Out of Office: Potential $1.2 Trillion Opportunity in Improving Focus in Knowledge Work, Shows Study Commissioned by Dropbox

October 13, 2020 5:00 PM EDT

- *Workplace Distractions Cost U.S. Companies Nearly $400B in Lost Productivity, According to a Study Conducted by the Economist Intelligence Unit Commissioned by Dropbox*
- *Companion Survey Found Most Remote Workers Are More Focused at Home, Believe Benefits of Remote Work Outweigh Negatives*
- *Dropbox Announces Long-Term Virtual First Strategy*

SAN FRANCISCO--(BUSINESS WIRE)--Oct. 13, 2020-- Today, The Economist Intelligence Unit ("The EIU") announced the results of a research study commissioned by Dropbox (NASDAQ: DBX) analyzing the macroeconomic cost of lost focus, the level at which knowledge workers feel they can focus, and what helps and hinders them. In response to the abrupt shift to remote work among knowledge workers due to the COVID-19 pandemic, the EIU also conducted an accompanying survey on the impacts the transition has had on knowledge workers.

Dropbox also announced today its plan to become a Virtual First company, an approach that provides the increased flexibility of working in distributed teams while maintaining meaningful access to in-person engagement.

Costs of Lost Focus

Focused attention is one of the key components of a knowledge-driven economy, essential for creativity, problem-solving, and productivity. For many knowledge workers, however, the reality of their work days is a series of interruptions that prevent them from finding time for deep focus.

"Focus is the engine of knowledge work," says Michael Gold, EIU managing editor. "But increasingly people's work lives are fragmented by distractions that increase stress, cause errors, and prevent people from doing their best work. So we set out to identify and quantify the leading causes of distractions and the implications for US knowledge workers and the data showed that the leading causes of distraction are associated with being in-the-office. While the costs to US companies in lost productivity are substantial, there is also huge upside to helping knowledge workers find their focus."

The EIU found that 28% of working hours in knowledge work are lost to distractions in the US, an average of 581 hours per knowledge worker annually. Among the most taxing sources of distraction were face-to-face interruptions from colleagues about work-related tasks (cited by 34%), followed by checking, reading and responding to work-related email (29%) — with almost one-fifth of respondents checking email every few minutes and 70% checking it at least once an hour. Other sources of distraction included peripheral office distractions like phones ringing and background chatter (cited by 23%), mind wandering (23%), and work-related meetings (21%).

These disruptions translate to US companies losing $391 billion annually in lost productivity in the sectors analyzed, or roughly $34,448 in salary costs per knowledge worker, according to the EIU.

But there is also tremendous opportunity here. By improving employee focus, the EIU found that companies in the sectors analyzed stand to gain as much as $1.2 trillion in untapped employee output.

WFH is Working… But Has Some Downsides

The pandemic ushered in an abrupt shift to remote work almost overnight. The EIU undertook a survey centered on questions of focus, stress, collaboration and communication in remote work to gain understanding of how this unprecedented shift impacted knowledge workers. The results showed a smoother-than-expected transition, but also surfaced several challenges.

The majority of workers believe the benefits of remote work outweigh the drawbacks, with only 17% disagreeing with that sentiment. Similarly, 60% of workers found the transition to remote work "easy" (compared with only 25% who struggled). Specifically:

- Nearly half of workers said they can focus more when working from home, compared with less than a third who report either no change or diminished focus.
- 42% reported spending more time on deeply focused work.
- Engagement levels have also held steady or improved, with a third of respondents reporting they are more engaged with their work than before and roughly the same number experiencing no change in engagement.
- Eliminating office-based distractions is the second-highest reason for greater engagement with work, after relief from commuting.

But this survey also surfaced various challenges associated with the sudden shift to remote work, particularly around work/life boundaries, connection, and collaboration which have led to increased stress:

- Overall, workers responded that working hours and volume of work have both increased, as have the number of scheduled meetings (55% say more, 18% less) and volume of email (70% say more, 5% less).
- More than half of workers report that their work schedules have become less structured (52% vs 24% say it's more structured).
- Risk of miscommunication is higher in distributed work (52% say it happens more, 13% less), and it's considerably harder to start new projects with multiple collaborators while remote (59% agree, 17% disagree).

Importantly, the majority of workers (56%) agreed that company culture suffers during remote work, with only 20% disagreeing.

For full results and additional insights of both studies, please visit here.

Dropbox Goes Virtual First

We believe the EIU data shows the dramatic shift to remote work has largely been a success. The majority of employees already say they don't want to return to the pre-pandemic office schedule. But the drawbacks have been apparent as well, with many employees expressing a desire for increased connection with colleagues.

These insights have given us a rare opportunity to live our mission of designing a more enlightened way of working and fundamentally redesign the experience of knowledge work. So Dropbox created a Virtual First approach that balances the desire for increased flexibility and freedom in how and where we work without sacrificing the in-person connection that is so critical to the company and highly-valued by employees.

Being Virtual First means that remote work (outside an office) will be the primary experience for all Dropbox employees. Our physical spaces, called Dropbox Studios, will be hubs to spark creativity, build community, and maintain company culture. These spaces, however, explicitly will no longer be for daily individual work.

"This year's sudden shift to distributed work due to the COVID-19 pandemic was abrupt and unprecedented," said Drew Houston, CEO and co-founder of Dropbox. "Even though our product was built for this and our transition was relatively seamless, many of the things we've been trying to solve for as a company have intensified during this time — always-on hours, constant notifications, fragmented tools. We're laser focused on designing products to transform how remote work happens and by living the reality of Virtual First day to day, we think we'll better understand our customers' needs and be well positioned to evolve our product accordingly."

By balancing the flexibility and freedom of remote work with retaining human, in-person engagement, Dropbox hopes it will gain the best of both worlds and see clear long-term benefits. The company knows that this is a new way of working and is committed to taking an iterative approach and learning along the way.

For more on the company's virtual first approach, please visit here.

Forward-Looking Statements Disclosure

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 related to our expectations on (i) the ability of our virtual-first policy to realize expected long-term benefits for our business, including sustained or increased levels of employee focus and productivity; (ii) our ability to facilitate workplace flexibility while maintaining company culture and employee engagement; and (iii) our ability to utilize insights from our virtual-first policy to improve our product. Words such as "hope", "will" and similar expressions are intended to identify forward-looking statements. The achievement or success of the matters covered by such forward-looking statements involves risks, uncertainties, and assumptions. These include, among other things, (i) our ability to attract and retain highly qualified personnel, (ii) our expectations and management of future growth and (iii) our ability to continue to release, gain customer acceptance of, and provide support for additional product features and new and improved versions of our services. Additional factors that could cause results to differ materially from those described above can be found in Dropbox's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, which is on file with the Securities and Exchange Commission (the "SEC") and in other documents Dropbox files with the SEC. If the risks materialize or assumptions prove incorrect, actual results could differ materially from the results implied by these forward-looking statements. Dropbox assumes no obligation to, and does not currently intend to, update any such forward-looking statements after the date of this press release, except as required by applicable law.

About Dropbox

Dropbox is the one place to keep life organized and keep work moving. With more than 600 million registered users across 180 countries, we're on a mission to design a more enlightened way of working. Dropbox is headquartered in San Francisco, CA, and has 12 offices around the world. For more information on our mission and products, visit http://dropbox.com.

View source version on businesswire.com: https://www.businesswire.com/news/home/20201013005371/en/

Media:
Elisa Pandolfi
press@dropbox.com

Investors:
Rob Bradley
ir@dropbox.com

Source: Dropbox