



4 August 2020

Working From Home: *7 business opportunities that you should put on your watch list now*

By Michel Brekelmans

Investors are always looking to identify the next megatrend to invest behind. Asia's favourite investment theme has evolved from a focus on Asia being the manufacturing hub of the world, the rise of the consumer middle class, healthcare and, increasingly dominant, the conversion to digital business models.

Work From Home ('WFH') is touted as the potential new megatrend that is going to disrupt businesses and create significant opportunities for investors who back companies with the right products and services to support this new normal in work practices.

But what exactly are the opportunities emerging from the WFH trend beyond the usual suspects of videoconferencing apps and cloud service providers? In this article we identify 7 opportunity areas that investors should put on their radar screen now.

WFH: the new megatrend

Pre-COVID 19, the concept of WFH was already present prior to COVID-19, albeit with much lower adoption rate. According to Global Workplace Analytics, only c.4% of the US workforce practised "WFH" half the time or more before the pandemic, even though surveys show that 80% of employees prefer to work from home on occasion. In fact, more than a third are willing to take a pay cut for that option.

Nevertheless, the idea of working from home for employees had never really taken off and moved beyond the conceptual stage prior to COVID-19. Barring some industries where freelance work is commonplace, requiring workers to report for work in an office environment was the preferred practice. This apparent fixation of employers having "face time" from their workers can be attributed to

***Prior to COVID-19
WFH had only limited
adoption despite
employee interest***

conservatism, and concerns about reduced productivity and potential cost implications.

But the corona crisis has shaken up, and dramatically accelerated, the trend towards WFH. Forced by government restrictions around the world, up to 300m office workers were working from home in March this year, a massive and unprecedented number.

Forced lockdown have opened eyes about the benefits and limited downsides to WFH

The adoption of WFH practice has led to surprising outcomes. Both employers and employees have realised to benefits of WFH are real and are preparing to significantly adjust their working practices. A recent survey by Gartner shows that 74% of companies planned to shift permanently to more “remote work” post-pandemic. And 90% of Singaporeans surveyed wish to continue working from home after the pandemic.

Around the world, more and more companies are implementing work from home (‘WFH’) policies that signal a dramatic shift in work practices that is likely going to be here to stay well beyond the current the pandemic crisis mode that many business are facing today. Examples of companies that have recently announced WFH policies:

- Many tech giants including Facebook, Twitter, Slack, Square, Coinbase and Shopify have announced WFH policies.
- German conglomerate Siemens is going to allow employees to “work from anywhere” for two or three days a week, and focus on “outcomes” rather than time spent in the office. Siemens is giving its 100,000+ employees access to a new app that provides local data on the COVID-19 situation, shows office occupancy levels and acts as a contact tracing tool.
- Fujitsu has announced that their 80,000+ employees can be 100% remote. they will “end of the conventional notion of commuting to and from fixed office”. This means reducing its current office footprint by 50% within 2 years.
- Novartis is one of the first companies in Switzerland to plan to work from home even after the corona crisis. The aim of the offer is for everyone to be able to

independently choose how, where and when they want to work, whether to achieve the best result.

- French automaker PSA announced a "new era of agility," in which its non-production staff will work remotely from now on. The company has decided to strengthen teleworking and to make it the benchmark for activities not directly related to production. The company plans to redesign its offices to allow for in-person collaboration when needed and at the same time reduce its real estate footprint.
- Hitachi, the Japanese manufacturing giant announced that 70% of its domestic workforce, some 23,000 employees, would continue telecommuting on a permanent basis even after the end of the COVID-19 pandemic, with workers to commute to the office no more than two or three days a week.

Which such profound changes in how and where office workers do their work, what are the specific opportunities that businesses can take advantage of? We identified 7 opportunity areas that investors and business leaders should put on their watch list now:

1. Collaboration apps and Cloud Services
2. Cybersecurity
3. Ergonomic and Smart Home Office solutions
4. Home Efficiency solutions
5. Workcations
6. Office Hygiene Management Technology
7. Real Estate Repurposing

***7 opportunity areas
that every investor and
business leader should
put on their watch list***

1. Collaboration apps and Cloud Services

The most obvious opportunity of the WFH trend are the suppliers of technology and solutions that allow employees to provide workplace collaboration, communications, and other remote working applications. These are critical components of the WFH toolkit and collaboration applications like Zoom, Slack, and Microsoft Teams have seen their growth skyrocketed during the recent lockdowns.

Microsoft Teams, for instance, reported 44m daily active users on 19 March and this is 12m more than the prior week. In China, enterprise

collaboration application downloads have also spiked considerably. According to TechCrunch, for the period 22 January till 20 February, the year-on-year download growth for the following apps are:

- Alibaba's DingTalk: 1,446%
- ByteDance's Lark: 6,085%
- Tencent's WeChat Work: 572%

Video conferencing can never be as effective as face-to-face meetings as it lacks the human touch. But in a post-pandemic world where social distancing measures will likely remain in place, these remote working applications will be a viable alternative and many people have discovered communications via teleconference platforms can be remarkably effective in many situations.

WFH provides more fuel to explosion in global data flow

The global traffic flow for data is anticipated to undergo phenomenal growth in the years ahead and this will drive the demand for reliable cloud services. The industry has been growing at a spectacular pace, with global public cloud services revenue surging from USD110b in 2012 to USD214b in 2019 according to data from Cisco.

In an era where companies are looking to improve accessibility as well as enhance workers' productivity, the shift to cloud is inevitable. Take Alibaba for instance. The company has just announced in April that it will invest USD28b on cloud infrastructure over three years.

Meanwhile, the pandemic is also providing tailwinds for the industry. Based on estimates by Markets and Markets, the COVID-19 crisis will drive the growth of public cloud demand from USD233b in 2019 to USD295b in 2021, constituting a CAGR of 12.5%.

SaaS has been the most buoyant element of the cloud market for some time and cloud usage is soaring right now with companies and consumers turning to the cloud and its enabling technologies to fuel the massive shift to remote work, entertainment and communication.

2. Cybersecurity

The cost a company incurs in the wake of the data breach has been on the rise. A priority for any business in the 21st century needs to be on cybersecurity but with WFH we're seeing a real move to

decentralization which has impacted the potential for cyber threats. It hasn't shifted in terms of new and novel types of attack techniques but what has shifted is the volume of attacks as well as the frequency.

The 'attack surface' has increased dramatically since there are millions more computers that are now connecting from remote locations into devices and applications and systems that previously were within the same network. So that gives attackers a bigger attack surface from the external side since all these new systems are no longer behind the corporate firewalls and thus opens the corporates to potentially more attacks.

With WFH mandated by governments around the world, corporates overnight have had to enable workers to work remotely. Many companies do not have the right types of security or enough authentication on their systems and attackers are looking for ways to take advantage.

WFH opens the attack surface and opens corporates to potential of more cyber attacks

In March there was a 6000% increase in spam related to COVID-19 coming into users inboxes directly including personal email accounts but also coming into work email accounts. The corporate systems previously used to be inside of a network and is now not may or may not have the same types of personal protections on it in terms of firewalls, antivirus and endpoint protection that it had when it was on the interior of the corporate network.

Whilst overall IT budget might be strained as companies are looking to reduce overheads, select areas of the cybersecurity industry will likely see significant growth opportunities:

- Perimeter security. Companies will continue to prioritize short-term spending on security for remote workers as well as invest in e-commerce security that can be scaled to cover increased activity
- Next-generation identity and access controls. Companies that had deferred adding multifactor authentication to legacy systems are accelerating its adoption or are moving to cloud platforms. With more employees working remotely, teams managing business-critical systems are revisiting who qualifies for privileged access

- Remote access. IT leaders will continue to support virtual solutions for help-desk staff who would work in the office under normal circumstances. A virtual security help desk assists remote workers with access issues that also support productivity, such as email security tokens and remote desktop access.
- Security training. Cyber awareness training will be delivered more frequently and will be adapted both to cover remote-work situations and bring-your-own-device policies and to be delivered virtually.

3. Ergonomic and Smart Home Office solutions

Billions of dollars will flow to provide smart and ergonomic office solutions for workers

As much the world continues to work out of home, employees are moving off their couches, dining table chairs and beds into more ergonomic home-work setups. All of this is not designed for long hours of laptop work and work from home furniture has been in demand ever since the lockdown. With delivery channels opening up, this is translating into a jump in sales.

Both individual buyers and companies are investing in creating enabling workspaces at home, as the likes of Google, Uber, Razorpay, and Salesforce have either started paying allowances for work-from-home expenses or expanded the scope of existing allowances to include WFH furniture. Some, like Tata Sky in India, are providing infrastructural support like office desks and swivel chairs to employees:

- Google announced in May that it would give each employee an allowance of \$1,000 for equipment and office furniture while working from home. Several others have also been treading the same path.
- In May, Uber extended its Wellbeing Benefit policy to support employees working remotely. The eligible wellbeing criteria now include specific ergonomic and home workstation equipment.
- At Salesforce, an allowance benefit of \$250 dollars was given to every employee to help set up their home offices.

- Freshworks too has a work-from-allowance of \$250 for its 3,000-plus employees globally to purchase ergonomic chairs and furniture, larger monitors, ergonomic keyboards or accessories.

Corporates will partner with vendors to provide professional support packages

With millions of workers looking forward to prolonged, if not permanent, working from home practices, employers will increasingly invest in providing the infrastructure to ensure the well-being and productivity of their staff.

For now it is typically employees who are reaching out directly to suppliers, instead of the employers. Companies are providing home office allowance to their staff and letting them buy as per their individual preferences. Going forward as WFH becomes embedded in the new normal, employers will likely develop more systematic programs and package deals with suppliers of ergonomic furniture and IT solutions and providing solutions that best fit their staff specific home environments.

4. Home Efficiency solutions

With more and more people working from home, the typical support system they may enjoy in the office or working in a city centre environment is taken away. This include a wide range of activities most people are taking for granted, included secretarial support, IT support, access to printing facilities and easy access to daily necessities such as lunch or laundry services.

Opportunities are emerging for companies that cater to the need of WFH-workers for increasing their efficiency at home:

- Graffer, a US- based company, allows people to deal online with the administrative paperwork that would usually necessitate a trip to a local city office. Government offices have been contacting Graffer to bring these services online the company expects the pace of change to accelerate caused by the COVID pandemic.

Companies that provide increased efficiency in daily chores will thrive

- O2O applications like food delivery, laundry services, cleaning services and other are seeing an uptake in demand as the trend towards e-commerce accelerated in recent months. Amazon reported in July a 43.4% increase in North American sales and 33.5% worldwide revenue growth in the second quarter. Online sales of groceries tripled as consumers went online in large numbers to buy food during the coronavirus pandemic, and Amazon increased its grocery delivery capacity by 160%
- The laundry industry has witnessed major turmoil with people limiting their trips to laundry shops and doing more laundry, cleaning and other chores in the coronavirus lockdown, giving Procter & Gamble its biggest quarterly US sales uplift in decades. But at the same time many consumers are also looking for alternatives and are flocking to on-line laundry apps. Key online laundry service suppliers include By Next, DhobiLite, Laundrapp Ltd., ZIP JET, Wassup-On-Demand and The Laundrywalla. Many have seen demand for their services spike during the lockdown.
- On the other end of the wealth spectrum, luxury concierge service providers has also been reporting growing demand for their services from their wealthy clientele. In the post-Covid world exigent requirements are the order of the day, including organising a private jet for a family including their dog, who wanted to travel back home, getting a full refund for a multi-room booking at a top luxury hotel in Malaysia, and booking a fully-serviced villa for a family who wished to isolate themselves. More recently the nature of requests have become more lifestyle-oriented, including demands for virtual sessions with celebrity trainers and chefs.

5. Workcations

As remote work becomes a standard practice at firms, more employees are taking advantage of their newfound freedom from office strictures to choose work environments that allow them to balance professional output and personal lifestyles.

One prominent buzzword that has emerged amid the burgeoning work-from-home movement is “workcations,” the idea of taking trips, such as to tourist destinations, that combine elements of work and leisure. The concept was first embraced by IT firms in the United states

in the early 2000s and has gradually gained traction elsewhere as a way for employees to maintain a healthy work-life balance.

Demand for remote-work services are on the rise as the coronavirus forces companies to move their workforces online, and a growing number of governments and tourism operators are looking to workcation as a means of enticing the growing ranks of telecommuters to visit for a working holiday.

In May 2020, for instance, the Mie prefectural government in Japan announced it had installed high-speed Internet and bolstered other infrastructure at tourist areas to make the locations more attractive as workcation destinations. As part of the plan, authorities converted structures like abandoned school buildings and traditional kominkan homes into work stations and offices with the aim of luring workers based in major urban areas.

The project envisions teams of employees coming for days, or even weeks, to enjoy the relaxing office environment and natural surroundings. During a typical stay, workers would carry out their daily tasks in a spacious office, with face-to-face discussions with colleagues and even online conferences with the head office being conducted in the open air instead of cramped meeting rooms. Come the weekend, employees would head off with family or friends to see the sights or enjoy outdoor activities like mountain climbing and camping.

***Destination operators
in the leisure industry
are catering for
workcations***

If there's one thing that COVID-19 has taught us, it is that we're quite efficient even when working from home. An offshoot of the WFH trend, workcations will see a dramatic rise. If one can work from home, it is obvious that they can also work from a vacation home in or resort elsewhere in the country.

From standalone properties to budget hotels and big chains, many operators are betting on workcations becoming a major trend. They are preparing for professionals who, tired of working from home because of Covid-19 curbs since March, will opt for picturesque locales and stay at some of their properties, by offering services tailored to their needs.

6. Office Hygiene Management Technology

The sixth opportunity is technically not directly driven by the WFH trend, but like WFH, is also a direct result of how COVID-19 and social distancing is changing the way we work. Office Hygiene Management Technology are solutions using real-time analysis to track quantitative elements like air quality and sanitization efforts, and overlaying that information on a map that also shows foot-traffic patterns or occupancy levels can help companies monitor and promote comfort through the clear depiction of a space's status.

As companies reopen offices around the world, they need to identify what are the physical changes and informational needs that ensure a safe return to work. Based on data analysis and the existing layout of a workplace company's need to generate options for new configurations that adhere to social distancing guidelines.

*Solutions to support
safe work practices in
the office will thrive*

Businesses, eager to limit liability for employees and customers, are considering a variety of emerging technologies for limiting pandemic spread. These technologies can be loosely divided into two types: one based on mobile technologies and the other using wearable devices like electronic bracelets and watches. Both approaches focus on maintaining social distancing.

Office infrastructure, including information systems, signage, communication tools, sensors and visual display technology to support a safe re-entry into the workplace are also a significant part of reopening efforts.

Increased health awareness and social distancing requirements in the workplace will drive the adoption of these new technologies. AV professionals' ability to help guide corporate and enterprise clients into configuring and executing the right solutions will provide new opportunities for both the system integrators and technology providers alike.

7. Real Estate Repurposing

The last item in our list of opportunities related to the WFH trend relates to a potentially big loser of the trend: commercial real estate. Many companies that announced to be permanently implementing permanent (partial) WFH policies, even when social restrictions are

eventually relaxed, are also planning to significantly reduce their real estate footprint and realise significant savings log the way.

The COVID-19 pandemic works as a double whammy on the commercial real estate market. Not only are companies scaling back expansion plans or, worse, face closure due to economic turmoil, many are also implementing WFH practices that further reduces the footprint required to house their workers.

Nevertheless, it remains uncertain how new behavioural patterns, social distancing, lower desk densities, and corporate cost reductions after COVID-19 will affect occupational demand and corporate real estate strategy, but these changes could lead to longer-term increased levels of vacancy in global office markets.

A rise in commercial real estate vacancy rates is not all bad news however. Specialist developers who focus on sourcing under-utilized assets in infill locations, usually through a long-term master leasehold model, and converting them into office parks tailored for SMEs or mixed-use commercial developments comprised of offices, co-working spaces and/or “new format” retail spaces.

***Specialist redevelopers
should benefit from
the rise in commercial
real estate vacancies***

In recent years, we've seen a number of office-to-residential conversions in select cities around the world. Office-to-residential conversions tend to be an easier way of getting more housing in cities than constructing residential projects from the ground up.

In the US, the precedent for turning office properties into residential spaces on a broader scale can mainly be found in far smaller cities like Detroit and Toledo, Ohio. Those places have seen demand for office space plummet in recent years, independent of the coronavirus. For a metropolis like New York, where demand for office space has remained strong so far, a similar shift would likely depend on how long the pandemic lasts, and how used to working from home companies and employees become.

To sum up, WFM is likely going to be here for the long run. The pandemic is creating havoc across global economies. Yet, some businesses are able to take advantage of the opportunities arising from this fundamental shift in how millions of people around the world are now conducting their day to day work. Whilst it's probably too early to

predict exactly how the trends will play out, if eventually COVID-19 is brought under control, it is likely that WFH will remain a prominent feature of our working lives going forward. The 7 opportunity areas identified in this article should provide a useful guidance for investors and business leaders who are looking to invest behind the next megatrend.

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