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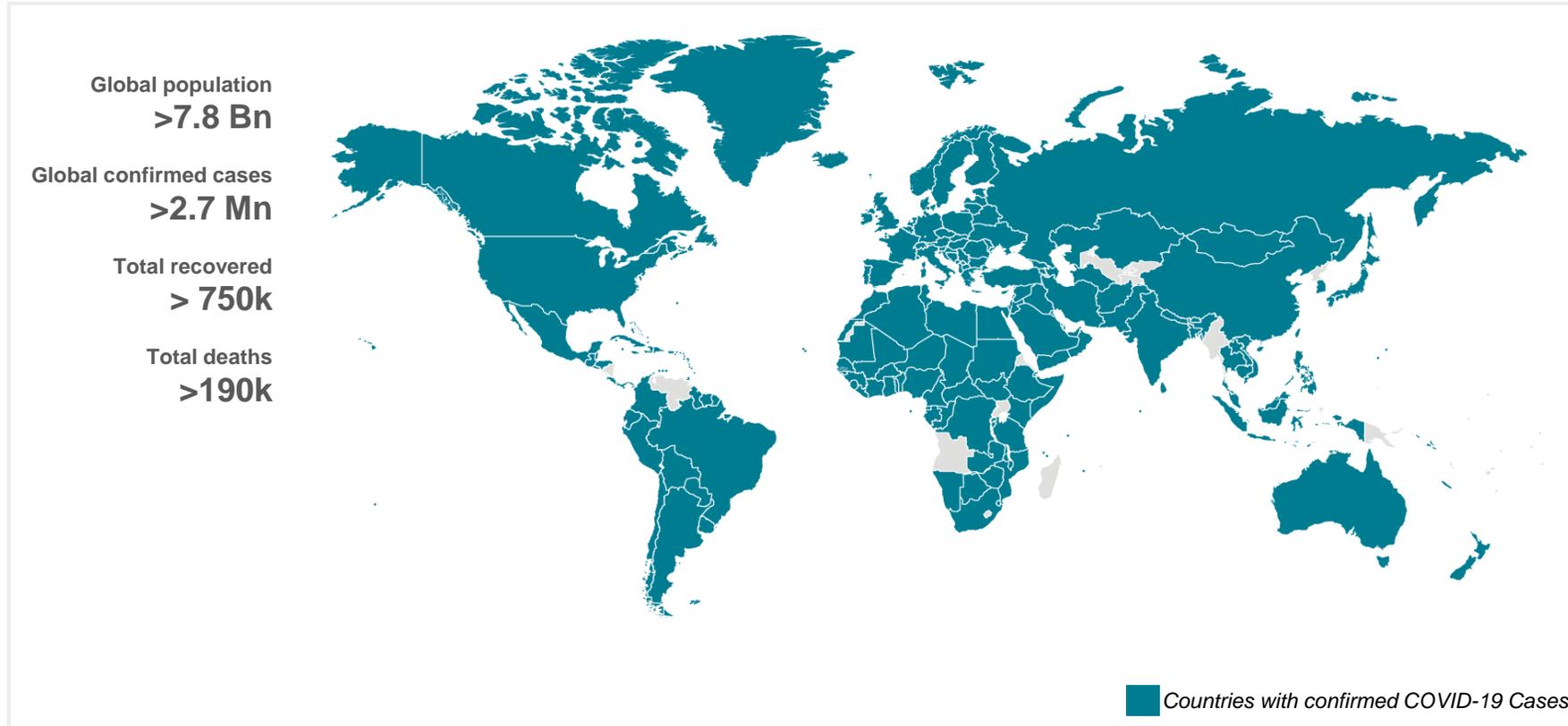
# How can CIOs plan for the “new normal” with COVID-19

An Infosys Consulting Perspective

By Vishwanath Shenoy, Ian Watts, Johnny Smit, Devendra Singh and Praneetha Chinnatangal

# The COVID-19 virus continues to spread and the economic damage is mounting

The disruption has been varied across industries but the highly uncertain trajectory poses significant risk. Business and technology leaders throughout the world have been trying to assess this risk and devise response strategies



Source: CDC, WHO, as on 04/21/2020

## Highlights for the CIO

### Short-term

- Ensure business continuity
- Enable remote working for entire workforce
- Handle disruptions in terms of infra & key resources etc.
- Manage cash pressures

### Long-term

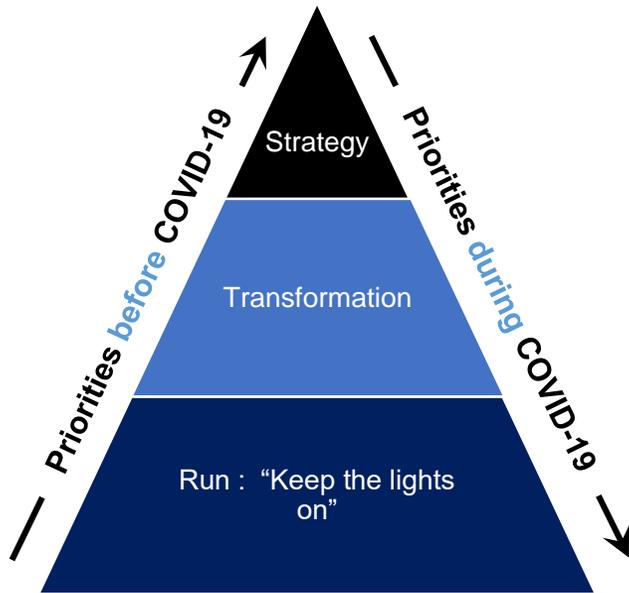
- Support drastic changes in business and operating models
- Improve resilience to handle such events in future
- Optimize IT costs to overcome budget constraints

# Technology leaders are acting fast to address near term challenges from COVID-19

The role of the CIO is becoming even more important in this crisis. They are responding to the challenge of preparing their IT systems to enable business operations and take steps to mitigate the impacts.

## COVID-19: Changing Priorities

As priorities have shifted to ensure we focus on business continuity and "keeping the lights on" activities



## Short term response for CIO

- Enabling a rapid shift to remote work
- Testing and reviewing critical incident and problem management processes and setting up regular meetings for early escalation of issues.
- Key personal pandemic fall back personal plan and call tree
- Driving IT pandemic preparedness committee
- Building a crisis-focused budget upfront in collaboration with the finance leaders
- Ensuring that employees have the right collaboration, data access and productivity technologies to maintain engagement
- Continue contingency operation plans for keeping core systems up and running
- Implementing robust communication framework
- Operational support for key business functions
- Key vendors risk review and backup plan around failure
- Key security risks review including remote working

## Key questions for the CIO

- How long will this disruption last?
- What will be the shape and timeline of recovery?
- What impact will this have on hardware supplies?
- What impact will this have on key vendors?
- How will remote working affect my security posture?
- How will this affect my budget?
- How will this affect IT operations?
- How will this impact the business and customers?

The answers to these questions depend on how the pandemic spreads and the extent of disruption

# CIOs need to be aware of the scenarios around economic impact of COVID-19

The fast-moving nature of the coronavirus crisis is resulting in huge economic uncertainty. Current range of global growth forecasts across institutions is very wide. Most forecasters<sup>1</sup> expect the global recession to be **short with a gradual recovery**.

	<u>Optimistic Scenario</u>	<u>Baseline Scenario</u>	<u>Pessimistic Scenario</u>
<b>Assumptions<sup>2</sup></b>	<ul style="list-style-type: none"><li>▪ Gradual stabilization of infection rates during Q2</li><li>▪ Isolation measures begin to ease, setting stage for rapid economic recovery in H2 2020</li><li>▪ Government stimulus has rapid, positive impact on short term business contingencies, protecting jobs during temporary slowdown</li><li>▪ Supply chains recover quickly by Q2</li></ul>	<ul style="list-style-type: none"><li>▪ Infection rates stabilize by end of Q2 due to lockdowns and isolation measures</li><li>▪ Major downturn in Q2 as businesses shed jobs amidst huge drop in trade and revenues</li><li>▪ Recovery in second half of the year, but some negative effects linger including supply chain and employment disruption</li><li>▪ Government stimulus has some positive impact on GDP</li></ul>	<ul style="list-style-type: none"><li>▪ Lockdown and isolation measures drag on economic activity beyond Q2</li><li>▪ Economic growth leans towards the lower end of forecast ranges; major job losses in H1 2020 set stage for slow and difficult recovery in H2</li><li>▪ Economic growth still turns positive in H2 2020, as infection rates are brought under control and isolation measures gradually recede</li></ul>

CIOs need to constantly monitor how the scenarios evolve in order to take tactical calls and make strategic decisions for the longer term

Source of information

1. Oxford Economics Research that reviewed the economic impact of the coronavirus crisis by 46 different institutions, including international bodies, central banks and other financial institutions, and academia <http://resources.oxfordeconomics.com/timely-forecasts-essential-amid-coronavirus-uncertainty>
2. IDC Research, Gartner, ING Group (20/04/2020)

# Irrespective of the scenario, a new normal is certain and CIOs need to plan towards it

CIOs have certain key levers through which they can prepare for the new normal

## Impact on the organization

- 1 Change in customer behavior** with shift towards online spending and enhanced usage of digital channels
- 2 Disrupted partner ecosystem** due to global supply chain impacts might not let companies to return to full scale
- 3 Employees** will rapidly shift towards remote work with less “in-person” collaborations
- 4 Cost pressures** will continue to increase in the near term because of the gradual recovery from this disruption

## CIO imperatives

- **Manage the immediate financial strain**
  - Drive Cost Reduction and Operational Efficiency
- **Future proof the org for such disruptions**
  - Enable secure and productive remote working capability
- **Revisit the IT Operating Model**
  - Flexible workforce
  - Flexible supply chain - IT as a Service
  - Location strategy
- **Rapidly address changing business needs**
  - ‘Digital first’ business models
  - New services for changing customer needs

## Key levers for the CIO



**Empower workforce** by providing a digital workspace and anytime anywhere working for improving productivity



**Revisit BC/DR plans** to ensure continuity under more extreme scenarios, redesigning processes to reduce location dependency



**Enhance cyber security** to ensure larger remote workforce does not expose the organization to cyber threats



**Optimize cost** by adopting a tech business management approach, creative sourcing arrangements, flexible workforce



**Empower business partners** by providing more self service solutions and embrace agile to improve IT services



**Embrace automation** at scale to automate business processes in order to reduce human dependency



**Adopt a cloud first strategy** for flexible scalable infra as well as removing key infrastructure dependencies



**Accelerate digital transformation** to create resilient digital business models for the long term sustainability

# How do we get there?

Companies should continue to focus on increasing their agility to mitigate future risk, and develop future capabilities for growth in the “new normal”

## Reassure (short term risk mitigation)

- How do I keep things running?
- How stable are my core apps and infra?
- How do I deal with key failures?
- What infrastructure supplies can be affected?

## Stabilize (medium term tactical moves)

- What happens if things get worse?
- How do I manage the strain on cash flows?
- Which projects can I stop or slow down?
- What happens when I loose key vendors?

## Reconfigure (Long term strategic pivots)

- What is my cost strategy?
- What is my backup vendor strategy?
- How do I support aggressive business changes while optimizing cost?
- Do we need datacenters?
- How can I be future ready for similar events?

Key Questions

Action items

-  Review and stabilize remote working infrastructure
-  Review capacity, problems and infrastructure for Tier 1 apps
-  Review key person dependencies and establish call tree, risks/backup plans
-  Review key security risks
-  Review key vendor risks
-  Review the IT portfolio management approach and re-prioritize projects to continue, slow-down or pause

-  Identify potential cost optimization measures
-  Reskill workforce for the new normal and identify metrics to measure & enhance workforce productivity
-  Enhance Identity and Access Management tools and policies to strengthen cyber security
-  Assess response to COVID-19 to retrospect on BCP effectiveness - identify points of failure to update plan

-  Develop end to end digital platforms and expand digital channels for business
-  Develop a digital workplace strategy
-  Adopt cloud first strategy for quicker adaption to external constraints and customer requirements
-  Automate business processes at scale to reduce human dependence
-  Adopt agile delivery practices for efficient delivery of business solutions

 Optimize Cost	 Cyber Security	 Empower Workforce	 Empower Biz Partners
 Embrace Automation	 Digital Transformation	 Cloud First	 BC/DR Planning

# CIO need to chart their way forward based on the planning assumptions

As you cast the timeline lens over the key levers you can clearly start seeing where to focus your time as a CIO, depending upon the priority you should focus on high first and the followed by the lower priority items to remain competitive in the new normal

	Short Term 3 months	Medium Term 3-6 months	Long Term > 6 months
 <b>Empower workforce</b>	●	◐	◑
 <b>Revisit BC/DR plans</b>	◐	●	◑
 <b>Enhance cyber security</b>	◐	◑	◑
 <b>Optimize cost</b>	●	●	◑
 <b>Empower business/partners</b>	◑	◑	◑
 <b>Embrace automation</b>	◑	◑	●
 <b>Adopt a cloud first strategy</b>	◑	◑	◑
 <b>Accelerate digital transformation</b>	◑	◑	●

## Background

- Depending on where you are in the lifecycle of COVID-19 you need to focus on different priorities.
- The images help identify the focus areas and the priority
- In the short term more focus on Cost, Workforce followed by BC & cyber
- Medium term still focus on cost with stronger priority on BC/DR followed by cloud and Workforce.
- Longer term more focus on automation, digital transformation.

Priority ● High ◐ Medium ○ Low

# CIO need to plan for and rapidly evolve priorities as new information becomes available to come out stronger from the current recessionary environment

While ensuring **business continuity and optimizing cost** are top priorities for CIOs; depending on the recovery scenario and their financial health, CIOs should focus on other areas to be ready and remain competitive in the new normal

Healthy	<p><b>Portfolio prioritization to focus on new areas for customers and partners</b></p> <ul style="list-style-type: none"> <li> Key in-flight project review: stop, slow, keep running</li> <li> Adopt agile delivery practices for efficient delivery of business solutions</li> </ul>	<p><b>Tech enabled competitive advantage for business</b></p> <ul style="list-style-type: none"> <li> Develop new digital channels for customers</li> <li> Reskill and enhance workforce productivity through a digital workspace</li> <li> Embrace Tech Business Management to optimize spend</li> </ul>	<p><b>Accelerate Innovation to yield maximum advantage from the recovery</b></p> <ul style="list-style-type: none"> <li> Develop end to end digital platforms</li> <li> Automate business processes at scale to improve efficiency</li> <li> Adopt cloud first strategy for quicker adaption of changing external constraints</li> </ul>
	<p><b>Aggressive cost containment to reduce strain on company's financials</b></p> <ul style="list-style-type: none"> <li> Aggressively scale down to reduce cash outflows</li> <li> Explore Platform/ IT as a Service for further cost reduction</li> </ul>	<p><b>Build financial resiliency and plug capability gaps</b></p> <ul style="list-style-type: none"> <li> Key in-flight project review: stop, slow, keep running</li> <li> Review key resource gaps and plan to fix those</li> </ul>	<p><b>Stabilize core systems and operations</b></p> <ul style="list-style-type: none"> <li> Rationalize IT vendor landscape to reduce cost</li> <li> Reskill and enhance workforce productivity</li> </ul>
Strained	<b>Pessimistic Scenario</b>	<b>Baseline Scenario</b>	<b>Optimistic Scenario</b>

Optimize Cost	Cyber Security	Empower Workforce	Empower Biz Partners
Embrace Automation	Digital Transformation	Cloud First	BC/DR Planning

# Infosys can help CIOs navigate through this journey

## IT Cost Optimization – Navigating Troubled Waters

- Identify sub-optimal IT spending patterns
- Redirect Run \$ to Innovate \$, while minimizing “Run Risk”
- Identify cost takeout opportunities and execute on them
- Rationalize technology stack support
- Drive transparency into chargeback to incentivize the business to move off legacy tech
- Decrease IT fixed costs through implementing cloud platform strategy
- Adopt Technology Business Management disciplines for repeatability and cost tracking

## Corporate Restructuring – Mergers, Acquisition & Divestiture

- Prepare IT for rapid acquisition / divestiture – playbooks and application entanglements
- Enable IT to become a “Service” organization through Transition Service definition
- Develop the transition service operating model, as well as TSA exit strategies to leapfrog technology generations
- Shadow IT leadership support for CIO and CISO to enable business resilience and continuity
- Build post acquisition / divestiture IT Spend calculators to rapidly translate deal decisions to cost impact
- Build a technical carve-out factory for divestitures

# Our service offerings and contacts

 Merger Divestiture Technology Integration	 Application Portfolio Rationalization	 IT Cost Optimization/ Tech Business Mgmt.	 Cloud Roadmap and Business Case
 Enterprise Agile Transformation	 IT Strategy & Architecture	 Cyber Security	 IT As a Service

## Infosys Consulting Contacts



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