



Hyderabad Software Enterprises Association

RETURN TO OFFICE SURVEY

December 2020

HYDERABAD SOFTWARE
ENTERPRISES ASSOCIATION

WWW.HYSEA.IN

TABLE OF CONTENTS

EXECUTIVE SUMMARY.....	03
SECTION I	
• COMPANY SIZE ANALYSIS.....	04
SECTION II	
• NATURE OF BUSINESS.....	04
SECTION III	
• CURRENT WORK FROM OFFICE ANALYSIS.....	05
SECTION IV	
• CURRENT PRODUCTIVITY %	06
SECTION V	
• PLANNED FUTURE WORK FROM OFFICE ANALYSIS.....	07
SECTION VI	
• RETURN TO OFFICE MODEL.....	09
SECTION VII	
• OFFICE SPACE LEASE SITUATION.....	11
SECTION VIII	
• ISSUES OBSERVED DURING	12
DISCLAIMER	12

EXECUTIVE SUMMARY

We have completed three months since the last survey that focused on State of the Business as we were still under the intense shadow of the pandemic. As the cases in Hyderabad seem to decline, there is a talk of a potential second wave from authentic medical sources. Also, there is uncertainty regarding the vaccine availability and percolation, despite the huge progress made on that front. On the other hand, life on the roads, in malls, in tourist places and other areas seem to have nearly come back to normal going by the intense people movement and economic activity. In a way, as HYSEA predicted, we have now learnt to co-exist with the virus. But the WFH percentages for IT/ITeS industry continue to remain as predicted at around 90%+. In case of many large companies, it remains as high as 95%+. This situation is prompting every industry stakeholder – companies, employees, support services sectors, government etc – to ask the inevitable question. If and when IT/ITeS industry will start returning to office (RTO)? Can one predict a pattern? What are the leadership teams of some of the top global companies thinking? What are the conditions under which RTO(Return to Office) will happen if it happens at all? As the calendar year 2020 is winding down and many companies are in the planning stage for 2021, HYSEA felt it is the right time for another focused survey to get answers to these questions. Hence this survey.

SUMMARY OF SURVEY FINDINGS

One major finding from the survey is that Return to Office will be very gradual and will peak towards the end of 2021 with almost no perceptible change by end of March 2021. In any case, RTO will never be 100%.

Many large companies have reported that a significant percentage of their employees are working from outside Hyderabad (native places). This data confirms what has so far been a public perception. RTO will become that much more time-consuming and complex considering the reverse migration that needs to happen in large numbers.

Productivity continues to be very high, despite many large companies reporting that work environment at home is the single largest factor impacting WFH.

Most large companies have managed the employee well-being and inclusivity well with very few observations here and there. This shows the resilience of the industry.

Majority of the companies have not anticipated any increased office space requirement post-RTO. A small percentage anticipated 10-20% increase. The perception that double the current space is required in future is not getting justified by the data.

Some large Indian IT/ITeS companies are seeing client imperatives driving them towards RTO. And some of them have even said RTO could be made mandatory when the time comes. But GICs took a more expected approach of voluntary RTO and more of vaccine availability driving their decision making because of lack of client imperatives.

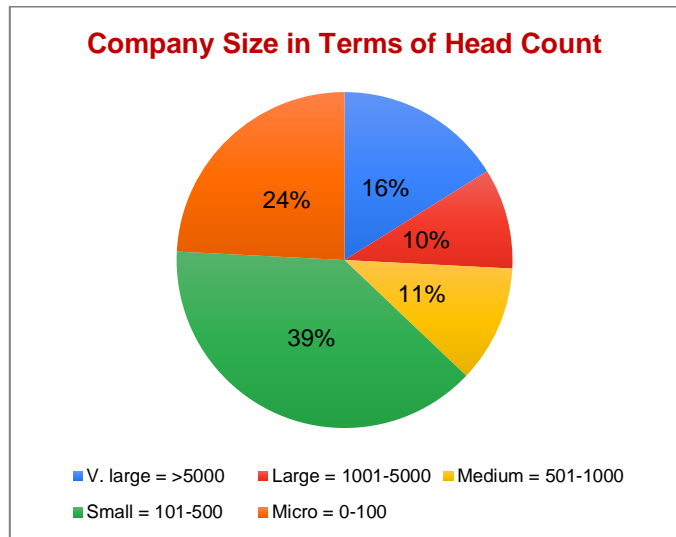
HYSEA thanks all respondents for their sincere responses which helped paint a complete industry picture.

SECTION I.

COMPANY SIZE ANALYSIS:

The distribution of the employee headcount of the participating companies is defined Micro(0-100 employees), Small(101-500 employees), Medium (501-1000 employees), Large (1001-5000) and Very Large as employees greater than 5000:

Employee Count	No. of Companies
0-100 (MICRO)	24%
101 – 500 (SMALL)	39%
501-1000 (MEDIUM)	11%
>1000 (LARGE)	10%
>5000 VERY LARGE	16%

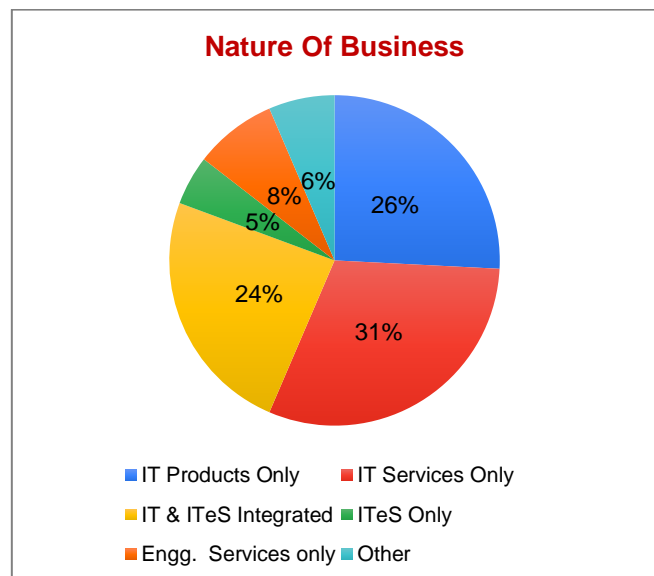


SECTION II.

NATURE OF BUSINESS

The participating companies are primarily form five groups based on the nature of the business: **IT Services only, IT Products only, Engineering Services, IT and ITES Integrated and IT enabled Services.**

Nature of Business	% of Companies
IT PRODUCTS ONLY	26%
IT SERVICES ONLY	31%
IT & ITES INTEGRATED	24%
ITES ONLY	5%
ENGG. SERVICES ONLY	8%
OTHER	6%

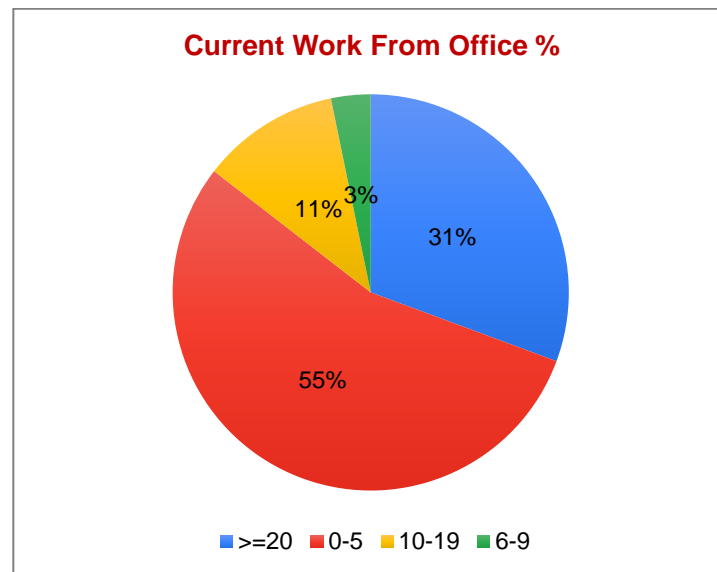


SECTION III.

CURRENT WORK FROM OFFICE(WFO) ANALYSIS:

Across the Industry, nearly 31% of companies are saying that greater than 20% or more of their workforce is working productively from office while 55% of the companies have less than 5% of the workforce working from office. The respondents include all sectors of the IT Industry, including IT Services, IT Products and IT enabled Services. Compared to the previous survey, the WFO percentage has clearly increased. But it is interesting to note that nearly 75% of large & very large companies have reported WFO% as 0-5%. Considering the sizeable employee headcount of these companies, it is safe to assume that an overwhelming majority of employees are still working from home.

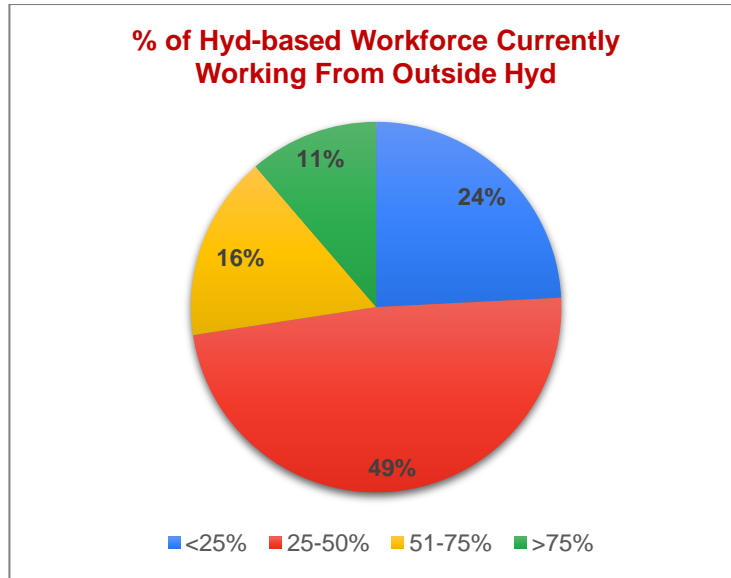
Industry Wide - Current WFO% as on the date of this survey	
WFO%	% of Companies
0-5%	55%
6-9%	3%
10-19%	11%
>=20%	31%



PERCENTAGE OF HYD-BASED WORKFORCE CURRENTLY WORKING FROM OUTSIDE HYD (SUCH AS THEIR NATIVE PLACES)

More than 50% of the companies have reported more than 25% of their Hyderabad based workforce operating from outside Hyderabad. While 25% of the companies have more than 50% of their workforce operating from outside Hyderabad. More than 50% of large and very large companies have reported that 25% or more of their employees are working from outside Hyderabad. In some cases, it is more than 50% of employees. It is tough to predict when (and if) such a massive workforce will return to Hyderabad.

Industry Wide - % of Hyd based workforce currently working from outside Hyd	
	% of Employees
<25%	24%
25-50%	48%
51-75%	16%
>75%	11%

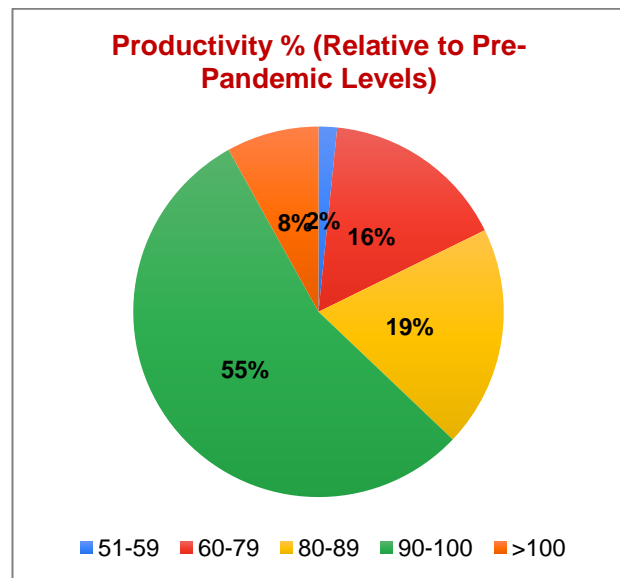


SECTION IV.

CURRENT PRODUCTIVITY % (RELATIVE TO PRE-PANDEMIC LEVELS)

More than 63% of companies report a productivity levels greater than 90% relative to the pre-pandemic levels. In case of large and very large companies, nearly 100% responded saying that the productivity levels are greater than 90% - and in some cases, > 100% !

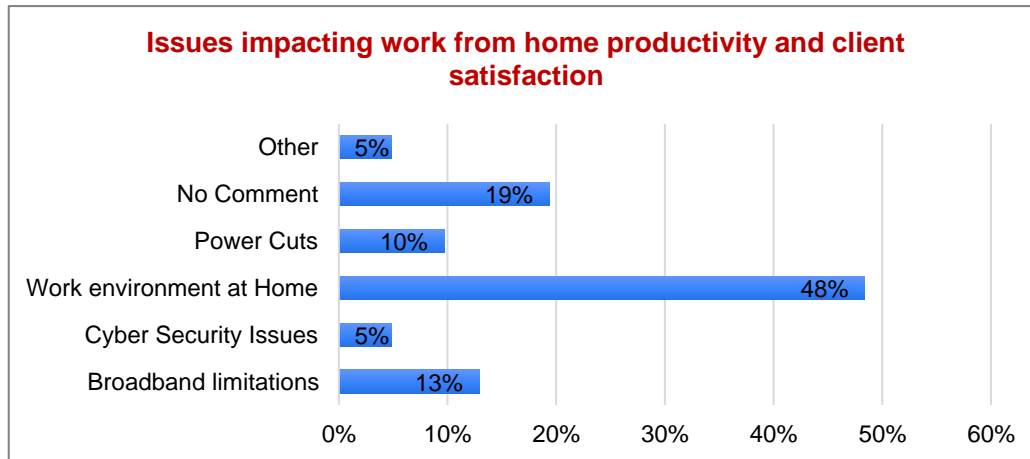
Current Productivity %	% of Companies
51-59	2%
60-79	16%
80-89	19%
90-100	55%
>100	8%



ISSUES IMPACTING WFH PRODUCTIVITY AND CLIENT SATISFACTION AT PRESENT

The single largest issue impacting the work from home productivity and client satisfaction is the work environment at home. This response came from nearly 40% of large and very large companies as well.

Issues impacting WFH productivity and client satisfaction at present:	%
Broadband limitations	13%
Cyber Security Issues	5%
Work environment at Home	48%
Power Cuts	10%
No Comment	19%
Other	5%



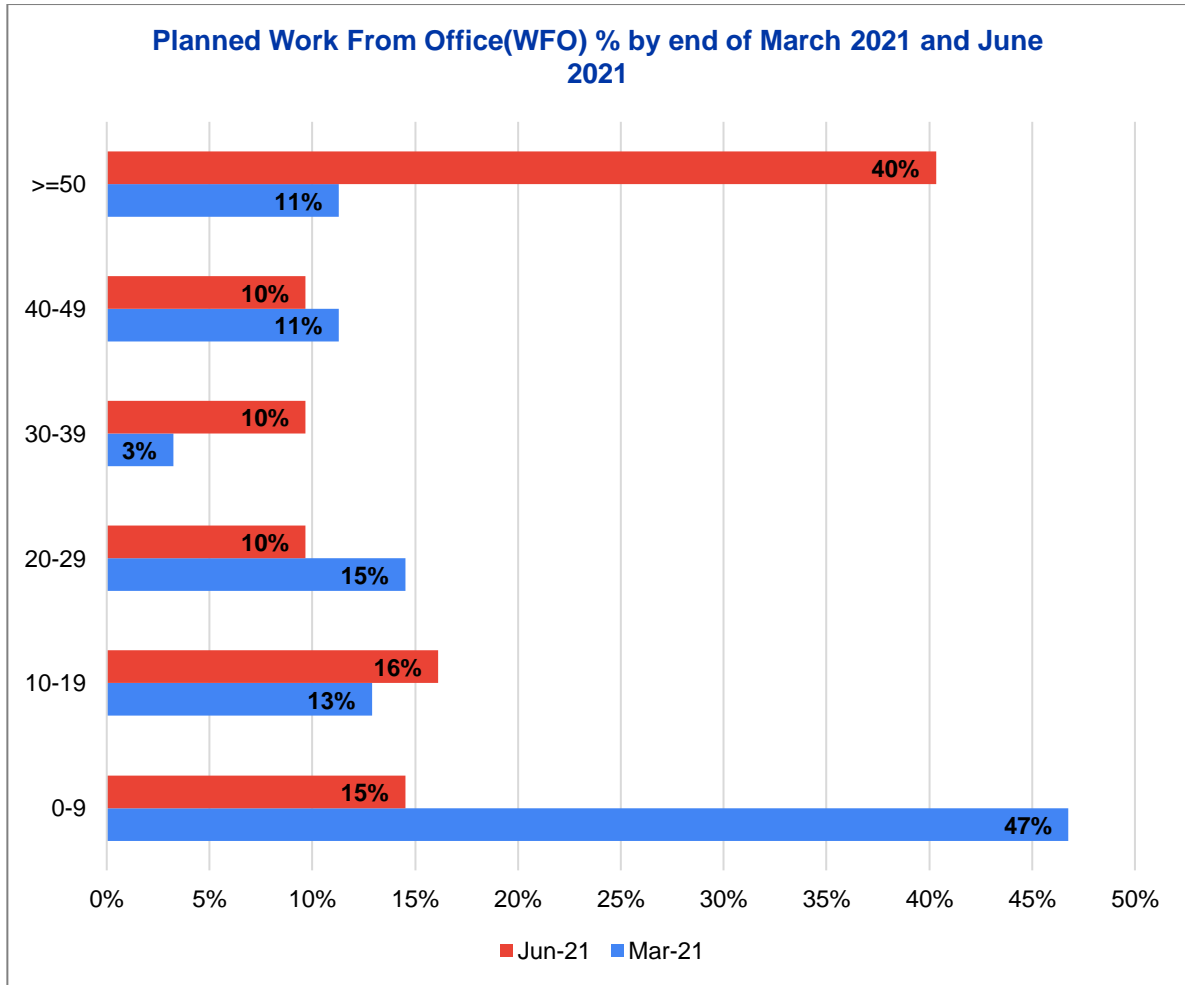
SECTION V.

PLANNED FUTURE WORK FROM OFFICE(WFO) ANALYSIS - % BY END OF MARCH 2021 AND JUNE 2021

Industry wide 60% of the companies plan to have less than 20% of their workforce operating from office by end of March 2021. But there will be significant increase of 40% in work from office(WFO) numbers by end of June 2021. Nearly 75% of large and very large companies are planning only 0-9% employees working from office by end of March 2021.

By June 2021, this WFO percentage is touching >20% and in quite a few cases, WFO is expected to touch >30%. By December 2021, the representative WFO% for large and very large companies is 50~70%. The important point to note is – no one responded saying 100% WFO will return.

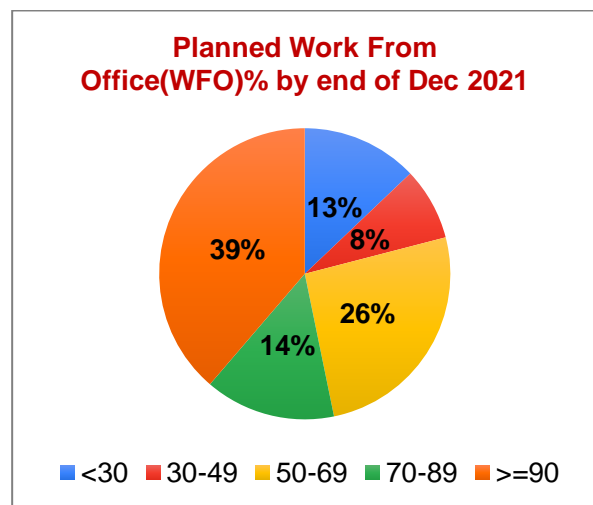
WFO %	WFO% by March 2021	WFO% by June 2021
0-9	47%	15%
10-19	13%	16%
20-29	15%	10%
30-39	3%	10%
40-49	11%	10%
>=50	11%	40%



PLANNED WORK FROM OFFICE(WFO)% BY END OF DEC 2021

More than 55% of the Industry plans to increase Work from office percentages to greater than 70% by Dec 2021, with more than 39% planning to increase to greater than 90% WFO.

WFO %	WFO% by December 2021
<30	13%
30-39	8%
50-69	26%
70-89	15%
>=90	39%

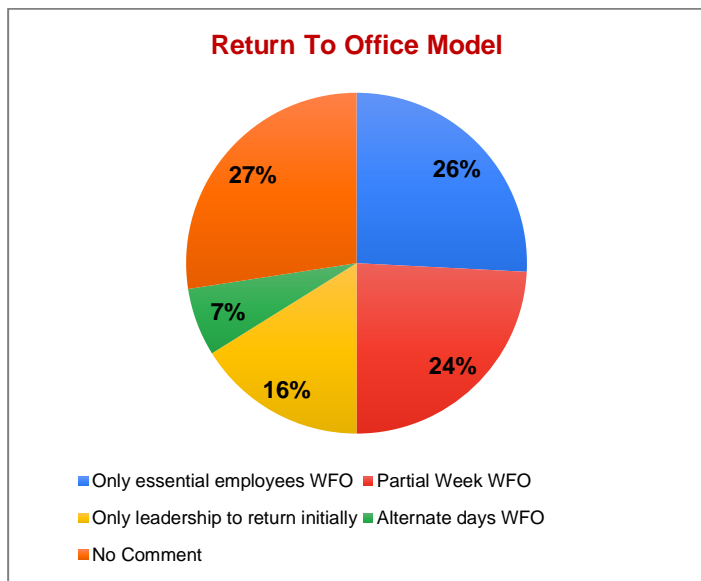


SECTION VI.

RETURN TO OFFICE MODEL

The two preferred models for return to work for the Industry are: Only essential employees to Work from office(WFO) and Partial Week WFO. A quarter of the Industry has not commented on their return to office models. Nearly 75% of large and very large companies have responded saying they prefer only essential employees / leadership to work from office and / or implement partial work week system.

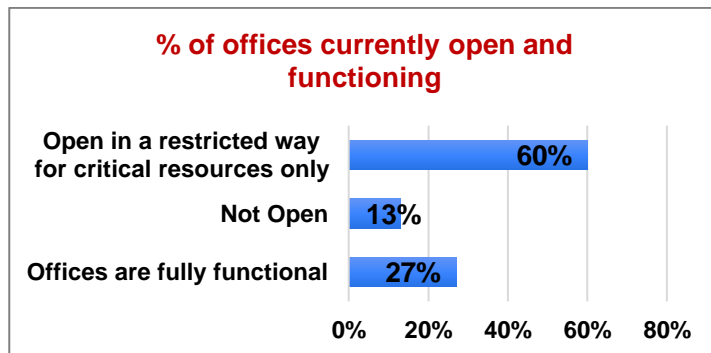
Return to office model	% of Companies
Only essential employees WFO	26%
Only leadership to return initially	16%
Alternate days WFO	6%
Partial Week WFO	24%
No Comment	27%



OFFICES CURRENTLY OPEN AND FUNCTIONING

Currently 60% of the offices are open in a restricted way for critical resources only though a significant 27% offices are fully functional in a normal way.

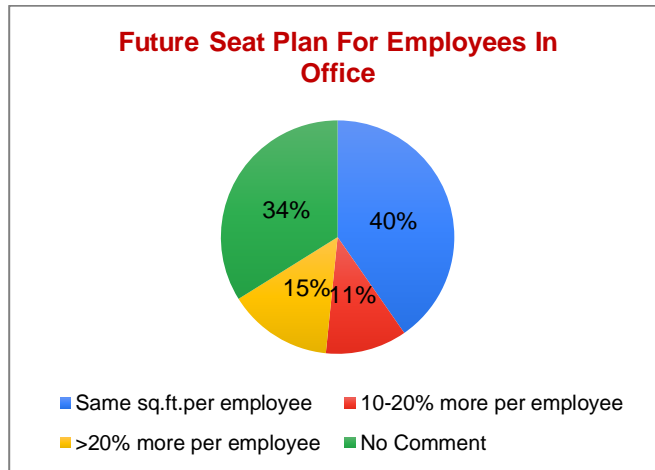
	% of offices currently open and functioning
Offices are fully functional	27%
Not Open	13%
Open in a restricted way for critical resources only	60%



FUTURE SEAT PLAN FOR EMPLOYEES IN OFFICE

Industry wide 40% of companies do not foresee an increase in office space requirement per employee. 11% of the companies expect 10-20% increase. Similar numbers hold good for large and very large companies. Many did not wish to comment as things are still fluid.

Future seat plan for employees in office	% of Companies
Same Sq.ft per employee	40%
10-20% more per employee	11%
>20% more per employee	15%
No comment	34%



REASONS FOR PLAN TO GET EMPLOYEES BACK TO OFFICE

Some very large companies have said client imperatives will drive them to increase WFO in 2021. Most of the other companies said vaccine availability and increased confidence in managing incidents at workplace will be the reasons. These are mainly GICs.

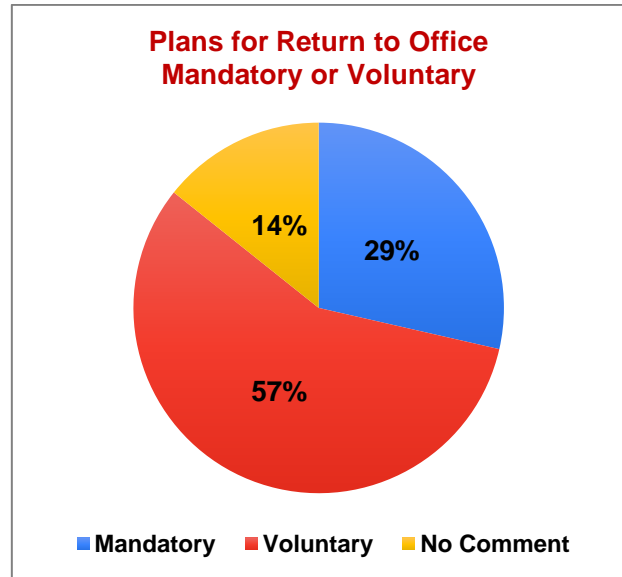
Reason	Percentage
Increased Confidence in managing incidents at workplace	18%
Believe that vaccine will be available by then	44%
Low productivity in WFH	15%
Client Imperatives	10%
No comment	15%



PLANS FOR RETURN TO OFFICE VOLUNTARY OR MANDATORY

Interestingly, nearly 29% of Large and Very Large (LVL) companies have said that return to office, when implemented, will be mandatory. As expected, many in line with global policies, have said it will be voluntary.

Plans to return to office	% Companies
Mandatory	29%
Voluntary	58%
No Comment	15%

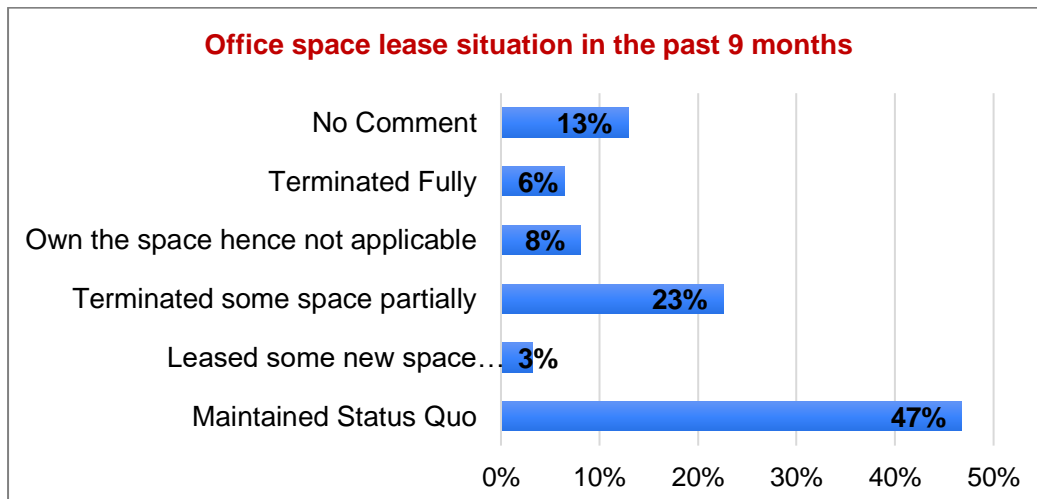


SECTION VII.

OFFICE SPACE LEASE SITUATION - IN THE PAST 9 MONTHS

Only 20% of the LVL(large and very large) companies have terminated some office space in the last few months. Majority have held on to status quo.

Office space lease situation	% Companies
Maintained Status Quo	47%
Leased some new space anticipating growth	3%
Terminated some space partially	23%
Own the space hence not applicable	8%
Terminated Fully	6%
No Comment	13%



SECTION VIII.

ISSUES OBSERVED DURING THE PROLONGED WFH PERIOD

Only very few cases of stress and inclusivity issues were observed during the prolonged WFH. Many companies handled the situation well with proactive measures.

WORKPLACE MODELS

Contrary to the analysts' predictions, almost no one among the large and very large companies mentioned plans for any hub-spoke model in the medium term.

END OF REPORT

Disclaimer

This survey is confidential and solely intended for CEOs/Center heads of HYSEA member companies and is not meant for further distribution. This survey provides a general understanding of the current situation the IT/ITES Industry is facing in Hyderabad, and should not be used for making business, legal or any other decisions. The percentages and ranges shown in the survey are subject to standard statistical sample errors



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