

A LOOK AT WORKING FROM HOME

JUNE 2020



CONTRIBUTOR
John Heilner
Chief Investment Officer

WEALTHMANAGEMENT
WHITE PAPER

In the past, companies had mixed emotions about their employees working from home. Many employers believed an at-home workforce would be too easily distracted, managers couldn't keep an eye on their direct reports and teamwork concepts would erode. In fact Yahoo!, as recently as 2013, famously ordered a ban on employees working from home.

In contrast, the coronavirus pandemic has now forced millions of Americans to work from home. For many companies it is no longer simply an option or luxury, but the only alternative to continue business operations. An early-April 2020 MIT survey of 25,000 American workers found that 34% of those who'd been employed four weeks earlier said they had transitioned to working from home. Combined with the roughly 15% who said they'd been working from home pre-COVID-19, that means nearly half the U.S. workforce might now be remote workers.⁽¹⁾





Is remote working effective?

A decade ago, many employers resisted the idea of employees regularly working from home. One major concern employers had about working remotely was a loss of productivity.

To better understand the effectiveness of remote work, Airtasker surveyed 1,004 full-time employees – 505 of whom were remote employees – throughout the U.S. about their work habits and productivity. The 2019 study found that remote workers are actually more productive than their office-based counterparts, including the following⁽²⁾:

- Remote employees work an additional 1.4 more days per month than in-office employees, which is nearly 17 additional workdays a year.
- Remote employees take longer breaks on average than office employees (22 minutes versus 18 minutes, respectively), but they work an additional 10 minutes a day.
- Office workers are unproductive for an average 37 minutes a day, not including lunch or breaks, whereas remote employees are unproductive for only 27 minutes.
- 15% of remote workers said their boss distracted them from work, which is less than the 22% of office-based employees who said the same thing.



How remote work has evolved

There was a time when remote work wasn't even a possibility, primary because the technology didn't exist. Teleconferencing and remote office technology have now advanced to the point where some businesses thrive with completely remote teams.⁽²⁾ This was true even before the coronavirus pandemic. The technology infrastructure that is evolving in real time to support our current isolation and social distancing needs will continue to evolve more quickly and dramatically than expected and will improve our ability to adapt to future digital transformation.⁽³⁾

One of the most helpful technologies for seamless remote work is video conferencing. Live video feeds help out-of-office workers see and speak to one another in real time, anywhere with an internet connection, which is the next best thing to a face-to-face meeting.

In recent years, technology has advanced to the degree that many companies have done away with traditional offices and instead run their businesses out of co-working spaces to accommodate their largely remote workforce.

Not to be overlooked in this evolution is the power of today's laptop and tablet. They are considerably more powerful than a decade ago and today nearly every software application, spreadsheet or communication platform is uniquely designed just for these work from home situations.



The current state of remote work

Working from home is supposed to be a great transformation and remove sources of daily stress for employees. For workers fortunate enough to have jobs that can be completed at home, the days of long commutes, sitting in traffic, dry cleaning bills and too-close-for-comfort cubicles can increase the desire for more remote days in the years to come.

As a result of advances in communication technology and internet speeds, the remote office has become an accepted practice in many industries. Remote workers whose household situation supports it can work from a home office, others can turn to co-working spaces, and some even travel the world while maintaining their careers.

The modern workforce is increasingly mobile, “virtually” collaborative and even independent and comprises multi-generations, all with differing communication skill-sets, so going 100% remote has its full integration challenges.

Ultimately, working remotely appears to be effective, but it may not be the best situation for every employee or every business. It works well for knowledge workers with computer-based jobs. But millions of Americans must be physically present to perform their labor – auto mechanics, factory workers, grocery clerks, janitors, even ER physicians – and simply don’t have the luxury of remote work.



Investable Opportunities

As work-from-home productivity is tested with the backdrop of the coronavirus, the question for investors is if this trend is temporary and tied to the pandemic or if there's a permanent trend being established. The progress in cloud platforms, software and productivity tools most certainly makes it possible for a workforce to communicate seamlessly from home.⁽⁴⁾

Technological limitations could be a barrier to the development of an American tele-workforce. Some estimates show that 75% of American adults have high-speed broadband internet service at home, up dramatically from just 1% in 2000. However, many rural areas have been left out of the broadband revolution, and as many as 20% of households in urban areas are still digitally disconnected..⁽⁵⁾

If there is one piece of critical infrastructure that will provide jobs to those in left-behind places, it is high-speed broadband for all. However, even if they can obtain a remote position, more economically challenged groups may have difficulty affording internet connectivity and the latest technology hardware to run today's memory intensive software.

Technology companies like Zoom, Slack, Dropbox, DocuSign, Microsoft, Adobe, Salesforce, PayPal, Google (YouTube), Facebook, Twitter and Intuit may see a measurable bump in user growth as companies decentralize their workforces. Even transportation companies like FedEx and UPS could see an increase in demand as items like office supplies are dispersed to millions of locations where remote employees reside. Lastly, shared office spaces like WeWork and Regus may see a surge in tenant demand as companies reduce their office square footage, instead opting for a work from home or hybrid shared office model.

What about cybersecurity risks and the higher cost for companies to protect data if it's located on thousands of computers in employee kitchens, family rooms, home offices and even cars and backpacks? We have used the cyber security ETF, HACK, to track this theme within the technology sector for years.

This also means there will be losers. Are the millions of square feet around the country doomed to be 50% vacant in the years ahead? How might that affect office-focused real estate? Will the typical high-traffic lunch spot see such a decrease in business that they are forced to close? Will food and beverage stocks experience a decline? How about the millions of dry cleaners around the country, will we need half as many? Equally important to identifying the sectors, themes and individual companies that could benefit from advances in remote office technology is identifying those corresponding sectors, themes and individual companies that may experience a decline due to the same advances.



The Future

The one thing we would say is virtually certain is that companies and their employees will be better prepared for the next stay at home event. It could be a boon for corporate capital expenditures as companies ensure their employees have the required training, skillsets and technology hardware to work productively at home. At the end of the day, companies are in business to be profitable and increase shareholder value. The best ones will develop robust business continuity plans that contemplate unlikely, but potentially devastating, risks such as natural disasters, wars, famine or pandemics in an effort to mitigate the financial impact of those events should any of them become an actuality.

As Greek philosopher Plato once said “necessity is the mother of invention and when the need for something becomes imperative, you are forced to find ways of achieving it.”

SOURCES

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⁽⁴⁾ <https://www.marketwatch.com/story/work-from-home-tech-stocks-the-next-big-thing-or-shiny-new-object-2020-03-13>

⁽⁵⁾ <https://www.pewresearch.org/internet/fact-sheet/internet-broadband/>



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