# Cognizant

Space Matters:
Shaping the Workplace to Get the Right Work Done

Digital technologies are profoundly recalibrating the way we need to work. To enable co-creation and collaboration, and harness the productive energy these approaches generate, organizations need to reimagine the interplay between workspace, performance and culture.

By Euan Davis and Michael Cook

fow | Center For The Future of Work
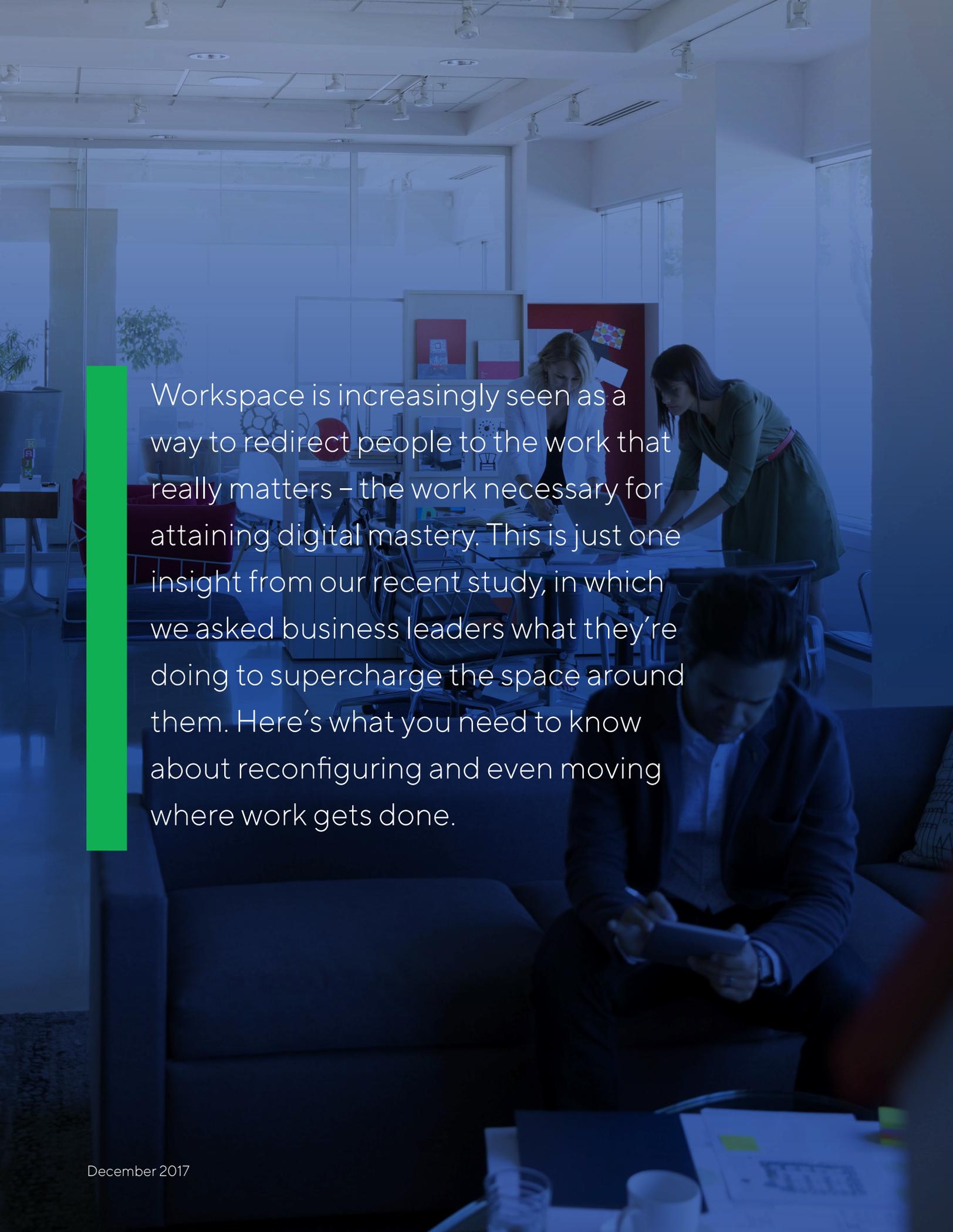
Workspace is increasingly seen as a way to redirect people to the work that really matters – the work necessary for attaining digital mastery. This is just one insight from our recent study, in which we asked business leaders what they're doing to supercharge the space around them. Here's what you need to know about reconfiguring and even moving where work gets done.

Executive Summary

In the history of work, any step change in technology has altered how work is organized, the tasks employees handle and the places where they work. Whether it's rows of typists in the 1960s, or the cubicle onslaught of the 1980s, the visual cues, tools, layout and location of the places where work gets done speak volumes on what is expected of the people who work there.

With the shift into digital, the rise of data and the growth of platforms, artificial intelligence (AI) and automation, this hasn't changed one iota. In fact, at a time when virtual work and a "no-office" culture have never been more possible, the workspace matters more than ever. The current era of intercompany collaboration, iteration and start-up experimentation requires people to come together and work – and the work they need to do necessitates a new type of space.

Across the board, industry sectors are being redefined in a wave of creativity and co-creation. Products, services and brand experiences are no longer standalone entities but increasingly complex configurations enabled by new collaborative ecosystems and extended teams, supported by digital platforms. Where can this work get done? A fundamental reexamination of the spaces where we work must stretch beyond clever interior design to accommodate the reality of modern digital workflows, and even confront the big questions concerning corporate location and industry direction.

To better understand the interplay between workspace and work, we conducted a study of 500 business decision makers to find out how leaders see workspace evolving and what they are doing to supercharge the space around them (see Methodology, page 24). We discovered that workspace can exert a totemic pull for people both inside and outside the company, and can be used to reset the organization's narrative and redirect its people to the work that really matters – the work necessary for capturing future value and attaining digital mastery. This is why the future of space matters.

Key findings from our study include:

▮ **Workspace is integral to meeting business goals.** Investing in an efficient and effective workspace is not just a nice-to-have, according to half of our respondents, who said these expenditures are nearly as important as investing in the latest technology. This reflects a new understanding of the changes in work, and the importance of creating a space for new workflows to happen.

▮ **Surprise! Corporate footprints are expected to grow, not shrink.** Despite respondents' belief that nearly 30% of back-office tasks will disappear over the next five years due to automation, there will be no corresponding downsizing of corporate real estate. In other words, work isn't disappearing; it's shifting. Corporate footprints are expected to grow an average of 13%, according to respondents. So while software might be eating the back office, work is shifting from the back office to the front, where value is created for customers.

▮ **Productivity, agility and innovation drive workspace design.** Already, about 40% of respondents have reconfigured their workspaces, in some cases dramatically, to improve workflow and flexibility. The payoff, as ranked by our respondents, is found in increased productivity, organizational agility and higher rates of employee creativity and innovation.

▮ **Different workspace characteristics are needed for human vs. machine work.** Tech industry leaders are using clever spatial design to encourage creativity, collaboration and experimentation among their human workers, while automating tasks that are better performed by machines. These spaces look and feel very different. Office layouts encourage serendipitous meetings among employees, and designated gathering spaces pull together disparate teams and processes, supported by tools and new collaborative technologies that help people see and explore the art of the possible. Meanwhile, productivity apps and other automation tools are being combined with environmental refinements to streamline rote activities, sense employees' workstyle preferences and free up workers to optimize their performance.

▮ **Companies are prepared to change places.** Over one-third (38%) of respondents say their organizations are prepared to shift their geographic location, which underscores the dynamics surrounding innovation. In addition to a desire for better access to customers, partners and suppliers, organizations are also eager to benefit from the talent clusters being established in specific locations around the world. Despite global connectivity to data and communications, proximity is key for certain kinds of valuable knowledge transfer.

▮ **A new space blueprint can spur the modern enterprise.** If you want to change how people work, start with the place of work. We recommend a more fluid, outwardly focused organizational design that recognizes both where it needs to be and what its people need to get there. The actual work of transforming an enterprise and retuning its culture takes years, not months. Employees need to see the enhanced culture taking shape and its working methods evolve.

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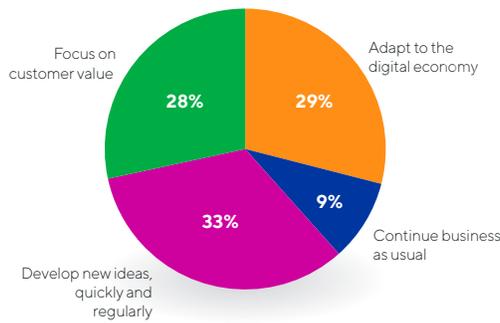
PEOPLE NEED NEW SPACES TO WORK

Despite so many business and life activities moving to the virtual environment, the physical place of work matters – perhaps more than ever before. According to half of our respondents, the strategic importance of investing in an efficient and effective workspace is second only to focusing resources on the latest technology (see Figure 1, next page). This emphasis on workspace reflects the changes in work and workflow in modern businesses and the resulting change in how they need to look and feel.

Workspace investments key to meeting business goals

Please rank the following business trends in order of their importance to your business over the next five years.
(Total, top-ranked responses)

- Focus on customer value: 28%
- Adapt to the digital economy: 29%
- Continue business as usual: 9%
- Develop new ideas, quickly and regularly: 33%

(Percentages do not add to 100% due to rounding)

How important are each of the following actions and investments to meeting your core business goals?
("Important" and "highly important" responses)

- Latest technology: 55%
- Efficient, effective workplaces: 50%
- Organizational culture: 45%
- Leadership team: 43%
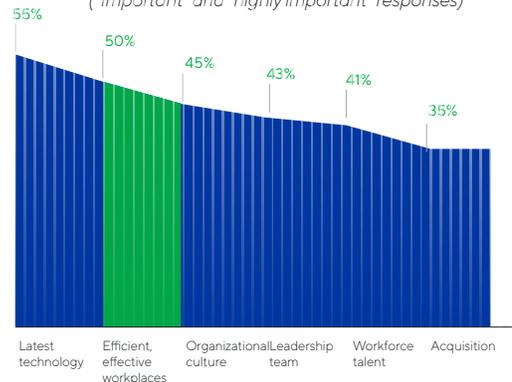- Workforce talent: 41%
- Acquisition: 35%

Figure 1

Consider that the top trends respondents said were influencing their business strategies were fast innovation (33%), adaptability to the digital economy (29%) and a focus on customer value (28%). These imperatives – not business as usual – are what businesses are pursuing when making workspace investment decisions.

A key driver for these changing workflows is the increased interdependence on partnerships and ecosystems, driven by open platforms, sensors, the Internet of Things (IoT) and intelligent automation. Increasingly digital and intelligent products and services are no longer standalone entities but interactive components within an extended ecosystem.

The world's car manufacturers, for example, are busy organizing into commercial consortia to capture the opportunities from the predicted rise of autonomous, intelligent automobiles. This is triggering an industry mashup of technology, insurance and financial services players, as the business model switches from owning to sharing automobiles, disrupting revenue flow. The changing industry dynamic is also spurring city planners to rethink metropolitan road infrastructure to ensure fast and efficient traffic flow, and pressing tollbooth manufacturers to pursue automated billing mechanisms.[1]

Another example is in financial services, where alliances and commercial configurations – driven by open APIs and data architectures – are helping to create innovation networks, resulting in alternative banking approaches and highly-personalized products and services that appeal to digitally-savvy customers.[2]

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BUSINESS VALUE FLOWS ACROSS EXTENDED ECOSYSTEMS

To participate in these emerging opportunities, businesses need to assemble extended work teams that blend skills, capabilities and innovative thinking, inside, outside and across traditional corporate structures. But while collaborative approaches drive value, they're fiendishly complex to set up and master.[3] The crackle of innovation needs to happen somewhere, and not just "online." The first question is, where does this work happen? Secondly, what kinds of workspaces can help collaborators work effectively together?

Innovation strategies require colocation in the workplace

How effective are the following actions/investments in building an effective workplace to help your company develop new ideas?

("Effective" and "highly effective" responses)

Colocation with current or potential business partners	85%
Close proximity to customers, suppliers, business partners and employees	76%
Attractive location for desired staff profile	68%

Note: Respondents who selected "quickly develop new ideas" as the most important business trend in Figure 1
Figure 2

In our study, respondents were clear that teams need a space to come together to ideate, experiment and co-create. In fact, respondents who focused on innovation as a top business strategy goal (as seen in Figure 1) see workspace as crucial for catalyzing co-creation, with 85% saying colocation with current and potential business partners is a key driver for workspace investments (see Figure 2).

Consider how banking supremo BBVA sustains a value network by creating new workspaces for teams. Located in Madrid (Spain) and in Bogota (Colombia), these innovation centers are where the organization's most disruptive work happens. These spaces are designed to foster a culture of collaboration with entrepreneurs, start-ups and developers, marked by openness, accessibility and collaboration capabilities.[4]

People still need to come together in a virtual work world

Workspaces also need to accommodate the shift in focus from the back office to the front, with respondents expecting a 30% reduction in back-office work over the next five years (Figure 3 , next page). Back-office work roles in which infrastructure is provided or maintained, or through which office services are delivered, is expected to significantly shrink. Work tasks are migrating toward the work that adds customer value, and away from back-office work.

At the same time, leaders are clearly rejecting the idea of a "no-office" culture, with respondents expecting an average 13% increase in both workforce and workplace size in the next five years (see Figure 4 , next page). In other words, don't expect rows of empty real estate just yet. When we look at this sector by sector, the data is telling. Take retailing, where respondents expect the largest increase in staff relative to physical footprint as business models and shopping move online. Financial services respondents, meanwhile, expect space to expand ahead of employee growth. Perhaps these organizations are trying to create a workspace that's more conducive for people to come together and feel more human at work.[5]

Work is recalibrating from the back office to the front

Back-office employees (network providers) are on the decline, while front-office employees (service providers and knowledge workers) are on the rise.
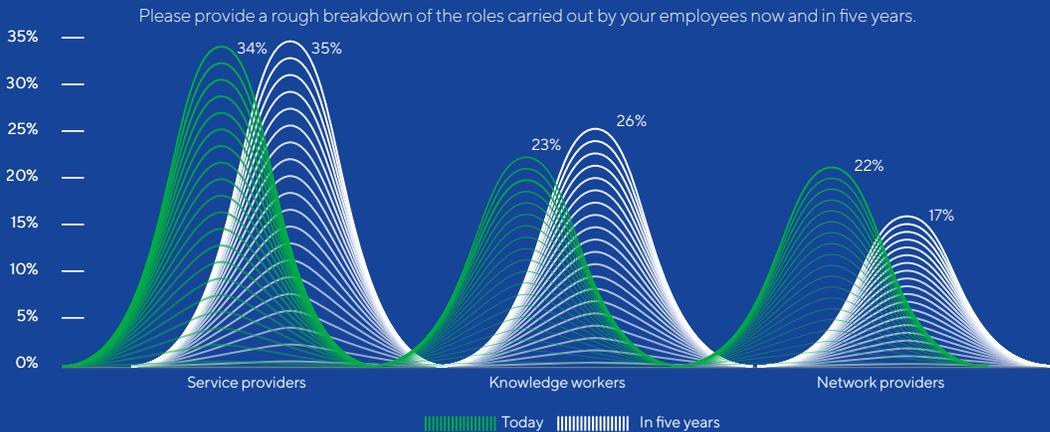
Please provide a rough breakdown of the roles carried out by your employees now and in five years.

34% 35%	23% 26%	22% 17%

Service providers   Knowledge workers   Network providers

||||||||| Today ||||||||| In five years

Figure 3

Leaders are clearly rejecting the idea of a "no-office" culture, with respondents expecting an average 13% increase in both workforce and workplace size in the next five years.

Workspaces adapt to an expanding workforce

Over the next five years, by how much will the footprint of your workspace, and workforce size, increase or decrease (average growth percentage)?
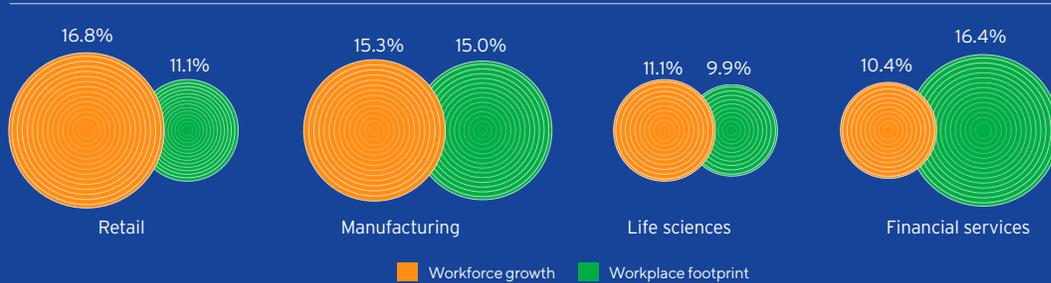

Retail	Manufacturing	Life sciences	Financial services
16.8% 11.1%	15.3% 15.0%	11.1% 9.9%	10.4% 16.4%

■ Workforce growth   ■ Workplace footprint

Figure 4

IS YOUR WORKPLACE FIT FOR PURPOSE?

Businesses are already taking action to match their workspaces with changing workstyles and workflows, with 41% saying they've invested in improving their workspace facilities and the same percentage reporting that they've made significant changes to encourage better workflow (see Figure 5). So far, respondents say the greatest payback is increased productivity, agility, innovation, speed to market and morale (in that order, too) (see Figure 6, next page).

Priorities shift from improving workspaces, to moving and creating new spaces

Which of the following actions have you taken or do you plan to take in the next five years in an effort to enhance your workplace?

Already implemented	(Numerals indicate ranking of response based on percentage of respondents)	Plan to implement
1	Invest in improved workspace facilities and services	**8**
2	Significantly reconfigure workspace to encourage more effective workflow	**7**
3	Increase flexibility of workspace	**4**
4	Create dedicated spaces or zones to encourage collaboration, innovation or creativity	**2**
5	Move location	**1**
6	Significantly upgrade premises with latest technology	**6**
7	Build new purpose-built premises	**5**
8	Track and report workspace carbon emissions	**3**
9	Set up premises in a designated tech hub/enterprise zone or similar	**9**

Figure 5

Over the next five years however, there will be a noticeable shift in workspace initiatives and the benefits expected from them. Moving and creating new premises will score higher, while upgrading and reconfiguring processes will descend in priority. The resulting benefits – improved third-party collaboration and proximity to customers and business partners – also shift as a result of these more disruptive changes (see Figure 6). We believe this is where the next set of benefits will be found as businesses tap into more holistic approaches to workspace change to drive new behaviors from employees and partners.

Spatial priorities shift as proximity and collaboration supersede productivity

Which of the following business benefits, if any, do you expect to see in the next five years as a result of workspace changes?

Already realized value	(Numerals indicate ranking of response based on percentage of respondents)	Expect to realize value
1	Improve staff productivity	11
2	Improve organizational agility	6
3	Improve creativity and innovation	8
4	Improve speed to market	7
5	Improve staff morale	9
6	Improve access and service to customers	1
7	Attract/retain talent	12
8	Improve collaboration across teams	9
9	Save accommodation costs	3
10	Improve collaboration with other organizations	5
11	Improve access and service to business partners	2
12	Improve access and service to suppliers	4

Figure 6

MODERN BUSINESSES LOOK, FEEL AND WORK DIFFERENTLY

Companies such as Apple and Google have invested millions into developing new work campuses, with the goal of fostering innovation and creativity. Apple's circle of glass in Cupertino, including an underground theater designed to bring people together, is stunning to behold (see image below). Google's new plans for its London headquarters – the "land scraper" with 92,000 square meters, complete with a running track installed on its roof – are intended to support employee well-being. Interior design matters, and these companies want their employees to join up, feel good about where they work, and spark off one another. So should your organization.

Source: Josh Edelson/Stringer

These companies are focusing on clever spatial design to maximize random exchanges among workers and exploit unexpected discoveries around the coffee machine, the kitchen or the conference room. These "serendipitous interactions" can make a significant difference; the idea that employees chatting by the coffee machine or water cooler are "not working" is outdated.

Few businesses, however, have the real estate budget of an Apple or Google. So does the answer lie in simply relocating the refreshment bar? That could help, but focusing only on simple reconfigurations ignores how modern businesses get the best from their people. Here are a number of strategic ways to deploy space to support the broad direction of how work is changing.

Use visual cues to provide strong cultural signals

What does your business's workspace say about its culture? Walk into IDEO's San Francisco premises, for example, and immediately you'll notice the jars lined up at the entrance of colorful paperclips, pens and other tools for creative expression. From the moment you enter, you realize this is an environment that encourages creativity, which is reflective of what IDEO wants to nurture in its employees. Like the world's foremost digital companies, IDEO's values are built into the workspace, itself. Google's workspace oozes a start-up mentality through every primary colored writable wall or the use of workspaces to encourage chance meetings and intercompany collaboration.

When you walk into *your* place of work, do you get the sense of fluid interconnections and collaborative energy? If not, think of how you can reconfigure the workspace to reflect where innovation and creativity originate, which is at the edge of a business rather than at its center. Workspaces need to be designed around showing, telling and bringing this energy and culture into the workplace.

As a simple analogy, hotel conference centers are constructed to accommodate an uncertain stream of events, using movable partitions instead of hard walls that can be rapidly reconfigured to meet changing requirements. Similarly, preparing for an unknown stream of business change – shifts in customer expectations, a technology or an ecosystem disruption – requires organizations to embrace a structure for rapid business reconfiguration.

Create dedicated "blue spaces"

Work – and the space in which it happens – can be thought of in two separate categories: the work people do better than machines, and the work that machines do better than people. Work that demands judgment, empathy and creativity, for example, is best done by human workers – let's call this "blue work." "Red work," which involves data analysis, repetitive tasks and pattern recognition, is best performed by machines. These two types of work require different workspace characteristics.

Blue work relies on people gathering to iterate, experiment, discuss and create. It relies on visual cues, emotion, empathy, ethics, teamwork and social context. Spaces set up for blue work need tools and technologies to help people see and explore the art of the possible, such as 4K screens, 3-D printers and interactive whiteboards. These spaces allow multidisciplinary teams to assemble and integrate Agile development methodologies with customer experience methods such as customer journey mapping or design thinking. They also need to be capable of being assembled rapidly, allowing teams to work as required in the moment.

Workspaces need to be designed around showing, telling and bringing this energy and culture into the workplace.

The design of blue spaces can help businesses ignite a start-up spirit and attract the brightest talent into their enterprise orbits.

By turning space "blue," businesses can get the best from people performing tasks requiring human interaction. In addition to catalyzing ideation, experimentation and co-creation initiatives, these spaces can signal a cultural transition for the company.

Blue spaces can serve several purposes:

I **Create a cultural epicenter for the organization.** The design, furniture, layout and equipment used to create the blue space are reflections of the company's culture and its working style. Check out Capital One's open conference and meeting rooms, which enable transparency across the financial services company; or explore GE's digital headquarters in California that includes a maker space devoted to innovation.[6] The social nature of innovation is important, and blue space can signal why it matters to the wider workforce. Businesses can curate spaces for work to improve the flow of ideas, with regular show-and-tell sessions to explore the next big thing or to showcase how teams co-create solutions.

I **Attract in-house and third-party talent.** The design of blue spaces can help businesses ignite a start-up spirit and attract the brightest talent into their enterprise orbits. Swiss engineering company Bühler set up an innovation space that features product development labs, a 300-person auditorium and co-creation space for more than 100 individuals. These innovation labs encourage staff to appreciate how Bühler and manufacturing will evolve and prosper. Dedicated "blue zones" can be run as entities in their own right, with a curator employed to foster the exchange of ideas between teams and showcase third-party innovation initiatives.

I **Break down silos and encourage cross-functional processes.** Consider using blue space to colocate cross-functional teams of sales, marketing, service, product development, production and technology staff, even if it's just on a temporary basis to see what happens. Relocating teams in a space designed for experimentation and idea generation can help break down silos to improve knowledge flows about a market or niche and redraw the dynamics around organizational power.

I **Craft a new narrative for the organization.** Blue spaces can be a proxy for culture because it's not only the organizational system that can determine how people behave and feel but also the structural environment in which they work (in our experience, the actual task of transforming an enterprise and retuning its culture takes years, not just months or quarters). The goal is to get to a point where empowered teams habitually roll up their sleeves and lean into a problem or a challenge rather than passing it down the organization through hierarchies. Blue spaces allow people to see an enhanced culture as its working methods evolve. Locate these blue spaces where everyone can see them.

Turn the workplace "red" with apps and sensors

Meanwhile, businesses also need to support "red" work – the rote tasks, computation and other work that is best performed through intelligent automation. Turning spaces "red" involves the use of technology such as inexpensive sensors and embedded software to enable the work environment to sense, monitor, optimize, regulate and tune itself to the demands of its workforce. An example is connected building technology such as Internet-powered lighting systems, which can direct clients and employees to meeting rooms, and improve worker productivity by syncing with their circadian rhythms.[7]

Through the use of red spaces, businesses can boost productivity in the following ways:

▎ **Enhance the customer and employee experience through the use of environmental apps.** Workers waste hours of time scheduling meetings, looking for open conference rooms and peering into "unbooked" rooms only to find them occupied. Solutions such as Cloudbooking.com and others can automate these types of tasks, saving employees time and reducing their frustration. Building-focused applications can also enable "hot-desking" scenarios for mobile workers or improve visitor management through an app that enables people to navigate an unknown building, find an open desk or even vacate the premises in an emergency.

▎ **Encourage teamwork and synchronicity with productivity apps.** How great would it be if, post-meeting, your project management software, team workspaces, calendars and client records (where applicable) were all updated by the time you returned to your desk? Meetings could then be pivotal pieces of an interconnected process across a value chain rather than unwelcome clutter on our calendars. Red spaces should feature group tools to allow multiple people to simultaneously use one computing device, in a conference room setting. Tools like Microsoft's Surface Hub or Google Jamboard can help companies improve how they show data to potential customers, spur collaboration among internal employees and visualize new approaches to old problems. (Read our recent white paper, "The Expanding Role of Chatbots in Enterprise Collaboration," to see how virtual assistants will soon enhance workplace productivity.)

▎ **Instrument intelligence, everywhere.** We have Alexa in our homes, so why not in the places where we work? We can now configure our homes exactly how we like them, so why not our desks where we spend the rest of our time? Businesses are using a wave of instrumentation to drive worker productivity, such as smart lighting that guides workers around a factory floor or to a warehouse location, or tracks free desks and conference rooms.[8] Walk into the workspace of the future, and the elevator may automatically take you to the correct floor, with your hot desk configured exactly how you like it, and the colleague from marketing automatically located next to you ready to tackle that pressing challenge.
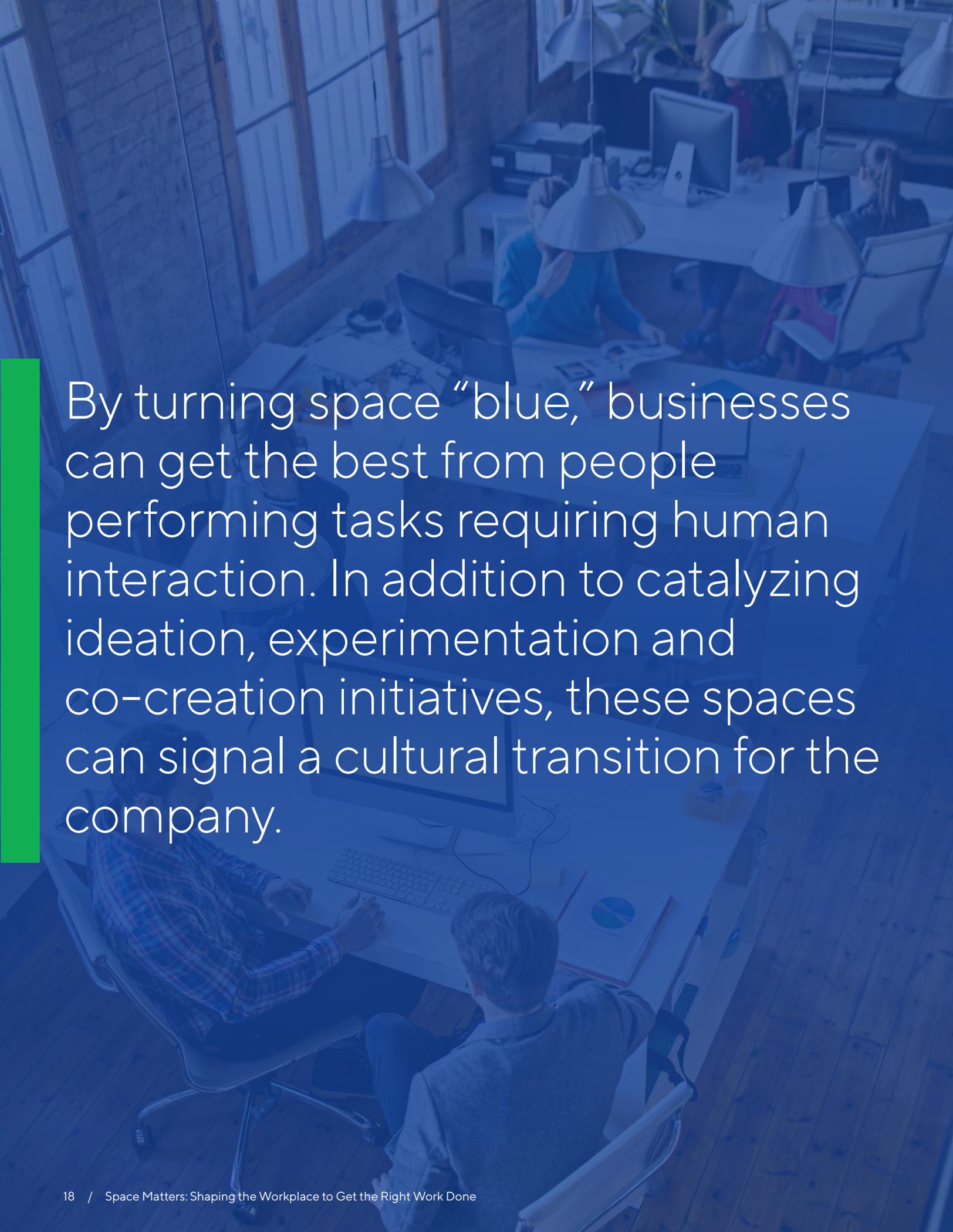
By turning space "blue," businesses can get the best from people performing tasks requiring human interaction. In addition to catalyzing ideation, experimentation and co-creation initiatives, these spaces can signal a cultural transition for the company.

Open an innovation node near a talent hub

The start-up movement is beginning to move from well-known hubs like Silicon Valley into regional talent clusters, including Berlin's Silicon Allee, Cambridge's Silicon Fen, Dundee's Silicon Glen, Lille, Lisbon, Austin, New York, Singapore and Beijing. Each has a sizable start-up scene – a talent ecosystem – that can be leveraged.

Many organizations are now opening up new spaces – or nodes – with a few people tasked with exploiting the ideas and talent available in those areas. Barclays and even the UK government have set up internal start-up teams, purposely locating them away from the Central London mothership. These organizations believe that physical proximity to an innovative ecosystem can spur creativity and co-creation because of the clustering of talent and ideas. Even with today's globally accessible data and communication capabilities, there are aspects of innovation and knowledge transfer that coalesce in a specific location and are not easily communicated over distances. Not everyone is willing to document their research or ideas, or make them open and available, but they may talk about it with their colleagues.

To take advantage of these innovation clusters, businesses should scout for a location and experiment with moving a team away from headquarters for a period of time. Want to explore the impact of blockchain? Then set up a team in the burgeoning start-up scene in Singapore or Tokyo. Want to gamify algorithms? Then go to Dundee in Scotland or Sao Paulo in Brazil and learn about the latest tools, techniques and start-ups. Perhaps you and the team could join a co-working space for a couple of quarters and connect with others that share and work in the same space.

The startling success of co-working provider WeWork signals how the future of space and work could play out around these innovation nodes. These co-working spaces are characterized by a younger, diverse workforce buzzing with ideas that could uncork an experimental business process or push the needle on a next-generation customer experience (Note: Millennial workers with fresh ideas don't want to work at home; they want to be with similar people, and they're often found in a WeWork in many cities around the world).[9]

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Make the bold move to relocate the mothership

Businesses are surprisingly open to seeking a new location; relocation was rated as the most popular move to enhance the workspace over the next five years, with 38% of respondents planning to do so. What we found striking was when deciding where to relocate, 43% of respondents are seeking an area with a compelling smart city vision, and 32% want a location with a flexible approach to urban planning. As Figure 7 shows, considerations of space go far beyond the workplace into how a city can help a business capture value.

The onus is on city planners and policy makers to create the conditions that encourage a hub of innovation and prime the digital economy. Dubai's Smart City initiative, for example, uses open data policies and publicly funded accelerators as catalysts to rapidly scale innovative ideas and concepts for companies across the region. Dubai also created a top-down approach to growing talent, with dedicated talent clusters for media, tech, creative and healthcare.[10]

In a determined bid to drive entrepreneurial energy into the economy, France is doing the same. A coordinated policy provides a mix of marketing and financial support, regulatory reforms and community building that works to deliver a shot of pastis into the local tech scene that other companies can leverage. France now boasts its own indigenous network of talent clusters in Montpellier, Grenoble and Lille. In the UK, the Northern Powerhouse project aims to channel investment in skills, innovation, transport and culture with significant powers allocated to local city leaders and mayors.

Businesses intent on relocating should be clear on what they are looking for. Are policy makers focusing on the supply of skills through greater involvement in education services? Are they working to provide more business–friendly policies with the establishment of innovation zones and technology hubs?

Relocation to a smart city can introduce new opportunities

Respondents were asked to assess the following urban initiatives in terms of their value to the business in five years' time. ("Very high value" and "high value" responses)
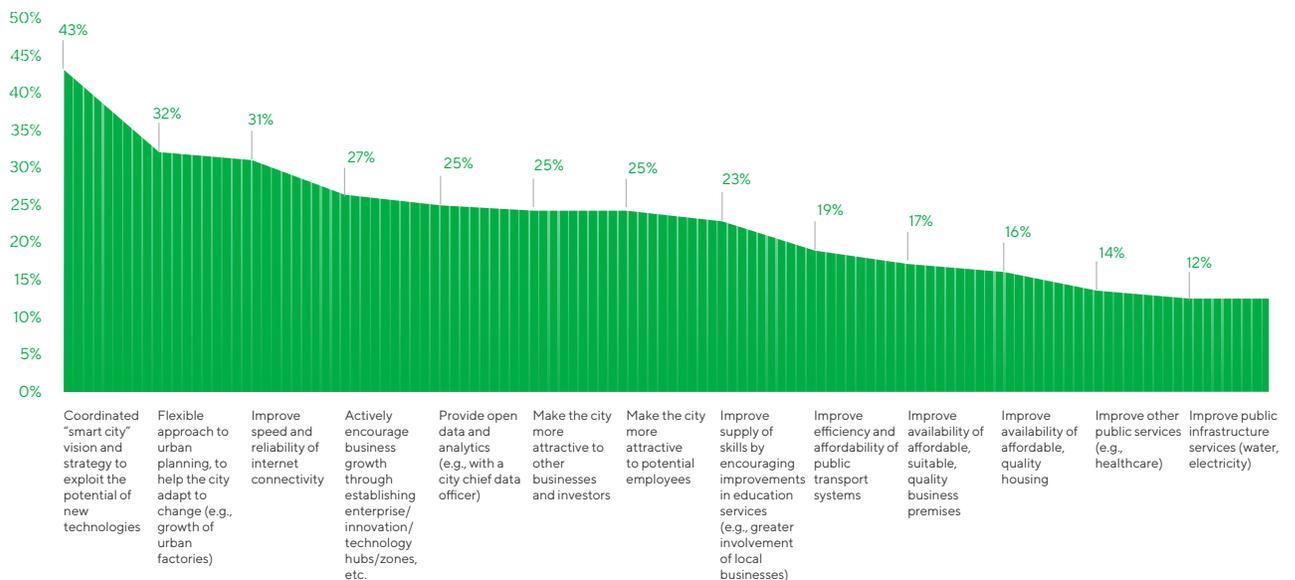

Figure 7

MAKING THE SPACE FOR THE FUTURE

How well does your space support your corporate goals? Retrofitting your current real estate can help, but a broader approach to planning the spaces where people work can drive the right behaviors from people, boost productivity, spur innovation and position the company for the opportunities ahead. Our blueprint for the modern enterprise can turn space into a magnet for the desired culture and enable new workflows that bind disparate teams and value chains together.

We recommend leaders examine the work that now needs doing and then question how and where this work will happen, using the following as guidelines:

▌ **Don't infantilize the workforce.** You might be tempted to create a games zone or turn office walls into chalkboards using specialty paint. Doing so, however, could alienate many in your workforce. While these initiatives target the millennial worker – and can be a great way to bring people together – they ignore the fact that most of us prefer a good coffee and a reliable Wi-Fi network. Any new bells and whistles need to be incorporated into a broader strategy designed to improve the level of collaboration and innovation inside, outside and across the company.

▌ **Focus on real-estate changes that improve collaboration.** Study respondents said they were shifting to modular formats to improve intercompany collaboration and support the rapid deployment of teams and workflow. Businesses should build the case for why extra money should be allocated to new blue spaces that encourage human interaction and improve productivity. Start by taking a measure of cultural collaboration and its impact on profit and sales growth or team productivity, or gather more qualitative metrics, such as the impact on product development and quality, customer satisfaction and innovation.[11] At the end of the day, if productivity doesn't improve, then it's going to be hard to make the business case for increasing real-
estate spend to drive the right behaviors.

▌ **Consider how changing space would improve innovation output.** Assess what goes into the innovation process at your workplace and the expectations surrounding it, and recognize how different types of workspaces support these goals. Use both hard numbers on shared product development or co-created solutions, as well as qualitative findings, such as new worker behaviors. One idea is to rededicate back-office space to activities that create value for customers, installing space for the customer experience team or players in the customer engagement process to co-create value.

▌ **Open a node near a talent cluster.** Accessing, teaming and co-creating with a global talent pool calls for establishing a node where the action is. Start by reconfiguring a business unit into smaller multidimensional teams, with sales, marketing, service, product development, production and technology staff colocating and focusing on serving a single customer segment or functional need. Consider joining a coworking space even just for a couple of quarters and connecting with others who share and work in the same space. The popularity of these spaces and the financial backing they currently receive shows that they are onto something.

▌ **Continuously calibrate innovation with location.** There are literally hundreds of accelerators (start-up schools) and thousands of coworking spaces in cities across Europe and the world. These new talent hubs offer "hot" digital technologies and capabilities that can speed innovation or deliver game-changing impact to a business model, operational model or supporting tech. Physical colocation is part of the formula that enables creativity and co-creation.[12] It's much easier to transmit tacit knowledge that is implicitly understood but difficult to articulate, as well as develop the personal trust required for true collaboration, when formal and informal settings are combined and workers are in the same place.

A FINAL WORD

The benefits of space go beyond simple productivity measures or anecdotal reports on inter-company collaboration. If properly conceived and instrumented, workspaces can drive game-changing creativity and innovation that any business looking to survive and thrive in the digital era requires. This is why the tech superstars are setting the bar for the workspace in the 21st century. These new spaces for work are also changing the face of our cities. Industry ecosystems have switched radically in the last 10 years, and they've taken the talent pool with them to different places.

Cities are becoming synonymous with digital innovation hubs, providing access to talent and ideas. As a result, the space in which we work matters more than ever.

Methodology

This report is based on an Oxford Economics survey sponsored by Cognizant on the impact of office space on innovation, customer centricity and digital economy adaptation. The study included five industries: banking and financial services, insurance, life sciences, retail and manufacturing. Telephone surveys were carried out in Q2 and Q3 2017 with 500 European executives whose titles included CEO, CFO, CHRO, CSO, CMO and COO. Survey data was reinforced by in-depth interviews with senior commentators and experts.

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Endnotes

1   The industry chatter surrounding the recent Frankfurt Motor Show this year wasn't so much about the sleek new plug-in hybrid model but more about the software and business model pivot that technology enables. Cars will collect road status and other contextual travel data and share it in real time with other road users and relevant authorities via third-party platforms, improving traffic flow and scheduling pavement repairs. For more on this topic, see "2017 Frankfurt Motor Show: Report, Video, Gallery," *Autocar*, Sept. 13, 2017, https://www.autocar.co.uk/frankfurt-motor-show-2017.

2   S&P's Capital IQ uses APIs to integrate key information, including investment research, company financials, credit ratings, global market data, and alpha and risk models into personalized business applications for customers.

3   The customer data ecosystem, for example, needs customer analytics solutions, engagement agencies, social media marketing folks, tag management, loyalty solutions, customer engagement agencies, data aggregators, recommendation engines, pricing engines, market research panels and interactive agencies.

4   BBVA's future depends on open innovation. The organization believes that the knowledge derived from financial data can "transform the banking industry, its relation with customers and its role in the world." This is why these new spaces matter. See BBVA's Innovation Center website: http://www.centrodeinnovacionbbva.com/en/bbva-innovation.

5   Consultants have long been praised for shoehorning more people into tighter spots. It's an efficiency play until suddenly, management looks and sees that the office space they've created has become so unbearably awful that people are voting with their feet by not coming into the office at all. With everybody gone, suddenly, things at the office are now very inefficient. For more, see Ben Pring, "The Inefficiency of Efficiency," Cognizant Center for the Future of Work, April 13, 2015, http://www.futureofwork.com/article/details/the-inefficiency-of-efficiency.

6   For a view of Capital One's conference room and office design, see http://www.chicagobusiness.com/section/coolest-offices. For a video of GE's digital headquarters, see https://www.youtube.com/watch?v=lgyU05be7vs.

7   "Breakout Vendors: Workplace Technology Innovation," Forrester Research, Feb. 10, 2017, https://www.forrester.com/report/Breakout+Vendors+Workplace+Technology+Innovation/-/E-RES136603.

8   And it's not just workplaces. The City of Los Angeles uses a connected lighting system to help workers track outages, monitor lighting power grid status, and provide environmental noise-monitoring information to different city departments. See "Los Angeles Is Blazing the Trail for Connected Street Lighting," Philips, http://www.usa.lighting.philips.com/cases/cases/road-and-street/los-angeles.

9   WeWork is a great example of how the future of work is beginning to play out. The growth that WeWork has experienced and the financial backing it's received shows the company is onto something. There is now a range of other start-ups that are copying the WeWork model and even established real-estate players reinventing their offering. And WeWork has big plans for its future. See Matthew Rotstein, "How Will WeWork Earn its $20B Valuation? Elementary School," *Forbes*, Nov. 7, 2017, https://www.forbes.com/sites/bisnow/2017/11/07/how-will-wework-earn-its-20b-valuation-elementary-school/#5d50ab282039.

10   The government in Dubai has engineered a set of talent clusters and begun to arrange its economy around them. Dubai's healthcare city has the express aim of turning Dubai into a hub for healthcare across the Middle East and Africa, and a regional center of excellence for clinical services, medical education and research. Dubai and the UAE are betting big on healthcare tourism to drive infrastructure spending and bring money into the economy, and its cluster model is an integral part. See Euan Davis, "Dubai's Digital Ambitions Pivot on its Talent Clusters," Cognizant Center for the Future of Work, May 9, 2017, http://www.futureofwork.com/article/details/dubais-digital-ambitions-pivot-on-its-talent-clusters.

11   The Collaboration Index is a tool to measure how "collaborative" a given organization is. Its underlying rationale is to measure sustainable and competitive collaboration that impacts the performance of companies. See "Meetings Around the World: The Impact of Collaboration on Business Performance," Frost & Sullivan, https://www.c5insight.com/Portals/0/Users/009/09/9/impactcollab.pdf.

12   People tend to flourish when they work in the same space and can read each other's cues — they develop trust, empathy and more effective working relationships. It's called the law of propinquity from the Latin *propinquitas* meaning closeness. See Wikipedia definition: https://en.wikipedia.org/wiki/Propinquity.

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Euan Davis leads Cognizant's Center for the Future of Work in EMEA. A respected speaker and thinker, Euan has guided many Fortune 500 companies into the future of work with his thought-provoking research and advisory skills. Within Cognizant's Center for the Future of Work, he helps ensure that the unit's original research and analysis jibes with emerging business-technology trends and dynamics in Europe, and collaborates with a wide range of leading thinkers to understand how the future of work will look. Previously, Euan held senior analyst, advisory and leadership positions at Forrester Research, IDC and CEB.

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About the Center for the Future of Work

Cognizant's Center for the Future of Work™ is chartered to examine how work is changing, and will change, in response to the emergence of new technologies, new business practices and new workers. The Center provides original research and analysis of work trends and dynamics, and collaborates with a wide range of business, technology and academic thinkers about what the future of work will look like as technology changes so many aspects of our working lives. For more information, visit Cognizant.com/futureofwork, or contact Ben Pring, Cognizant VP and Managing Director of the Center for the Future of Work, at Benjamin.Pring@cognizant.com.

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Cognizant (Nasdaq-100: CTSH) is one of the world's leading professional services companies, transforming clients' business, operating and technology models for the digital era. Our unique industry-based, consultative approach helps clients envision, build and run more innovative and efficient business-es. Headquartered in the U.S., Cognizant is ranked 195 on the Fortune 500 and is consistently listed among the most admired companies in the world. Learn how Cognizant helps clients lead with digital at www.cognizant.com or follow us @Cognizant.

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