

White Paper

Outsourced Workplace Solutions- Enabling the Benefits

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Small and
Medium Business

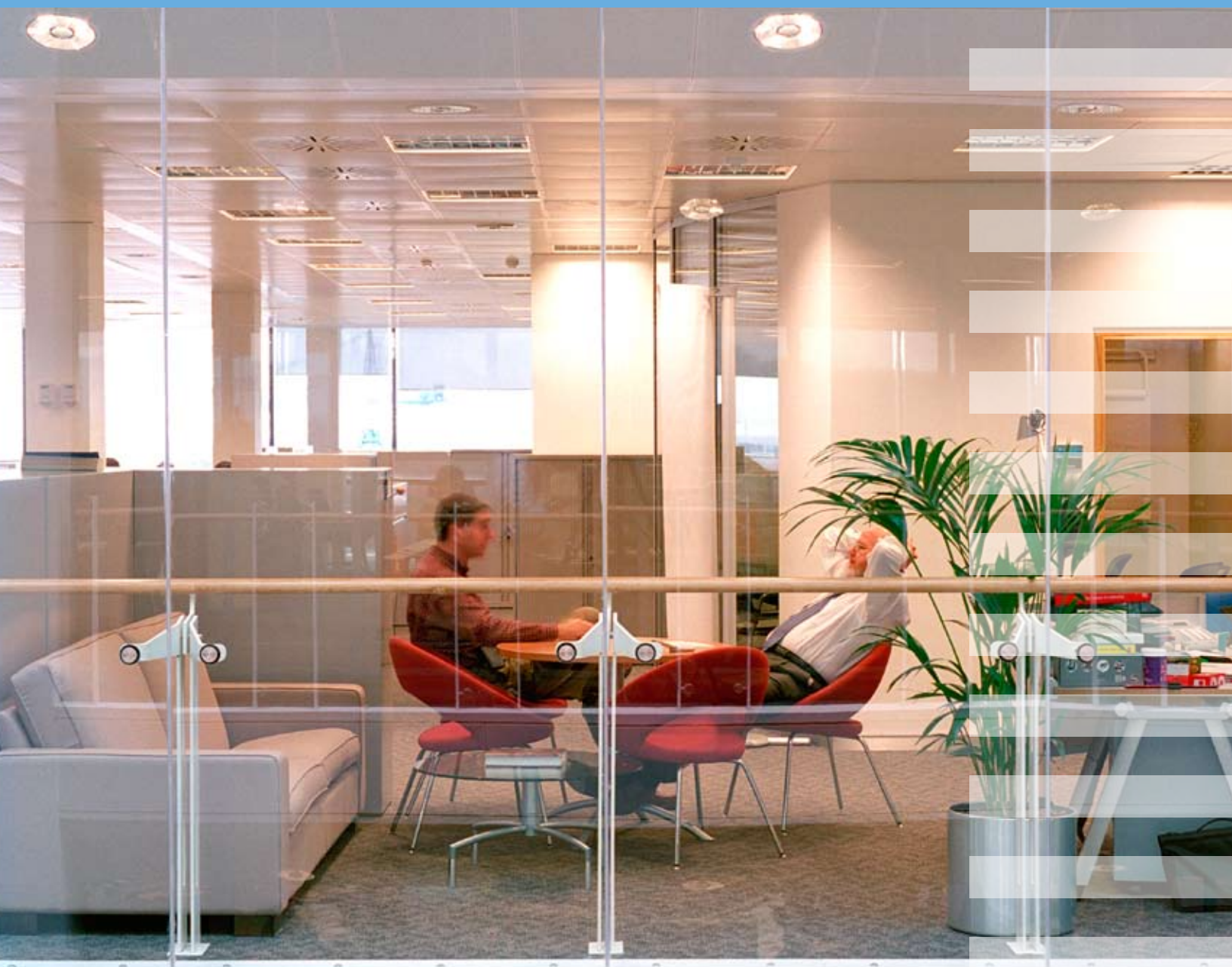


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Executive Summary

Over the past 15 years, telecommunications and computer technology have enabled many employees to work outside of traditional company offices. Today, the availability of high-speed networks at home, client sites, in coffee shops, hotels, and airports, allows virtually constant connectivity to clients and colleagues, allowing business to be conducted literally anytime and anywhere. Many companies, particularly SMB (small and medium business) and start-ups have seen the benefits of this development and, where the work permits, are transforming themselves into “virtual companies” with as many employees as feasible working remotely. Experience, starting with a few technologically inclined “road warriors” and “home workers,” has shown many traditional companies that the transformation into a virtual company enables an efficient, flexible workforce, allows a better utilization of capital, and avoids significant strategic risks, particularly global competitiveness. Trends indicate that remote working will increase to include more than 25% of the global workforce by 2009 and global business success will increasingly rely upon a common skill-set of remote working expertise.

As companies have transitioned more employees from office sites to remote working, the obvious challenges have been in implementing the enabling technology and managing the workforce. More subtle but no less critical is managing the need to provide cost-effective, part-time offices for the mobile workforce. The key element explored in this white paper is how providers of outsourced workplaces can solve this critical element, allowing companies to attain the competitive benefits of a remote workforce.

Remote workers are those employees who operate physically independent of, but organizationally in close coordination with, traditional offices. By means of always-on, real-time communications, remote workers may achieve a level of unprecedented efficiency and flexibility working remotely and independently. However, many remote workers still need access to professional environments and resources such as conference rooms, work stations, team rooms, training rooms, and offices – especially when personal interaction with clients or colleagues is required. These needs are exacerbated for start-ups, which usually have very limited office space, resources, and capital. Larger companies, on the other hand,

must deal with their remaining traditional office facilities which are becoming obsolete. The need for office resources is then complicated by a remote workforce that is widely dispersed with sporadic or part-time needs for physical office space. Thus, one of the key dilemmas facing virtual companies is reconciling the benefits of a virtual and distributed workforce with the costs of remote workers' needs for office space.

Companies must devise strategies to manage remote working and their employees' needs for access to offices. This requires matching the mobility of their remote workers with the diverse locations of their homes, their colleagues, and their clients. Larger companies, left with under-utilized office space as remote working increases, are compelled to reduce these under-performing assets. Smaller companies and companies exploring new markets need new offices that project a local business presence but without incurring large real estate costs and obligations. All these companies need a strategy that provides office space and business support as a dynamic and flexible solution to these problems.

New offerings in real estate and professional services have evolved to meet these needs. Many local and regional firms have begun to expand office space leases to include furnishings, maintenance, and services. However, the Regus Group is one company that best fulfills the vision of providing global support to the mobile workforce. Regus is distinguished from competitors in offering a wide variety of highly customizable office solutions which can readily provide on-demand support to local and visiting workers in a large number of offices throughout the Americas, Europe, and Asia.

This paper defines the benefits and challenges of remote working, focusing on the remote worker's need for office space and support and how outsourced workplace offerings help companies achieve these benefits. In conclusion, we highlight Regus Group as a leader in establishing offerings for outsourced workplace solutions and implementing the vision of providing workplace solutions powered by IBM and Cisco to match the demands of globally connected business.

1.0 Mobile Working

1.1 Emergence of Mobile Working

The development of digital technologies has rapidly changed both how and where work is performed. The traditional office model was based on the need for resources (labor, material, plant and equipment, etc.) to be centralized to enable communications between people – chiefly personal interaction and distribution of paper documents. Advances in computers and telecommunications have eliminated the need for many workers to assemble at the traditional office locations merely to facilitate meetings and paperwork. Where proximity to plant, labor, and resources are not needed, as for most of the service industry and many departments in other industries, workers are free to perform their duties at other locations. Worker locations may include home offices, client sites, airports, or wherever access to telecommunications services is available. Many companies are finding that workers who are free from reporting to central offices experience significant increases in productivity which favorably impacts company profits. In 2005, more than 700 million workers worldwide used Internet, telephony, and computer-based collaboration tools to perform their jobs independent of location. (IDC Worldwide Mobile Worker Population 2005-2009 Forecast and Analysis, Doc. #34124 October 2005).

1.2 Technology for Mobile Working

Computers and telecommunications innovations allow workers to effectively conduct business with real-time access to co-workers and clients, making mobile working feasible. Mobile working, or telecommuting, was originally feasible only for a few industries working with a few technologically advanced employees. Now, the wide-spread use of computers, wireless devices, commercial broadband service, and off-the-shelf collaboration software has allowed many industries to adopt mobile working and become “virtual companies”.

Many early adopters of mobile working used the advanced technologies of the day to support their workers, such as phone and fax equipment in the 1980s and the Internet in the 1990s. These basic tools have evolved to supply sophisticated capabilities routinely used by mobile workers including:

- group messaging and collaboration software (Lotus Notes, Microsoft Exchange, etc).
- telephone communications and teleconferencing (combinations of wired phones, wireless phones, and Internet-based phones).
- group meeting software (videoconferencing and web conferencing with “white boards” to facilitate live interaction and visual participation in the development of documents).
- team rooms (for storing documents and planning consistently in one location).

All of these capabilities are available as commercial-off-the-shelf products or as web-based services provided by third-party vendors. These capabilities provide the means for simultaneous collaboration with teams and clients over widely dispersed geographical areas, as long as the essential element – access to a high-speed Internet connection – is available.

Remote workers are sometimes distinguished from mobile workers - “remote” originally meaning employees working from desktops at home or at static sites and “mobile” referring to employees using laptops, wireless, and common Internet connections to work from home or virtually anywhere. This paper uses the terms interchangeably, noting that the growing use of laptop computers makes this distinction moot.

1.3 Mobile Working and the Need for Alternative Offices

Companies are rapidly embracing telecommuting / mobile workforce strategies. While basic Internet technology is readily implemented for small companies and home offices, mobile workers still need access to office space for meetings and group efforts. Companies transforming from traditional models typically have the problem of managing too much office space, while smaller firms are eager to minimize investments in real estate.

For traditional companies, the growth of unused office space and empty desks led to the emergence of two models for managing reduced office space: hoteling, which provides office space on an as-needed basis by reservation, and hot-desking, which provides open space or cubicles for mobile workers who need temporary space on a drop-in basis. Hoteling and hot-desking have proven to be effective yet temporary strategies for traditional companies inheriting unused office space vacated by workers going mobile. However, these solutions become outdated and costly when the needs of the mobile workforce evolve and increasing numbers of remote workers create under-utilized office space. Eventually, firms moving away from the limitations of the traditional office to virtual environments must secure a cost-effective way to provide fully-equipped office space to support their workers' needs.

For small firms and start-ups, the cost for office space that is infrequently used by remote workers is even more undesirable. These companies need flexible office space to provide a professional environment for work, internal and client meetings, and support services at the lowest feasible cost.

To meet these needs, a new offering of real estate and services has emerged. This offering, outsourced workplaces, supports mobile workers with the infrastructure and services needed to facilitate client meetings, project teams, personal work stations, training classes, and other activities. By definition, the mobile worker must be largely self-sufficient, with basic tools and technology required to function productively. The outsourced workplace provides the workspace, connectivity, and services needed to enhance and expand a mobile worker's capabilities to match the changing needs of business.

2.0 Benefits and Challenges of Mobile Working

The prime objective for companies adopting remote working is to create an efficient, flexible workforce that will be competitive in the future. Equally important outcomes enabled by the transformation are a better utilization of capital and avoiding strategic risk factors.

2.1 Mobile Working

The benefits of achieving a mobile workforce include:

- eliminates commute time for home workers, maximizing their time at work.
- cultivates workforce capabilities and flexibility for readily working at client sites.
- attracts the most talented workers, typically seeking control of their work.
- aligns employees' skills with the company's need to adapt rapidly.
- encourages management to focus on workers' productivity, not process.
- frees management from the distractions of office administration and facilities management.

The challenges of a mobile workforce include:

- working remotely can be seen as intimidating by employees making the transition.
- managers may not understand or have the skills needed to manage employees working remotely.
- employees may not be sufficiently disciplined to work independently.
- employees may feel alienated, isolated or "out of the loop".
- providing convenient, cost-effective office facilities sufficient to support workers' when they need office or meeting room space.

2.2 Providing Convenient, Cost-effective Offices and Support for the Mobile Workforce

Mobile workers need access to convenient, cost-effective workplace solutions when access to traditional company offices is not feasible. Some specific items remote workers need from offices are:

- workspace and office services close to home workers, clients, or prospects.
- space to meet with clients or prospects.
- space to meet with project teams, colleagues or employees.
- a focused, professional environment for home workers.
- space to hold training classes.
- space to use videoconferencing, LCD projectors, or other equipment for meetings.
- access larger bandwidth for Internet-based demonstrations.
- a base of operations for small firms and start-ups.
- a base of operations for new market explorations.
- a base of operations near client sites.

The benefits of providing offices responsive to these needs include:

- projecting a professional presence to clients and prospects.
- enabling workers and teams to meet and function at sites close to home and clients.
- providing offices, equipment, and support for meetings, classes, and presentations.
- support for rapid expansion to new markets or geographies.

The challenges and risks facing companies in supplying suitable office facilities include:

- Companies may not have facilities convenient to supporting remote workers' needs for offices and conference rooms for meetings with clients, prospects and teams.
- Companies may lack adequate facilities and technology - videoconferencing, speaker phones and microphones, white boards, etc. - to conduct meetings.
- Many clients may still be paper-based, forcing mobile workers and outsourced workplaces to archive large volumes of paper documents.
- Lack of resources may entice mobile workers to seek other employment with competitors offering suitable support for remote working.
- Companies, lacking a credible corporate presence, may lose business from large firms viewing small companies as "risky".

2.3 Improving Capital Utilization

One of the benefits of a mobile workforce is the opportunity to reduce the capital invested in Fixed Assets. As facilities are reduced and consolidated to meet the decreased occupancy, ownership and leases can be reduced. Potential benefits of reducing property investments include:

- reduced capital in fixed assets, which can then be better used in personnel, research, marketing, or other investments.
- increases the capital available for productive / profitable operations, increasing profits.
- facilitates the company's ability to adapt to changes and expand or contract as business dictates.
- assists companies in complying with new accountability standards for demonstrating the efficiency of capital investments.

The importance of these benefits and cost reductions can be significant for firms of virtually any size and industry. Dollars spent on real estate and facility maintenance and fixed asset costs represent the second largest expense for almost all companies. Fixed asset costs and investments range from 16% to 57% of a company's total assets as shown by the following chart and table.

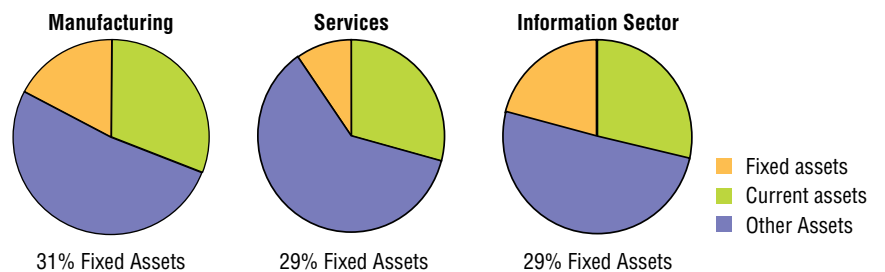
Figure 1. Composition of Total Assets, by Sector

	Normalized average balance sheet of eight US sectors							
	U	T	S	M	I	C	R	W
Number of firms	326	4,152	10,504	22,676	2,791	7,215	15,406	17,048
Fixed assets	57%	51%	31%	29%	29%	24%	22%	16%
Current assets	29%	38%	52%	61%	51%	67%	69%	75%
Other assets	14%	11%	17%	10%	21%	9%	10%	9%
Total assets	100%	100%	100%	100%	100%	100%	100%	100%

U = Utilities, T = Transportation, S = Services, M= Manufacturing, I = Information, C = Construction, R = Retail, W = Wholesale

Source: The Risk Management Association, "Annual Statement Studies 1999-2000"

Figure 2. Fixed assets are 30% of Most Businesses' Total Assets (based on The Risk Management Association, "Annual Statement Studies 1999-2000")



As shown by Figure 2, because fixed assets are a relatively large percentage (30%) of total assets, even small percentage savings in fixed asset cost result in relatively large amounts of capital for other uses. Savings due to reduced leases and maintenance costs, as well as the sale of underutilized property, are direct reductions in overhead costs. The resulting savings in overhead can be invested in operations to increase the profitability of the firm and achieve better financial metrics. Typical savings in fixed asset (real property) management are shown in the following chart.

Figure 3. Typical Savings on Real Estate (IBM)

Real Estate Cost Saving Opportunities	Savings
Improve space use efficiency	6-20% TCO ¹
Expand flexible working practices	5-20% TCO
Re-visit service levels & specifications	10-15% FMC ²
Introduce best practice procurement	5-20% FMC
	10-40%

1. TCO: total cost of occupancy
2. FMC: facility management costs

While the advantages of using outsourced workplace space to supplement existing (or needed) corporate facilities, these figures indicate that the potential opportunities for management to achieve significant savings in real property are relatively large.

2.4 Reducing Expenditures

Similar to the potential savings in fixed assets, mobile working allows virtual companies to use fewer administration and staff workers. Some of the benefits:

- web-based services can be easily used to manage administration and capabilities.
- facility maintenance and office services can be reduced.
- office furniture and equipment expenses can be reduced.

2.5 Cultivating Global Business Competitiveness

The move to remote working is also influenced by the globalization of business. The key benefits potentially include creating a workforce that:

- can be easily deployed to client sites or new offices in remote locations.
- can manage and collaborate more clients over wider geographical areas.
- can readily work with the technologies required for participation in a global economy.

These trends are quantified by forecasts developed by IDC and Gartner:

- IDC forecasts that by 2009 there will be more than 12 million U.S. telecommuters and home-based workers, representing 7.6% of the workforce. (IDC Worldwide Mobile Worker Population 2005-2009 Forecast and Analysis, Doc. #34124, October 2005).
- “As mobility becomes a strategic force worldwide, IDC expects the global mobile worker population to increase from more than 650.0 million in 2004, to more than 850 million in 2009, representing more than one-quarter of the worldwide workforce,” said Stephen Drake, program director for IDC’s Mobile Software service.
- Gartner projects that by 2008, more than one-fourth, or 27%, of the U.S. workforce will work at least 8 hours a month remotely and nearly 10% will work remotely at least 8 hours per week. (“Teleworking: The Quiet Revolution” - Gartner Report, 2005 Update).

Figure 3. Employed Teleworker Forecasts, United States, 1998-2008 (Millions)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Teleworks >8hrs/month	12.4	14.4	15.6	16.8	19.1	23.5	27.7	31.0	33.5	35.0	36.3
Growth		16.1%	8.3%	7.7%	13.7%	23.0%	17.9%	11.9%	8.1%	4.5%	3.7%
Teleworks >8hrs/month	4.65	5.15	5.71	6.7	7.89	9.87	11.16	12.09	12.64	12.97	13.25
Growth		10.8%	10.9%	17.3%	17.8%	25.1%	13.1%	8.3%	4.5%	2.6%	2.2%
Employee Population	122.90	124.26	125.65	127.04	128.06	129.08	130.12	131.16	132.21	133.26	134.33
Penetration of Employee Population, >8hrs/month	10.1%	11.6%	13.2%	13.2%	14.9%	18.2%	21.3%	23.6%	25.3%	26.3%	27.0%
Penetration of Employee Population, >8hrs/month	3.8%	4.1%	5.3%	5.3%	6.2%	7.6%	8.6%	9.2%	9.6%	9.7%	9.9%

Source: Gartner Dataquest (September 2005)

This projection of growth is confirmed and increased (from 7% to 8%) in a recent report: “Gartner predicts that the number of employees teleworking at least one day a week will show a compound annual growth rate (CAGR) of 8 percent between 2004 and 2008.” [“Teleworking Emerges as a Smart Way to Do Business,” (Gartner report, 12 January 2006; ID Number: G00137091)].

Finally Gartner’s most recent report confirms that beyond a pure numerical growth, remote working is becoming far more pervasive and sophisticated for many companies: “Through 2009, 30 percent of Global 2000 enterprises will have reached a high level of maturity in supporting telework practices, services and infrastructure (0.7 probability).” [“Gartner’s Telework Maturity Model Defines the Stages Toward Telework Effectiveness,” (Gartner report, 31 January 2006; ID Number: G00136640)]. These high levels of maturity are characterized by 50 to 100% participation of employees in remote working and the adoption of robust mobile technology and support services. At the highest level of maturity, company facilities are used almost exclusively for meetings.

2.6 Meeting Mobile Worker Expectations

While the previously cited studies indicate that remote workers will be a numerically significant segment of the workforce, other studies show that these workers are both highly satisfied and highly productive (“The Mobile Working Experience - IBM Institute for Business Value Executive Brief”). As a result, mobile workers will be in high demand (“The Cost of Mobile Working” - CFO.com).

Likewise, employees will increasingly expect companies to provide remote working as a viable career choice. Companies need to build the culture and infrastructure that will provide the tools and standards needed to compete for and retain remote workers.

3.0 Outsourced Workplace Solutions

Many firms still accommodate remote workers on an “ad-hoc” basis, permitting remote work on a limited basis and with limited support. However, firms committed to achieving the full benefits of remote working have sophisticated networks and employment policies that provide high levels of training and support. Regardless of these approaches, firms seeking to achieve the benefits of remote working often find that a critical problem is supplying flexible office space and services for remote workers.

In response to these needs, outsourced workplace solutions have evolved from real-estate based offerings of short-term leases of bare office space to highly customizable service contracts providing uniquely tailored combinations of flexible office space and furnishings, equipment, services, and office locations. These offerings can help companies achieve the benefits of remote working by providing flexible office space, services, and technology as detailed previously. One unexpected benefit was the use of outsourced workplaces to provide ergonomically correct work space, thereby minimizing exposure to work-related injury. Additional benefits include the availability of contingency space and the use of outsourced workplaces to project a viable and impressive presence to clients.

3.1 Flexible Office Space

Outsourced Workplace Providers (OWP) offer office space in a variety of configurations, ranging from cubicles, work stations, executive offices, conference rooms, and training classrooms to prestigious business addresses with professional phone answering and mail forwarding for those working from home or on the road.

Each workplace is typically outfitted with appropriate furniture and office equipment. Contracts are available for various durations and usage for the following purposes:

- a base of operations for small firms and start-ups.
- meeting / team space for home workers.
- branch or regional offices for mid and large companies.
- alternative office and workspace for special projects.
- accommodate rapid deployments at project sites.
- accommodate temporary surges in workforce.
- rapid expansion into a new market or geography.

Basic offerings provide dedicated space for individuals at specific locations, similar to short-term leases, but are available for an hour, a day, a month or a year. Larger OWPs additionally offer options to reserve space (similar to hoteling) at their locations. Other options include walk-in hot-desking which allows workers to drop-in and work from any location, on a space-available basis.

3.2 Services

OWPs also provide professional services to clients. All of the professional amenities of a traditional office are typically provided, including reception areas and professional receptionists, mail and fax services, administrative support, and office and meeting reservation systems. OWP staff can greatly enhance employees' efficiency by assisting in the set-up of equipment such as televisions, videoconferencing, and LCD projectors. They provide the IT infrastructure, but computer and software support is typically not included. OWPs also facilitate external services, such as catering, transportation, and printing and reproduction, through existing relationships with suppliers which can be arranged seamlessly through the OWP.

Services supplied by OWPs can also help companies reduce other costs. OWPs typically offer phone services that range from simple receptionist answering services to sophisticated digital technologies. These services could provide backup to full-time receptionists at other offices, or replace a full-time receptionist with a cost-effective, part-time, personalized answering service. Some OWP locations allow companies to locate their own servers within the OWPs facilities, reducing significant costs for secure computer centers, climate control, and fire protection.

3.3 Technology

OWP solutions can help companies minimize their exposure to technology risk. Technology risk, investing in equipment which will likely be obsolete in several years, can be avoided by using outsourced workplaces to supply equipment (telephonic equipment, firewalls and networks, etc.) which are typically part of the base cost. Other equipment provided by an OWP (videoconferencing, LCD projectors, electronic white boards, etc.) even if priced as additional services can avoid expensive investments in sporadically used equipment. OWP telecommunications equipment can provide a highly scalable and adaptable communications solution, avoiding frequent upgrades of expensive and rapidly obsolete telephony infrastructure.

As the back-bone upon which all of remote working is based, OWPs typically provide broadband services that are superior to those available to home users and at many offices. OWPs typically provide T1 [1.5 megabits per second (Mbps)] or T3 (43.2 Mbps) lines operating behind firewalls compatible with a client's VPN (virtual private network) services.

OWPs are leaders in adopting new technologies to facilitate outsourced workplaces, including IP Convergence and VOIP technologies. Participating in these technologies through the OWPs initiative, can maximize a company's return on investments in information technology by fully utilizing telecommunication's potential.

3.3.1 IP Convergence

IP Convergence (Internet Protocol Convergence) enables digitization of incoming voice messages and faxes and distributes or notifies users according to predefined rules. Distributions can be made to multiple devices ranging from phones, PDAs, laptops, and Blackberrys. IP Convergence technologies enable incoming calls to be seamlessly re-routed from any assigned telephone company number to a OWP computer for any action, including an OWP receptionist answering for the client company at a remote site.

3.3.2 VOIP

VOIP (Voice Over Internet Protocol) provides voice communications over Internet connections for much cheaper prices than from wireless or land-line providers. Many OWPs provide VOIP as their basic phone service to clients. Combined with IP Convergence technology, VOIP allows companies to essentially upgrade their existing laptops into an integrated IP environment which links all digital information, Internet access, and VOIP voice communications.

3.4 Contingency Office Space

Strategically, many businesses have found that existing relationships with an outsourced workplace provider establish a credible contingency plan for office disruptions. Continuity of Operations planning has become an essential component of corporate planning which explicitly details alternatives for possible disruptions due to weather, strikes, and other crises. Beyond the tactical needs of a company for supplemental space, OWPs can provide fully functional bases in which to locate operational staff separated from their normal office locations. This planning was valuable for several firms during recent hurricanes in North America.

3.5 Presence and Projection

Any discussion of OWP benefits must include the advantage of using the address and local phone numbers of OWP offices as the contact address for client companies. For small firms and start-ups, the use of a prestigious office address can provide stature and credibility. For companies exploring the market potential in a new city, the use of a local address establishes immediate recognition and local presence. A local phone number could be used, which would be answered by a local receptionist with a greeting specifically tailored to the company. The local offices could be used by the company's employees for continuing or part-time periods and to arrange meetings with prospective clients in a professional, business-dedicated environment.

While these are not tangible benefits from actual office space and services, they are being used to project vital attributes of stability, credibility, professionalism, and responsiveness to clients. These attributes are essential to any business but are even more important when demonstrating capabilities and confidence in dealing with mobile working. Some other similar benefits could include:

- projects the presence of a larger company operating on an equal footing as a virtual company.
- provides a prestigious area code and address for start-ups or new offices.
- provides a recognizable and familiar presence in remote cities.
- provides access to traveling workers to a professional and friendly location in new areas.
- provides familiar and reliable offices and services while on business travel.
- extends business hours to match clients/prospects in remote locations with a live, local language receptionist for routing or message taking.
- provides live phone answering with a personalized company greeting which help mobile workers establish and project a responsive and professional image to clients.

4.0 The Regus Group

Many smaller firms have initiated outsourced workplace services for local markets, relatively few have envisioned the global coverage that conforms to the future for mobile workers, virtual companies, and their need for outsourced workplaces.

The Regus Group is the world's largest provider of outsourced workplaces. Several competitors have equivalent presence in Europe or around the Asian Pacific rim, but only Regus has established a true global network of sites. The availability of these sites best matches the future needs of start-ups, SMBs, global enterprises, mobile workers, and virtual companies in participating in a new global economy by supplying professional offices and services to employees working in widely separated locations in support of their clients. Gartner acknowledges the importance of OWP's and the stature of Regus in advising firms seeking full maturity in remote working to "Consider a global contract with a hosted office service such as Regus, which offers fully furnished, serviced and connected offices on demand. Such a service offers employees a global portfolio of offices accessible on demand." ["Gartner's Telework Maturity Model Defines the Stages Toward Telework Effectiveness," (Gartner report, 31 January 2006; ID Number: G00136640)].

Regus recognized in 1989 the need for providing facilities and services to meet the needs of mobile workers. Unlike many real estate-based early competitors who offered temporary office space and adapted to the concept of mobile working, the Regus concept was conceived as a suite of products and services that would meet the emerging growth needs of entrepreneurs and small firms during the "dot-com" boom years. Based on the success of this concept, Regus has grown and acquired local interests around the world. This global network provides their standard for flexible, outsourced office solutions at more than 750 locations in 60 countries around the world.

Regus centers provide offices and reception services which convey a highly-polished, professional image to clients. Customers are largely SMBs for which Regus supplies offices, phone, and mail-handling services. High standards for appearance and maintenance are set for all centers to ensure that clients receive the same professional environment at any time and at every location.

To accommodate the changing needs for firms and mobile workers in the digital age, Regus has continually been a “first adopter” in piloting and implementing the latest technologies to ensure clients of highly reliable data and voice connectivity. Regus is also the largest provider of public videoconferencing facilities in the world. Further evidencing their understanding that technology is the driver of remote working, Regus Group has engaged Cisco and IBM to provide state-of-the-art, integrated communications to Regus clients. All 750 Regus Business Centers in 350 cities worldwide will offer wireless access, individual video, WEB and audio conferencing, Bandwidth on Demand and Find Me/Follow Me phone functionality, based on Cisco equipment and serviced by IBM. This approach continues their commitment to furnish the latest technologies, reliable service, and familiar equipment to sustain the productivity of customers visiting any of the Regus offices.

A few case studies are provided in Section 6.0 to demonstrate the range of services furnished by Regus. This sample shows how a broad variety of companies, from start-ups to global enterprises, utilize the flexible services offered by Regus to provide outsourced workplace solutions to achieve the benefits of a remote workforce.

5.0 References

“Worldwide Mobile Worker Population 2005-2009 Forecast and Analysis”. (IDC Doc. #34124 October 2005; <http://www.idc.com/getdoc.jsp?containerId=34124>)

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“Annual Statement Studies 1999-2000”
(The Risk Management Association, 10 Penn Center, Philadelphia, PA 19103) *

The data contained in “Figure 1 - Composition of Total Assets, by Sector” (Table T-10.13) from the Risk Management Association (RMA) Annual Statement Studies was compiled from a sample not necessarily statistically representative and has been obtained from or is based upon sources believed by RMA to be reliable, however, the data is provided without warranty of any kind and RMA makes no representations or warranties, express or implied, to licensee or any other person or entity as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any of the data. The data is provided without warranty on the understanding that any person or entity that acts upon it or otherwise changes position in reliance thereon does so entirely at such person’s or entity’s own risk.

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6.0 Case Studies

Overall benefits achieved by companies reaching the higher levels of maturity in remote working are succinctly summarized in the report, “Gartner’s Telework Maturity Model Defines the Stages Toward Telework Effectiveness,” (Gartner report, 31 January 2006; ID Number: G00136640):

“Telework Success Stories

- Sun Microsystems reports saving \$300 million during the past three years as a result of its iWork program.
- Cisco Systems’ distributed work strategy reports a return on investment of 300 percent resulting from real estate savings and reduced employee turnover.
- IBM has nearly all of its employees working on a telework basis. It reports an aggregate savings of more than \$500 million a year in real estate, training and HR support costs.
- The county of Los Angeles reduced employee turnover by 25 percent for its telework population.”

In addition to these overall benefits, the following specific case studies supplied by Regus demonstrate the wide range of companies participating in remote working and how they have utilized OWP solutions to achieve their goals.



6.1 Assima

Assima provides proof that hands-on experience is the best way to learn. The e-learning software company specializes in interactive training programs for widely used business applications such as SAP and Peoplesoft. With 130 employees in four countries, the London-based company serves a high-profile list of multinational giants including 3M, Nike, and Microsoft.

Founded in 2002, Assima and its innovative products were released to high demand in Europe. Only three years later, Assima's Emma King was charged with establishing a U.S. headquarters in Chicago to serve the far-reaching needs of its global clients. Based on experiences from a former employer, King knew that The Regus Group could help her get the operation up and running quickly and cost-effectively.

"The Regus solution made it possible for us to move in and get started right away, without the time-consuming process of outfitting an empty office," said King, now vice president U.S. operations for Assima. "And the space is easily adaptable to our needs as we grow."

King visited a number of Regus business centers in the Chicago area, and settled on a suburban location in Schaumburg, Ill., for two primary reasons. First, the heavy travel schedules of Assima professionals called for an office address that was convenient to Chicago's O'Hare International airport.

Second, the enthusiasm of the Regus staff at the Schaumburg location struck a chord with King. In addition to providing reception and administrative support, Regus professionals ensure that Assima stays connected to its home office across the pond through a virtual private network.

"Nothing is too much for them," said King. "They create such a welcoming and energetic environment, and that's very important for our customers and our employees."



6.2 CRA International

Formerly Charles River Associates, CRA International is the gold standard in its specialized corner of the consulting world. The Boston-based company offers general business consulting services, but is best known as a powerhouse in economic analysis, helping law firms and corporate clients determine the true value of business assets in court cases.

With nearly 1,000 employees in 23 offices around the world, CRA serves some of the biggest names in the Fortune 500. Premium offices in key business locations play an important role in maintaining the company's first-class reputation.

When CRA expanded to Dallas in 2004, the operation consisted of a single executive, Dr. Allen Jacobs. Jacobs sought a flexible office arrangement that would allow him to grow the Dallas office and expand as necessary. He found his solution in The Regus Group. Two years later, CRA's Dallas office employs eight professionals and has doubled its office space in Regus' premier Turtle Creek business center.

"Regus is perfect for us because it offers a flexible arrangement, in a strategic location, at a lower cost than a traditional lease," said Laura Dorenbecker, CRA's Dallas Office Manager. "And because of the fully furnished facilities, we don't have to worry about things like copiers and fax machines. Regus does all that for us."

In addition to its full-time office, CRA Dallas also takes advantage of Regus' videoconferencing facilities and board rooms, which can be rented by the hour. CRA also calls on the Regus staff to answer the main phone line and help with administrative tasks instead of using a temporary agency.

"I can be gone for days at a time and not worry because I know someone will always pick up the phone," said Dorenbecker. "We really appreciate the great attitude and work ethic of the Regus staff."



6.3 Cisco Systems

Technology experts speculate that the vast majority of all the world's Internet traffic touches Cisco Systems equipment somewhere along the information superhighway. As the industry leader in telecom and computer networking equipment, Cisco delivers the routers, switches and other gear that send voices and data over wires and air at lightning speed.

Just as Cisco's equipment is hard at work all over the world, so are its employees. Sales personnel, especially, can be found in nearly every corner of the globe, but not always in company-owned facilities. Many of Cisco's newer geographic markets have presented an ideal business case to partner with The Regus Group for its ready-to-use business centers and flexible contracts.

"It's important for us to be nearby our customers and make ourselves accessible to them," said Bob Cooper, director of sales for Cisco's Gulf Coast commercial operations. "But it doesn't always make sense for us to establish our own permanent facility in that area."

The company currently has sales teams using Regus offices in several U.S. locations, as well as Canada, France, Russia, Morocco, and Mexico. The Regus model allows Cisco to move into a new area on a trial basis, without extending the capital to outfit its own office and hire local personnel.

"We're able to react quicker to growth opportunities and test-market a new location while keeping our costs under control," said Cooper. "For Cisco, it's a better method of sales delivery."

Cisco also uses Regus offices and meeting rooms to augment its presence in areas where it already has a company-owned office.

"For example, if our main facility is out in the suburbs, we might take out a small Regus office downtown to put our people closer to a customer project," said Cooper. "Customer satisfaction is always our number one priority, and Regus helps us accomplish that goal."



6.4 FITOP

FITOP stands for Financial Industry's Technical Officers and Professionals. Founded in 1999, the staffing firm works with some of the country's largest financial organizations to recruit and place top candidates in the areas of accounting, finance, and information technology.

FITOP's primary office is a Regus facility in Schaumburg, Ill., a suburb of Chicago. Starting off as a home-based business with a virtual assistant, FITOP president Robert Thorp was able to grow his firm quickly, hire additional staff and move into a full-time office in one of Schaumburg's premier business centers.

Reaching beyond the main office, FITOP's six professionals and extended network of specialists rely on Regus centers to work on client projects in other key markets such as New York, Boston, and Dallas. The flexibility of fully furnished office space allows the team to set up quickly, stay for a few days or up to several weeks, and vacate without penalty.

Partly as a result of FITOP's ability to adapt quickly, its revenue has skyrocketed 1,200 percent over just three years, to more than \$3.5 million. "I would recommend Regus to any small business that wants to quickly become a medium-sized business," said Thorp.

Tax season is a particularly busy time for FITOP, when financial firms have increased needs for accounting professionals. Working with Regus, FITOP is able to expand its office capacity quickly in order to bring in additional recruiters to meet temporary spikes in demand.

"The value of Regus is not just in the office space they provide – it's also in the staff," said Thorp. "Unlike other office space providers, Regus is not just a landlord; they are a partner that offers solutions to help our business grow."



6.5 Limas and Associates Consulting

Dr. Joe Limas is the president of Dallas-based Limas and Associates Consulting. Founded in 2002, Limas' firm specializes in helping businesses understand and resolve complex management and leadership issues in the areas of human resources, training and development, ethics, and change management.

Limas' primary office is a Regus business center in Dallas. He spent his first several years in business working from his home, but eventually realized that he needed a more professional environment in which to meet with clients and his network of associates.

"My clients would often ask me, 'where is your office?', and I wanted to make a stronger impression than only having a home office," said Limas. "I shopped around with a number of office space providers, and found that Regus offered the best combination of price, flexibility, and quality facilities."

A solo operation for the moment, Limas relies on the Regus receptionist in his office to transfer calls and perform basic administrative tasks. He also appreciates the community environment of entrepreneurs that occupy other offices in his Regus business center. "I've actually picked up a couple of clients by networking with the other companies in the business center," said Limas. "It was enough to cover two months' rent."

Limas travels extensively to give seminars and meet with out-of-town clients, and he plans to take advantage of Regus meeting and conference rooms for these activities.



6.6 StoneTurn Group

Like the company name implies, StoneTurn Group specializes in uncovering all the facts. With its professional expertise rooted in accounting, the company assists law firms and corporations in complex business litigation, forensic accounting, forensic technology, and intellectual property matters.

StoneTurn has been a Regus Group client from its very beginning. Founded in Boston in 2004, the firm needed a flexible real estate solution to start out with cautious optimism.

“When we opened our first office, we weren’t sure how much space we would need for our growing business or how many people we would hire over the first 12 months,” said Simon Platt, managing partner. “So we didn’t want to sign a long-term lease, tie up a lot of capital in office infrastructure, or be locked into too small of a space.”

Regus’ flexible month-to-month contracts and pre-furnished office space proved to be the right solution for StoneTurn’s start-up phase. And as the company grew, they were able to add more space as hiring decisions were made. Today, StoneTurn’s successful practice has a total of six full-time offices (Boston, Houston, Austin, San Francisco, London, Washington, D.C.), all of which are in Regus business centers.

In addition to the flexible terms, StoneTurn finds value in Regus’ quality facilities.

“We typically work with first-rate, big law firms, so it’s important for us to be at the right address,” said Platt. And “the right address,” in this case, means a downtown office in a class A building.

When StoneTurn’s consultants are on the road, they turn to Regus for meeting rooms in key locations such as New York, Chicago, and London.

“Being able to arrange for space on short notice is especially helpful,” said Platt.

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