



# Work anywhere, together



**New York Compensation Association**

September, 2020

---

[kpmg.com](http://kpmg.com)

With you today



**Michael Bussa**  
Partner  
Global Reward Services



**Kshipra Thareja**  
Managing Director  
Global Mobility Services

# Today's discussion

- The new reality
- Work anywhere, together...The case for change
- Focus on the work, not where you work
- Work anywhere, together...The plan for change

# The new reality

The “new reality” isn’t necessarily a world without working in an office; it’s just a world where we **focus on the work instead of the office.**

“Crowded corporate offices with thousands of employees may be a thing of the past. We’ve proven we can operate with effectively no footprint”

— CEO, Morgan Stanley



“...we can work in different ways, and as a result, the company does not need all its global offices.”

— CEO, Mondelez International

“A lot of people have learned that they can work at home.”

— Warren Buffet



“75% of TCS employees will permanently work from home by 2025.”

— CEO, Tata Consulting.75

# Steps to a new reality

There are a number of considerations in planning return to options for working flexibly, not just remotely.



## Priority groups

Which groups are a priority for returning to work on-site?



## Scheduling

How do we group teams to be in the same physical space?



## Health & well-being

Continued provision of additional health and well-being measures, both on-site and virtually



## Effective working

Designing how mixed teams will work, e.g., team meetings combining face-to-face with virtual, to ensure consistent interactions



## Employee engagement

Continued engagement through communications at all levels and across location-based and virtual teams



## Technology

Management of technology and networks to cope with combination of in-house and remote access, ensuring remote workers are not disadvantaged



## Policy

Redesign and alignment of HR and employment policies (performance management and accountability) to the new working practices



## Facilities & workplace

Redesign of work space to serve remote and face-to-face simultaneously

# Workplace dimensions

**A key consideration for where work gets done is what drives the purpose and nature of the work being done. KPMG's Workplace dimensions differentiate where that value is delivered.**

## People



This is usually service-oriented work requiring the workforce to attend to customers or colleagues.

As customer interaction models evolve, these roles will also change in nature and perhaps become more digital/remote.

## Ideas and information



The creation, use, and maintenance of information is, or can be, digital in nature in most developed economies.

Internal and external cultural assumptions are usually what restricts this work being done remotely.

## Plant and equipment



Physical production or handling of product and infrastructure is unlikely to be done remotely.

However, we do expect that this work could become more decentralized overtime, reducing the density of workers.

## Contract



Organized labor, individual contractors, and gig workers may have opportunity for renegotiation of terms as they relate to the other workplace dimensions.

## Place



Ultimately, place is a characteristic of some roles, where a combination of the other workplace dimensions leads to a centralization of either customer service or production.

# Work anywhere, together...

## Today's reality

Working remotely is straining IT and challenges the work-from-home culture

Physical offices are empty – reconfiguration, barriers, and '6 foot offices' are expected

The workforce is creating their own virtual offices based on their delivery needs

Organizations are finding their current service delivery model too rigid or severely lacking

\*Worldwide Semiannual Digital Transformation Spending Guide, 2019, IDC

\*\*Advantages of Agile Work Strategies For Companies, 2020, Global Workplace Analytics



© 2020 KPMG LLP, a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. NDP092460-1A

# The case for change

## Tomorrow's opportunity

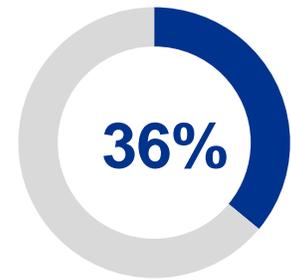
**\$7+ trillion** to be invested in making work more digital by 2023\*

**Lower real estate costs** by up to \$10,000 per employee per year\*\*

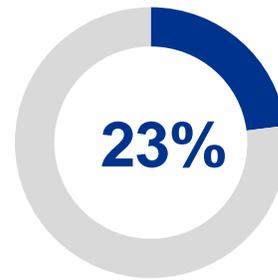
**Higher productivity and lower turnover** from reductions in commute time and better work/life effectiveness

**More resilient service delivery models** that can quickly react and flex as business realities change

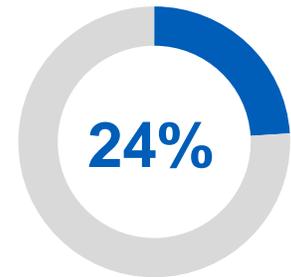
**Likely due to the positive experiences of remote working, American workers want hybrid and remote options incorporated into their work environment.**



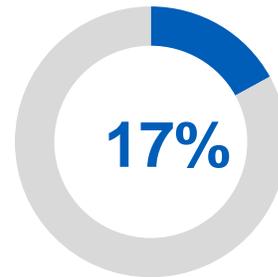
Want to work fully in the office or other physical location



Want to work mostly in the office with some remote days



Want to work mostly remote with some days in the office



Want to work fully remote with no days in the office



Which of the following best reflects the work situation you most prefer? American Workers at Organizations Larger than 1,000 Employees, n=1407

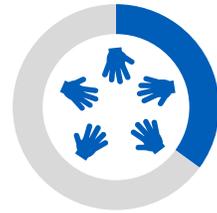
## While many workers report improved experiences, there is more to be done to help excel and adapt to the new reality.

Over the past four months...



41%

say their happiness at work has *worsened*



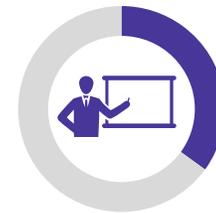
35%

say their team's ability to collaborate has *worsened*



35%

say their organization's culture has *worsened*



35%

say their level of engagement with their organization has *decreased*



30%

say their relationship with their coworkers has *worsened*

**Happiness**

**Culture**

**In-office workers are more likely to say their happiness at work and their organization's culture has worsened, compared to remote workers**

		
34%	vs.	53%
remote workers		in-office workers

		
29%	vs.	43%
remote workers		in-office workers

**Remote workers are more likely to say their relationship with coworkers has worsened, compared to in-office workers**

		
34%	vs.	24%
remote workers		in-office workers

Over the past four months, how have the following changed? American Workers at Organizations Larger than 1,000 Employees, n=1407; Remote workers, n=679; In-office workers, n=548  
 Over the past four months, how have the following changed for you? American Workers at Organizations Larger than 1,000 Employees, n=1407; Remote workers, n=679; In-office workers, n=548

## Since the beginning of COVID-19 workplace disruptions, American workers indicate higher levels of workplace improvements.

In the immediate aftermath of COVID-19,\* respondents from our first survey say...



**64%**

their quality of work *improved*



**59%**

their relationship with coworkers *improved*



**58%**

their work-life balance *improved*



**54%**

their level of productivity *improved*



**47%**

their mental health *improved*

When asked about their experience over the past four months,\*\* respondents from our second survey say...



**79%**

their quality of work *improved*



**73%**

their relationship with coworkers *improved*



**72%**

their work-life balance *improved*



**69%**

their productivity at work *increased*



**60%**

their mental health *increased*

\*Respondents took the survey between April 3, 2020 and April 6, 2020, in the beginning stages of the stay-at-home orders in the U.S. n=1,000

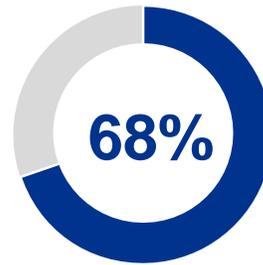
\*\*Respondents took the survey between July 2, 2020 and July 13, 2020, after four months of stay-at-home orders and loosening restrictions in the U.S. n=1,000

## 2020 KPMG U.S. CEO Outlook

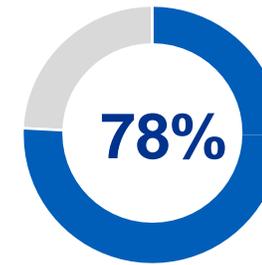


**The changing working world**

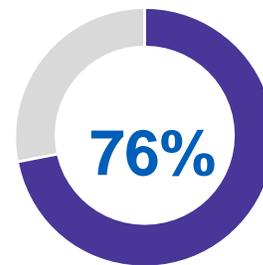
As a result of the pandemic, U.S. CEOs see the world of work changing in numerous ways.



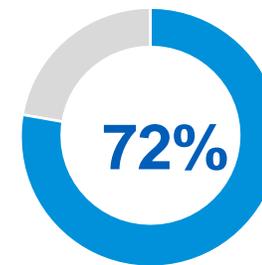
said they will **downsize their office space**



said remote working has resulted in **significant changes in policy to nurture corporate culture**



said they will continue to **build on use of digital collaboration and communication tools**



said that working remotely has **widened their potential talent pool**

# Our learnings

**We've learned through our own experiences that sustaining benefits from virtual work is challenging.**

## **Employees experiencing cognitive overload**

The wall of collaborative meetings can limit our ability for deep work and contributes to cognitive overload.

## **Working alone is easier than working together**

In this new virtual environment, efficiencies with remote work has improved individual productivity.

### **Our experiences**

## **Employees crave flexibility in their day-to-day**

The realization of limited balance and control in work and life has been amplified.

## **Connected doesn't always equal connection**

We're more connected than ever, but the virtual environment lacks authenticity and feels less human.



# Focus on the work, not where you work.

## **Design for your people**

Design for people and their ways of working, throughout their day and throughout their career.

## **Enable experiences**

Employee experiences are enabled by an ecosystem of tools and technologies working together. Shifts in technology should consider the combined impact of features and integration.



# Making the change

## Six building block capabilities form the foundation for work anywhere

Work anywhere is re-thinking your mobility model to sustainably enable experiences

### 1 People

---

Ensure your workers are engaged, connected, and productive

### 2 Ways-of-Working

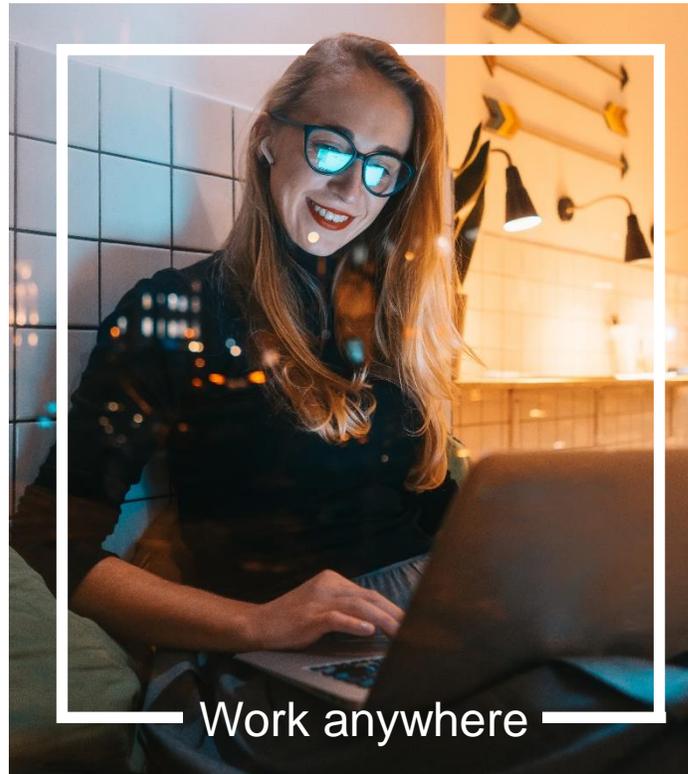
---

Orchestrate day-to-day work, manage individuals/teams/workflows and effectively monitor performance

### 3 Technology Capabilities

---

Establish necessary infrastructure, technology resilience, operational support model, collaboration tools and cyber security



### 4 Workforce Strategy

---

Increase operational resiliency, optimize location strategies around where work gets done and access emerging talent pools

### 5 Workplace optimization

---

Optimize the physical and virtual work environments, reassess location strategies, and evaluate your real estate portfolio

### 6 Governance

---

Update policies to contemplate virtual work environments; implement robust governance and oversight structures; optimize tax structures

Work anywhere,  
together... The plan  
for change



# Key workforce considerations



Income tax and  
social security



Immigration and  
employment law



Regulatory and  
licensing considerations



Change management



Health and safety



Corporate tax/permanent  
establishment



Talent management  
Compensation and benefits



Employment tax and  
State & Local tax

# Stakeholder considerations

 Employee	 Corporate Tax	 Global Mobility	 HR & Legal	 Payroll & Finance	 Business
<ul style="list-style-type: none"> <li>— Employee experience (i.e., attractiveness, support, additional filings or taxes)</li> <li>— Location preference</li> <li>— Compensation &amp; benefits</li> <li>— Social security &amp; mandatory benefits</li> </ul>	<ul style="list-style-type: none"> <li>— Organization chart &amp; entity network</li> <li>— Permanent establishment &amp; state nexus</li> <li>— Value attribution &amp; inter-company documentation</li> <li>— Risk monitoring &amp; assessment</li> <li>— On-going compliance management</li> <li>— Licensing &amp; regulatory considerations</li> </ul>	<ul style="list-style-type: none"> <li>— Tracking &amp; identification</li> <li>— Income tax residency/tax home determination</li> <li>— Tax filing and payment compliance</li> <li>— Certificate of coverages (CoCs/A1s)</li> <li>— Exchange control regulations</li> </ul>	<ul style="list-style-type: none"> <li>— Industry benchmarking &amp; alignment</li> <li>— Talent acquisition, retention &amp; development</li> <li>— Health &amp; safety</li> <li>— Compensation, benefits &amp; expense policies</li> <li>— Policy &amp; documentation</li> <li>— Immigration &amp; employment law</li> <li>— Employment/assignment documentation</li> <li>— Data privacy &amp; cyber considerations</li> <li>— Works councils and trade unions</li> </ul>	<ul style="list-style-type: none"> <li>— Employment tax, state and local taxes</li> <li>— Domestic and international payroll reporting and withholding</li> <li>— Documentation maintenance</li> <li>— Cross-charge considerations</li> <li>— Accounting &amp; reporting considerations (i.e., FIN 48, FAS5)</li> </ul>	<ul style="list-style-type: none"> <li>— Business strategy &amp; future vision</li> <li>— Industry approach</li> <li>— Cost management</li> <li>— Sustainability</li> </ul>

# Immediate action steps to support the workforce of the future

	 <b>Issues</b>	 <b>Action steps</b>
<b>Workforce alignment</b> 	<ul style="list-style-type: none"> <li>- Which employees, positions, and locations can be considered for virtual work arrangements</li> <li>- Attracting, retaining, and incentivizing talent needed to achieve business and strategic objectives</li> </ul>	<ul style="list-style-type: none"> <li>- Assess workforce needs against overall business/strategic objectives and identify current workforce gaps</li> <li>- Evaluate long-term incentive and equity program design changes/new programs to drive business imperatives, talent recruiting and, retention</li> <li>- Align with organizational environmental, social, and governance (ESG) objectives</li> </ul>
<b>Compensation and benefits</b> 	<ul style="list-style-type: none"> <li>- Salary levels for eligible positions across virtual work locations</li> <li>- Medical, pension, and other benefits to be offered/required across virtual work locations</li> <li>- Necessity/feasibility of employee choice programs to enable employees to select their mix of salary, LTIP vehicles, and benefits-in-kind</li> </ul>	<ul style="list-style-type: none"> <li>- Perform market, benchmarking, and peer group analysis to establish salary guidelines for virtual job positions</li> <li>- Quantify impact to total compensation and benefits costs</li> <li>- Assess tax preferential structures for compensation and benefits</li> <li>- Works Council and collective bargaining negotiations</li> </ul>

# Immediate action steps to support the workforce of the future

	 <b>Issues</b>	 <b>Action steps</b>
<b>Employee assistance and support</b>	<ul style="list-style-type: none"> <li>- Child and elder care programs to support virtual workforce and overall employee well-being</li> <li>- Parental leave</li> <li>- Flexible work arrangements</li> <li>- Equipment/allowances to facilitate virtual workforce (e.g., computers and peripherals, IT, home office equipment, Wi-Fi)</li> </ul>	<ul style="list-style-type: none"> <li>- HR policy formation addressing virtual work policies and protocols</li> <li>- Employee communication strategy and workshops</li> <li>- Assess tax preferential structures for employee support programs, work related allowances, etc.</li> </ul>
<b>Tax and Regulatory</b>  	<ul style="list-style-type: none"> <li>- Tax and regulatory implications/requirements associated for all locations where virtual work arrangements will be considered, including:               <ul style="list-style-type: none"> <li>- Income, social, and employment taxes</li> <li>- Corporate income taxes</li> <li>- Immigration and employment laws</li> <li>- Securities laws</li> <li>- Data privacy</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- Feasibility and due diligence to assess tax and regulatory implications and requirements/ongoing compliance for virtual work arrangements being contemplated</li> <li>- Identify tax and regulatory “show stoppers” for proposed virtual work arrangements and adjust as necessary/if possible</li> <li>- Identify change management, functional stakeholders, and third-party vendor requirements to support tax and regulatory compliance requirements</li> </ul>

# Are you ready to support the workforce of the future?



## Business as usual is not an option.

The Work Anywhere, Together trend has accelerated the need for evolution of global mobility, companies that react and adapt quickly will find business as usual, while others may struggle.



Do you have a Work Anywhere, Together **strategy & policy** to support ongoing business from an operational as well as talent perspective?



Does your **organization structure** protect you from unexpected risks that may arise due to the new work environment?



Do you have **compliance processes** that support the workforce of the future which allow for contingencies and anticipates disruption?



Do you have ability to perform a **risk & data analysis** to identify risks areas to be managed and opportunities to be harnessed?



Questions?



# Thank you

Focus on the work, not where you work.

Learn more: <https://visit.kpmg.us/WorkAnywhere>



Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.



[kpmg.com/socialmedia](https://kpmg.com/socialmedia)

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2020 KPMG LLP, a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved. NDP113124

The KPMG name and logo are registered trademarks or trademarks of KPMG International.