



# Nowhere to Hide: Embracing the Most Seismic Technological and Business Change in our Lifetime

400 Global 2000 executives share their views on protecting, adapting, and digitizing their businesses in the new reality



A low-angle, upward-looking photograph of several modern skyscrapers. The buildings are constructed with glass and steel, featuring repetitive window patterns. The sky is a deep blue with scattered white clouds. The perspective creates a sense of height and scale.

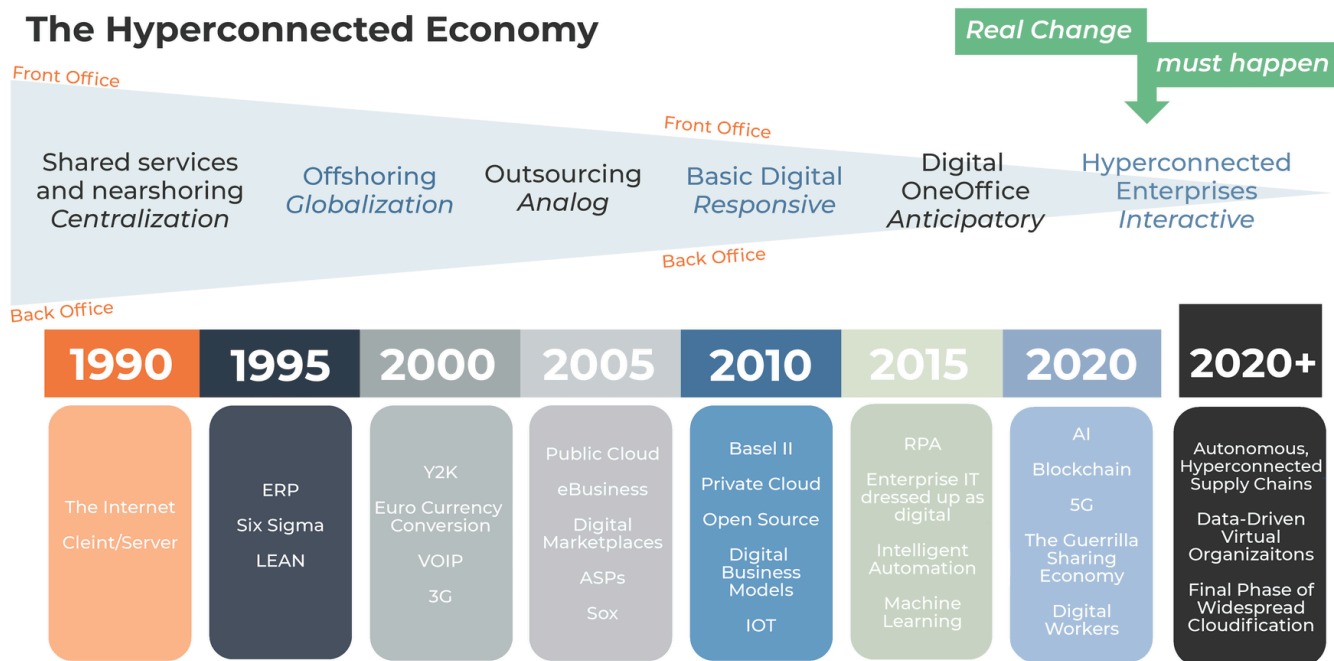
# Introduction

For years, the world of business technology has buzzed with excitement for connected global talent and the possibilities of processes and data running in the cloud.

Each innovation helped organizations run the same processes with greater efficiency, cost, and speed by exploiting greater access to global talent, aided by the internet and superior telecommunications. However, change has been perennially slow—spanning decades, as Exhibit 1 shows:

HFS Research, in partnership with Infosys, surveyed 400 Global 2000 executives to gauge the sentiment of enterprises post the pandemic shock, call out the impact, and reveal recovery insights.

Exhibit 1: **We are hurtling towards the Hyperconnected Economy. Real change must happen now**



Source: HFS Research, 2020



Global talent and services, the onset of the private cloud, and the early wave of digital services enabled organizations to respond to customer needs quickly and competitively. However, few organizations were motivated to make fundamental changes to their processes because they simply didn't have to. While the promise of emerging technologies has captured the C-suite's attention, only 30% of enterprises have scaled up cloud initiatives. Fewer than 20% have industrialized automation, analytics, and AI initiatives, and fewer than 10% have an enterprise-wide approach to using emerging technologies. We are trapped with legacy dragons and cultural silos. In recent years, it has become ever-clearer that organizations unable to anticipate changing customer needs and behaviors will eventually fall behind and fail.

**Before the pandemic punched the corporate world right between its eyes, there was no burning need to make the courageous leap to a fully hyperconnected digital organization**

Many organizations had made efforts to understand the impact of automation, digital business models, and the hyperscale cloud, but they could not effect internal cultural change to fully exploit these technologies. These organizations didn't have a burning platform to change; they were dominated by executives compelled to resist change to survive. They could invest in all the technologies they wanted to, but without a plan to thrive in the Hyperconnected Economy, they would be perennially stuck in the

old analogous world and submerged in process debt and legacy thinking.

**Overnight, COVID-19 flipped the endemic, decades-old corporate mindset of resisting change to one of advocating change**

What we now have is the emergence of dynamic digital organizations, where people are energized by technology and plug into business experiences that are progressing rapidly to places where the possibilities are limitless. The future is unfolding before our eyes.

What we have experienced—inside of a single year—is people coming together, confronting their fear of change, and facing the reality that without change, their organization will sink—and them with it.

A futuristic city street at night, illuminated by vibrant purple and blue light trails that streak across the sky and road. The street is flanked by modern, curved buildings with glowing windows. The overall atmosphere is high-tech and dynamic.

# Executive Summary

The world changed overnight as COVID-19 created a state of upheaval and economic uncertainty unlike anything that we've seen in our lifetime. It has taken several months for enterprise leaders to take stock of the pandemic's implications.

HFS Research, in partnership with Infosys, surveyed 400 Global 2000 executives to understand how businesses can survive and thrive in the pandemic economy and to develop an outlook for IT and business services in the current geopolitical environment.

HFS segmented the research findings according to its four phases of pandemic shock response: crisis, stabilization, realization, and unleashing people (see Exhibit 2).

Exhibit 2. **The four phases of the pandemic shock**



Source: HFS Research, 2020



Key takeaways:

- **Seventy percent (70%) of respondents believe that COVID-19 will have a bigger impact than the 2008 downturn.** Budgets, supply chains, employee availability, and customer intimacy are the worst impacted areas in the immediate aftermath of COVID-19. Three top priorities emerge for enterprises to continue to run their businesses: employee safety, crisis management, and ensuring cash flow.
- **A tale of two cities is emerging by industry.** As enterprises realize the true financial impact, we can see where companies are focusing and placing their bets to survive and thrive in the emerging new normal.
  - **“We will thrive.”** The public sector, banking, insurance, healthcare and life sciences, and the high-tech industry respondents are relatively confident. They see emerging opportunities as a result of this crisis, and they are making appropriate investments.
  - **“Our survival is on the line.”** Manufacturing, travel and hospitality, telecom, energy and utilities, and retail and CPG are less confident about surviving the pandemic economy. They are hunkering down and planning cost-saving measures and other contingencies.

- **Protect, adapt, and digitize your business to survive.** Insulating businesses from volatility, changing the product and service portfolio to drive greater customer value, and digital transformation are the top three strategic initiatives for surviving the current economy.

- **Invest in creating a virtual, secure, and cloud-enabled IT environment to compete.** We identified three critical IT investment themes. First, companies are investing in technologies that enable remote working at scale (virtualization, collaboration, security). They are accelerating investments in cloud and cybersecurity, and, last, companies are modernizing core IT apps and infrastructure. Enterprises expect to increase their spending the most for business and digital consulting, followed by IT infrastructure services (including cloud). We expect demand for IT and business process services to pick up to serve the dual purpose of driving digital while saving cash.

- **Unleash your people to thrive.** Nearly 90% of organizations realize they need to reposition to unleash people in the new reality. Post-COVID working arrangements will change dramatically. Only 37% prefer a return to an office-based environment. The work culture will evolve from siloed working to interdisciplinary collaboration. Smart and emerging technology will ubiquitously penetrate our workplaces. The urgency to develop new skills in-house through training has increased significantly as businesses realize that creativity, problem-solving, and communication skills are the most sought-after people skills.

A photograph of two women in an office environment, viewed from the side. They are looking at computer monitors. The woman in the foreground is wearing a grey hoodie, and the woman behind her is wearing a dark blue long-sleeved shirt. The background is slightly blurred, showing other office equipment and a modern interior.

## Phase 1 of the Pandemic Shock

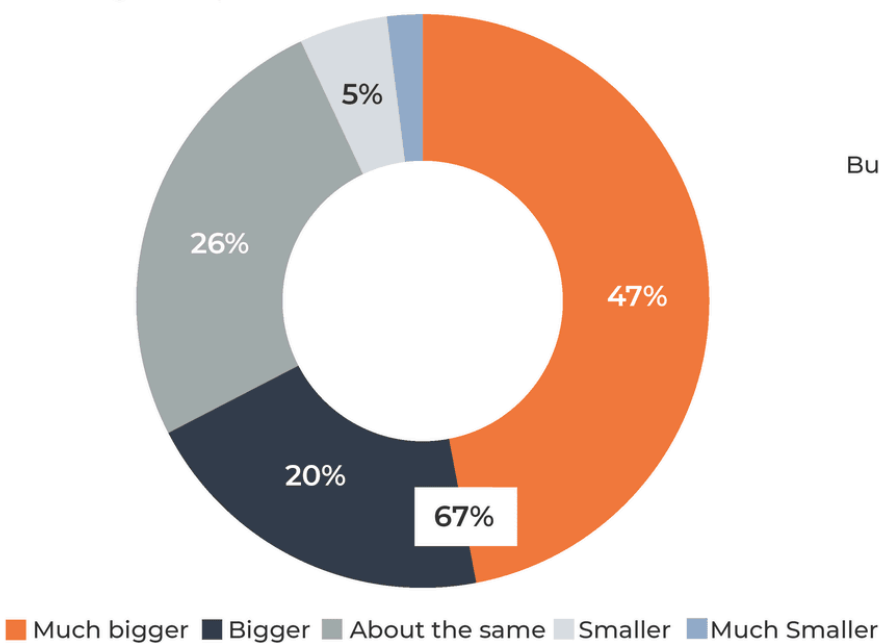
A crisis like no other crisis—budgets, supply chains, employee availability, and customer intimacy impacted severely across the globe



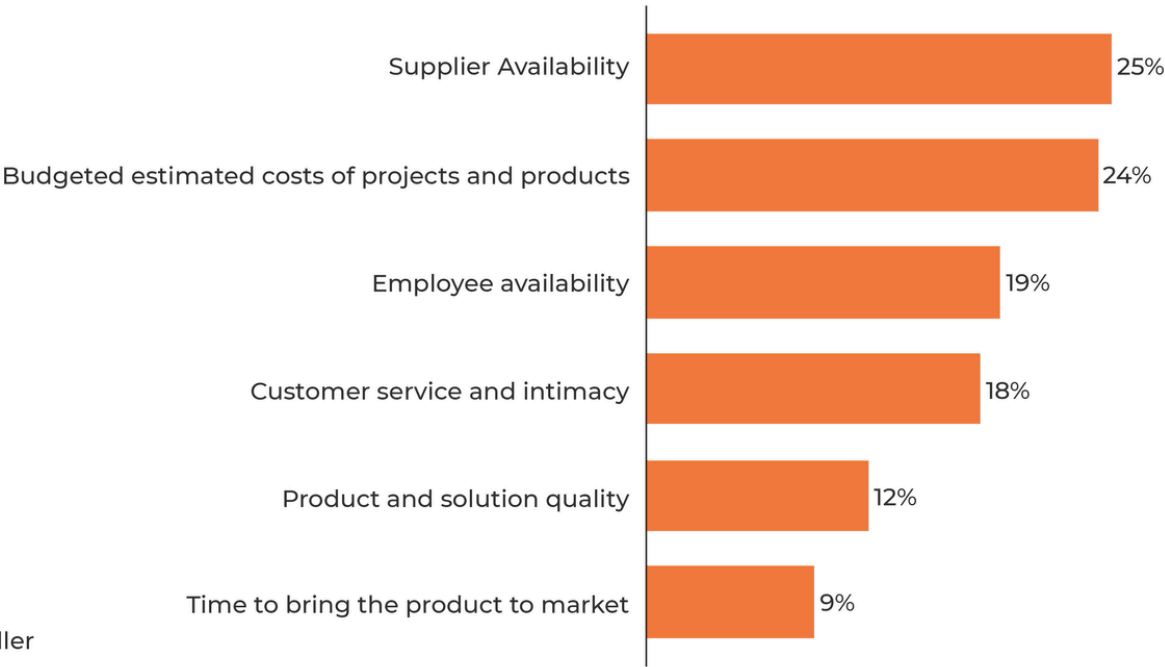
Almost 70% of respondents believe that COVID-19 will have a bigger impact than the 2008 downturn. Budgets, supply chains, employee availability, and customer intimacy were impacted the most in the immediate aftermath of COVID-19 (see Exhibit 3).

Exhibit 3. **Budgets, supply chains, employee availability, and customer intimacy are the worst impacted in the immediate aftermath of COVID-19**

Do you expect COVID-19 to have a bigger or smaller impact on markets than the 2008 downturn?  
Percentage of respondents



To what extent are each of following being negatively impacted by COVID-19?  
Percentage of respondents who indicated significant impact (5) on a scale of 1-5



Sample: 400 executives across global 2000 enterprises  
Source: HFS Research in partnership with Infosys, 2020

COVID-19 impacted significant parts of industry value chains. Capital markets, mortgage and lending, and payment card businesses felt the biggest impact in the banking industry. Actuarial work and new business took a hit for insurance companies. Energy companies felt the double whammy of not just COVID-19 but also extreme price volatility impacting both downstream retail business and challenges in upstream transportation and logistics.

The healthcare providers are at the center of the storm with no visibility into future revenues, especially as elective procedures were temporarily impossible and the unavailability of healthcare practitioners raised internal costs. Telecom providers and ISVs experienced a huge surge in demand, which impacted network services. The retail sector had to suddenly figure out how to handle the sudden drop in brick-and-mortar operations while managing the surge in online operations. But the biggest sufferers were the travel and hospitality and manufacturing industries. Disruptions in manufacturers' supply chains impacted both production and sales. The travel and hospitality sector simultaneously dealt with a sudden grinding halt in reservations and a surge of refund claims. Practically every big or small business around the globe and across all industries had to figure out how to protect employees, deal with the crisis, and ensure cash flow all at the same time. This was a crisis like no other; it was not going to go away. COVID-19 changed the world—forever!

**“The pandemic exposed harsh realities for many industries, including financial services. Social distancing is fueling the digital economy. During the pandemic, it’s become critical to predict complex risk scenarios in near real time. If they hadn’t realized that before, COVID-19 would’ve done it. We need to be relevant in daily digital lives of our customers.”**

Data and Analytics lead, large European financial institution

**“We operate in a legal framework where perception of risk can be calculated. It’s hard to think what the new normal will be and how new risk will translate. How do we insure for pandemic? We know how to insure for business interruptions (fire and shops burn down), but here we couldn’t operate, yet there is no physical impact. How do we insure this space?”**

Lead transformation officer, Diversified Global Insurer





## Phase 2

Stabilization of “things that we can do”—protect employees, deal with the crisis, and ensure cash flow

For the most part, enterprises around the globe reacted admirably to the crisis. Three top priorities emerged for enterprises to continue to run their businesses:

**1. Employee safety.** Enterprises' immediate focus—rightly so—is on protecting their people. Nearly 85% of organizations have about 50% of their employees work-from-home (WFH) enabled because of COVID-19. Around 40% of organizations are at 90% or greater WFH levels. WFH, travel bans, and canceling conferences and in-person meetings were the top three immediate actions that organizations took. Current measures primarily focus on enforcing social distancing at work, continuing a ban on in-person meetings, staggering working hours, and providing healthcare benefits. The emerging focus will be on enabling work-from-anywhere, providing greater healthcare benefits, and liaising with the government for support.

**“The one thing that’s stood out is the way in which [Company] responded to its employees, giving support to people who need it. Plus, the whole remote-by-video drives you to interact with colleagues on a personal/relatable level. It makes people more loyal, and engagement and productivity have gone up. If we can harness it and make it the new normal, then we’ll have the motivated workforce we need.”**

Head of innovation and productivity, Financial Services  
Multinational

**2. Crisis management.** While business continuity and disaster recovery (BCP/DR) plans were not flawless, fewer than 10% of enterprises in our research reported major disruptions. The global nature of the pandemic, which resulted in enforced lockdowns simultaneously across multiple locations, meant that the inability to use alternate BCP locations was the single biggest challenge to manage the crisis at hand. Challenges with network access and procuring home computing equipment were other practical hurdles that organizations had to deal with, especially in developing economies.

**3. Ensuring cash flow.** More than 30% of enterprises have frozen capital expenditure and discretionary spending, while 50% are considering doing so. Nearly 60% of organizations have reduced staff, implemented salary reductions, or furloughed staff. Similarly, payment delays, technology spending, and invoking force majeure are on the table for over 80% of enterprises.

**“Counterbalancing speed and a need for transformation with the cost. Now in recessionary environment, we are squeezed to hand back money to central budgets. But it doesn’t change the fact that we need to transform. Now we need innovative ways to do more with less.”**

Head of innovation and productivity, Financial Services  
Multinational



A photograph of a business meeting. Three people are seated around a wooden table. A woman in a light blue blazer is pointing at a document with a red pen. A man in a dark suit is holding a red pen and looking at the document. Another man in a blue suit is holding a black pen and looking at the document. The table is covered with various documents, including one titled 'SUMMARY REPORT' and another titled 'Business Strategy'. There are also some charts and graphs on the table.

## Phase 3

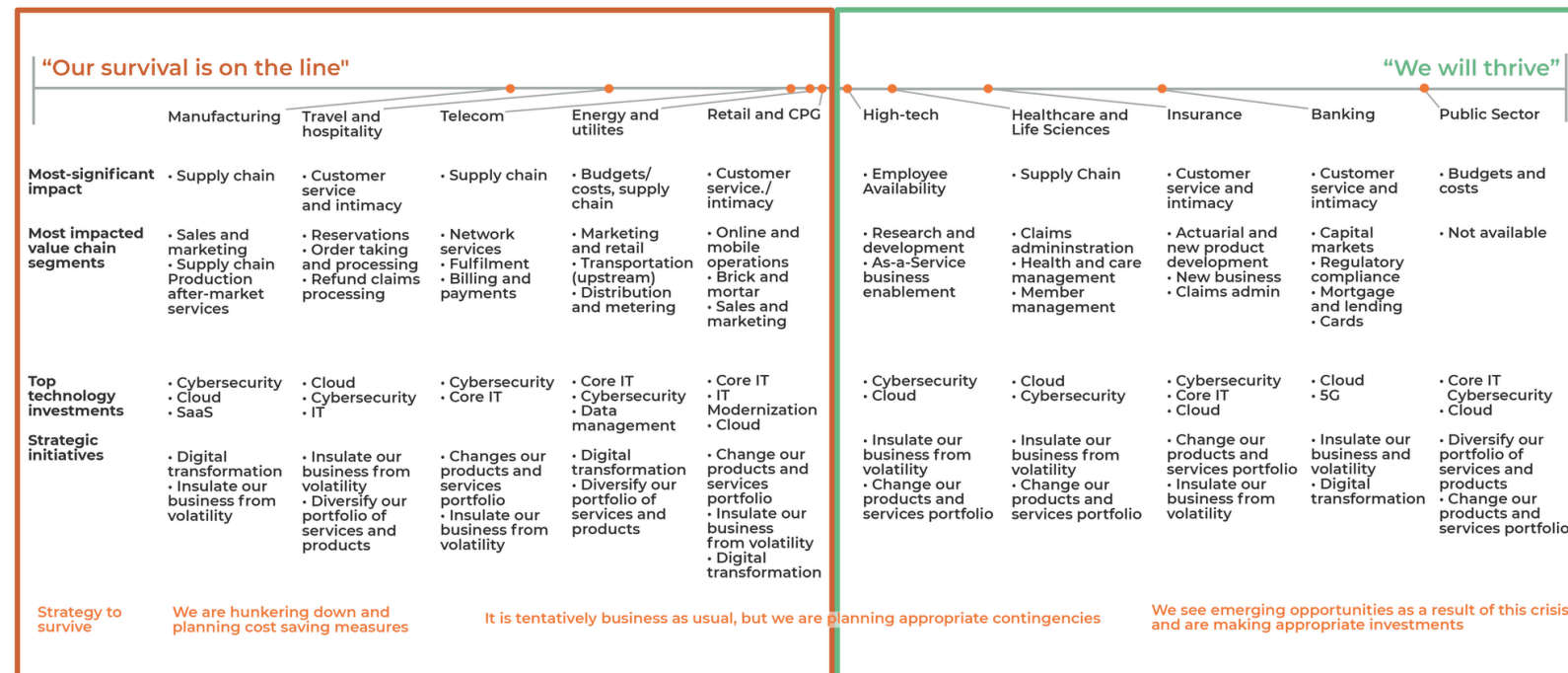
Realization that adapting, protecting, and digitizing businesses while entering a recessionary economy requires a laser-sharp focus on mission-critical “have-to-have” investment areas

As the true financial impact on clients and customers emerges, the impact of COVID-19 is a tale of two cities when we look at it through an industry lens (see Exhibit 4).

- **“We will thrive.”** The public sector, banking, insurance, healthcare and life sciences, and the high-tech industry respondents are relatively confident. They see emerging opportunities as a result of this crisis, and they are making appropriate investments.
- **“Our survival is on the line.”** Manufacturing, travel and hospitality, telecom, energy and utilities, and retail and CPG are less confident about surviving the pandemic economy. They are hunkering down and planning cost-saving measures and other contingencies.

Exhibit 4. **A tale of two cities is emerging by industry**

**How you do think your organization is going to fare post-COVID?**  
Relative confidence in survival grouped by industry



Sample: 400 executives across global 2000 enterprises Source: HFS Research in partnership with Infosys, 2020



Reactions vary by industry. While some are hunkering down to save costs, others are finding opportunities in the crisis. However, across industries, 34% of organizations still think it's business as usual, and 13% are still unsure and unclear.

As enterprises realize the true financial impact, we see where companies are focusing and placing their bets to survive and thrive in the emerging new normal. Adapt, protect, and digitize are the top three strategic initiatives that enterprises feel will help them survive and succeed in the post COVID era:

1. **Adapt.** Over 70% of respondents plan to change their product and service portfolio to drive greater customer value.

2. **Protect.** At least 65% of respondents are insulating their business from volatility by building diverse customer pools and investing in an agile business model.

3. **Digitize.** Over 60% of respondents plan to accelerate their digital transformation initiatives.

**“Digital transformation is no longer a choice. Customer touchpoints and expectations are completely changing. Product choices have definitely changed. It’s a tough time, but days are going to be brighter when this ends.”**

Director of automation, American independent investment management company

Adapting, protecting, and digitizing businesses while entering a recessionary economy requires businesses to focus on mission-critical “have-to-have” investment areas that make business sense and drive a clear ROI with a fast payback time ([see Exhibit 5](#)).

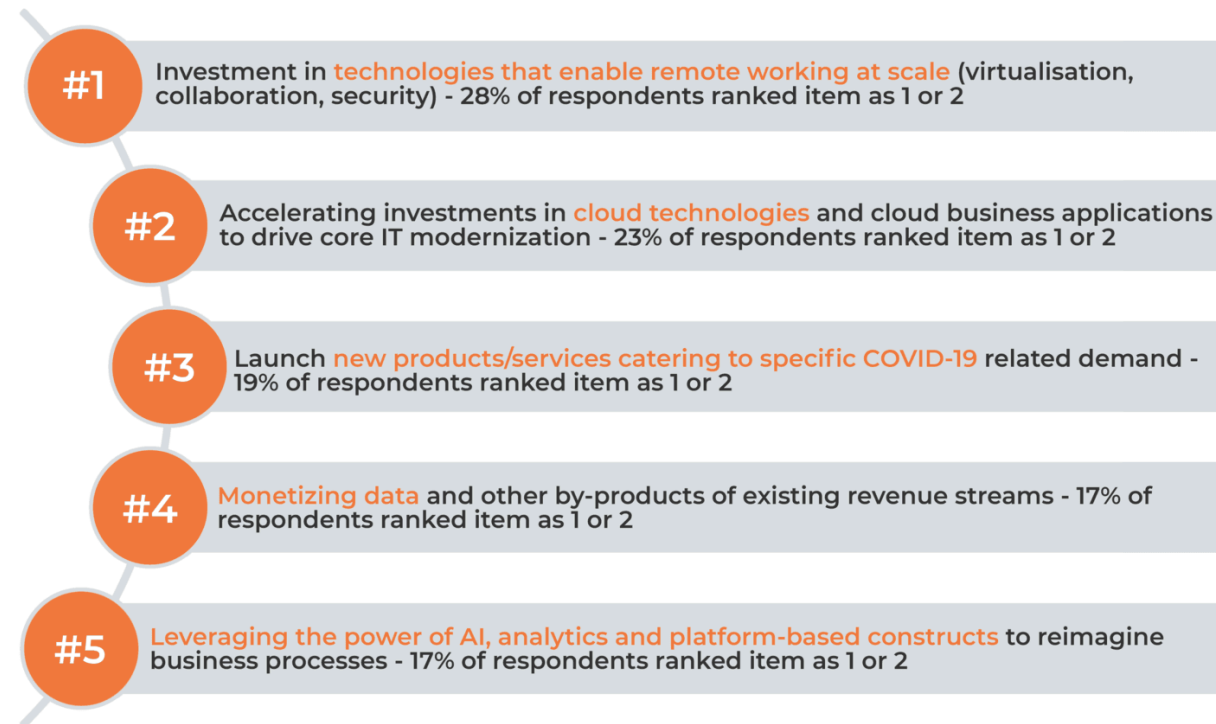
Technologies that enable remote working (cybersecurity, virtualization, collaboration) are at the top of the heap. The study respondents also recognize the need to drive toward a “cloud-enabled and AI-powered” virtual business. Launching new products and services catering to COVID-19 demand and finding ways to monetize data of existing revenue streams are also emerging as critical investment themes.

**“COVID-19 focuses our thinking on cloud for business resilience. We suddenly needed our digital services to cater to a significantly larger demand while making sure these services work.”**

CTO, Postal Services in Europe

## Exhibit 5. Five “have-to-have” investment areas

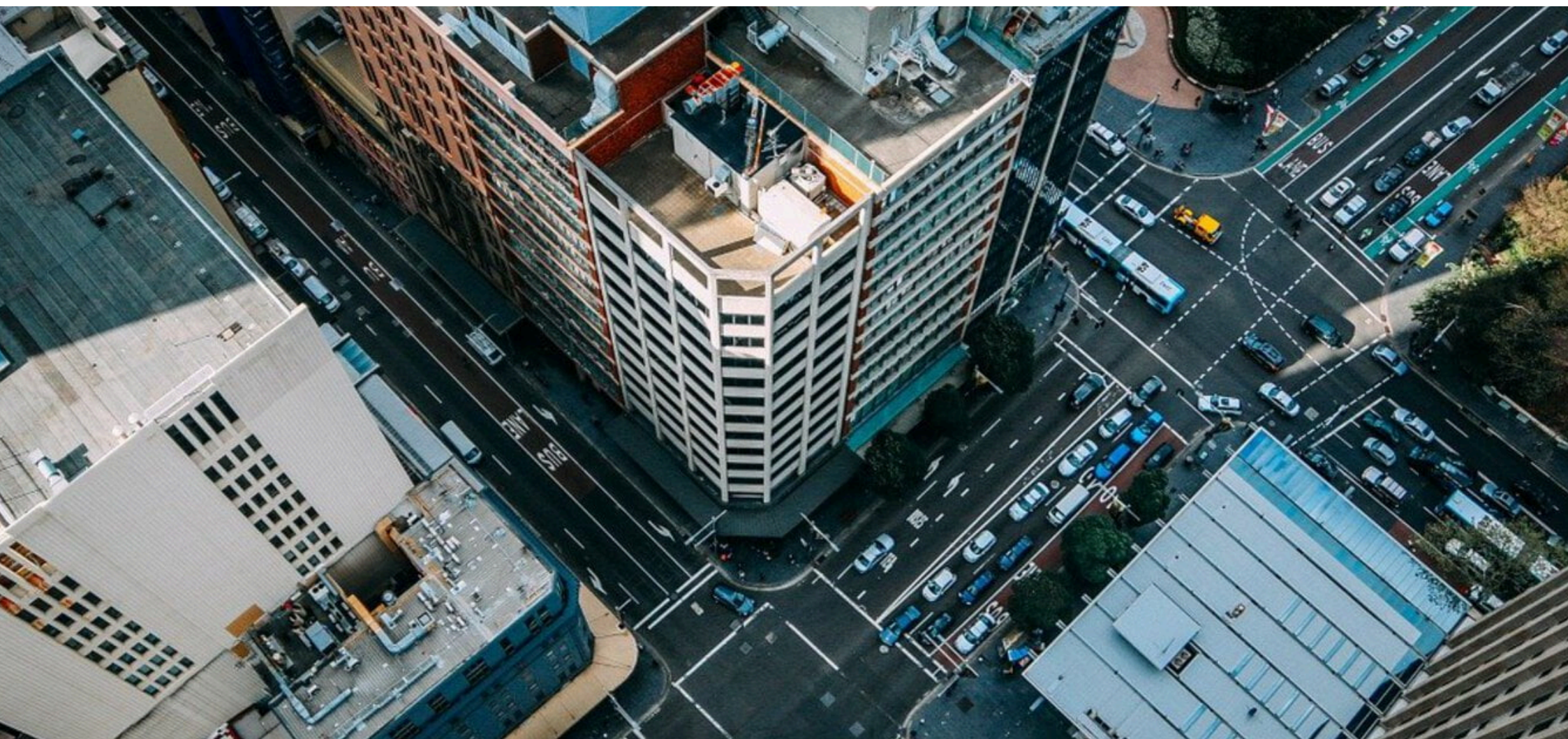
### Five mission-critical “have-to-have” investment areas



Sample: 400 executives across Global 2000 enterprises  
Source: HFS Research in partnership with Infosys, 2020

Other important investment areas include using extreme automation to take costs out and more efficiently run IT operations (ranked 3 or 4 by 31% of respondents) as well as reimagining business models by carving out captives, consolidating providers, and using as-a-service constructs (ranked 3 or 4 by 28% of respondents).





## Phase 4

Surviving and thriving in the new economy will require a new playbook to unlock untapped human potential



To survive this paradigm shock, an organization must have massive flexibility and adaptation across business models, technology architecture, and execution, and its people must engage the business with a lean, start-up mentality where change has always been a known constant. When people feel protected and connected in this new normal, they can move flexibly between resilience and innovation, link processes in new ways, cut redundant connections, and write new playbooks to attack opportunities.

But here's the catch: the organization must consistently eschew complexity for the singular purpose served through its work: connecting the business - through value- to its customer. And the customer has never been so close. People across the organization are bonded with the customer through a shared, 100% digital environment with a common purpose and outcomes. The new duality between who is servicing the customer and who is the customer has never been so readily apparent.

Nearly 90% of organizations realize that they need to reposition their organization to unleash people in the post-COVID world (see [Exhibit 6](#)). The top five areas of talent-related investments include:

**1.** Fifty percent (50%) of respondents are boosting HR transformation and talent development budgets to rethink roles and employee experience across the organization.

**2.** Forty-eight percent (48%) of enterprises are retraining managers and leaders to have the skills needed to support and manage diverse, distributed teams.

**3.** Forty-three percent (43%) of enterprises are training technology staff to have a better understanding of business issues and processes, and nearly an equal number are training business staff to understand and deploy technology.

**4.** Nearly a third are scaling collaboration capabilities through anytime, anywhere, any-device platforms.

**5.** Over 30% are building a new organizational playbook to reimagine change methodologies and unleash staff to focus on outcomes.

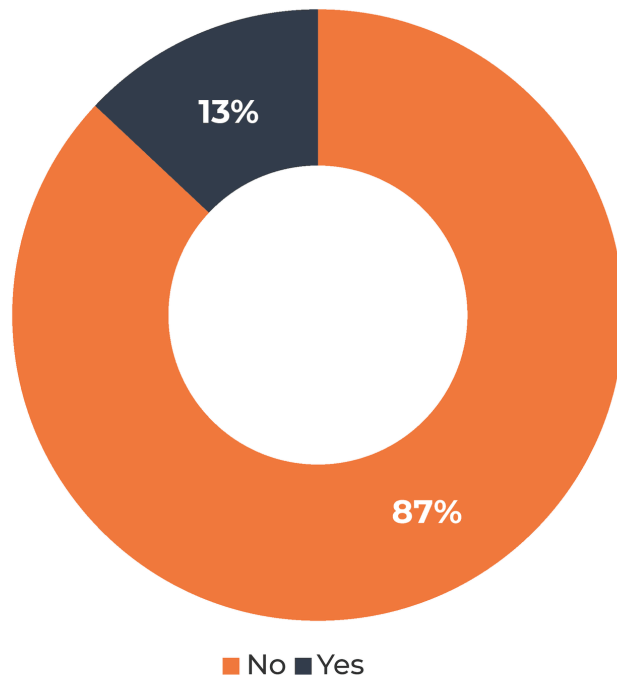
**“What matters most is how to make operations more tech-driven. There needs to be special emphasis on employee value propositions rather than a transactional focus. Culture plays a role in how we operate in this situation. People are used to working in co-located area. How do we create collaboration so employees don’t feel disengaged?”**

Director of automation, American independent investment management company



Exhibit 6. **Nearly 90% of organizations realize that they need to reposition their organization to unleash people in the post-COVID world**

**Will your approach to talent management post-Covid remain the same?**  
% respondents



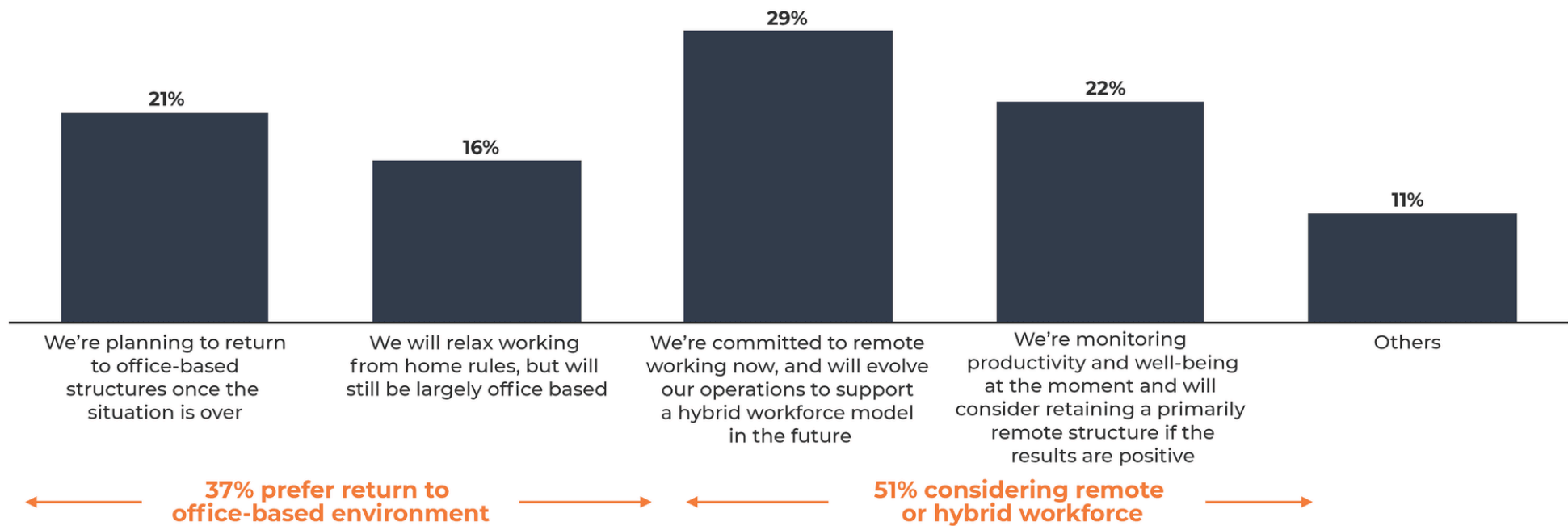
As the post-COVID working arrangements emerge, one thing is clear: We will have a significant work-from-anywhere workforce. Only 37% of respondents prefer returning their employees to an office-based environment ([see Exhibit 7](#)). Nearly 30% are committed to supporting a remote workforce now but plan to evolve their operations to support a hybrid workforce model in the future. Over 20% are monitoring productivity and well-being at the moment and will consider retaining a primarily remote structure if the results are positive.

**“The challenge of managing interactions remotely has been there forever. There hasn’t been a business case in the past, whereas now there is. We’re fascinated by what we do next about that.”**

Head of innovation and productivity, Financial Services Multinational

Exhibit 7. **Only 37% of respondents prefer a return to an office-based environment**

**As an organisation, which of the following best describes your approach to post-COVID working arrangements?**  
Percentage of respondents



Sample: 400 executives across Global 2000 enterprises  
Source: HFS Research in partnership with Infosys, 2020

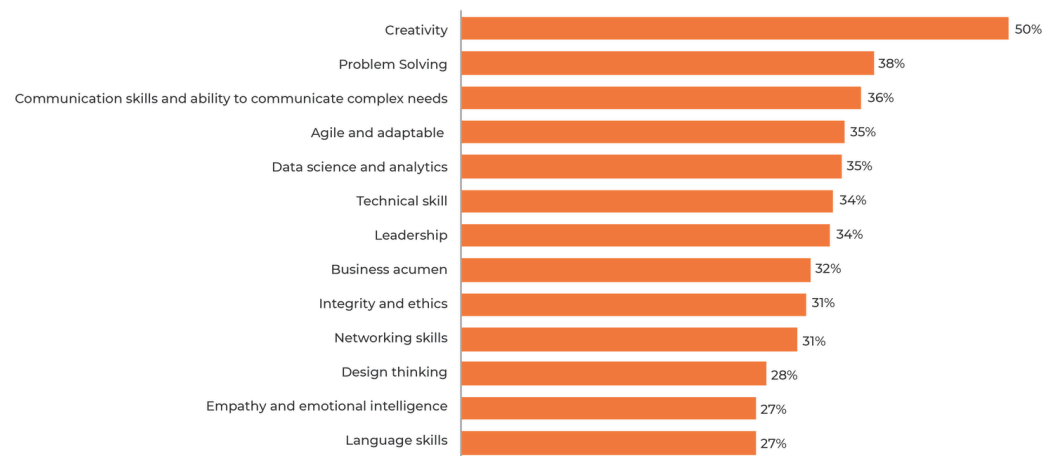


A majority of the respondents feel a significantly greater need for an inclusive and diverse global workforce. Nearly 70% of respondents believe that COVID-19 will accelerate the evolution of our work culture from siloed working to interdisciplinary collaboration. Nearly 65% expect current experience-based, leader-driven decision making to give way to data-based, real-time decision making at the front line. Nearly 60% expect smart and emerging technology will ubiquitously penetrate our workplaces in the form of highly digitized productivity amplifiers for remote and office workers.

Creativity, problem solving, communication skills, agility and adaptability, and data science and analytics will be the top five most sought-after people skills post this pandemic shock. Consequently, the urgency to develop new skills in-house through training has increased significantly. Nearly 65% of leaders now expect their staff to learn on the job and engage with learning and development resources.

#### Exhibit 8. **Most important skillsets to unleash organizational potential post the pandemic shock**

**What is the #1 most important skill required to unleash organizational potential post-COVID?**  
Percentage of respondents



Sample: 400 executives across Global 2000 enterprises  
Source: HFS Research in partnership with Infosys, 2020

Enterprises expect demand for IT and business process services to increase and serve the dual purpose of driving digital while saving cash

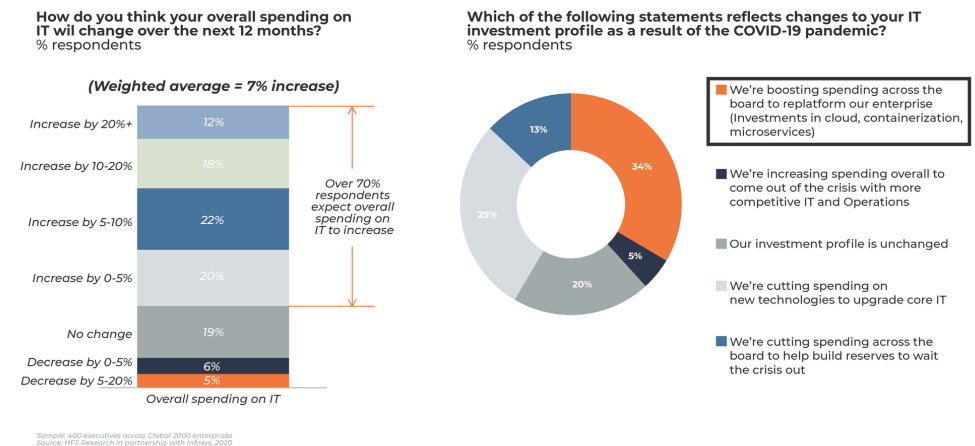




Enterprises expect overall spending on IT to increase by around 7%, primarily to re-platform through investments in technologies such as cloud, containerization, and microservices (see Exhibit 9). Only around 13% of respondents are cutting IT spending across the board to help build reserves to wait out the crisis. Sixty-three percent (63%) of respondents have already increased IT outsourcing or plan to expand it in the next two to three months; they expect the biggest increases in business and digital consulting and IT infrastructure services (including cloud) as they figure out how to do a lot more with much less...and fast.

COVID-19 is also driving clarity in technology investments by forcing organizations to focus on “have-to-haves” in the short-term with a clear business case and a fast ROI. Nearly 30% of enterprises are cutting spending on emerging technologies to focus on core IT across applications and infrastructure to modernize the underlying enterprise technology platform. As a result, cybersecurity and cloud have emerged as the biggest areas of spending increase even though large-scale ERP upgrades and investments in nascent technologies such as blockchain are likely to slow.

**Exhibit 9. Enterprises expect overall spending on IT to increase by around 7%**



While the outlook for business and IT services remains positive, the delivery models will likely change dramatically. Seventy-five percent (75%) of clients are flexible and supportive of delivery model changes, but the onus is on service providers to make the changes. A more balanced and hybrid delivery model will emerge, including location-agnostic (work from anywhere) resources.

# The Bottom Line

We will never get another opportunity to do what we always knew we had to do.



COVID-19 exposed things we can't do, but it also helped us realize things we can do. As the true financial impact on businesses emerges, we are noticing where companies are focusing and "placing their bets." While the impact varies significantly by the industry context, we will all need to write a new playbook to attack opportunities, which begins with unleashing your organizational capital—your people. We are bonded with our customers more than ever before through our employees, and strong employee experience directly correlates to customer experience. We need to engage our business with a start-up mentality that requires massive flexibility and adaptability. We need to accept change as a constant and strive to continuously drive innovation and ideas. Protecting, adapting, and digitizing your business is contingent on your people. CX is the same as EX.

Whether forced or fluid, customers change—all of them—and companies must place people first to both change with them and to unleash the enterprise. It's not about a framework; it's about a mindset to reengage your culture and empower people to break silos, drive experimentation, and advance business delivery. The danger of the current environment is getting lost in protecting without the pivot, where coming out strong into the new normal will be driven by key objectives:

- To understand the business application of technology and use it as an accelerant to growth
- To reimagine change methodologies and leverage digital relationships
- To drive seamless interplay between business and IT to create hybrid roles and digital talent
- To rethink roles across the organization and break down legacy stovepipes
- To use data to make decisions instead of grappling with old messy methods
- To engage customers, employees, and partners within the centerpiece of the strategy
- To cultivate culture and an experience architecture as vital ecosystems for success

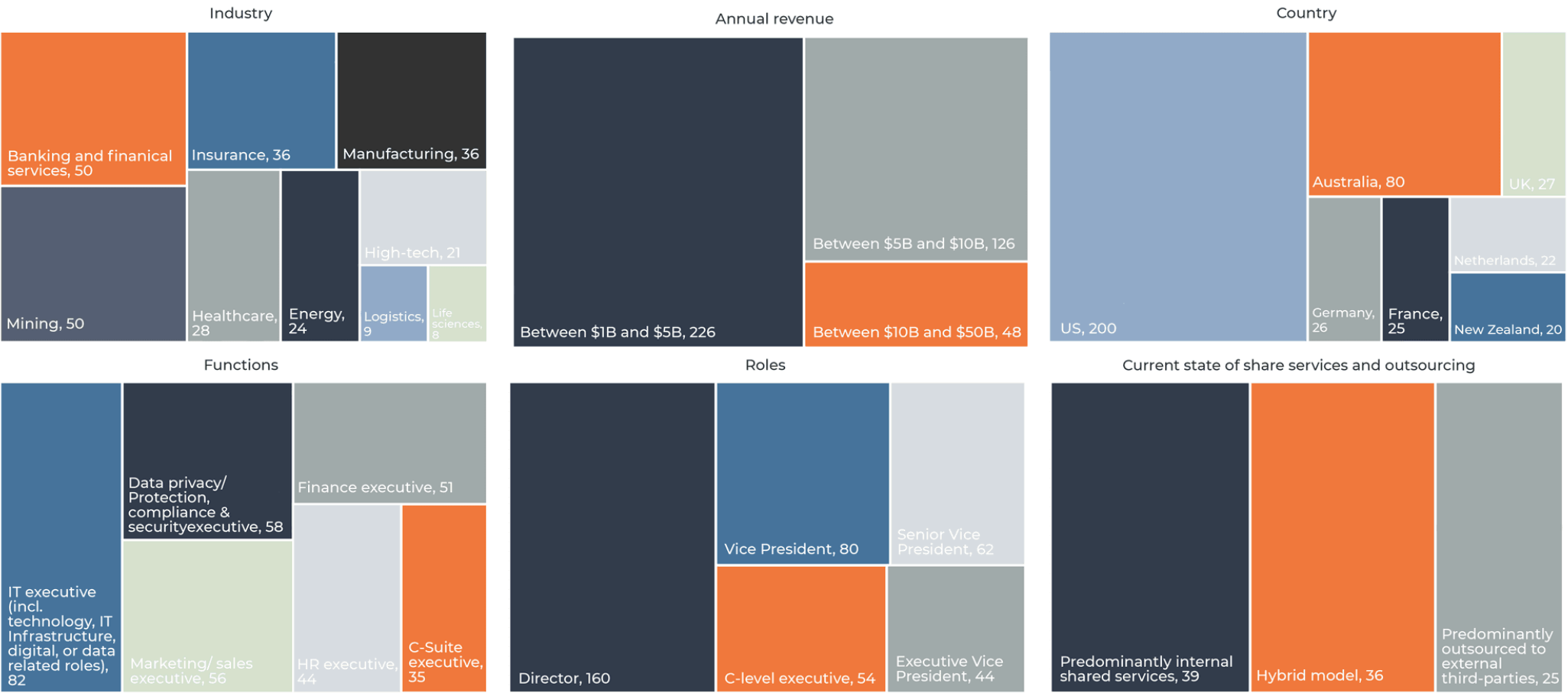
As Thales Teixeira noted in his 2019 business book *Unlocking the Customer Value Chain*, today's leaders can "deliberately engineer business model innovation." When the vision is strong and the model is agile, leaders can harness the business application of technology to flex in new directions. We will emerge with a new wave of digitally agile, data-savvy, and super-energized businesses that are free of the legacy infrastructures of old. Welcome to the new era of the hyperconnected, people-powered enterprise.





# Appendix: Survey Demographics

HFS Research, in partnership with Infosys, surveyed 400 Global 2000 executives worldwide both to understand how businesses can survive and thrive in the pandemic economy and to develop an outlook for IT and business services in the current geopolitical environment.





Authors





[Phil Fersht](#) | CEO & Chief Analyst, HFS Research

Phil Fersht is a world-renowned analyst, writer and visionary in emerging technologies, automation, digital business models, and the alignment of enterprise operations to drive customer impact and competitive advantage.

Fersht coined the terms the "DigitalOneOffice" and the "Hyperconnected Economy" which describe HFS Research's vision for future business operations amidst the impact of automation, AI and disruptive digital business models. In 2012, he authored the first analyst report on Robotic Process Automation (RPA), introducing this topic to the industry and is widely recognized as the pioneering analyst voice that has driven the evolution of the RPA industry.



[Saurabh Gupta](#) | Chief Research Officer, HFS Research

Saurabh Gupta is Chief Research Officer at HFS. He oversees HFS' global research function managing the global team of analysts across US, Europe, and Asia-Pac.

He works closely with the CEO to set the strategic research focus and agenda for HFS Research, understanding and predicting the needs of the industry and ensuring that HFS maintains its position as the strongest impact thought leader for business operations and services research.

*The HFS Research team would also like to acknowledge the Infosys team for its valuable inputs and feedback throughout the research and publication of this report.*

# About HFS

Defining future business operations



The HFS mission is to provide visionary insight into major innovations impacting business operations, including: automation, artificial intelligence, blockchain, Internet of things, digital business models, and smart analytics.

HFS defines and visualizes the future of business operations across key industries with our Digital OneOffice™ Framework.

HFS influences the strategies of enterprise customers to help them develop OneOffice backbones to be competitive and to partner with capable services providers, technology suppliers, and third-party advisors.

Read more about HFS and our initiatives on [www.hfsresearch.com](http://www.hfsresearch.com) or follow @HFSResearch





# About Infosys



Infosys is a global leader in next-generation digital services and consulting. We enable clients in 46 countries to navigate their digital transformation. With nearly four decades of experience in managing the systems and workings of global enterprises, we expertly steer our clients through their digital journey. We do it by enabling the enterprise with an AI-powered core that helps prioritize the execution of change. We also empower the business with agile digital at scale to deliver unprecedented levels of performance and customer delight. Our always-on learning agenda drives their continuous improvement through building and transferring digital skills, expertise, and ideas from our innovation ecosystem.

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Embrace the most  
seismic  
technological and  
business change in  
our lifetime