and operators, when connectivity is now deemed an essential service? Why are offices not doing everything possible to meet end-user demands and remain competitive, when agile and flexible working patterns have become the norm?

In collaboration with Flexible Workspace Australia, this report aims to provide insights into how flexibility defines the next generation of commercial real estate, which with the help of technology, will continue to thrive.

Eric Schaffer
CEO, APAC
essensys



2022 has been a transition year for the flexible workspace industry and the office at large.

Flexible Workspace Australia (FWA) is of the view that there is much more value to be realised by leveraging the vast array of options for where, when and how we all work. The corporate headquarters and CBDs will not only exist but become an even more important part of how companies attract and retain the best talent and build cultures that make for successful businesses.

The best organisations are now responding to the strong wishes of workers for flexible work arrangements, technology that helps them connect with their colleagues and partners, and purpose-built collaborative spaces that offer a superior experience than working from home.

Elevating the workspace to become a hosted experience will necessitate more collaborations between property owners and flexible workspace operators, hospitality-driven business models and suburban workspaces that enable people to work near home.

Together with essensys, we leverage independent research to see how technology will support a flexible technology-enabled workplace for the next generation of Australian office workers.

Brad Krauskopf
Co-chair
Flexible Workspace Australia



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Key findings

Next, Flex | Technology For The Next Generation Australian Office highlights the sentiment of Australian office workers in today's work environment and uncovers the growing expectations for a flexible, technology-enabled workplace. Through an independent survey conducted with **1,000 Australian office workers** in the third quarter of 2022, the report reveals how technology is the key to delivering flexibility to occupiers and best practices for next generation offices.

This report provides owners and operators of office spaces insights into how business leaders are re-thinking their technology strategy within the workplace, to win over today's modern workforce.

85% of respondents

especially workers under age 41, **want to work in a flexible workspace near their homes** at least as much as their primary office.

57% of respondents

say that their office building has significant gaps for **a flexible, seamless and agile experience.**

Workplace redesign and tech-enabled real estate is an immediate priority for business leaders in the next —

24
months

Certain types of technology will entice nearly

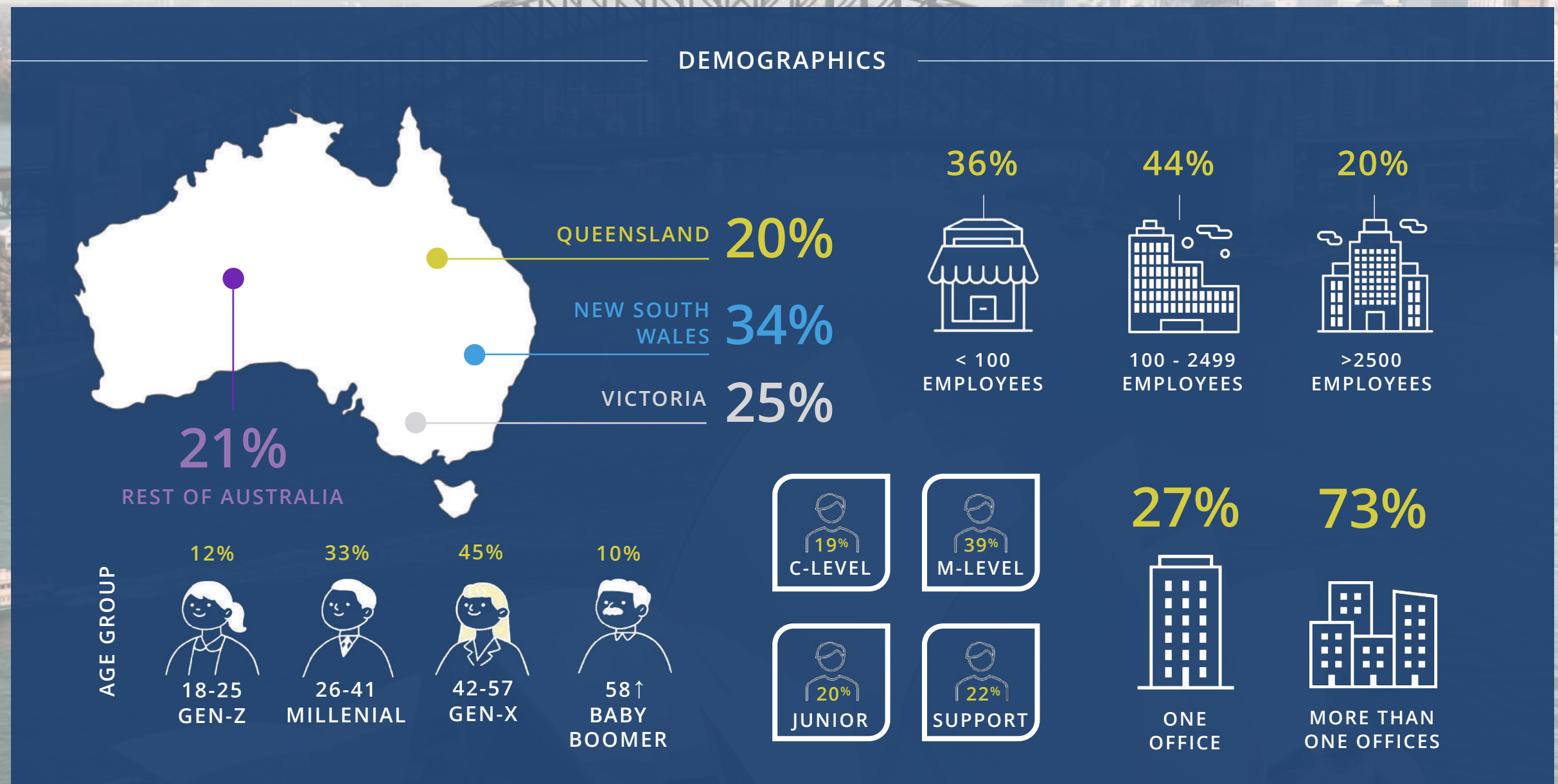
70% of workers

back to the office building, with a majority of responses being **portfolio-wide digital experiences.**



Methodology

This report is a collaboration between **essensys** and the **Flexible Workspace Australia (FWA)**. The survey was conducted by an independent research agency and was completed voluntarily by 1,000 nationally representative Australian office workers, defined as professionals working in an office environment at least once per week (excluding home offices).



WHAT MATTERS MOST?

“

*In recent years, we have started to see the consumerisation of the office industry. **An office building is no longer just a physical proposition.***

Rather it is a service offering to business partners. It is a proposition that includes a physical space, as well as a digital experience, which has the ability to host services and technologies. All of this can both be leveraged by the customer to curate spaces that are useful and relevant to them and utilised by operators to run their business.

”

Eric Schaffer
CEO, APAC
essensys



The workplace in 2022 is employee driven

The right to choose is a reality for a large portion of today's workforce. There is an increasing number of Australian office workers who are on a hybrid work arrangement.

This survey found that **44% of employees** are back in the office for a full five days. **The other 56% have flexible work arrangements** – where they work remotely between one to four days.

What is clear is that there is a growing majority of employees who are working from a variety of workspaces. This can be the primary office, home or an alternative third space such as a flexible workspace.

Deal or no deal

Australian office workers remain reluctant to head back to the office full time



*Almost a quarter will actively seek out alternative employment if their company forced them back to the office full time, with **50% of respondents** saying that they intend to never return to the office full time.*

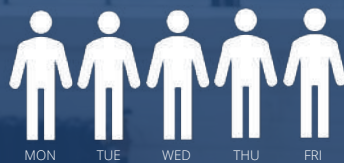


FUTURE X COLLECTIVE

WORKING ARRANGEMENT

44%

Work 5 days in office



17%

Work 4 days in office



18%

Work 3 days in office



11%

Work 2 days in office



10%

Work 1 day in office



“

We are entering into a phase of extreme personalization. The 'traditional office' of the past - which was a 'one size fits all' product - is going to be replaced by workspace ecosystems comprised of a variety of spaces to perform work tasks that are created at an individual level, and not necessarily imposed at a corporate level. Employees want choice.

The HQ Venue will be an important part of that ecosystem, but it will be significantly smaller and significantly better than the traditional office of the past.

”

John Preece
Chief Property Officer
Hub Australia



Distance matters

From the survey, there are three top factors standing in the way between workers and their offices, namely: COVID-19, high petrol prices due to inflation, and delays in public transport resulting in long commute times.

This is likely why most employees prefer being on a hybrid work arrangement. However, this does not mean that they want to work from home full time. In fact, most workers are not opposed to going back to the office, so as long it is close to home.

As businesses move towards a more agile core and flex footprint, suburban offices are on the rise. Amongst those surveyed,

a staggering 85% indicated their preference to work in a company-paid flexible workspace closer to home,

wanting to work there at least as much or more than their primary office location.

Make this a reality!



The survey shows that employees want companies to take actions based on their needs.

40%

of workers want to see increased investments over the next two years in:

- ① Flexible office space closer to home
- ② More variety of workspaces to choose from

Key reasons why employees want to work in a company-paid flexible workspace

44%

Proximity to Home

26%

More productive work environments

32%

Convenient meeting location

29%

More reliable technology compared to their primary office

29%

Unavailable meeting rooms and workspaces at their primary office

“

Property owners of traditional offices and flexible workplaces need to leverage technology for the optimal tenant experience, as landlords and investors compete to offer spaces that will attract and retain talent. The prize office spaces use technology to enhance convenience (e.g., ensuring tenants can use an app to book carparking spaces, work desks, meeting rooms and much more to facilitate a seamless experience from arrival at the workplace). While apps supporting convenience are prolific, not many in the market have enabled the automation of everyday processes to be fully integrated as part of one system.

No one wants to be fiddling with separate applications and systems if they don't need to be.

”

Sami Schiavi
Head of Flexible Workspace
Colliers



Technology rules the office

As the workforce becomes more dispersed geographically, companies are increasingly reliant on digital tools for employee communication and collaboration. Only recently have innovations and advancements in personal and communications technology truly untethered modern workers from a fixed location. The disruption of COVID-19 simply accelerated this trend and has resulted in a significant shift in demands on workplace technology.

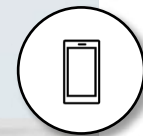
However, technology in the office is quite simply not keeping up.

The survey found that **86% of employees** believe that there is a gap between the technology currently offered in their offices and the technology that can enable them to do their jobs effectively.

Leveraging the right technologies can also improve how productive and efficient one can be in the workplace, but findings show that **41% of workers feel simple tasks take too long in the office due to the standard of their in-office technology.**

TRANSFORMATIONAL OFFICE TECHNOLOGY IN THE LAST DECADE

Most organisations rely on these technologies today to drive productivity and business success.



2007 - 2008

SMARTPHONES - Considered to be made available to the masses when the first iPhone launched in 2007. The ability for end users to customise software on iPhones was then introduced a year later when Apple launched the iOS app store.



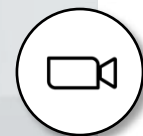
2013

SLACK - The fastest growing SaaS startup in history, the platform changed the way organisations communicated internally by integrating real-time messaging with a host of cloud storage, development, testing, analytics and productivity services.



2015 - 2017

MICROSOFT OUTLOOK & TEAMS - In January 2015, Microsoft released Outlook for phones and tablets with Office 365. This is the first Outlook version with email, calendar, contacts functionalities on the go. Microsoft Teams launched a year after and had new features added to it throughout 2020 to 2021.



2019 - PRESENT

ZOOM - First released in 2012, the world's most popular online video meeting platform has grown exponentially since the pandemic.

DAILY MEETING
PARTICIPANTS



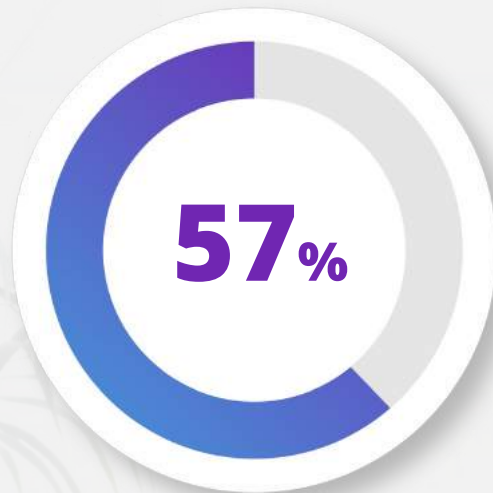
DEC2019 | 10M
APR2020 | 300M

QUARTERLY
REVENUE



Q1 2020 | \$122m
Q2 2022 | \$1.0215bn

Today's disconnected workforce



of office workers say
that their office building
ISN'T EQUIPPED for a
flexible, seamless,
agile work experience

“

Office space is becoming more flexible, diverse and multi-purpose. It's no longer about rows of cubicles. The role of the office is to help companies attract employees back to the workplace and this means spaces that are more collaborative, comfortable, connected and creative.

This is changing how we define quality spaces.

”

Kylie Davis
Founder & President
Proptech Association Australia



Younger workers feel it the most

The vast majority of workers below the age of 41 see a disparity –

More than **90% of Millennials and Generation Z employees** experience a gap between the technology currently offered in their office and what's needed to do their jobs effectively.

THE NEXT-GEN WORKFORCE



MILLENIAL

Born 1981 to 1996



GEN-Z

Born 1997 to 2004

Millennials are set to make up **75%** Gen Zs will make up **27%** of the Australian workforce by 2025

PWC AUSTRALIA'S 22ND CEO SURVEY

The executive perspective

Senior leaders and executives report being just as dissatisfied with their office technology experience as other employees.

64% of leadership respondents agree that the technology their company believes is 'good enough' does not give them the office experience they need to do their jobs effectively.

However, these leaders are taking action. The survey found that workplace redesign and increasing investments in tech-enabled real estate is an immediate priority for them **in the next 24 months**.

TOP THREE PRIORITIES OF EXECUTIVES IN THE NEXT TWO YEARS

REAL ESTATE PORTFOLIO



- ① Having a flexible workspace closer to home
- ② Environmentally sustainable buildings
- ③ More variety of workspaces to choose from

OFFICE BUILDING TECHNOLOGY



- ① Mobile app used to interact with spaces, services and amenities within your building
- ② Building-wide WiFi
- ③ Smartphone door access

WORKPLACE TECHNOLOGY



- ① Reliable connectivity
- ② Advanced network security
- ③ Adaptable connectivity between workspaces and offices throughout a portfolio

“

The growing trend and acceptance of hybrid work has put connectivity and mobility front of mind. Reliable connectivity when having a workforce spread across home, offices and third spaces is paramount for productivity. And just as importantly security, which is a key consideration for any company.

”

Tashi Dorjee
Head of Flex, ANZ
JLL

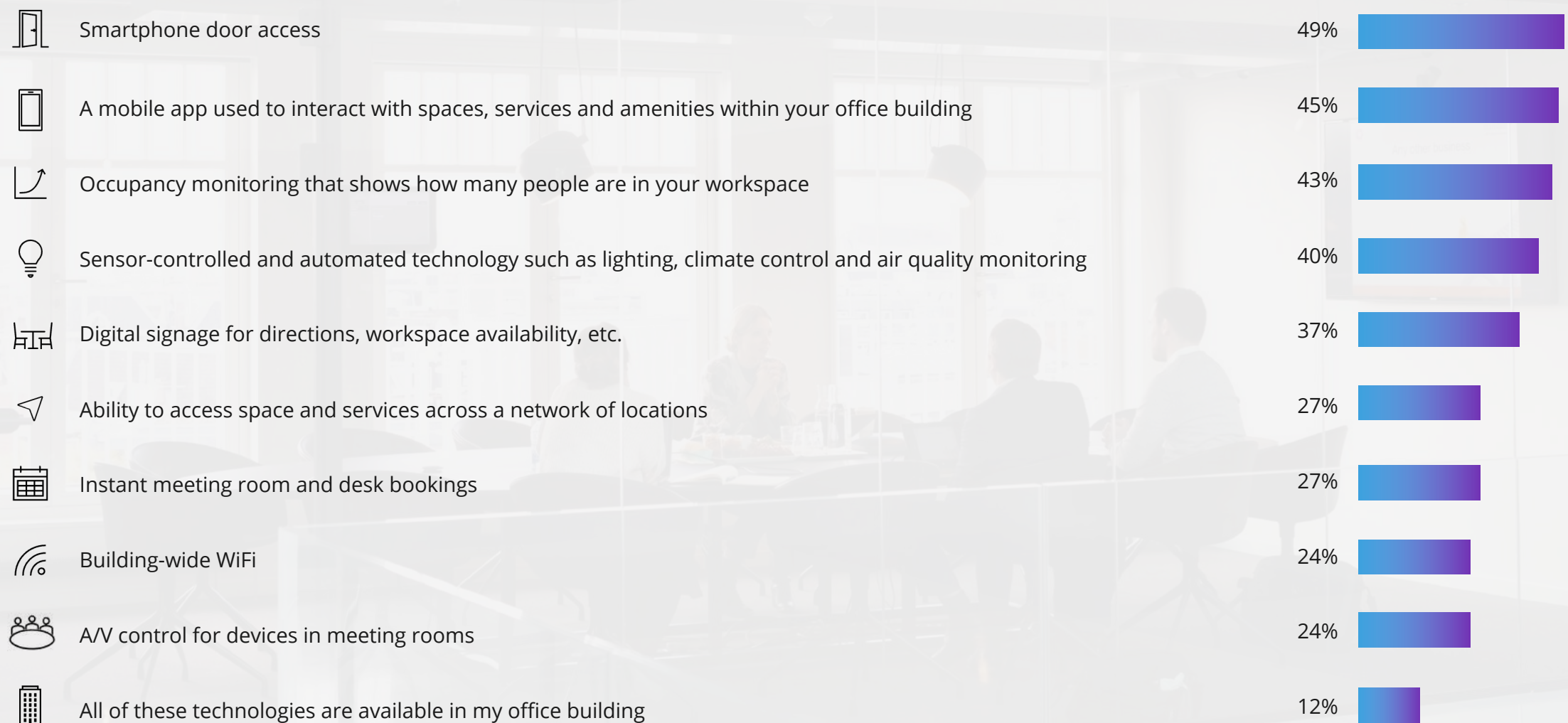


The missing link: technology in office buildings

In the survey, office workers were asked to point out technologies which do not exist in their office buildings today.

Technology Wishlist

Responses



*This is a multi-response question, answers do not add up to 100%

“

In time we expect that every asset will need to have some element of flexible workspace and that landlords will also require a greater adoption of technology to allow for a more flexible use of space.

For landlords who are able to manage a major tenant's requirements, with a more agile workplace solution, there is a real opportunity to match the requirements of the customers that are coming to their precincts.

Technology is clearly being used to differentiate assets.

”

Jonathan Hannam
Co-founder and Managing Partner
Taronga Ventures





















Top ranking technology wishlist

If the technology in offices today is not keeping up with what employees need to work effectively, what technologies will move the needle? The survey found that if buildings had these technologies, **70% of Australian office workers will be enticed back to their offices.**

TECHNOLOGY WISHLIST

RANKING

		A mobile app used to interact with spaces, services and amenities within your office building	1
		Smartphone door access	2
		Sensor-controlled and automated technology such as lighting, climate control and air quality monitoring	3
		Occupancy monitoring that shows how many people are in your workspace	4
		Building-wide WiFi	5
		Ability to access space and services across a network of locations	6
		Digital signage for directions, workspace availability, etc.	7
		Instant meeting room and desk bookings	8
		A/V control for devices in meeting rooms	9

 PORTFOLIO-WIDE DIGITAL EXPERIENCES

 PHYSICAL-DIGITAL INTEGRATION

 ADAPTIVE SPACES

Top category technology wishlist

The ranked options in the survey can be further grouped into the following technology categories that address key requirements from end users today.

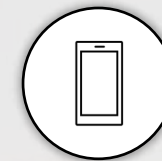
END USER REQUIREMENTS



Seamless connectivity and consistent digital experiences across a network of locations



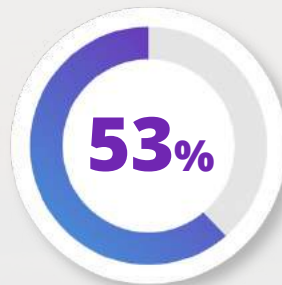
Digitalisation of the physical infrastructure through IoT devices



Real-time data, insights and control over spaces

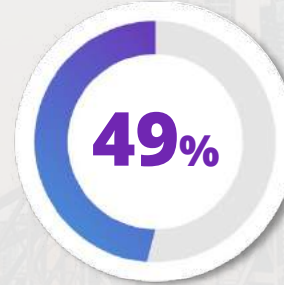
TECHNOLOGY WISHLIST BY CATEGORY

PORTFOLIO-WIDE DIGITAL EXPERIENCES



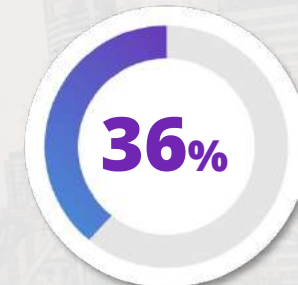
- Building-wide WiFi
- Ability to access space and services across a network of locations
- A mobile app used to interact with spaces, services and amenities

PHYSICAL-DIGITAL INTEGRATION



- Smartphone door access
- Sensor-controlled and automated technology such as lighting and climate control
- Digital signages

ADAPTIVE SPACES



- Occupancy monitoring
- Instant meeting room and desk bookings
- AV control for devices in meeting rooms

*This is a multi-response question, answers do not add up to 100%

“

In today's 21st-century serviced workspace environment, tenants minimally expect stock-standard technology. These are items such as business-grade WIFI, monitors on a rental basis, meeting room amenities, (e.g, cameras and microphones for video conferencing, as well as the option for phone rentals and ethernet cables).

As business and technology continue to evolve, we are seeing an increased demand for podcasting technology, which we now offer at specific sites. And, in an age where customers want the option to do everything online, we are witnessing a growing expectation from members and tenants to be able to book, pay and manage services autonomously, online, at any time of the day.

We are also seeing members request intricate networking set ups inside our networks to allow them to meet various government requirements or for security purposes.

”

Jessie Glew
Joint Managing Director & COO
Blackwall Limited



Three takeaways for owners & operators of office space

The 'Hub and Spoke' workplace model and the impact of workplace technology are not new concepts.

What's new in this era of work is the unprecedented scale of workforce dispersion and the demand for employee-driven flexibility. These trends have only propelled technology forward as an enabler of a productive workforce, one which will be central to the next generation office experience.

To win over today's modern workforce, transform your technology strategy with these considerations.



SCALABILITY

Streamline technical resources and infrastructure across a network of sites



CYBERSECURITY

Plan for an IT environment with network security as your key foundation



DIGITAL EXPERIENCES

Deliver a seamless connected experience to your customers



INSIGHT 1

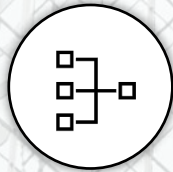
85%
of employees
prefer to work in a
company-paid
flexible workspace
closer to home at
least as much as
their primary
office

Scalability

As you expand your offering to meet customer demand, ensure your technology strategy allows you to scale efficiently.



Streamline your operations and examine how best to optimise the allocation of technical resources for cost-effective operations across a portfolio. (This could include headcount cost, third party services and integration fees)



Adopt a solution which is consistent, systematic and easy to operate across multiple and geographically dispersed sites



Deliver a cloud-first network architecture that provides your customers with the ability to scale up and down easily



INSIGHT 2

Cybersecurity

Cybersecurity is front of mind for your customers, especially in data privacy and intrusion detection and prevention.

Advanced network security is a top area within workplace technologies which senior leaders want to increase investments in over the next 24 months



Evaluate the security of your network and IT environment with a focus on potential risks on your corporate and customers' networks



Plan for network segregation and virtual local area networks (VLANs) to reduce attack surfaces of multiple physical networks



Offer enterprise-grade, secure connectivity across flex workspaces, shared amenities, private suites and tenanted spaces



INSIGHT 3

A majority of all responses indicated **PORTFOLIO-WIDE DIGITAL EXPERIENCES** as a desired factor in enticing workers back to the office*

*multi-response question

Digital experiences

Employees require increased mobility across your network of spaces, with expectations for consistent experiences digitally and physically wherever they work from.



Design your technology strategy to ensure end users enjoy a seamless connected experience



Get real-time availability and utilisation of your bandwidth to ensure optimal network performance



Consider full-service leasing products including additional advanced IT solutions such as 'Connectivity-as-a-Service' across your portfolio



Adapt your spaces to ensure they transition easily for different functions such as project offices, event spaces and large format meetings

Appendix

- 1 Flex office space market poised for more rapid growth 2021, <<https://www.jll.com.au/en/trends-and-insights/investor/flex-office-space-market-poised-for-more-rapid-growth>>.
- 2 How to attract Gen Zs and millennials during the talent shortage n.d., <<https://www.hcamag.com/asia/specialisation/benefits/how-to-attract-gen-zs-and-millennials-during-the-talent-shortage/402980>>.
- 3 Richard 2019, How Slack grew from \$0 to \$17 Billion in 5 years - Slack's History, Yought - Exploring Marketing and Tech, <<https://www.yought.com/blog/how-slack-grew-from-0-to-17-billion-in-5-years/>>.
- 4 Pizzirani, D (ed.) n.d., New research: Aussies want more money to return to work, The Australian, The Australian.
- 5 PricewaterhouseCoopers n.d., Turning inward to reduce the talent gap, PwC, <<https://www.pwc.com.au/ceoagenda/ceo-survey/2019/turning-inward-to-reduce-the-talent-gap.html>>.
- 6 Tyrberg, A 2019, Technology in the office: From typewriters to smartphones, Senion | Smart Office Solution.
- 7 Zoom Reports Financial Results for the Second Quarter of Fiscal Year 2022 - Zoom Video Communications, Inc. 2022, Zoom Video Communications, Inc., <<https://investors.zoom.us/news-releases/news-release-details/zoom-reports-financial-results-second-quarter-fiscal-year-2022>>.

About essensys

essensys is a leading global provider of software and technology for flexible and digitally enabled buildings, spaces and portfolios.

As the intelligent digital backbone, essensys provides a powerful and secure network solution for the next generation of commercial real estate. The essensys Platform connects, controls and automates the provisioning of digital services, helping customers deliver a simple, secure and scalable proposition.

Founded in 2006 and listed on the AIM market of the London Stock Exchange since 2019, essensys is active in the UK, Europe, North America and APAC and works with customers such as Tishman Speyer, JLL, Industrious, Hines.

Further details can be found at www.essensys.tech

Special thanks to our partner, Flexible Workspace Australia

Flexible Workspace Australia (FWA) is the peak body for coworking and flexible workspace providers and partners across all cities and regions of Australia. Flexible Workspaces Australia offers a platform for its members to interact, collaborate, support and thrive together as one entity. Through extensive programming of professional development events, workshops and seminars, we help our members foster closer relationships within the network and set them up towards more opportunities for growth and success.

Learn more about FWA at www.flex.org.au

Take the next step and find out how to digitally enable your buildings, spaces and portfolio. For any enquiries on the report, speak to a member of the essensys team.



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