

Digital transformation redefines the workplace

Digital transformation is using technology to radically improve the performance and reach of an organisation. When digital transformation is done right, it is like a caterpillar turning into a butterfly. But when it's not, all you have is a really fast caterpillar.

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For many businesses, the Covid-19 pandemic was the catalyst for their organisational caterpillar to evolve. Yet following the crisis, it remains to be seen which companies will emerge with wings – and which will simply be crawling along slightly faster than before.

Digitisation has brought advantages to five core areas of business – **efficiency** (streamline operations and automate many processes), **productivity** (leverage collaborative technology to support remote working), **security** (against cyber threats), **customer engagement** (mine customer data to monitor for shifts in demand and uncover emerging customer needs) and **agility** (leverage data-driven insight to drive faster decisions).

Plato wrote that “necessity is the mother of all invention”, and this universal truth has been vividly illustrated by the extraordinary digital transformation that has occurred as a result of the pandemic.



Joanne Bushell

A McKinsey Global Survey published in October 2020 observes that “Covid-19 has pushed companies over the technology tipping point—and transformed business forever.” Key statistics coming out of the report indicate that:

- companies have accelerated the digitisation of their customer and supply-chain interactions and of their internal operations by three to four years.
- The share of digital or digitally enabled products in their portfolios has accelerated by seven years.
- Funding for digital initiatives has increased more than anything else – more than increases in costs, the number of people in technology roles, and the number of customers.

So, does this mean that digitisation is the panacea that will fix all our problems? Let's dig a little deeper behind this picture-perfect view of our new 4IR world, looking particularly at the unique conditions here in South Africa in relation to remote working.

A recent Stanford Institute for Economic Policy Research report found that - “Many Americans also lack the facilities or sufficient internet capacity to work effectively from home. More than half of those surveyed who are now working from home are doing so either in shared rooms or their bedrooms. And only 65 percent of Americans reported having fast enough internet capacity to support workable video calls. The remaining 35 percent have such poor internet at home – or no internet – that it prevents effective telecommuting.”

Remember now, we are talking here about the richest economy in the world. How would a developing country like South Africa compare? The reality is that, while the small minority of educated, higher earning South Africans have been able to successfully make the transition to working from home, the vast majority have not – largely because of the nature of their jobs, a lack of access to the internet, or because they don't have the physical space available at home to work remotely. Add to the mix the probability of continued load shedding and working full time at home looks less and less practical, or desirable when applied to the South African context.

What does this all mean to the future of the workspace here on home soil? It seems unlikely that we will ever return to the format, burn-on-seats corporate head office approach to work, even in a post Covid-19 world. This has been reflected in declining appetite for long term office rentals, which have taken a big knock countrywide, with 2020 seeing grade-A rental decrease by 3% in Johannesburg, and by 2% in both Cape Town and Pretoria.



With the easing of lockdown, flexible workspace demand is beginning to return to 2019 levels and much of their growing market is amongst the many companies that are looking to find more mobile ways of working, offering employees the option to work from home, at the office, or from satellite coworking hubs that bridge the two.

“The reality is that we can't just look at the digital revolution in isolation. The pandemic is also driving irreversible changes to the definitions of some of our most entrenched concepts like... ‘a job’ and ‘a workplace’. For many people, having a job will no longer mean being paid to spend a certain number of hours each month at a place of work... and their workplace will no longer be a single building with an allocated desk space,” says Joanne Bushell, Managing Director of IWG Plc South Africa.

the largest flexible workspace provider globally.

It is not just technology that is facilitating this metamorphosis (even though its role has been revolutionary) but it is people's attitudes and mind-sets that have created the demand to work flexibly and promote agility. More businesses are becoming open to valuing employees on performance and productivity rather than actual in-office facetime, meaning a mobile workforce is evolving quicker than ever.

"Indeed, flexibility is one of the single biggest requirements of the modern workforce. Remote working has many advantages ... from achieving a better work-life balance to less commute stress. Of particular relevance in the South African context, it also gives companies the opportunity to embrace diversity and inclusion by hiring people from different socioeconomic, geographic, and cultural backgrounds and with different perspectives. Equally, it broadens job opportunities for people in rural communities, or small towns, since they need not be limited by geographic location", adds Bushell.

Again, with the typical limitations found in developing countries where access to collaborative technology is still in its early stages, such as here in South Africa, the option of flexible, remote workspaces where there is unlimited access to a professional IT infrastructure, is even more appealing.

The reality is that workspaces provide benefits that are very hard to replicate at home. These range from face-to-face meetings to informal networking and intelligence gathering. Working from home is also particularly hard on young people entering the job market, since it can leave them bored, frustrated and unproductive. Deprived of that immediacy that comes from working as a team in an office, they learn less and engage less, and have limited opportunities to build up significant networks as well as other forms of work related 'social capital'.

And, as we all start looking dimly forward to a post-COVID world, it is going to be fascinating to see how the world of work emerges post the pandemic. Certainly, the digital transformation that it has so dramatically accelerated will be here to stay. Equally permanent will be the move towards more flexible workspaces and job profiles. Employers are realising that giving their staff the opportunity to engage with their work on a variety of platforms, both physical and digital, increases both collaboration, efficiency, and employee loyalty.

About IWG

IWG is the global operator of leading workspace providers. Our companies help more than 2.5 million people and their businesses to work more productively. We do so by providing a choice of professional, inspiring and collaborative workspaces, communities and services.

Digitalisation and new technologies are transforming the world of work. People want the personal productivity benefits of living and working how and where they want. Businesses want the financial and strategic benefits. Our customers are start-ups, small and medium-sized enterprises, and large multinationals. With unique business goals, people and aspirations. They want workspaces and communities to match their needs. They want choice.

Through our companies we provide that choice, and serve the whole world of work: Regus, Spaces, No18, Basepoint, Opus Office and Signature. We create personal, financial and strategic value for businesses of every size. From some of the most exciting companies and well-known organisations on the planet, to individuals and the next generation of industry leaders. All of them harness the power of flexible working to increase their productivity, efficiency, agility, and market proximity.

We're reaching a tipping point. The workspace revolution is coming.

<https://www.iwgplc.com/>

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