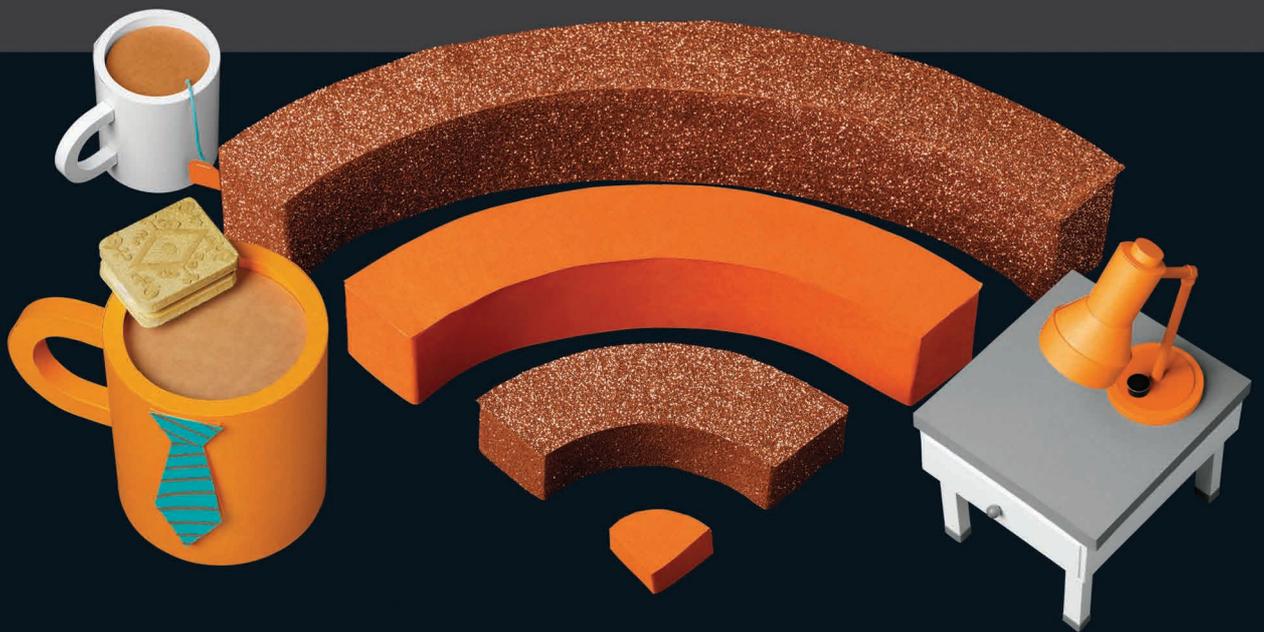


Connected Britain

the face of working Britain in the digital age



acknowledgements

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contents

Foreword 04

Introduction 06

Universal Connectivity - the end of the Office? 08

government influence
current and future trends

Location, Location, Location 10

the geographical impact of universal connectivity

So, what's it worth? 12

is the technology there?
what next?

Appendix 14

research methodology

foreword



“By 2020 a successful and forward-looking business will have no HQ, probably no CEO and only a fraction of the fixed assets it has today.”

James Bellini, Futurologist

Our world is being transformed by major convergent trends – tipping points in technology, demographics, individual aspirations and behaviour – that are re-shaping the way we live, work and socialise. In this “connected” future our industrial-age heritage of fixed hours and fixed-place working will disappear and the geography of Britain’s working habits will steadily change.

The rapidly emerging digital age is also the “connected” age, a future in which web-based networks and online virtual communities make possible a continuous, worldwide “conversation”. This conversation is the marketplace of the future, where the currency is collaboration and the sharing of ideas and experiences – where marketing, selling and customer relationships are developed and embedded through engagement that harnesses these online possibilities. Businesses that ignore its power risk marginalisation, decline and potential commercial annihilation. Connectivity is the vital resource of the future economy.

The impact of this future on working choices and practices will be profound – although it is already under way. A hundred years ago a typical working lifetime stretched to 100,000 hours, usually in one fixed place of employment. Now, technologies coupled with demanding individual attitudes about life balance – and

right-thinking business strategies – are conspiring to sweep away this work philosophy. In the emerging Connected Economy people will be able to work wherever – and whenever – they choose, whether at home, in local hubs or on the move. Companies, driven by clear financial benefits, will steadily abandon out-dated office hierarchies and costly premises and encourage “connected” working – many already have. By 2020 a successful and forward-looking business will have no HQ, probably no CEO and only a fraction of the fixed assets it has today. The “connected” company of the future will be lean, flexible and reliant on a dispersed, connected workforce; software will give way to “anyware”.

The economic returns will be enormous – welcome in these troubled times and in the recovery to come. Studies show these “e-workers” of the future – released from fixed-place captivity – will be more productive, better motivated and probably happier. The businesses they “connect” with – the companies they make function – will be more adaptable, more responsive to changing market conditions, less cost-burdened and hence more profitable. The traditional “office”, with its wastage and distractions, has been a deeply unproductive way of doing business – away with it.

This is no make-believe vision of the future for work. This future is already

well on its way: in the UK today millions of people enjoy flexible, often home-based working. Studies indicate that by 2020 some 80 per cent of the UK workforce [and the German and French, for that matter] will not be tied in to a 9-5, fixed-place daily office routine. This percentage is set to grow thereafter.

This digital, “connected” future will be a key factor in creating a new socio-economic geography for Britain – of work, wealth-creation and welfare. For millennia, people in this part of the world have found work opportunities close to natural or fixed-place resources or activities, be it farmland, coal, iron ore, water power, factories or urban offices. This simple principle has determined the economic and social geography of Britain through the ages. For the first time ever, “connectivity” will set them free. In this future Connected Britain, many may elect to relocate to greener pastures. Many others – including several million “live-alone” householders [both Bridget Jones singletons and older folk, now alone] – will choose urban life. And not just in London.

In fact, the long-entrenched domination of London and the South East in Britain’s unbalanced economic structure could at last be ended. Indeed, the vision of Digital Britain set out in the government’s White Paper, published in June, expressly promises a connected Britain that embraces our rural areas, from Cornwall and Cumbria to the

far reaches of the country’s remote corners. Connected Britain is not about cities – it is about every by-way of the nation.

The financial and related benefits of this radical socio-economic shift are profound – and deeply important at a time when Britain wrestles with the prospects of economic and business life after this current recession. A happier and more productive workforce – operating where it wishes to be; businesses enjoying major cost-savings and productivity gains and leaner management structures; more eco-friendly communities, commuting less and running less carbon-costly localised offices [home office are known to have a much lower carbon impact than big urban office complexes]; a modern, 21st century business culture.

Britain was the home of the first Industrial Revolution. This country pioneered the sinews of earlier economic transformation: canals and railways. Now, as we look forward to the challenges of this new century, Britain’s anywhere economy is set to be the crucible of the Digital Revolution. I foresee a Connected Future – where social and working life, the creation of wealth and the texture of everyday life are determined by the connections we make. A vast, varied, productive and exciting conversation.

“Studies indicate that by 2020 some 80 per cent of the UK workforce [and the German and French, for that matter] will not be tied in to a 9-5, fixed-place daily office routine.”

introduction

“In this increasingly competitive business environment, clients expect ready access to our people – regardless of time or location. Connectivity and mobile working tools are critical to ensuring that our people can be productive and provide clients with the high level of attention and responsiveness expected, whether they are working from home, travelling, or in one of our BDO offices around the world. As Britain becomes increasingly connected, our people will be able work from anywhere across the country further improving client satisfaction, productivity and competitiveness.”

Eunice Edwards, Head of Business Engagement, Information Technology, BDO Stoy Hayward LLP

“Universal connectivity” is a phrase that is becoming more and more familiar due to heightened media attention following the Digital Britain Report, which outlined the Government’s ambition to secure the UK’s position as one of the world’s leading digital economies. The report stated that this would be achieved through universal connectivity, whereby the entire UK population would be equipped with fast (2mbps) broadband access.

Universal connectivity offers many potential benefits for both global and local businesses. It could mean the freedom for employees to live and work in a location that suits them, and in turn generate significant business benefits such as increased efficiency and productivity. Naturally, universal connectivity would require businesses to equip employees with the necessary tools to do their job as efficiently as if they were in the workplace.

The term “flexible working” assumes a move away from standard working conventions and from a “one size fits all” approach to work. It may be deployed by an employer to meet organisational needs such as covering a wider range of hours or peaks and troughs in demand, or it may be deployed by the employee to allow for a more convenient and effective working routine.

In a previous report, Beyond Boundaries, the Orange Future Enterprise coalition looked at the provision of flexible working in the UK and employee and employers’ attitudes towards flexible working. This year’s Orange FlexiTown research examined the current realities of flexible working adoption and ranked the UK’s major cities in order of its take up. It may

make surprising reading – although 63% of employers stated that they offer some type of flexible working options, only 32% of employees reported that they currently have the tools or means to be able to take advantage of this. This report will look to the future again and explore what the working Britain of tomorrow might look in light of the move towards “universal connectivity”.

To help determine this, and better understand the role that connectivity - and the technologies that enable it - are playing on shaping the way individuals live and work now and what their impact could be in future, the independent researchers YouGov ran a survey, on behalf of Orange, of more than 3,000 workers across the UK. This report details the key findings of that research, and highlights some real life experience of some organisations where flexible working is already happening, through a number of case studies, detailing the pros and cons of working away from a traditional central office set-up.

As the technology to support a more flexible working approach – such as smartphones and mobile broadband – becomes increasingly sophisticated and attainable, what might the realities of future working practices be? If a flexible way of working is embraced by those who want it, what impact might this have on the UK population shift? How will the traditional fixed base office or headquarters evolve to support this? And what value, financial or otherwise, could it bring to organisations and their employees?

Much has been talked about the supposed “Death of the Office”. Indeed, James Bellini’s commentary piece suggests a future where the



connected workplace is virtually unrecognisable with employees, or “e-workers” working at home, in local hubs or on the move and connecting virtually rather than face to face.

While this is certainly an interesting vision of business in the future, our research suggests that workers of today have not reached that tipping point just yet. At least in the immediate future, traditional offices - with their important social function - will not be wiped out. While many people clearly want to work flexibly some of the time, just a small proportion (20%) would want to base themselves away from the office on a permanent basis. Of course, connectivity improves and flexible working becomes an accepted norm, we should expect to see more and more people wanting to work from

home. In fact, the demise of the office could come sooner than expected, given the ever-increasing pace of technological advancement

Universal connectivity means empowering the workforce to do its job when, where and how it chooses. The concept and practice of flexible working poses a number of questions for today’s British businesses; How will my business benefit? Can I afford to make the investment? Can I afford not to? Our world is being transformed by major trends that are re-shaping the way we live, work and socialise. It will be fascinating to see how British businesses answer these questions and how they ultimately adapt to this newly connected world.

Robert Ainger, Orange

“63% of employers stated that they offer some type of flexible working, only 32% of employees currently have the tools or means to be able to take advantage of this.”

universal connectivity - the end of the office?

Since starting the company over five years' ago, I've needed to be available 24/7. My business depends on it. In fact, I wouldn't have been able to set up my company in the first place without having access to mobile email or internet. Whether I'm in the UK, or travelling to Italy – which I do on almost a weekly basis – I need to be in constant touch with farmers in Italy and my network of customers around the UK. Currently, I use a BlackBerry for work email and to access the internet. It acts almost the same as a laptop, so any improvement in connection will no doubt go a long way to make me more productive.

Andrea D'Ercole, Managing Director, ItalyAbroad.com

The Digital Britain report envisages a connected Britain that is a world leader in the knowledge and learning economy, as businesses – and consumers – take advantage of the significant opportunities that mobile technologies and convergence can deliver.

The appetite for universal connectivity is strong and the technology to enable it is here. So how is it impacting working practices now, and how will it change them in the future?

Flexible working implies a shift from the traditional working associated with the

9 to 5 office based practice. Universal connectivity would mean an end to the need for offices to be based in clusters within certain geographic areas. In fact, businesses could choose to locate their employees almost anywhere in the UK, potentially changing the face of the country's traditional business hubs.

Greater connectivity also gives individual workers the option to base themselves in a location of their choice by working flexibly.

And while Digital Britain gives us an insight into the Government's vision of



the digital future, what is interesting for British businesses to consider - and what Orange has investigated - is how this adoption of flexible working might impact the "working face" of Britain and what it actually means to employees.

Offices have developed over the centuries because they have been almost universally recognised as the most effective way of organising information workers. But this is changing. Of all the people we questioned initially, just one third (33%) work in an office while just 20% of the people we surveyed who are based in an office would choose to work flexibly all of the time compared to 67% of people who would choose to work flexibly some of the time.

This suggests that the office is seen as more than just a base to work. Does the social aspect of office-based work play a role in determining the appeal of flexible working? This may be one reason why such a small proportion of workers would opt to work flexibly all of the time.

Full time flexible working is most popular among 18-24 year olds (23% would choose to work flexibly at all times). Is this a possible tipping point? Given the option, will future workers shun fixed daily office life for a more flexible working approach?

If workers do choose to work away from the office, how will the social networks that are so important to work be built and sustained? Network Citizens, a report produced by independent think-tank Demos and published in collaboration with Orange,



researched the importance of social networking in organisations and shows that internal social networking has the potential to create a more resilient organisation. Allowing workers to have more freedom and flexibility in this area might seem counterintuitive, but it appears to create businesses that are more capable of maintaining stability.

What's clearly important for workers is being offered the opportunity to work flexibly. While there's unlikely to be a sudden groundswell of office based employees choosing instead to work full time from home, we may see a gradual shift away from the office with "connected" employees using social networking tools as a substitute for - or an "add on" to - face to face contact to build the networks and relationships needed to work effectively.

With 42% of people willing to give up their company car in order to work flexibly, employers could save £1.6bn a year on company car schemes

location, location, location

“Cornwall may replace the M4 corridor as the new Silicon Valley of the UK.”

The geographical impact of connectivity

Government investment and incentives during the past 20 years or so have led to industry specific pockets developing across the UK – the M4 corridor, sometimes described as Britain’s Silicon Valley, is dominated by technology firms; whereas Canary Wharf in London was regenerated to create a financial hub for the UK. What we wanted to better understand were both the factors that have led workers to live and work where they do today, and where they would elect to be if universal connectivity gave them the power to choose.

The responses show a dramatic shift away from the UK’s major cities (excluding London). They revealed that the South West, currently the fifth most populous region in the UK, would be the most popular region in which to live, with London coming second.¹

If these findings were to be extrapolated out to the UK population as a whole, we would see an additional 3.9 million people moving to the South West in the future. The West Midlands would see the biggest fall in population, with 1.9 million residents leaving for other regions.

The majority of workers would still be prepared to travel to a place of work, even if living in their ideal location, with 31% of people prepared to travel for up to an hour to reach their main place of work. Combined with the two thirds of workers who would like, if given the choice, to work flexibly “some of the time” (rather than the 20% who would prefer to work flexibly “all of the time”), the workplace - and the people within it - clearly remains an attraction for a significant proportion of the UK workforce.

There is an interesting comparison to be made between what drives people to live where they do now and where and why workers would live if universal connectivity was a reality:

- 49% of office workers moved to their current location because of a job offer
 - Just 4% of office workers are in their current location because of its proximity to family and friends
- But given the opportunity of flexible working in a universally connected world, 20% of people would choose a specific location because of its proximity to family and friends and 40% would choose one based on the local environment. Regular, social, face to face connections with close

friends and family are clearly valued, but in many cases, the traditional office and employment footprint are limiting workers’ ability to make these choices.

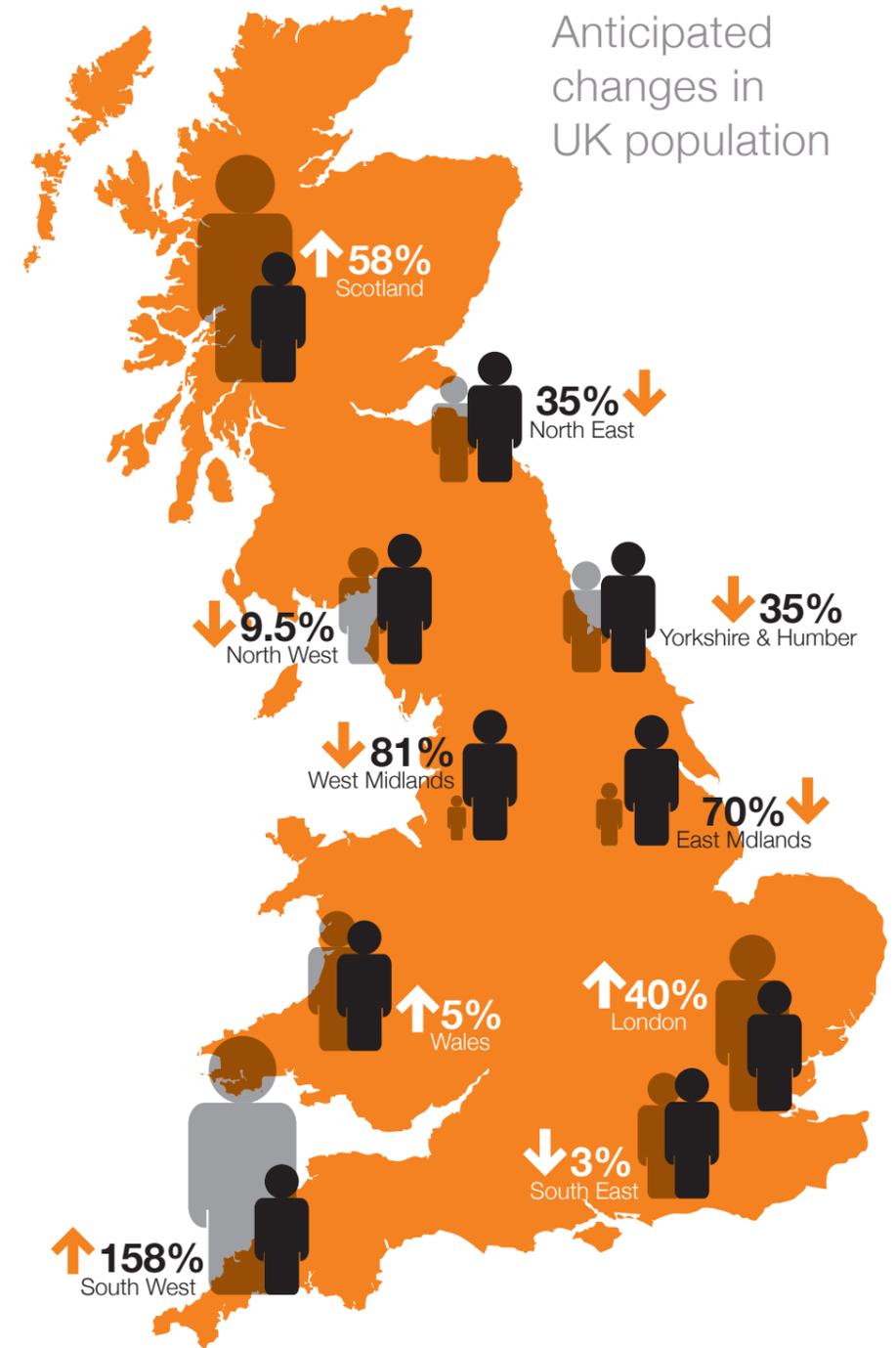
If the traditional constraints of the office were removed, and employees were equipped with the necessary mobile and broadband tools, social connections could be better fulfilled. A significant number of workers would have greater freedom to live and work in an environment and surroundings of their choice, rather than being dependent on where the job opportunities lay.

Given the choice, 40% of office workers would opt to stay where they are, with 19% opting to move to a seaside or coastal resort, 17% choosing a village or rural area and 16% choosing a city or urban area. Perhaps predictably, young people are almost twice as likely to choose to live in an urban area than the national average (29%) with those over 55 most happy to stay where they are (49%) or move to the coast (22%).

The UK’s different industry sectors broadly followed the national trends above, though 29% of people in catering and tourism would opt to live in a city compared to the 16% average across the UK, and one in five IT workers would opt to live in a village if they could.

Flexible working would enable these population shifts and could lead to a re-engineering of industry pockets – as a popular relocation choice, Cornwall may for example replace the M4 corridor as the new Silicon Valley of the UK.

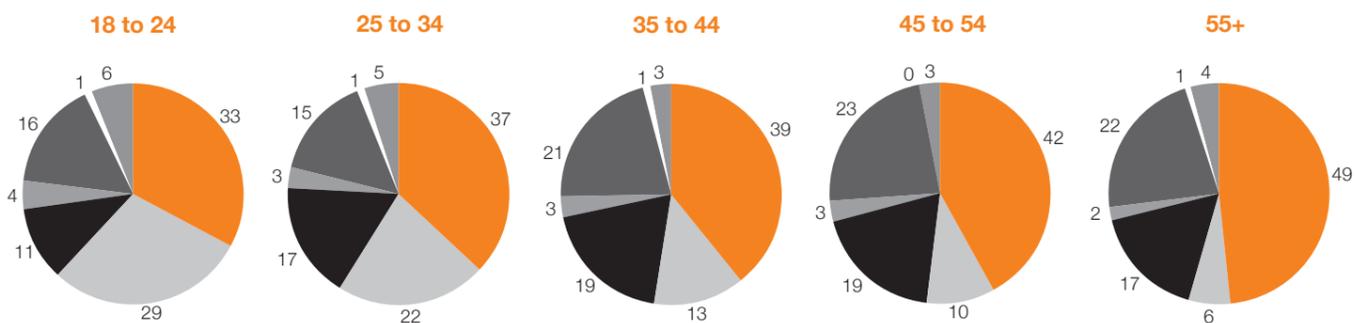
Anticipated changes in UK population



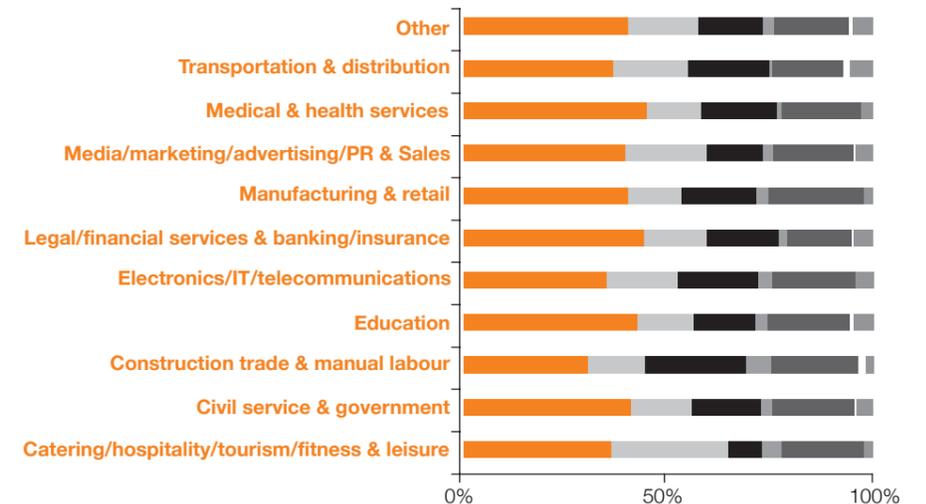
Key for charts
All figures are in per cent

- I’d stay where I am
- City or urban area
- Rural area or village
- Mountains
- Seaside or coastal area
- Other
- Don’t know

Where would I live (by age)?



Where would I live (industry)?



so, what's it worth?

“When I formed The Plastic Card Shop back in 2000, keeping costs as low as possible was key. Initially I worked from home, but as the need for larger premises became increasingly unavoidable, I set up my business in a picturesque village in Hampshire - which just wouldn't have been possible without decent broadband speeds or mobile coverage. I have no regrets, particularly with the quality of life over here.”

At the moment, we have a standard ADSL line, which is used by staff to access and download information from our web-based customer relationship management system. But with Digital Britain and super-fast broadband on the horizon, we estimate potential savings of about 20 hours a month, through staff simply being able to access online files faster. Also, we're often dealing with designs that are incredibly large in size. These often slow our email systems down, but having superfast broadband will make our jobs so much easier.

**Matt Payne, Managing Director,
The Plastic Card Shop**

According to our research, just one third of the UK's population is office based now, with 37% carrying out non-office based roles such as teaching and nursing. The Trade Union Congress estimates that today almost 3.5 million people work from home in the UK, accounting for 12.2% of the working population. And it's apparent that the popularity of flexible working remains high with 87% of office workers surveyed saying that, if they were given the choice to work flexibly, they would choose to some or all of the time.

What is of particular interest is quantifying this choice and defining the sacrifices people would be willing to make in order to benefit from the improved work/ life balance that flexible working can offer. Some of the key research statistics show that:

- 16% of people would take a pay cut if it meant they could live in their ideal location and work where they chose
- The average pay cut that workers would take in order to enable them to work flexibly is £6.9k per annum with more than one in 10 (11%) prepared to take more than a £10k paycut
- More than one in four would take on a more junior role if it meant they could live in their ideal location and work where they chose
- 42% would give up their company car if it meant they could live in their ideal location and work where they chose

Is the technology there?

Technology has evolved to such an extent that flexible working is both simple to implement and, most crucially, available at reduced cost. There is now a vast range of affordable

devices that allow employees to work on the go. In fact, the proliferation of smart phones, laptops, mobile and fixed broadband and so on means that employees can now be connected whether they are in the office, at home or on the move.

Technology can also ensure that time spent working offsite is just as productive as time spent in the office. For instance, managed service providers can host a company's IT applications and data, and enable employees to access their entire office desktop environment through a Virtual Private Network (VPN) over an internet connection from anywhere in the world. As a result, regardless of location, employees have access to the same software, files and information needed to get the job done. Naturally, these types of managed services and save businesses time and money, not to mention huge amounts of stress once associated with working offsite.

The aims of the Digital Britain report will only enhance the potential of technology to enable anywhere working. Universal high speed connectivity via either fixed or mobile broadband will ensure employees and businesses can operate effectively away from today's economic hubs. The face of working Britain will be able to shift to meet the desires of the working population.

The advancement of communications technology is continuous and the proposals of Digital Britain imminent and, crucially for organisations, affordable.



What Next?

Businesses need to understand the new aspirations of current and future workers, what drives them and what motivates them. Social connections, whether in the workplace or at home, are not going to fade away, but people are making those connections through different channels and technologies. Face time will always remain important – we are social creatures at heart - but in tomorrow's business world universal connection will become the very essence of business life.

And in order to reap the rewards delivered by universal connectivity, savvy businesses will already be

equipping staff with the necessary tools to ensure they can work effectively, regardless of location.

If we are to fulfil Digital Britain's ambition of securing the UK's position as one of the world's leading digital knowledge economies, universal connectivity – and the technologies that enable it – must be at the heart of British business' DNA. The ways in which individuals want to work is changing. Organisations need to evolve with these changes and engage with their employees at an individual and a group level to ensure that both employee and employer needs are being met in the most efficient way possible.

When calculated according to the current UK working population, the reduction in salary that 16% workers would be prepared to take in order to work flexibly equates to a saving of up to £32bn per annum.²

research methodology

This survey was conducted using an online interview administered to members of the YouGov Plc GB panel of 185,000+ individuals who have agreed to take part in surveys. An email was sent to panellists selected at random from the base sample according to the sample definition, inviting them to take part in the survey and providing a link to the survey. YouGov Plc normally achieves a response rate of between 35% and 50% to surveys; however this does vary dependent upon the subject matter, complexity and length of the questionnaire. The responding sample is weighted to the profile of the sample definition to provide a representative reporting sample. The profile is normally derived from census data or,

if not available from the census, from industry accepted data.

All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 3281 adults working in an office. Fieldwork was undertaken between 23rd June - 1st July 2009. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+).

¹ Population changes based on YouGov Research (compared with the latest ONS population statistics).

² Depending on technology investment and other costs associated with flexible working.



For further information please visit: www.orange.co.uk/business