

futureenterprise

2018 Future Enterprise Survey Results



Executive Summary

As work, business, and the economy continue to be transformed by emerging technologies and cultural shifts, Seyfarth is at the forefront of advising companies on the evolving business and legal opportunities surrounding these changes.

In 2018 we once again took the pulse of business leaders to see how they are adapting to this rapidly changing landscape.

Despite continued political divisions around the world, there is cautious optimism about the future. In the U.S. in particular, uncertainty surrounding the Trump administration's first year has passed, giving way to economic and stock market growth and a pro-business tax overhaul.

Business leaders who participated in our annual Future Enterprise Outlook Survey are more hopeful than last year, with 84 percent expressing this sentiment compared to 70 percent in 2017, and many feel confident the economic upturn will ultimately benefit their companies. Some are taking the opportunity to transform their work methods or launch innovative programs, while others have simply accepted that while change can be difficult, it is an inevitable and crucial part of staying competitive.

This year, respondents in sectors ranging from finance and technology to real estate and health care shared opinions on the changes and challenges their companies face. From talent readiness to cybersecurity, this report reflects today's top-of-mind issues for industry leaders across the country.

Optimism Abounds: One year ago, respondents to the first Future of Work survey were almost evenly split between those expecting “massive” changes and those predicting “moderate” changes. Now, nearly two-thirds describe the changes they see ahead as “moderate” (65 percent) indicating they are less worried about dramatic shifts in their industries and better equipped to adapt in terms of both mindset and technological readiness.

Talent Management Concerns: More than half (59 percent) of the people surveyed for this report echoed last year's greatest management challenge — finding and keeping good employees. Many other top concerns also centered on talent, including worker engagement, technology adoption, and cybersecurity. One noteworthy change: In keeping with national trends, 60 percent expect to use more independent contractors in the next five years, up from 45 percent last year.

Breach Concerns: With the near-constant news of large-scale data breaches, it is not surprising that this year's survey reflects a growing concern about the threat of hacking and data theft. This year's responses showed a steep rise in the number of respondents — 45 percent, as opposed to just 24 percent in 2017 — who feel cybersecurity will pose their greatest challenge in the next five years.

Innovation Is the New Black: Recognizing that innovation is a key component of business success, nearly half of the companies represented in the survey have formalized innovation initiatives such as task forces, committees, hubs, or laboratories.

Bearish on Bitcoin and Blockchain: Despite the media buzz about bitcoin and blockchain, less than 10 percent of respondents are currently using either, even among those companies with formalized innovation initiatives. Nearly 98 percent of respondents said they have no plans to make or accept payments with cryptocurrency in the next five years, and 94 percent said no to plans of using distributed ledger technology in the same time frame. We anticipate more companies embracing these technologies in years to come.

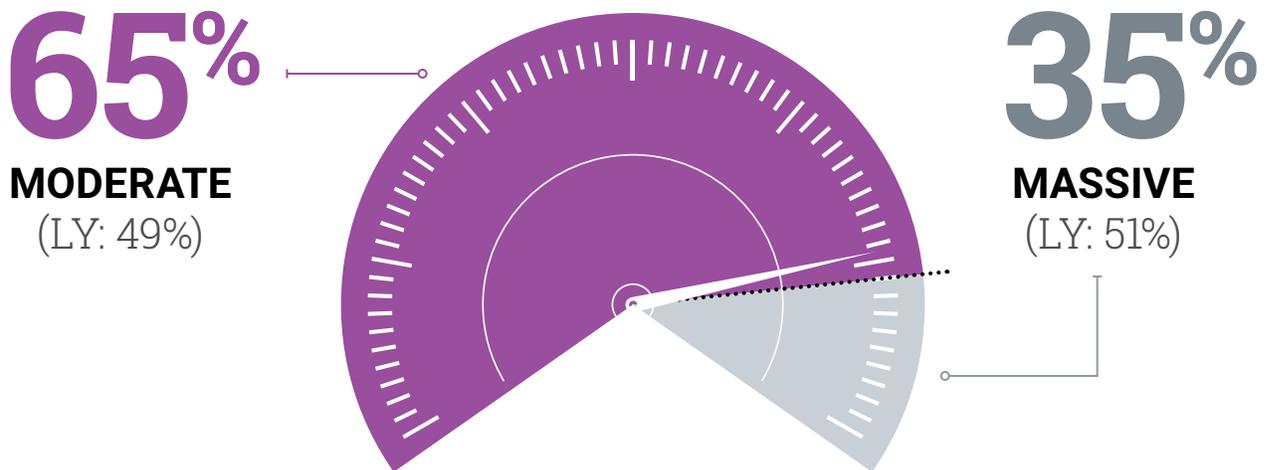
AI Improves Business Operations: Over the next five years, automation and artificial intelligence will have the biggest impact on business operations and processes, according to 62 percent of survey participants. This number exceeds the number who expect these technologies to impact their workforces or products. While some embrace the benefits of new technology for operations, two out of every five people (42 percent) say that adoption of new technologies is their greatest near-term management challenge.

“The world will continue to change, and we need to embrace this. These changes will help us become better as organizations.”

“The challenge will be to constantly ask oneself ‘what value do I bring’ and ‘what can I add.’”

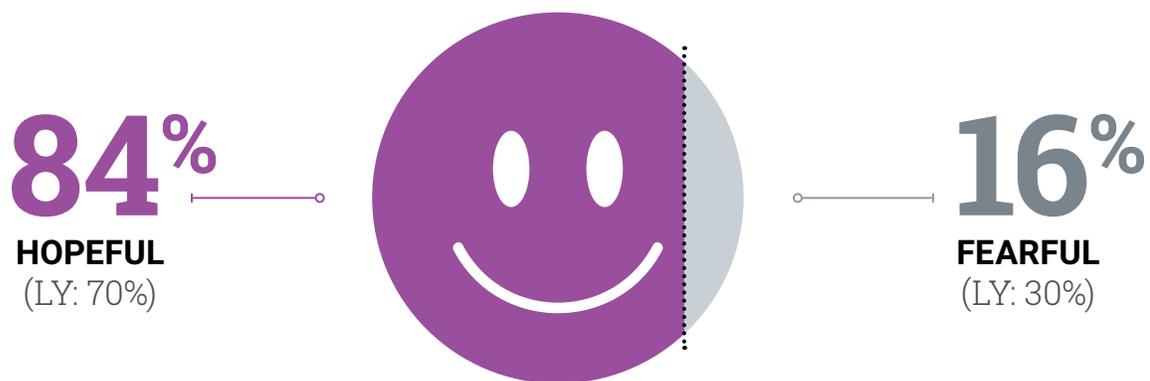
“We are helping employees to focus on creative solutions to problems, while technology can handle the more repetitive tasks.”

Q1: Which of the following best describes the type of changes the “future of work” will bring about for your business during the next five years?



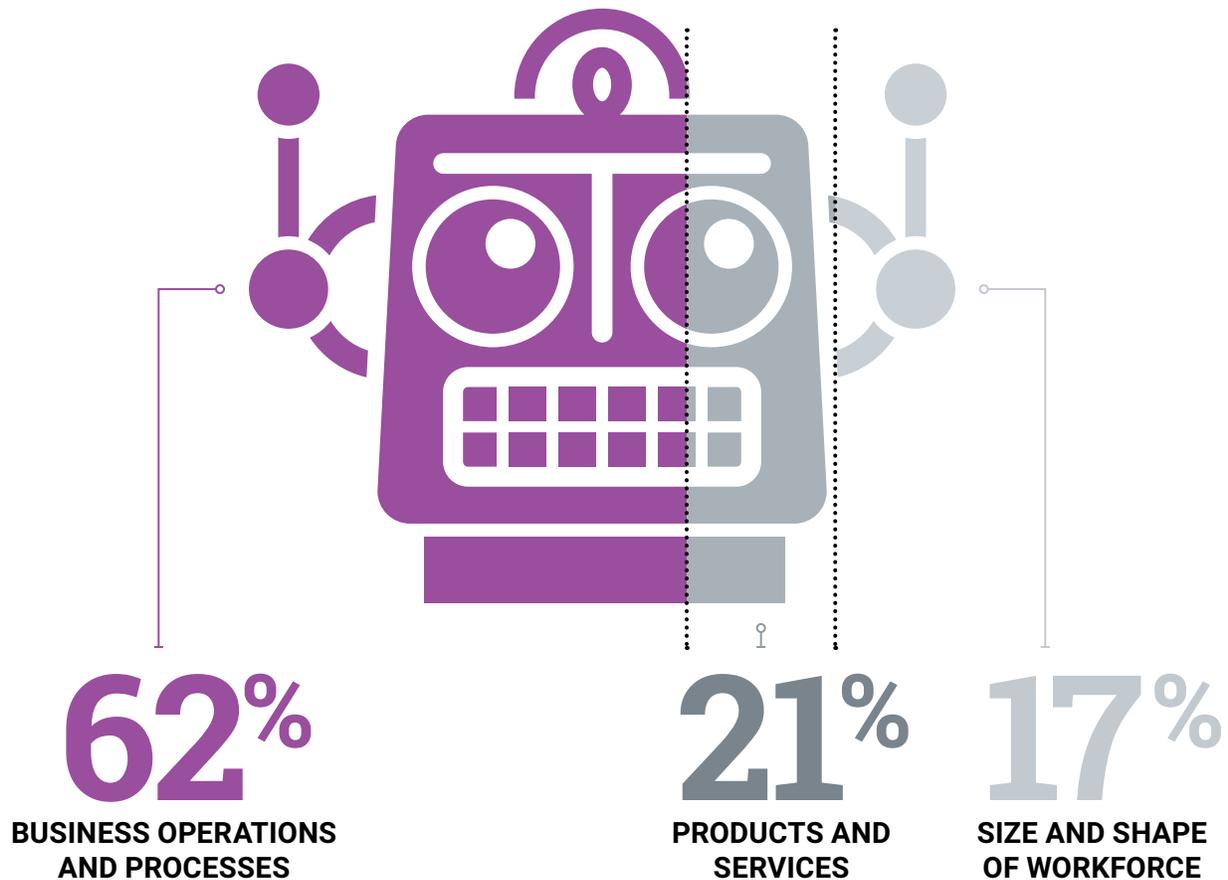
While last year’s respondents were evenly split on the size of the change in their future, after a year of digesting the impact of the future of work, significantly fewer are worried about dramatic shifts in their industries.

Q2: Do you feel hopeful or fearful about these changes?



Optimism is up in 2018, with a sharp rise in the number of respondents feeling hopeful about their ability to turn future-of-work changes into a business advantage.

Q3: In your opinion, which area of your business is most likely to be impacted by advances in robotics, including automation and artificial intelligence, in the next five years?

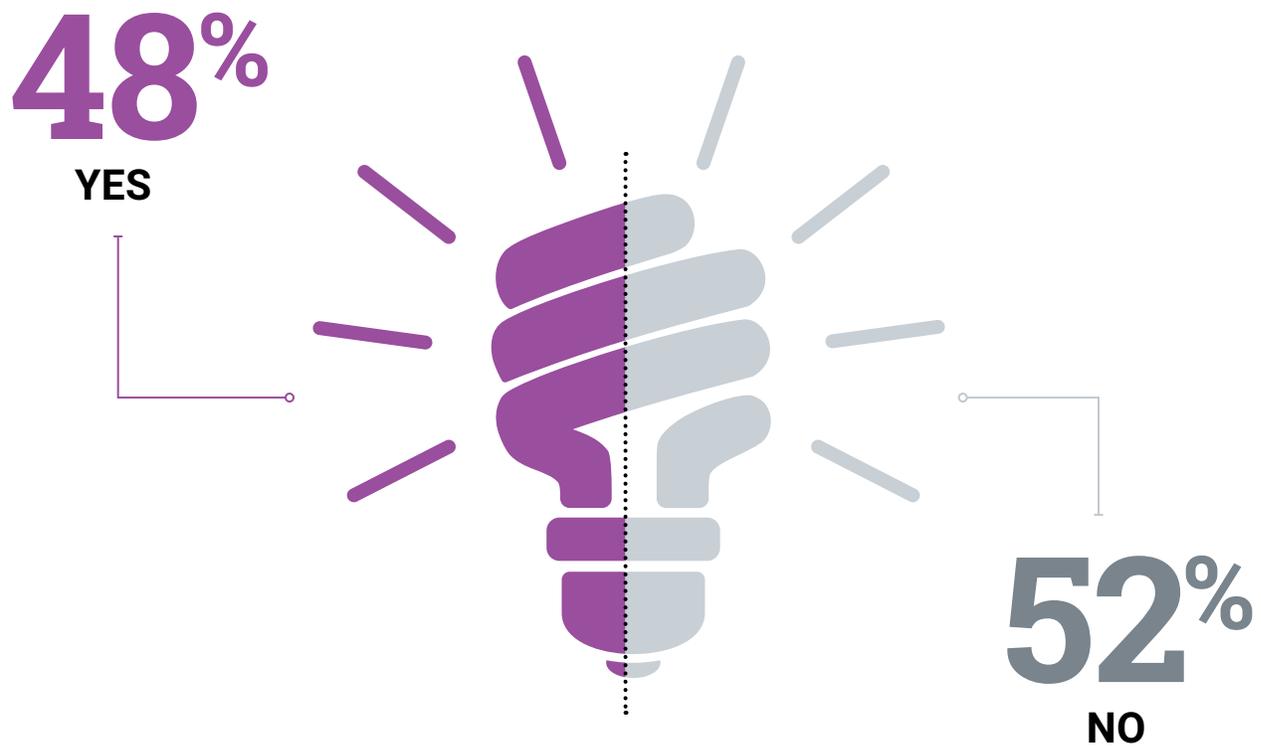


Continuing the optimism trend, respondents see great potential in how automation and AI will improve their business operations. As a whole, they are less concerned about the impact of hiring and re-training that may result.

“We are a smaller organization that could accomplish more if items were automated.”

“Hoping for increased efficiency and eliminating redundant work processes.”

Q4: Does your company have an innovation initiative, such as an innovation hub, lab, committee, or task force?

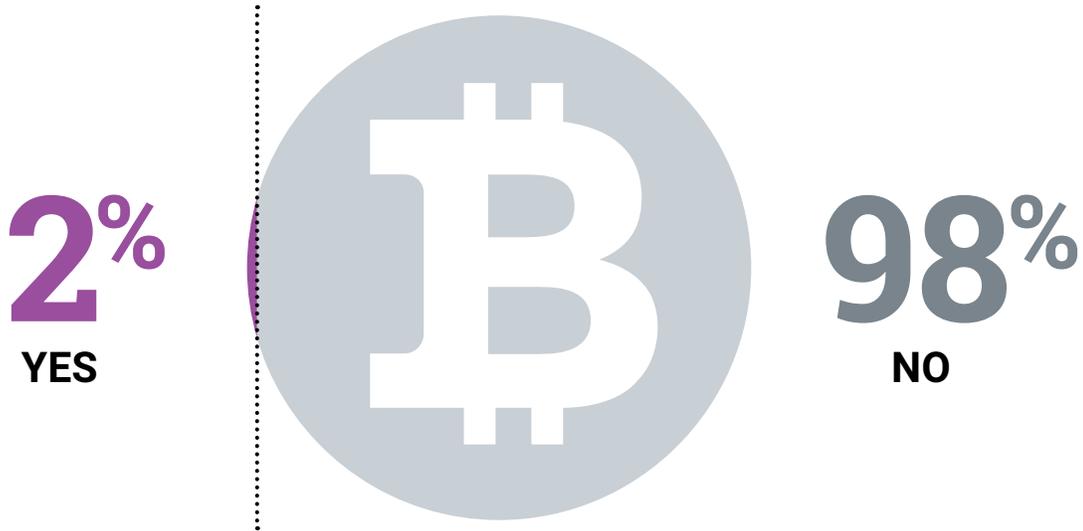


Mirroring general business trends, a significant segment of respondents is launching innovation initiatives to encourage and implement next-generation ideas, with more than half indicating these are in place. Those in the health care, financial, and IT sectors were most likely to indicate that innovation is being systematically integrated within their companies. Interestingly, respondents were bearish on two of the most buzzed-about innovation trends: **bitcoin** and **blockchain**. (Q5 and Q6)

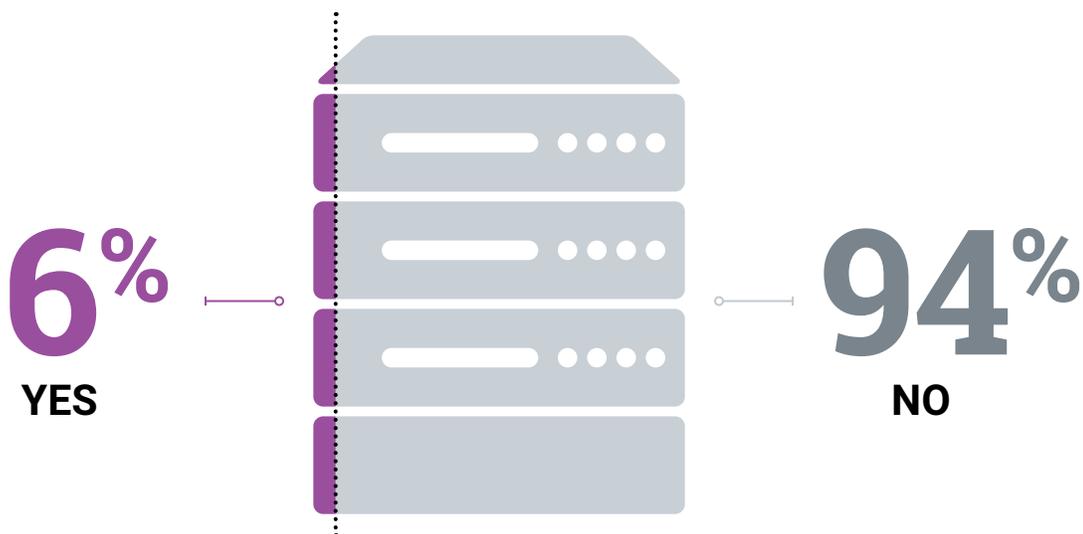
“We are having the right conversations and taking the right actions to prepare.”

“We have a plan of action with some specific goals that can be measured.”

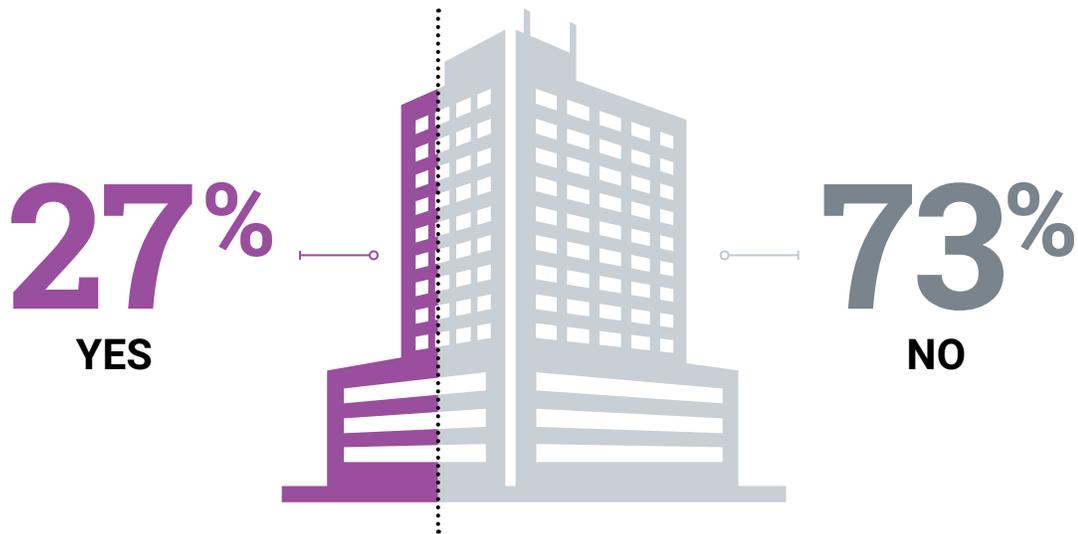
Q5: Is your company making or accepting payment via bitcoin, or planning to do so in the near future?



Q6: Does your company use distributed ledger technology (including blockchain)?



Q7: Do you expect the use of distributed ledger technology (including blockchain) will have an impact on your business?



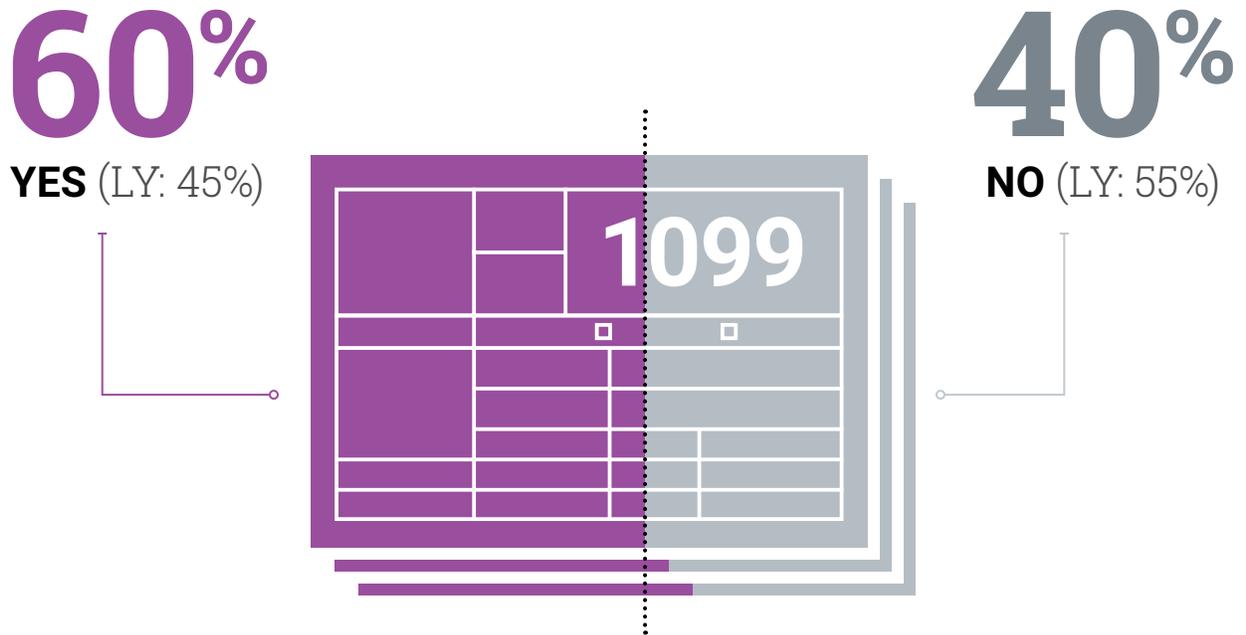
One in four respondents predicts the use of blockchain will have an impact on their business, a trend that will likely grow as the technology gains wider acceptance, particularly in the financial services industry.

Blockchain is a decentralized public digital ledger that records transactions between two parties across many computers efficiently and in a verifiable and permanent form.

Because the ledger is widely distributed through a peer-to-peer network, records cannot be altered retroactively.

Bitcoin is the best-known cryptocurrency, which is a digital form of payment that uses encryption to control its creation and distribution. Blockchain was invented to track bitcoin transactions.

Q8: Do you expect demand for independent contractors to grow in your organization during the next five years?

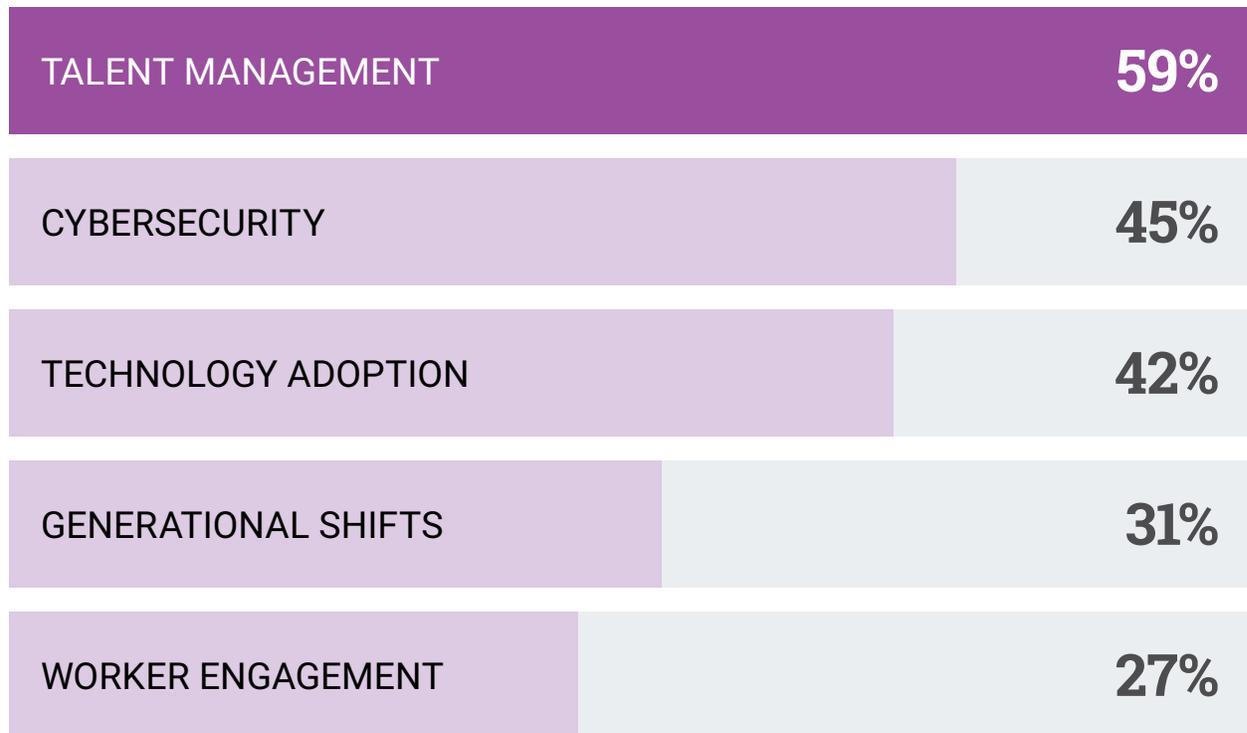


Respondents are embracing the on-demand workforce in a big way (60 percent), with a sizable shift away from last year's near split on future use of contract workers at their companies. All signs point to this trend increasing in coming years.

"The rise in qualified and talented freelancers has helped us redesign our service model."

"Using gig workers helps us supplement our in-house skillsets."

Q9: Which of the following poses the greatest management challenge to you and your organization during the next five years?



Talent management remains the top concern of respondents (59 percent) as they ready themselves for the future of work, with related issues such as technology adoption (42 percent), generational shifts (31 percent), and worker engagement (27 percent) also flagged as key issues.

Cybersecurity is a fast-growing concern for respondents, with nearly double the number of people flagging prevention of data breaches as a major near-term challenge, reaching 45 percent this year compared to 24 percent in 2017.

“The technology is changing in our product lines and we need the professional talent to remain competitive in our industry.”

“A big area that we will need to address is making sure performance is meeting the new expectations.”

Methodology

Seyfarth surveyed in-house legal and business leaders via an online survey for a three-week period between February and March 2018. A total of 193 respondents completed the survey. Respondents included General Counsel, Directors of HR, Associate General Counsel, HR Managers, Presidents, Senior Counsel, VPs, and a number of other roles. Verbatim responses were edited for length and clarity.

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