Rethinking work

Reimagining our workforce for a transformed future

COVID-19:
A mandate for transformation

"We've seen two years' worth of digital transformation in two months. From remote teamwork and learning, to sales and customer service, to critical cloud infrastructure and security – we are working alongside customers every day to help them adapt and stay open for business in a world of remote everything."

Satya Nadella
CEO, Microsoft

For office and frontline workers alike, one of the most immediate impacts of COVID-19 has been on the way we work. The rapid roll-out of telehealth from March onwards saw doctors and nurses deliver consultations and prescribe medications from afar. Teachers and lecturers began to deliver remote lessons while banking staff connected with customers from their living rooms.

As retail outlets closed their doors and online sales surged, the sales staff who escaped furlough quickly transitioned to new roles supporting digital transactions. Meanwhile, attendance-focused office culture became a distant memory overnight, as 88 per cent of Australian organisations encouraged or required employees to work from home during the initial lockdown.

Now, as we continue to manage the health crisis and settle into the next normal, it's time to think strategically about how we can use the transformations we've seen so far – and the lessons we've learned along the way – to build a workforce fit for the future.

Digitalisation was the first step. But to get the most out of innovation, we need to transform the way we work as well. Digital enablement can make the Australian workforce more productive and resilient. It can enhance the agility and profitability of our businesses. It can guard our organisations and our economy against the growing threat of cyberattack. And, by empowering us to bring our best to work every day, it can increase our job satisfaction and ultimately, our wellbeing.

This paper explores some of the key questions facing today's leaders, and looks at how our partners and customers are innovating to navigate them.

How can we foster strong organisational cultures and effectively fulfil our duty of care to employees remotely?

Do our workers have the skills to make the most of the digital tools we already have?

Do we need to rethink how we value and reward soft skills like communication and collaboration?

How do we ensure that AI and machine learning augment and extend employees' capabilities, rather than replace them?

Are we still relying on individual compliance to safeguard our virtual offices?

Remote everything: Telstra's COVID-19 journey

Throughout the summer bushfires, Telstra doubled down on its efforts to digitally enable field workers so that they could continue delivering crucial services. Telstra's Field Digitisation team created more than 77 apps on Microsoft platforms to help field workers with everything from automating customer service enquiries to handling their own employment administration.

Since March, Telstra's citizen developers have intensified these efforts. At every stage of the COVID-19 crisis, the Field Digitisation team has been working to equip knowledge and frontline workers with the tools they need to keep connecting communities in lockdown.

Guided by an overarching zero-touch-point strategy, Telstra's citizen developers have secured employee and customer safety by creating apps to remotely administer a variety of customer service processes. The team is now looking to enable video chat as part of its customer support offering.

As a result of these efforts, Telstra's digitally enabled customer support workers have reduced decision-making times and delivered faster, more responsive service to communities in need. For their part, managers are benefiting from full audit trails and inbuilt security, and taking advantage of workplace analytics to design workforce strategies for an uncertain future.

> "Before, technicians searched through different systems, applications and shared drives to find the data and tools they needed to work. Now they have everything they need in one place, and that place is Teams."
>
> **Richard French**
> Field Digitisation Principal, Telstra

Work, reimagined: Realising the benefits of the digital workplace

We've seen the dividends of digitalisation firsthand during the pandemic. Across many sectors, Australian businesses have been able to maintain revenue and retain staff by digitalising their operations and offerings in a matter of months. But as we transition from crisis response to long-term planning, we need to start thinking about how we can use these transformations to get the best out of our workforce into the future.

With the flexibility to work in the way that suits them best, digitally enabled employees can boost productivity across an organisation. They can augment industry knowledge with technological skills to unlock efficiency and drive growth. They can use time saved through automation to focus on rewarding, high-value strategic work and relationship building. And in a secure digital working environment, they can do it all safely.

Digitalisation can do all this and more – if we get it right. But from an increasingly critical undersupply of digital skills to the growing risk of breaches, the rapid and often imperfect transformations of 2020 have presented the Australian workforce with as many challenges as opportunities. At the same time, they have given us a crash course in what works and what doesn't. Now, it's time to take these lessons on board as we reimagine the world of work.

"In the years to come, we'll see this pandemic as an inflection point – the year when everything changed. We are never going to go back to working the way we did."

Jared Spataro
Corporate Vice President, Microsoft

Getting more out of flexible work

Remote working has given many Australians a sense of autonomy that 81 per cent of us are in no hurry to relinquish. And we may not have to. As Westpac's outgoing CIO Craig Bright has noted, the last few months have shown many executives that the majority of traditionally office-based tasks can be completed just as effectively from home.

Our research indicates that the future of knowledge work will be hybrid, with 82 per cent of managers expecting to have more flexible remote working policies coming out of COVID-19. This will be a boon to the 29 per cent of people who report that the structure of the traditional working day makes it very challenging to perform optimally in their roles.

As Martin Beyer, Digital Advisor at Microsoft Australia, says: "We're seeing the end of presenteeism. Flexible work helps employees operate more efficiently and get more out of the time they do spend at work, because they can design their days around their most productive hours."

As well as increasing employee productivity, flexible working can also widen the available talent pool. By shifting the focus from attendance to output, managers can now accommodate people with caring roles who aren't always able to thrive in a nine-to-five culture. In the same way, they can benefit from the contributions of people with disabilities, many of whom were previously excluded by the physical constraints of the bricks-and-mortar office. And as geographical barriers become increasingly irrelevant, we also expect to see remote job opportunities open up for regional Australians in all sectors.

Despite these benefits, however, the roll-out of the remote office hasn't been seamless. While remote working protects employees' physical health, managers haven't always had time to consider its impacts on mental health and wellbeing. Our own research shows that nearly 60 per cent of knowledge workers operating in the remote office feel less connected to their colleagues. We also know that 54 per cent of those with children have struggled to balance work with household demands while operating remotely.

"Business success is directly linked to how we allow work to get done. Business flexibility is at the heart of resilience."

Bridget Loudon
CEO and co-founder, Expert360

As the lines between work and home blur and people look to secure their jobs in an uncertain economic environment, many employees are working more in the evenings and on weekends. At Microsoft, we've noted a 23 per cent increase in Teams chat activity on weekday evenings, and a 200 per cent increase on weekends.

Outside 9am–5pm **23%** **200%** Weekends
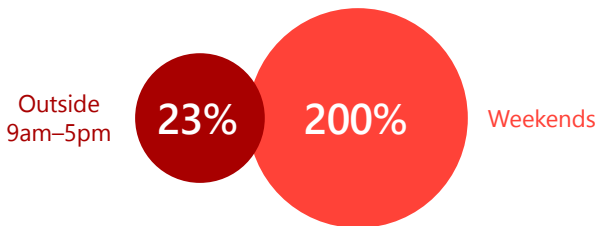
Microsoft Teams increased usage

"For many people, the physical act of leaving the office used to act as a signal of the end of the working day," says Ingrid Jenkins, Director of Human Resources at Microsoft Australia. "Now that the office is at home, it's easier for people to feel as if they're always on, with the working days getting longer."

The pressure that isolation and overwork can put on employees' mental health is only going to become more pronounced as, in many sectors, remote work shifts from a short-term response to a long-term reality. However, as the COVID-19 crisis continues, we're seeing more of our partners and customers approach the task of building supportive remote cultures with intention.

This can involve using data from productivity apps to find out which employees are at risk of overwork or isolation. It can include IT and HR teams collaborating on initiatives like setting up automated reminders for managers to check in with individuals in their teams. And as we move towards a future of hybrid work, it can also mean rebranding the office as a social and collaborative space, rather than a place to complete routine work.

Ultimately, the strongest organisational cultures to emerge from the coronavirus era will be those that use digital tools to empower all employees to work in the ways that suit them best.

"Work is not supposed to be defined by space. The office should work for us, not the other way around."

Anton Andrews
Director of Envisioning, Microsoft

The science of stress

With fewer non-verbal cues, and a limited view of the people you are interacting with while screen sharing, it's no wonder that remote conferencing is likely to set off brainwave patterns associated with stress and overwork. Overall, our research shows that remote collaboration is more mentally taxing than in-person collaboration.

To address this issue, Microsoft has introduced Together mode in Teams. This uses artificial intelligence (AI) segmentation to place all meeting participants in a shared room, minimising background distractions and enhancing the feeling of togetherness. Early research shows that the brain exerts less effort when participating in a meeting using Together mode.

Together mode in Microsoft Teams removes the barriers between participants and uses AI segmentation technology to place the head and shoulders of participants side by side in a virtual auditorium

"In a video call, I can't help but think, 'Oh, you've got a bike hung up' or, 'why are you in the garage?' And it's distracting, of course. But Together mode is more like a real room – I can mentally filter out the background and just watch people's emotional reactions, those small cues and clues that are so important when we collaborate."

Jared Spataro
Corporate Vice President, Microsoft

Reskilling for a transformed future

As businesses look to manage costs in a time of recession, Australian knowledge workers are likely to find themselves working more closely with technologies that can increase their efficiency. But to get the maximum benefit from innovations like AI-powered tools, they will need to learn to operate them effectively.

The digital skills gap was widening even before the current crisis, with a decrease in employer-provided training worldwide over the past two decades. Our March 2020 survey with KRC Research showed that just 19.2 per cent of Australian employees had participated in reskilling programs at work prior to COVID-19. As we navigate the economic fallout of this crisis and look to unlock efficiency across our businesses, this skills shortage will become increasingly unsustainable.

With travel restrictions preventing Australian employers from importing technical talent, businesses wanting to get the most out of their digitalisation efforts need to start reskilling their workforces today.

In the last few months, we've seen our customers and partners make strong investments in digital skills to empower office workers to continue delivering services remotely. We've seen the use of Teams for virtual training events increase by over 2,400 per cent since last year. And we've noted that the Australian firms getting the most out of AI, in particular, are spending as much time on upskilling as they are on deploying new technology.

25 million

people worldwide

500,000

Australians

Microsoft has pledged to help 25 million people worldwide, including up to 500,000 Australians, acquire the digital skills they need to thrive in a post–COVID-19 economy. We've also launched the free Australian Digital Skills website, which aggregates online learning resources that IT professionals, students, small businesses and jobseekers can use to get ahead in our rapidly transforming economy.

By investing in digital skills within our knowledge workforce, we can create citizen data scientists and developers who combine industry expertise with technological know-how to help businesses realise the full benefits of digitalisation.

"To reskill leaders for the digital-first working environment, we need to think about how we measure outcomes rather than output, how we foster innovation, how we make the best use of collaboration tools … These are skills that we have to sharpen and focus as we move into the new world of hybrid work."

Melinda Cilento
CEO of CEDA (Committee for the Economic Development of Australia)

"In this new environment, companies will need ingenuity to help restart their businesses. In the context of new rules for engaging with customers, partners and stakeholders, innovative and adaptable organisations will do better. [Microsoft's] research identifies that AI-leading firms are better positioned because they are investing in a wider range of skills and are more focused on how new technology can augment their workers."

Azeem Azhar
Industry expert and founder of Exponential View

Back to the office, safely: Avanade's citizen developers

To safeguard employee health amidst COVID-19, members of our partner ecosystem are developing new business-specific applications. Avanade's Back to the Office solution, which Avanade developers built on the Microsoft Power Platform, enables workers and managers to negotiate a safe and convenient return to the office.

Using the simple, intuitive app, employees can search for and reserve a workspace for upcoming office visits and conduct a self-administered health check before entering the office. Managers can make office reservations on behalf of their teams or direct reports and, in the case of COVID-19 exposure, access an accurate record of who has entered the office on any given day.

Unlocking digital dividends in every sector

In the late 1960s, 34 per cent of jobs involved repetitive, manual tasks. Due to automation, this figure has now shrunk to 26 per cent.

This trend has only accelerated as a result of COVID-19, with digital transformation touching every industry from food production to healthcare to manufacturing. Given consumers' continuing reliance on doing everything remotely, and the efficiency gains offered by automation, we can expect it to continue at pace in the post-pandemic world. While machines have already replaced millions of jobs across sectors, the World Economic Forum estimates that 6.1 million new professional opportunities will emerge between 2020 and 2022 due to automation and other technology applications.

| 1.7 million (2020) |
| 2.4 million (2022) |

The World Economic Forum estimates that 2.4 million technology-related jobs will emerge in the next two years, with 1.7 million created this year alone.

"Some people believe we are going to be replaced by robots, artificial intelligence and automation … I see a different world. A world full of opportunities if we make the right investments and the right decisions."

Andy Penn
CEO, Telstra

"The industrial perception of a worker, with a sheer focus on hourly output, is going to shift. In the future, we'll place more value on effective communicators and connection creators – and most importantly, on those who can use new technologies to enhance those skills."

Martin Beyer
Digital Advisor, Microsoft Australia

Ideally, by automating routine tasks, businesses can give their frontline employees time to focus on higher-value strategic work. AI, including machine learning systems, will not necessarily replace manual workers and public-facing staff. In fact, these technologies have the potential to extend and augment employee capabilities – but this potential will remain untapped until we invest in digital skills for frontline workers.

At the moment, digital training is not reaching the workers most affected by automation. Within workforces, on-the-job training is twice as common for employees in higher-skilled roles, leaving those in automatable positions less empowered to take advantage of digital opportunities and more vulnerable to redundancy.

The opportunity costs of this gap are tremendous. Automating customer enquiry channels can free up workers to focus on building better customer relationships and deepening their knowledge of products and services. The accumulation of customer data can empower public-facing staff members to provide informed, tailored and empathetic service. But to unlock these benefits, today's leaders need to invest in tomorrow's skills across every sector of the workforce.

"With Microsoft's remote assistance technology, our technicians in lockdown were able to support frontline workers as if they were right there on the ground. Having those skills allows our people to adapt and respond to any situation faster."

Athalie Williams
Chief People Officer, BHP

Working smarter in a time of crisis:
The Harvey Norman approach

To enable staff to continue delivering stellar service throughout the COVID-19 crisis, Harvey Norman has employed smart bots to solve routine customer issues.

Because responses to frequently asked questions are now automated, storefront employees are spending less time dealing with routine enquiries and more time on the high-priority, complex issues that matter most to customers.

Team members can focus on building stronger relationships that ensure ongoing loyalty to the brand, now that they have the tools and the time to gather, share and act on customer feedback in real time.

For their part, customers find it easier than ever to locate the right products quickly, purchase with ease and arrange fast, seamless delivery.

"Across the retail sector, we've seen frontline workers shift away from time-intensive tasks and focus their energy on delivering higher-value customer experiences. Given the heightened importance of customer loyalty in an increasingly competitive market, we expect this trend to accelerate."

Sonia Nazaretian
Director of Retail and Commercial, Microsoft Australia

Securing the remote workplace

With thousands of remote workers logging into corporate networks from computers and mobile devices, the risk of opportunistic cybercrime has never been higher. And with full awareness that remote workers often lack corporate-level security in their home offices, hackers are busier than ever.

Of the millions of targeted phishing messages sent globally every day, 60,000 are now coronavirus-themed, with cybercriminals impersonating bodies like the World Health Organization and the US Centers for Disease Control and Prevention. In Australia we're particularly vulnerable; the Asia-Pacific region experiences 1.6 and 1.7 times more malware and ransomware attacks, respectively, than the rest of the world.

By enacting remote working policies to safeguard employee and customer health, many Australian businesses have inadvertently risked compromising their office- and site-centric cybersecurity regimes. In 24 per cent of all pre-pandemic breaches, human error was the cause. With the risk of error greatly multiplied in remote setups, we estimate this number has grown. Clearly, it's crucial to invest in employee education and security transparency, but the numbers show this isn't enough.
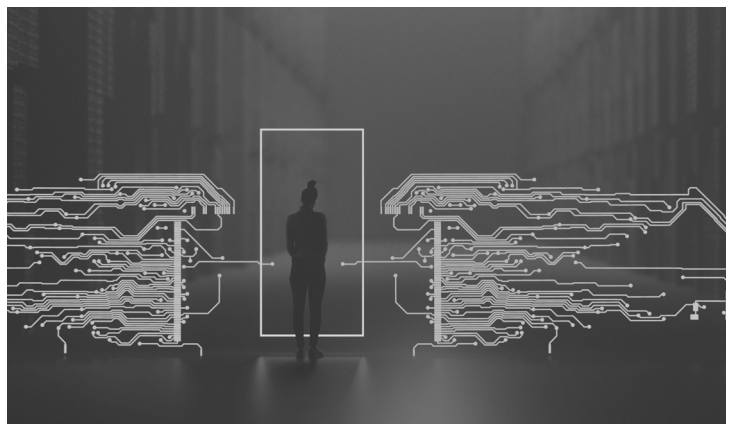
Although two-thirds of remote workers in Australia have become more conscious of cybersecurity concerns over the past six months, just 31 per cent are careful about which sites they visit on their work laptops. Some 7 per cent admit to logging into the dark web while 58 per cent have uploaded corporate data to a non-work application.

Even heightened risk awareness is not enough to prevent most of us from prioritising convenience and speed over security. But by implementing a zero-trust security policy and using AI-powered software to monitor their environments, Australian organisations can reduce the compliance burden on employees while minimising the risk of human error.

Learn more

This perspective is one of a series of Reimagine Reports from Microsoft Australia. Our other perspectives explore the closely related topics of diversity and inclusion in our society, the revitalisation of our economy, how our education and health systems will evolve with COVID-19, and the role of leaders as we seek to chart a course through and beyond the pandemic.

See the reports and related digital events* on our website: microsoft.com/en-au/reimagine

*The comments in this report from Bridget Loudon, Melinda Cilento and Athalie Williams were made during *The Australian Financial Review*'s Rethinking Work event, in partnership with Microsoft, which took place on 27 August 2020.

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