The HSBC workplace response to COVID-19 in Hong Kong and Asia Pacific region
Marcus Bowen - Corporate Real Estate – Asia Pacific – October 2020
Scope

- **Part 1** - HSBC occupation of office space pre-COVID and how corporate policy and Government regulations changed patterns of working forever in Asia: January to September 2020.

- **Part 2** - HSBC’s business occupiers change in thinking around the role of the office and what this means for workplace design, space use and relationship between them and workplace practitioners.

- **Part 3** - Lessons learnt from the experience to date and some thoughts on the future of workplace in the fast evolving and digitally transforming banking sector.
No big surprise ...
Human Adapted Influenza 'A' Timeline

- H1N1 Spanish Flu
- H2N2 Asian Flu
- H3N2 'Hong Kong Flu'
- Novel H1N1
- H1N1 Russian Flu

Source: May 30, 2010 Blog post: The Avarian Flu Diary
https://afludiary.blogspot.com/2010_05_01_archive.html
It has been 17 years since the SARS outbreak, the nightmare that SARS brought us gets again mentioned recently a lot along with the outbreaks of a similar respiratory virus first found in Wuhan China. When the public compares the new virus to SARS, I hope that it makes sense to refresh them with the actual timeline and case numbers of what SARS has incurred.

Zheng Gong January 22, 2020
Ap Lei Chau - population density of 66,755 people / km², and making it the second most densely populated island in the world.

February 2020

Managing expectations
Reported covid-19 cases* and air-travel volume

- More cases than expected
- Singapore
- Korea
- Japan
- Cases predicted by authors’ model
- Germany
- US
- Australia
- S. Korea
- Hong Kong
- Fewer cases than expected
- Canada
- France
- Vietnam
- Malaysia
- Britain
- Indonesia

Daily passengers from Wuhan

Source: De Salazar & Niehus et al., 2020 *On Feb 4th 2020

The Economist


September 2020
Part 1  Occupation of office space pre-COVID and how corporate policy and Government regulations changed patterns of working forever in Asia: January to October 2020.
Occupancy Pre-COVID
‘Baseline’
HSBC OpenWork

Openwork is CRE’s strategic initiative to drive various agile ways of working whilst embedding flexibility in our physical assets and so accommodate evolving business needs and support a more productive day at work for our employees.

3 Layers of ‘Transformation’

1. **Behavioural change** – advocating flexible work and unallocated seating.

2. **Technology** – investing in the right technologies to future proof the environment, improve day to day convenience and security.

3. **Physical environment** - fit for purpose, to underpin desired behaviours and cultural change.
Operational Intelligence
(data driven decision making)

- Office Working (Ethernet + WiFi)
- Remote Working (VPN)
- Building Access (‘badge’)
- Person ID + MAC Address

Dashboards:
- Exec Metrics
- Exec Trends
- Opportunity Trends
- Space by Building

Utilities Consumption (FM data)
Workplace Settings (sensors)
Meeting Room Use (VC data)
Desk-Room Booking (registration)
Mobile Phone (telecom data)
Part 2

Business occupiers change in thinking around the role of the office and what this means for workplace design, space use and relationship between them and workplace practitioners.
Banking 4.0
Digital Transformation of Banking

Changing Workstyles
Knowledge worker collaborations, workgroup computing, video conferencing

More for Less $
Business cost-base pressures
‘Simpler, Better, Faster’
Challenging cost of occupancy

Pressure to Change
COVID-19

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Occupier Groups
- Global Banking & Markets
- Commercial Banking
- Retail
- Private Banking
- Finance
- Compliance
- HR
- Ops, Services, IT, etc.

Workstyles
- Office Worker
  (1-2 days home working)
- Flexible Office Worker
  (1-2 days home working)
- Regular Homeworker
  (3+ days home working)
- Permanent Homeworker
- 3rd Parties e.g. Contractors

IT Client Services Personas
- Knowledge Worker
- Service Provider
- Executive
- Customer Facing (in-person)
- Customer Facing (remote)
- Trader
- Developer / Engineer
- Creative
New Ways of Working = Business + Policy + CRE

Business
Business & Digital Transformation
+ working arrangements / enhanced productivity

New Ways of Working

Desk Sharing Ratio

CRE
OpenWork
Right Size, Type of Work Spaces

Fit for purpose workplace
Maximise Efficiency & Workplace Experience
H&S

COOs
Space Policies / Rules & Regulatory environment

Access, Sharing / Co-location, Remote Working

Enablers
- WoW Policies / Rules
- OpenWork Fit Out (Metroplans)
- Enhanced FM servicing

Critical factors
- Social Distancing Rules
- Building Limitations
- Enforcement of Policies / Rules

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- 100 HC to 100 Desks
- 100 HC to 80 Desks
- 100 HC to 60 Desks
- 100 HC to 50 Desks
Global Working Group - High level Terms of Reference
SteerCo / Global Working Group / PMO / SME Working Group / Regional Working Groups

ASP FoW Regional Working Group - High level Terms of Reference
- Define Regional Workplace principles for ways of working across the region
- Drive engagement and implementation in Region / Country
- Manage Interlock requirements with HR, Comms, Sustainability, HSE, Risk etc
- Work together to define integrated solutions and brief out to Regional / Country teams

ASP FoW Regional Working Group - New Ways of Working Principles
To support
- Optimisation of the way we work
- Compliance in the way we work
- Agility in the way we work
CRE Metrics that Matter + Workplace Charters

Safe Environments / Operations

Meet Budget Targets

CRE ‘Must Deliver’

Building Availability

Recover all direct Costs from the Occupiers

Comply with Workplace Charter

Note: Above key measures are not the full list. E.g. Non-Financial Risk Management, Corporate Social Responsibility, Trusted Business Relationships.
**Workplace Charters**

**Purpose?**
To define the key workplace operating principles. In effect, setting out all protocols necessary to operate ‘new ways of working’.

**Subjects?**
- **Metrics** – E.g. ratios of space allocations
- **Key Worker Roles** – definition, treated differently.
- **Priority Buildings** – tenure, locations etc.
- **Building Allocations** – who works where, where not and who decides.
- **Building Access Principles** – who can work in which building, when, whereabouts (zones).
- **Building Limitations** – Stay within Code
- **Customer Areas** – front/back of house demarcations
- **Collaboration Areas** – common use areas code of use.
  ... and more
Recharges
Rule No.1
Recover all direct costs from the Business Occupiers
Proportion of estate recharged on this basis, by $ direct cost per annum
‘Taxi’ = #SpaceAsAService

“#SpaceAsAService has two meanings.

First, it refers to space that is procured on-demand, whether by the hour, day, week, month or year.

But secondly, it refers to a workplace (however procured) that provides the spaces and services appropriate for the “job to be done” of every individual, as and when they need it.

…..Any company dependant on attracting, retaining and making productive high skilled employees WILL become #SpaceAsAService minded.”

Anthony Slumbers - Space as a Service: The Trillion Dollar Hashtag - January 14, 2019
https://www.propmodo.com/space-as-a-service-the-trillion-dollar-hashtag/
Part 3

Lessons learnt from the experience to date and some thoughts on the future of workplace in the fast evolving and digitally transforming banking sector.
Current ‘realisations’

**Competition** - The ability to withstand disruption of a pandemic is a competitive advantage.

**Business led** - Whilst CRE/Workplace have the ‘know how’, solutioning starts with the businesses and Group/ExCo. and involves HR, legal, IT and many more.

**Workplace KYC** - Knowing your customer is key. CRE needs more ‘workplace advisers’ inside the businesses (current ‘location’ may be wrong).

**Workplace skill sets** - Critical need to exploit the data and work with data science. In data we trust!

‘**Role of the office**’ – and hence its design, operation – is still being figured out *and cannot be rushed*.

**Less space** – We need less space in absolute terms ... and prove this using data and WFH analysis!

**But ...**

**Beware WHF asymmetries** – Just because someone enjoys WFH doesn’t mean they should and vice versa.

**Existence of false evidence** – COVID-19 response workstyles are not good indicators of a sustainable ‘best practice’.
**Next steps** - logically in this order?

**Governance & Standards**

‘Glocalise’ the Workplace Charters to all Territories, Entities. Socialise, make real, living, everyday.

Create a mechanism for evolution of Workplace Charters as new realities unfold, lessons are learnt.

Use the Workplace Charter to accelerate the adoption of OpenWork principles.

**Operational Intelligence**

Wider sharing and decision making on Operational Intelligence of workplace use.

Predicting demand based on behaviours and trends, in real time.

**Cost Management**

Adapt the space cost recharging model to the complexities of widespread co-location.

Space as a service - Offer ad hoc use of certain facilities on a ‘pay as you go’ basis (‘Taxi’).

**People / Social**

Focus on team dynamics and sustaining organisational culture in a virtual world.

Wider deployment of IT tools that support team working, cross functional collaboration.
The Fourth Industrial Revolution is coming

Powered by **Internet of Things** applied to the industry, combined with other technologies like BigData, Machine Learning and 3D printing.

Source: Forschungsunion, acatech, Abschlussbericht Arbeitskreis Industrie 4.0

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**Industry 4.0 ecosystem**

An ecosystem of partners provide advanced services to all participants.

*All machines with sensors, connected to a cloud platform*

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At HSBC, 87% of our global retail banking transactions are now digital.

H1 2019 investment into both growth and digital transformation

$2.2bn

Up 17% on H1 2018

The critical balance in banking of the future

Banking 4.0
<table>
<thead>
<tr>
<th>Bank Name</th>
<th>Joint Venture Between</th>
</tr>
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<tbody>
<tr>
<td><strong>Airstar Bank</strong></td>
<td>AMTD 香港</td>
</tr>
<tr>
<td><strong>PAO Bank</strong></td>
<td>Ping An Insurance &amp; Investment Services</td>
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<td><strong>WeLab Bank</strong></td>
<td>WeLab</td>
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<tr>
<td><strong>Fusion Bank</strong></td>
<td>Tencent, ICBC, Hillhouse Capital</td>
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<tr>
<td><strong>Ant Bank HK</strong></td>
<td>AMTD (HK)</td>
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<td><strong>MOX</strong></td>
<td>Ctrip, HKT, Standard Chartered, PCCW</td>
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<tr>
<td><strong>ZA Bank</strong></td>
<td>Ping An International</td>
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<td><strong>Livi VB</strong></td>
<td>China Bank of China, Jardines, JD.com</td>
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Download now
We are now on a pathway to answering 5 big inter-related questions:

1. **Role of the Branch** – Do we need physical branches and if so, what for, design etc.?
2. **Role of the Office** – What activities must happen in the office and hence the mix of space types?
3. **Data governance** – How to balance benefits of IoT/Al with needs of privacy and cyber-security
4. **War for Talent** – How does workplace design supports the talent management agenda?
5. **Culture** – How can physical workplace promote corporate culture in a hybrid world?
6.  ?
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