Dawn of the Virtual Age
The digital health revolution begins
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COVID-19 has heralded the start of the Virtual Age—which is tectonic enough to qualify as the Fifth Industrial Revolution: Industrial5.0. It builds on the prior “digital revolution.”

As a reminder, the prior four industrial revolutions have been water and steam power to mechanize production, electric power for mass production, electronics and information technology to automate production, and the digital revolution. Industrial5.0 is progressing at an exponentially accelerating pace driven by a dislocation caused by COVID-19, and its driving virtualization will disrupt every industry in every country.

COVID-19 has become the catalyst that has accelerated to the present not just the future of health, but also the future of work that otherwise would have taken years to reach. We are at the dawn of the Virtual Age, a revolution unfolding in real time—Industrial5.0. In the span of a few months, we have experienced a drastic shift in the way we conduct knowledge-enabled businesses. No longer are we going into the office each day, traveling to our clients, and conducting in-person meetings. We attend meetings, workshops, and trainings over the Internet from anywhere in the world. We work on sharing platforms that allow people from all over the world to contribute their thoughts and ideas—currently, this article is being edited on Microsoft Teams, and we are discussing on Zoom!

The biggest shift we have seen in the future of work is the ability to work from home. A recent MIT survey of 25,000 American workers found that 34 percent had the option to work from home. This is more than double the prepandemic percentage of 15 percent. As the uncertainty of COVID-19 persists, we are seeing company leadership recognize not just the health challenges, but also the utility of the technical tools being used that have enabled seamless transition out of the office environment. First, Google and Facebook announced that employees will work from home through the middle of 2021. To top that, Twitter announced that all employees could choose to work from home forever. Working from a beach or sitting by a waterfall is no longer a pipe dream. The only limitation is connectivity.

As corporate citizens and as a society, we have to anticipate and prepare for this new model that will shape the way we conduct business, interact with colleagues, and build relationships. We expect new hybrid remote and on-site models that will evolve and need to be implemented at speed. We have already seen similar trends affect the retail industry; there has been a steady shift away from the traditional brick-and-mortar (on-site) operations to online (remote) models. This shift matched changing customer needs and evolving technologies. This is what is happening today within businesses.

"Whatever happened, happened for the good. Whatever is happening, is happening for the good. Whatever will happen, will also happen for the good."

– Mahabharata (Sanskrit epic)
Thriving in the Virtual Age

Deloitte’s COVID-19 response framework helps us effectively structure strategies and actions along the three phases of Respond, Recover, and Thrive.

Right now, we are at the tail end of the Respond phase—where we are still in an immediate reaction mode to navigate the start of the crisis, with a focus on safety. This has been marked by immediate actions such as adhering to shelter at home, shutting down office locations, stopping travel, removing shared food services, and deep cleaning. As we move into the Recover phase, we are already executing on a future that builds on learnings from Respond to safely reopen the work environment and the economy. We are thinking about PPE (Personal protective equipment) at work, staggered schedules, limited travel—mainly by personal car—wearing of masks, robot-assisted cleaning, and contactless entry, among other actions. For instance, as hospitals and health systems move from responding to recovering, they might see an influx in demand from patients who had deferred services or who had been reluctant to reach out to their physician. We also expect to see continued demand patients for virtual health services.

Our discussion, however, takes a longer-term view to structure for Thriving in the rapidly unfolding Virtual Age. We begin the transition to work-from-anywhere models, leading to the development of a truly flat world. Employees will be able to work from home or anywhere in the world, highlighting new, unique challenges around technology and culture. In a virtual world, information flows across businesses are only going to accelerate, and businesses need to be able to quickly adapt in order to be successful. As a result, in this Thrive phase, we have to prepare to answer some important questions: How does a company manage a workforce that is newly spread out around the United States or the world? How do we build systems that connect people across geographies where culture and work values differ and help them build strong relationships with one another? What does a new hybrid on-site and remote business model look like?

To help answer these questions, we have identified five archetypes of success in the Virtual Age. The archetypes help categorize considerations for the new, evolving hybrid model. Each archetype must be uniquely applied to each business, as one size does not fit all.
Organizational

We predict that work models that are currently trending toward “work from home” will gravitate toward “work from anywhere on the planet.” How we recruit and identify talent will go through a cataclysmic change. No longer will interviewees come into offices for interviews or base their employment decisions on office location and culture. Work visas will become irrelevant as people do not have to relocate to new countries to work. Additionally, the organizational structures for command and control; disseminating information; collaborating and working together; learning, tracking and monitoring progress; and, importantly, mentoring and motivating will change. Organizational hierarchies will evolve and collapse, and computer-assisted, real-time tools to affect the above will be developed and deployed. Companies that emphasize and organize for effective work-life balance and steadfastly deliver on the promise of wellness will be the ones that win. Distributed work models will define the workplace of tomorrow. Organizations will evolve to adopting hybrid models where remote working is complemented by bringing people together in central locations at a regular frequency to augment the remote structure. Furthermore, with businesses potentially spread out all over the world, more part-time contractors may be hired for temporary and specialized work, playing into the ever-more-popular gig economy.

Leadership functions need to change. As people being together at work becomes less frequent, leadership will have to be in regular communication with everyone at the company. This does not mean tens of emails every day updating the company on what’s going on, but in-person, unscripted, transparent, companywide video calls where important pieces of information are shared. Deloitte has led by example in engaging regularly and being as transparent as possible with its employees through weekly practice communications, as well as an all-company video call with the CEO and leadership team. Leadership has to learn to effectively navigate the Stockdale paradox in the current crisis and the ensuing virtual age—being brutally honest about the current and future situations while building hope. Regular personal communication, transparency, and being realistic, yet hopeful are going to be key in this new hybrid working model.

Culture

One of the most important factors for long-term success in Industrial5.0 is culture. Culture eats strategy. When moving to a work-from-home model, building the right culture doesn’t seem to be getting sufficient thought, as there is no common “workplace” where employees interact. The inadvertent impact of remote working could be a culture-killer if not properly addressed. Without a strong, supportive culture, employees may feel isolated as they work remotely or may feel less inclined to build meaningful relationships. Companies will need to reevaluate their culture as they make the transition to a new hybrid working model in terms of how they promote social engagement, reward hard work, and encourage inclusivity while keeping egos low. Changing a culture will also involve exploring how leadership can set examples and how these examples will be enforced and broadcast to the employees.

An example of how work culture can change occurs at the intersection of professional and personal life. As businesses transition to a new work-from-home model, employees will often be working in the same space that they live in. Setting the expectation of separating work and personal and taking vacation days will be extremely important for employees’ overall well-being and success. Similarly, as business is more frequently conducted virtually, things like having kids “join” at work and eating during a meeting will become more common, further complicating the separation of work and personal life.
Infrastructure

Adoption of new technologies that help increase productivity by making communication and workflow easier, like videoconferencing platforms and document-sharing sites, will become table stakes. IT and tech support will become more complicated, as there is not one location where a person can go to get new equipment or immediate help when needed. Adapting to telework is key for business productivity, but the cost of building the infrastructure to accommodate thousands of employees could be complicated and expensive. For instance, virtual health platforms have garnered traction in the last few years, with usage increasing 14 points and 85 percent of consumers expressing satisfaction with services. Augmented workforces using voice technologies and artificial intelligence have alleviated the need for consumers and service providers to be collocated. With remote-work platforms, shared services can be sourced from anywhere. Remote and AI-enabled predictive interventions in tech infrastructure will win the day. Similarly, with people more spread out than ever in a flat world, businesses will have to invest in and adopt more secure and collaborative platforms that can protect mass data transfers, as well as allow entire companies to shift to working through remote platforms. Security, collaboration, and connectivity will be the determinants of productivity.

Economic

An immediate casualty of the virtual age will be reduction in operational costs for expensive real estate for office space and reduced travel. We have already seen evidence of a spurt in gigs. Remote working, assisted by a further explosion of gig-based contract jobs, will lead to different economic models. This will have dramatic implications for tax and IP policy. Businesses will navigate the process of doing business in one geography, but having to pay taxes in other geographies where their employees work. Considerations for IP will see an increase in complexity, driven by differences in where it is developed, hosted, deployed, and maintained, contrasting with where the economic activity is finally performed. While there may be increased costs in a more cohesive and extensive company culture in a flat world, costs may decrease in areas such as health care if investing in culture includes investing in various dimensions of well-being, such as mental and physical health. Operational costs may also decrease if contracting work becomes more popular in a gig economy.

Relationships

Last, but not least, building effective relationships in the virtual age will require new learned skills. The ability to quickly build inter- and intraorganizational relationships will be the determinant of success. With many social interactions becoming virtual, we predict that employees and organizations will need to invest to develop the following three skills:

Responsive (a three-hour rule): Responsiveness has always been important to build a sense of trust and dependability among peers and colleagues. Until recently, it was acceptable to respond to an email or a text message within a day. However, going forward, responding outside of three hours will be relationship-“damaging.” In the charged, always-on, remote virtual world, attention spans are going to shrink, and those that don’t adapt to this new normal may stand handicapped.

Enthusiasm: Being able to sense someone’s enthusiasm for a topic during a virtual meeting creates an immediate sense of a relationship between two people. Being able to express enthusiasm, both in voice and on video, is going to be crucial to build the virtual team of tomorrow.

Ideas: Credibility is going to accelerate toward those coming up with ideas or solutions and having an academic mindset. Whereas body language has helped nullify some of the effects of identifying only risks as a viable value-add, the lack of seeing this body language will change who gets perceived as credible.

We imagine that the framework surrounding responsiveness (slow vs. fast) and ideas (unoriginal vs. creative) will far outweigh any other metrics for relationship-building and will closely affect and mirror performance evaluation.
An opportunity in disguise

In closing, we are in a unique time where we are experiencing such a rapid shift in behaviors that affect us both personally and professionally.

Rapid change brings to the fore big opportunities. As we move into this virtual world, network effects and the prevalence of winner-take-all or winner-take-most models become only more important. The life cycle to test concepts and innovate will shrink dramatically. Firms that effectively execute on the elements laid out above will create value for their customers as well as their workforce.

Health organizations that effectively execute on the five pillars outlined in this blog should be positioned to create value for their customers as well as their clinical and nonclinical workforces. As we reimagine the new reality of health care together (and shape the human experience of consumers and workforce experience), how we leverage this unique opportunity to bring the ecosystem actors together will define the way forward into the future of health. We should all be thinking ahead to the “next normal” and how our businesses can adapt and thrive.

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About the authors

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Rahul is a managing director who leads Deloitte’s effort in life sciences and health care that shapes the future of health. He is passionate about vectors that could make a dramatic difference to lives via remote and virtual care, AI-enabled drug discovery that speeds “bench-to-bed” delivery, wellness as a “cure,” homespitals, digital hospitals and digital pharmacies, embedded sensors and data that enables n=1 personalization, and other disruptive models.

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Carly has an interest in the intersection of the health care and technology industries to drive change that improves people’s lives. She has helped develop business models and platform ideas for various future of health topics, such as Hospitals at Home and Keep Me Well. Carly provided insights for this article.

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Endnotes
