IT HAS A CRUCIAL ROLE IN BUILDING RESILIENT BUSINESSES

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Greek philosopher Heraclitus's words "change is the only constant" has never been truer in the business world, and in the last few years, the pace of change has increased exponentially. Moreover, it has become clear that only those companies that are able to adapt to change can emerge successfully. In fact, the gap between the performers and laggards continues to widen. The "business as usual" approach no longer works. No wonder 61% of Fortune 500 companies since 2000 do not feature in the list anymore. And this number is set to become 81% by 2040[1].

Intrigued by this wave of changes sweeping the business world, Infosys organized a roundtable with renowned industry experts and CIOs from large enterprises to seek their perspectives on resilience and ways to shock-proof organizations. We present the highlights of the discussion in this paper.

A spate of unforeseen changes

Addressing these upheavals effectively starts with a better understanding of them. Numerous disruptive forces are acting on global businesses and severely taxing business continuity.

- Global networks - The highly interconnected nature of business created pockets of expertise in specific regions, making the supply chain vulnerable to disruptions. Furthermore, the head of strategic operations at a top global management consulting firm states that reliance on global networks of expertise has eroded end-to-end capabilities within any node. The COVID-19 pandemic amply demonstrated the pitfalls of overly relying on a globalized, distributed supply chain model.

- The Great Resignation - The world over, companies are deluged with a wave of resignations, posing massive challenges as demand outpaces supply. CNN states that employees left a whopping 47.4 million jobs voluntarily last year[2]. These numbers tell their own story of the struggles of organizations when attracting and retaining talent.

- Cybercrimes on the rise –An increasingly digitized world must contend with a slew of cyberattacks that can cripple operations if left unheeded. For example, there was a huge 105% rise in ransomware attacks in 2021[4]. Moreover, just ten cyber incidents costed over $600 million, impacted millions of confidential data records and compromised IT operations of over 40 000 businesses[5].

That's not all. The current global environment promises to get only more chaotic as geopolitical tensions, climate change, and emerging technologies are poised to trigger more disruptions.

Most employers are experiencing greater turnover, and most expect the problem to continue or worsen over the next six months.
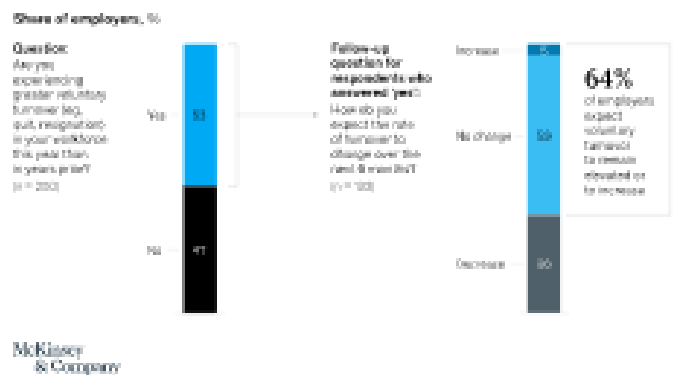
Share of employers, %

64% of employers expect voluntary turnover to remain elevated or to increase

McKinsey & Company

Figure 1 The Great Resignation Challenge[3]

In response to these massive global shifts, companies are arriving at new coping mechanisms. For example, new business models look to own and control customer relationships like food delivery services. Similarly, digital technology giants are racing to build expansive networks to establish their footprint and firmly control information flow. Amid this, new technologies continue to roll out at a steady clip. Take metaverse, for instance, where companies are now rushing to set up a presence. They must determine how to harness the web technologies effectively to survive in the digital age. At the same time, they must continue the digital transformation path while deciphering emerging technologies. Finally, data will assume even more prominence as it becomes inextricably entwined with a company's business direction and, ultimately, success.

The Great Refactoring

As a result, companies are compelled to act differently on three fronts. In "The Great Refactoring" phase, they adopt the following strategies to build business resilience and prepare for future disruptions.

1. Relook business dimensions through a local lens instead of a global one; this implies empowering more decentralized decision-making.

2. Increase focus on people and pay more attention to aspects such as collaboration and work-life balance

3. Invest in systems to harness data to access information at a granular level.

According to an A T Kearney study, only 12% of companies surveyed are built for resilience[6]. For the rest, this means they must evolve their operating models to transition to a more dynamic and holistic setup that balances efficiency, agility, resilience and sustainability.

Translating the strategy into execution

What technology initiatives have enterprises conceived from these strategies? Discussions with IT practitioners from some of the largest enterprises were insightful. As a result, companies are grouping their actions under select categories.

Consumer-centricity – in simple terms, it involves doing everything to understand what the customer needs and collaborate with them to deliver it. For example, eCommerce growth surged during the pandemic, growing by two to five times the pre-pandemic levels of the retail and CPG industry. However, along with this growth came new demands and expectations from consumers. As a result, companies rapidly reoriented to new buying and delivery models such as BOPIS, curbside pickup and home delivery.

How an American beauty stores chain managed this disruption successfully is valuable learning. The firm acknowledges that a synergistic combination of online and physical shopping contributed to its impressive growth in 2021 .

The winners were the companies that anticipated the change and made the switch promptly.

> " Being able to change quickly will be a key differentiator for businesses. But companies are not used to thinking in this fashion. They have a monolithic approach and expect changes over the medium to long term. Instead, they must learn to handle sudden disruptions like the pandemic or war. "

Founder of a strategic advisory firm for CIOs

Data & AI – A sound plan relies on good analysis, which must be fed by high-quality information. Unfortunately, while plenty of information resides in companies, easy access to accurate information is a massive challenge. That's because many applications still operate in silos within the enterprise, and this issue gets compounded when transactions extend beyond organizational boundaries.

The case of how a large auto company severely impacted by semiconductor shortages that laid waste to its manufacturing plans was able to turn around its fortunes is worth understanding. The automaker had to reengineer production capacities across 80 different ERP systems, distributors, and supply chains. Despite the seemingly challenging situation, the company enabled a new supply chain model with a new production mix soon only because they had a global cloud based procurement system already in place. The complete visibility across the supply chain helped them tap into a much bigger and more profitable market.

The CIO of a vertical flight solutions provider, a participant at the Infosys roundtable, shared that consolidating all data in the SAP S/4 HANA analytics platform improved reporting and decision-making across the supply chain despite a highly heterogeneous environment in HR, maintenance and financial functions considerably.

Moreover, the impact of data and analytics can be far-reaching. For example, predictive analytics can give valuable insights into when an aircraft component will fail. Add intelligence through AI to the mix, and the results can boost supply chain resilience significantly.

> " The pandemic posed challenges to supply chain resilience. As a result, we had to become more data-driven to manage it better. For example, we needed to know in advance when an aircraft required maintenance to ensure all parts were available on time. "
>
> CIO of a vertical flight solutions provider.

Automation – Factors such as scarcity of labor, wage inflation and the COVID-19 pandemic have led the push for increasing automation. Today, organizations are not thinking only about automation at the RPA and bot level but have expanded their vision to consider large-scale automation such as in factories, distribution centers and deliveries. In fact, any task or process that is highly repetitive or must be performed in large volumes in a short time is a suitable candidate for automation.

Ray Wang, Principal Consultant and Founder, Constellation Research, recommends using a six-factor framework to determine when AI must be invoked[7].
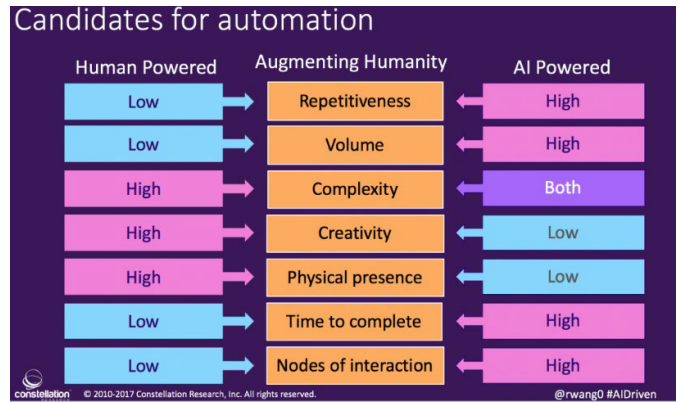

Human Powered	Augmenting Humanity	AI Powered
Low	Repetitiveness	High
Low	Volume	High
High	Complexity	Both
High	Creativity	Low
High	Physical presence	Low
Low	Time to complete	High
Low	Nodes of interaction	High

Figure 3 Six Factors For Powering AI Driven Smart Services

Technology and more

As organizations steer through the maze of business complexities and technology decisions, customer interests must be the underpinning lever that decides the next course of action. The customer needs should shape the data, AI and automation programs.

Vibhuti Dubey, SVP, Service Offering Head Global SAP Practice, Infosys, says,

" Enterprises must reimagine and reengineer the application landscape to maximize visibility across the value chain and display agility and flexibility when situations arise while learning to innovate quickly. "

The scenario at a global leader in container shipping epitomizes the issues most businesses face worldwide. The shipper had different in-house and third-party applications to handle the various parts of their business – each operating independently. The company used the period when the pandemic struck to move to a global system based on SAP transportation. As a result, they had an integrated view of their operations and could manage the disruptive phase better.

However, the transformation is rarely a simple exercise. Traditionally, business applications tend to be monoliths making them difficult to change. It requires serious business and application analysis investments to chart a new strategy and make the changes, even if it means implementing a new system. Questions on the technology stack to deploy or using Agile and DevSecOps will feature during this exercise.

However, organizations must look beyond technology. The triad of people, process and culture, is gaining critical importance. The working environment must enable people to collaborate and empower them to find solutions through well-defined processes. In addition, organizations must foster a culture where employees are prepared to embrace change and willing to learn to stay relevant in their jobs.

" It's not about punching transactions anymore. It's all about people working together to find a solution. So again, it's not about creating something step-by-step, but collaboratively bringing a solution to life within and across the enterprise network. "

Vibhuti Dubey,
SVP, Service Offering Head Global SAP Practice, Infosys

RISE with SAP – a technology platform that helps enterprises on their resilience journey

According to David Robinson, SVP Customer Success - SAP, it is important to be resilient to drive three types of strategic outcomes that can propel a business to elevated levels –

Seize opportunities where enterprises must embrace digital technologies and new business models to adapt to dynamic market conditions, become more agile and increase revenues. For example, during the pandemic, retailers had to swiftly switch to online shopping and flexible delivery or return models. Only those businesses that can capitalize on an opportunity quickly can survive a crisis.

Master the moment refers to adopting new technologies such as cloud and analytics to optimize costs and increase efficiencies, ultimately leading to intelligent operations across the enterprise. Robinson shared insights gained from CFOs who said their biggest pain point was insufficient human resources. Again, by automating mundane and repetitive tasks, processes in the finance department can be refactored to eliminate inefficiencies and lower costs. At the same time, human talent can be upskilled to play a bigger role, thereby tackling HR issues as well.

Define the new standard helps enterprises better fulfill their social goals, especially those related to sustainability. Sustainability implies using available resources smartly to extract the maximum from them. This approach will work toward improving the bottom line.

In short, seizing opportunities, mastering each moment and becoming sustainability-focused result in the flywheel effect for business resilience. The benefits of being resilient are too significant to ignore for companies. Consider this - a resilient enterprise can quickly adapt, expand, innovate, and connect with other business processes and entities. Needless to say, this is a winning strategy.

SAP has kept pace with the market changes by refactoring its product suite. For example, SAP S4 HANA is delivered through the cloud with a vastly different operating model from before for customers, partners and the company itself. At the heart of this transition to a cloud platform are the objectives to lower costs, improve agility and become more sustainable. In addition, exploiting the many benefits of the cloud continues and is channeled into the RISE with SAP program.

SAP views it as offering a risk-managed prescriptive journey into the future, fine-tuned for each business context, along with its customers and partners like Infosys. This technology platform is a collection of SAP services that help enterprises aggregate and move data, integrate processes, systems, and data and consume underlying services powered by AI and machine learning.

Concluding thoughts

In effect, an organization must become like a living organism and exhibit characteristics such as connectedness, sentience, responsiveness, hyper-productivity and agility. A technology platform like RISE with SAP helps realize value from data, integrate across the value chain and differentiate by tapping into the extensive SAP ecosystem.

While technology will be a critical enabler for this change, it cannot be the only focus. Organizations must embrace the whole package of people, process, and technology to transform and be able to survive future disruptions truly.

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