



WHITE PAPER

# How Work Influences Commercial Real Estate and Hybrid IT Decisions

# Introduction

Hybrid work and flexible work schedules are here to stay, and they are transforming commercial real estate. Near ubiquitous connectivity enables employees to work from virtually anywhere. In many industries, employees are just as productive, if not more productive, when they can decide when and where their work gets done. Research supports this new norm – 87% of large companies with 10,000 or more employees say they will be adopting hybrid work and 85% of respondents say they would prefer to work virtually at least two to three days a week going forward, according to global commercial real estate services company CBRE.<sup>1</sup>

Space optimization plans need to consider culture, collaboration and connection enabled by the digital infrastructure. To help unify conversations and facilitate planning, CoreSite works with organizations like CBRE, AWS and VMware. CBRE's commercial real estate experts help clients identify the right hybrid work and workspace optimization models. CoreSite, AWS and VMware offer digital infrastructure solutions that fit into the increasingly popular hybrid IT approach.

Commercial real estate footprint strategies involve many people on the space planning/workforce side of the discussion with several options on the IT side. Let's see if we can help you streamline the decision process.

# Why the C-Level Is Involved in Commercial Real Estate Decisions

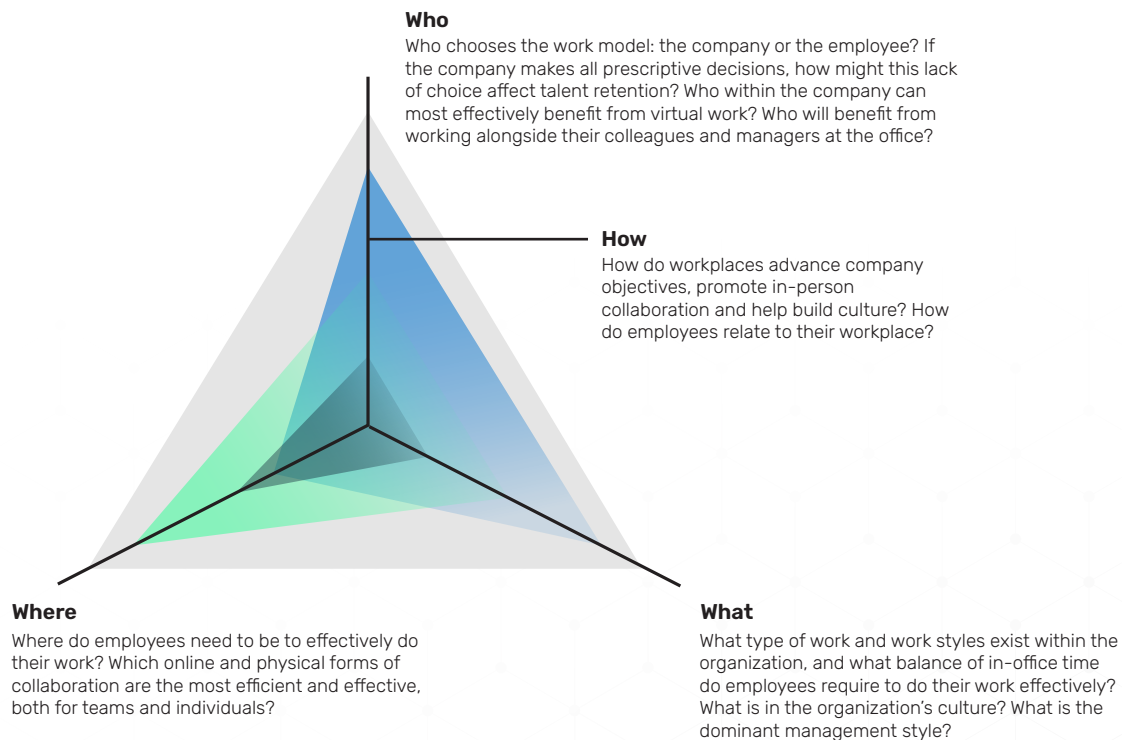
Before the pandemic, facilities managers generally made decisions about how much space and which types of space to occupy. During the pandemic, when work from home (WFH) shifted into high gear, space decisions turned into labor discussions about WFH and work from office (WFO). Flexibility (bend without breaking) and agility (quick response and adaptability) – “flexagility” – became a top and continuing priority. The shift brought the C-level into planning discussions, which include questions such as:

- **What is our core space and how is it used?**
- **What is our remote work policy?**
- **Which kinds of workspaces do we need?**
- **How can technology help us achieve flexagility?**

Maximum occupancy standards are no longer the rule of thumb for determining space requirements. And enterprises are taking advantage of other options more than ever before to support growth and flexagility. For example, third-party “flex” workspace providers like WeWork and Regus, hub-and-spoke models (a downtown/central office with commute-friendly suburban offices) and hybrid IT.

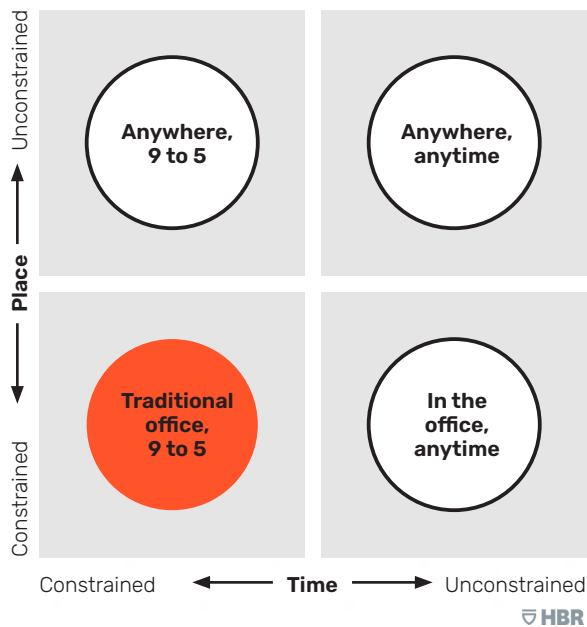
# Achieving Flexagility with the Right Footprint Strategy

CBRE built a framework for understanding unique business needs and implementing hybrid work.<sup>2</sup> It focuses on the where, what, who and how of workspaces. Answers to the questions posed in the framework help enterprises design and implement a customized model situated somewhere on the spectrum of “office-first” to “virtual-first.”



A “Framework for Understanding Hybrid Work” developed by CBRE to help define a hybrid work model for your enterprise.

What should you keep in mind when you implement your WFH/WFO model? The *Harvard Business Review* says, “to design hybrid work properly, you have to think about it along two axes: place and time.”<sup>3</sup> This perspective involves consideration of jobs and tasks, employee preferences, projects and workflows, and inclusion and fairness.



*Harvard Business Review's Place and Time in the Hybrid Work Model*, developed to help you determine the right WFH/WFO balance.

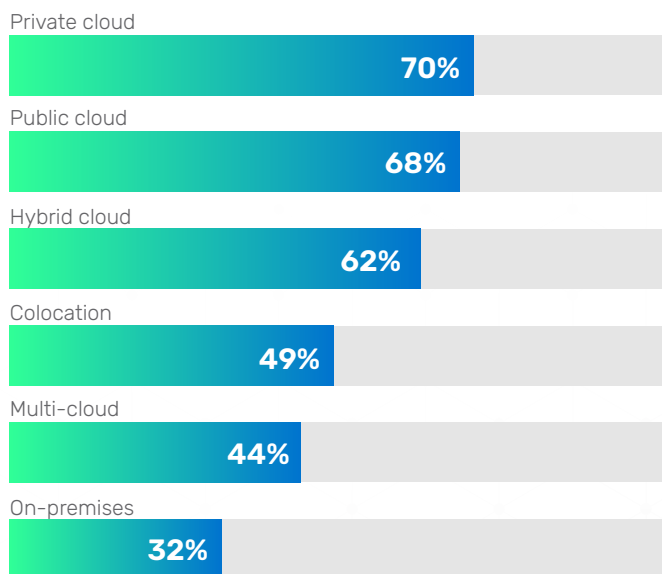
CBRE believes that supporting a modern workforce can be best accomplished when you keep these principles in mind:<sup>4</sup>

1. Employees value flexibility and the ability to balance their professional and personal lives more freely
2. The digital infrastructure to support virtual work is already available
3. There is widespread agreement among employees and companies that different kinds of work are best done in different types of spaces

# Speaking of Digital Infrastructure, Here's the Hybrid IT Part

You know the real estate mantra: location, location, location. In view of hybrid work, the mantra takes on new meaning as businesses adopt hybrid IT to support hybrid work. A hybrid IT infrastructure can draw on private cloud, public cloud, hybrid cloud, multicloud, on-premises and/or colocation. As you see, the breakout in Figure 3 shows on-premises data centers at the bottom while colocation and hybrid cloud are in the middle.<sup>5</sup>

## Infrastructure Mix - What Today's Organizations Are Using



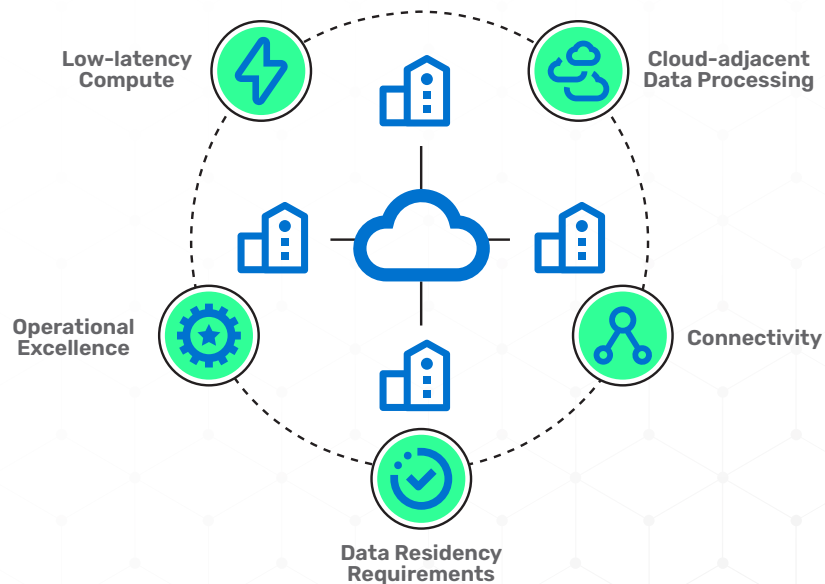
Colocation helps enable infrastructure capable of supporting hybrid work strategies.

Colocation is climbing up the ladder, in part because it can simplify the implementation of hybrid and public cloud solutions by providing access to an ecosystem of organizations that enable hybrid work: cloud service providers, network providers, SaaS services, systems integrators and business partners such as streaming and unified communication-as-a-service (UCaaS) collaboration providers.

A hybrid IT approach supports flexibility because organizations can satisfy many requirements, including:

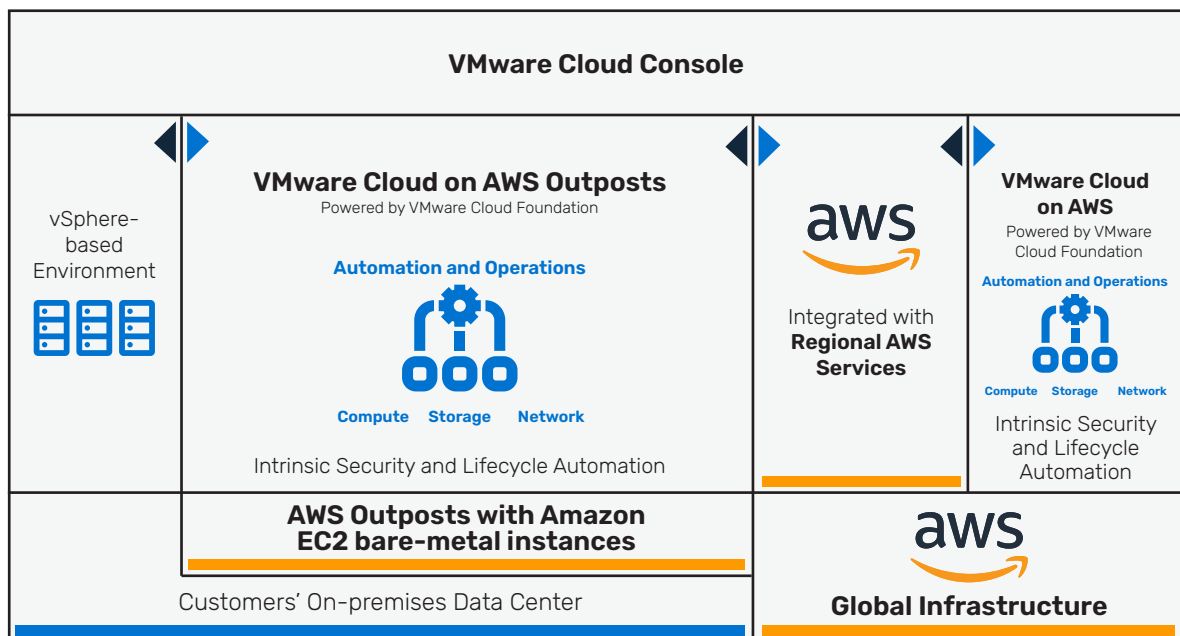
- **Ability to place applications and workloads where they make the most sense based on use case**
- **Variety of cost structures – CapEx, anything-as-a-service and OpEx**
- **Cost reduction based on certain colocation capabilities such as direct connection to cloud service providers (CSPs) and substantially lower cloud egress fees**
- **Better, faster access to data by remote workers – for example, a colocation data center reduces latency and performance issues while increasing data protection by avoiding the internet**
- **Expansion into new markets through colocation interconnection capabilities**

But let's be specific. One solution that helps enable hybrid work is AWS Outposts – a turnkey, managed service installed and connected by AWS personnel to the appropriate AWS region and your local networks. It's a scalable rack of servers that creates pools of compute and storage capacity. When an AWS Outpost is deployed in a CoreSite colocation data center, you can connect to AWS services through a CoreSite AWS Direct Connect or a virtual private connection (VPC) across a robust public internet connection.



Colocation helps enable infrastructure capable of supporting hybrid work strategies.

For customers who operate their data centers using VMware's Virtualization technology software, another CoreSite colocation space option is VMware Cloud on AWS Outposts. VMware Cloud on AWS Outposts is a Hybrid Cloud infrastructure subscription service based on AWS Outposts hardware and VMware's software-defined data center (SDDC) technologies. This solution provides a fully managed infrastructure service which includes services and support, VMware software and tools, and a custom sized infrastructure for the term of the contract. VMware Cloud on AWS Outposts also provides customers with the ability to leverage AWS's Cloud Native services to further modernize their IT and move forward with their digitalization initiatives.



VMware Cloud on AWS Outpost provides an VMware-consistent, inclusive, cloud-class IaaS service environment.



# Hybrid Work and Hybrid IT Next Steps

Thinking about how to best utilize your real estate as workforce preferences and enterprise needs change? Here are a few resources:



Read CBRE [case studies](#) and find out more about how CBRE assesses hybrid work requirements and recommends a hybrid work model.



To learn about colocation, read a [white paper](#) that explains why placement of your IT infrastructure helps future-proof your business.



Not completely clear on what hybrid IT entails and why 82% of enterprises are taking a hybrid approach?<sup>6</sup> Check out this [blog](#).

## References:

1. CBRE, The Next Normal, How Hybrid Work is Transforming Commercial Real Estate, 2021
2. Ibid
3. *Harvard Business Review*, How to Do Hybrid Right, May-June 2021
4. CBRE, The Next Normal, How Hybrid Work is Transforming Commercial Real Estate, 2021
5. IDG, State of the Data Center: Colocation Is the Nexus for Hybrid and Multi-Cloud IT-Driven Business Success, 2021
6. Flexera, 2021 State of the Cloud Report

# About CoreSite

CoreSite, an American Tower company (NYSE: AMT), provides hybrid IT solutions that empower enterprises, cloud, network and IT service providers to monetize and future-proof their digital business. Our highly interconnected data center campuses offer a native digital supply chain featuring direct cloud onramps to enable our customers to build customized hybrid IT infrastructure and accelerate digital transformation. For more than 20 years, CoreSite's team of technical experts have partnered with customers to optimize operations, elevate customer experience, dynamically scale and leverage data to gain competitive edge.

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