TATA CONSULTANCY SERVICES

Building on belief

TCS 2021 Global Leadership Study

Where, How and What Leaders Will Compete With in the New Decade

Fall 2021

Key Findings report: North America

TCS Thought Leadership Institute

TCS 2021 Global Leadership Study: Key Findings report for NA

Contents

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TCS 2021 Global Leadership Study

North America: Collective Key Findings report

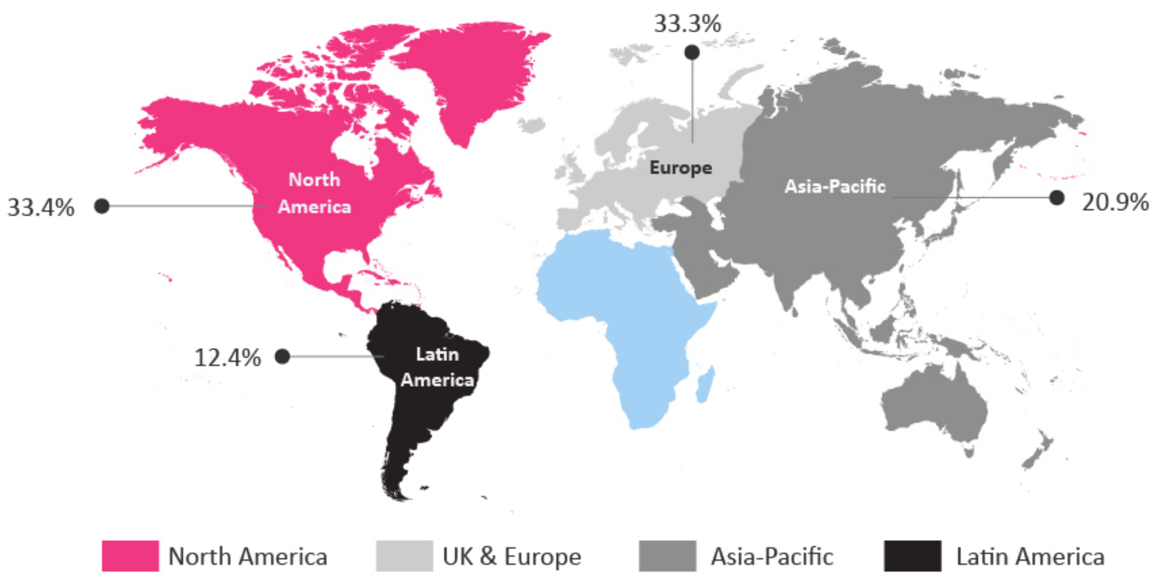
TCS 2021 Global Leadership Study: Overview

This 2021 study from Tata Consultancy Services (TCS) examines how leaders of large global enterprises in four regions of the world have recalibrated their organizational strategies for the next few years, through 2025. Specifically, the study explores how senior leaders are striking a balance between ***innovation*** and ***optimization*** in four arenas.

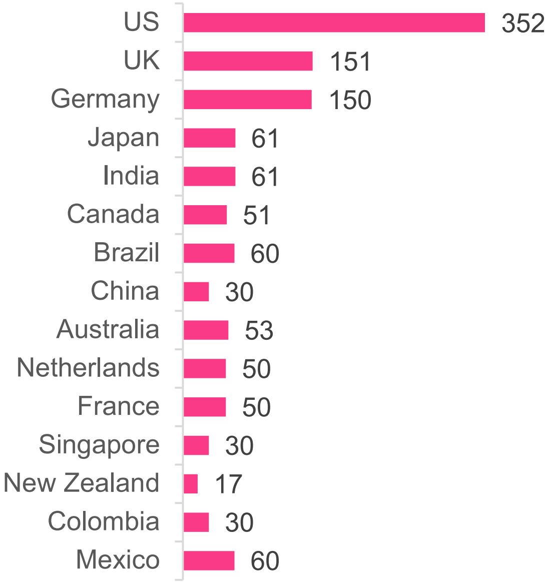
INNOVATION	VS	OPTIMIZATION
New sectors, regions, business models	**WHERE TO COMPETE** *Digital strategies* – deciding which businesses and markets to be in	Existing sectors, regions, business models
New products and services	**WHAT TO COMPETE WITH** *Digital offerings* – defining the products and services to offer	**Improving existing products and services**
New business processes to create demand and supply	**HOW TO COMPETE** *Digital ways* of conducting business	Improving existing ways of creating demand and supply
New approaches to managing talent and creating a new culture	**HOW TO LEAD** Leadership approaches to managing people who are working in *increasingly digital ways*	**Improving existing talent management approaches and the current culture**

TCS 2021 Global Leadership Study: North America Key Findings Overview

We analyzed the study findings based on individual country respondents in four major regions. This document includes a collective North American analysis and comparison as well as individual, stand-alone key findings reports from Canada, Mexico and the U.S.



Surveys by company headquarters country (1,206 total)



TCS 2021 Global Leadership Study: NA Essential Takeaways at a Glance

1. WHERE TO COMPETE

- 57% of North American (NA) respondents overall and two-thirds of Followers consider only their industry's historical boundaries when assessing future opportunities; 59% of Leaders evaluate cross-industry digital ecosystems.
- 88% of Leaders, 70% of respondents overall and 47% of Followers say that nontraditional competition poses the greatest threat through 2025.

2. WHAT TO COMPETE WITH

- About half (48%) of NA respondents collaborate with competitors; a larger percentage of Leaders (81%) do so compared to only 21% of Followers.
- Leaders predict digital (online) revenue will increase from 51% in 2021 to 56% in 2025. Followers are far behind, at 32%, but expect to add 11 percentage points, to 43%, by 2025.

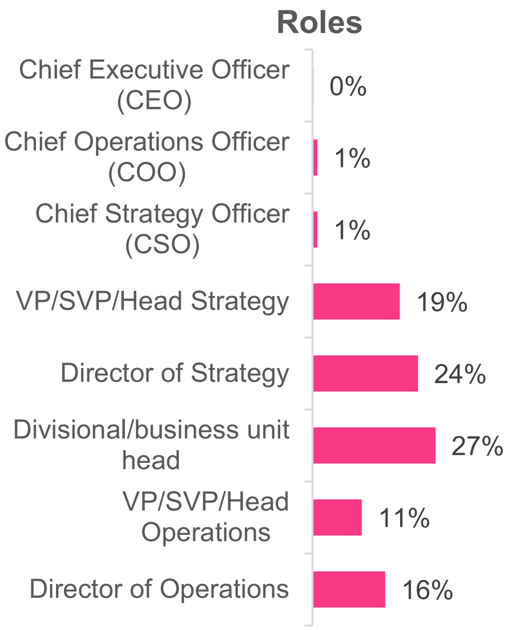
3. HOW TO COMPETE

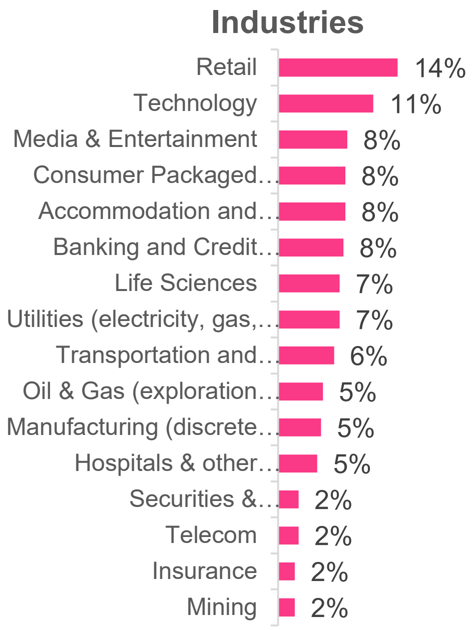
- 30% of NA Leaders leverage subscription-based offerings vs 18% for Followers.
- Overall, NA respondents expect a high level of cyberattack vulnerability for many areas of the business, especially customer databases.
- Leaders are most concerned about R&D; Followers are more concerned about attacks on finance and sales/e-commerce.

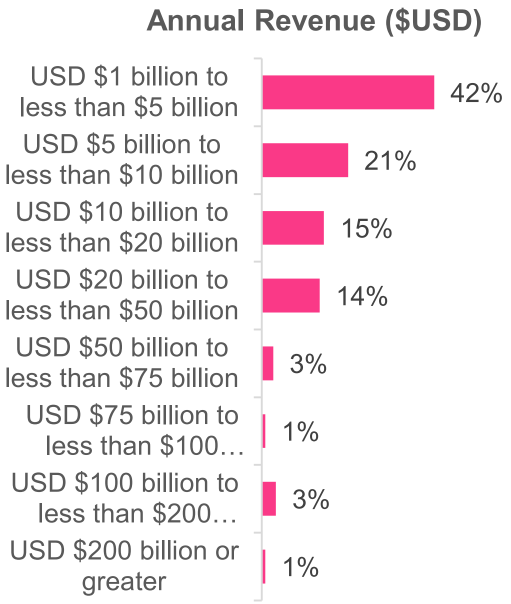
4. HOW TO LEAD

- The top cultural factor needed in the years ahead is diversity, inclusion and equal opportunity. Second is innovation, driven by Leaders.

North American companies surveyed (463 in all)







463 companies in total: 352 in US; 60 in Mexico, 51 in Canada

We compare “Leaders” and "Followers"

Leaders are firms with higher-than-average increases in revenue and net profit in their industry between 2015 – 2019.

+65% revenue and +73% net profit

These companies are 29% of the total survey sample.

Leaders

VS

Followers are firms with lower-than-average increases in revenue and net profit in their industry between 2015 – 2019.

-15% revenue and -36% net profit

These companies are 33% of the total survey sample.

Followers

In this study, we compared the best-performing companies ("Leaders") in the last half of the 2010s to the worst-performing firms ("Followers"). "Leaders" see their digital opportunities between now and 2025 much differently than do "Followers."

Where to Compete: Outdated strategic analysis still dominates, but not for Leaders

- When assessing future opportunities, three-fifths (57%) of North American respondents overall, and two-thirds of Followers, consider only their industry's historical boundaries.
- 59% of Leaders evaluate cross-industry digital ecosystems.

1. WHERE TO COMPETE

Digital strategies – deciding which businesses and markets to be in

2. WHAT TO COMPETE WITH

Digital offerings – defining the products and services to offer

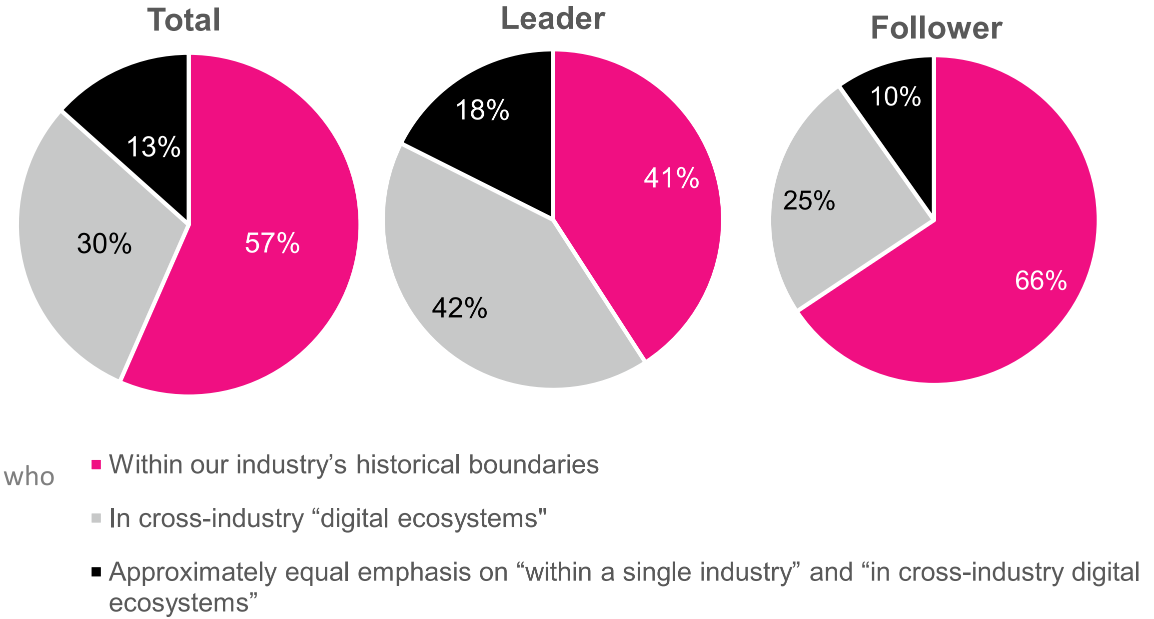
3. HOW TO COMPETE

Digital ways of conducting business

4. HOW TO LEAD

Leadership approaches to managing people who are working in *increasingly digital ways*

Framework for Evaluating Opportunities



Where to Compete: The toughest competition will come from outside industry boundaries

- Non-traditional competition poses the greatest threat through 2025 according to 88% of Leaders, 70% of respondents overall and 47% of Followers.
- 33% of Leaders view existing digital companies as the greatest threat, compared to 13% of Followers.

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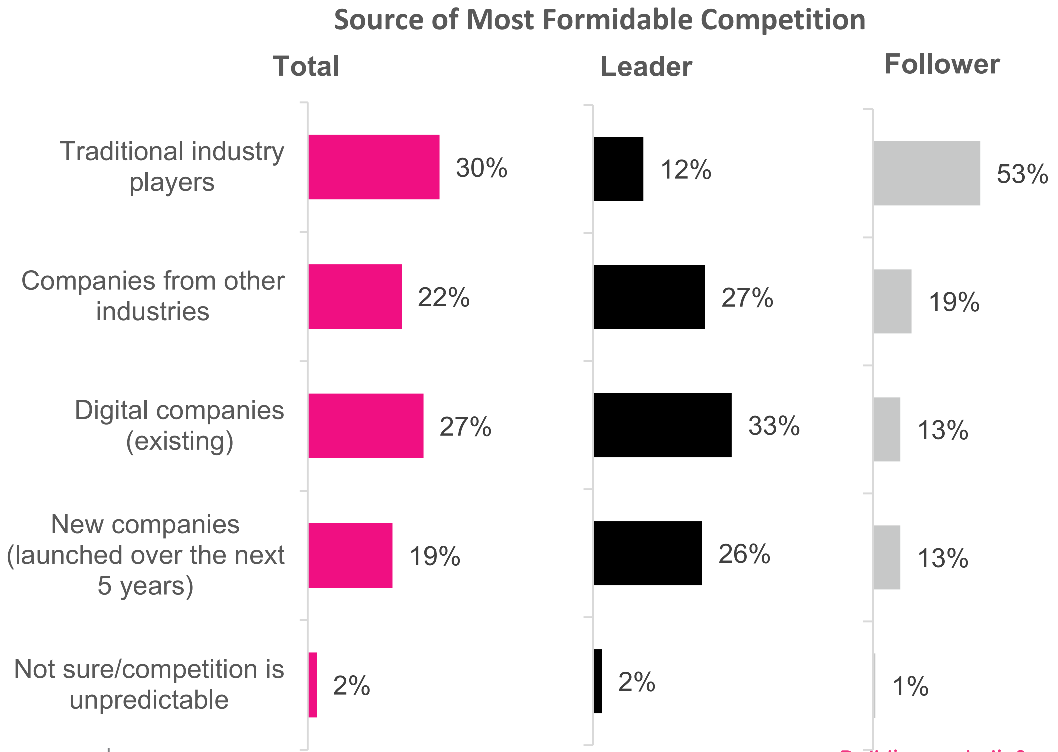

What to Compete With: Leaders collaborate with competitors more than Followers do

- Partnering with competitors is key in the digital economy; for example, Netflix runs its streaming video from a competitor's (Amazon) cloud.
- While about half (48%) of NA respondents collaborate with competitors, the rate rises to 81% for Leaders and falls to 21% for Followers.

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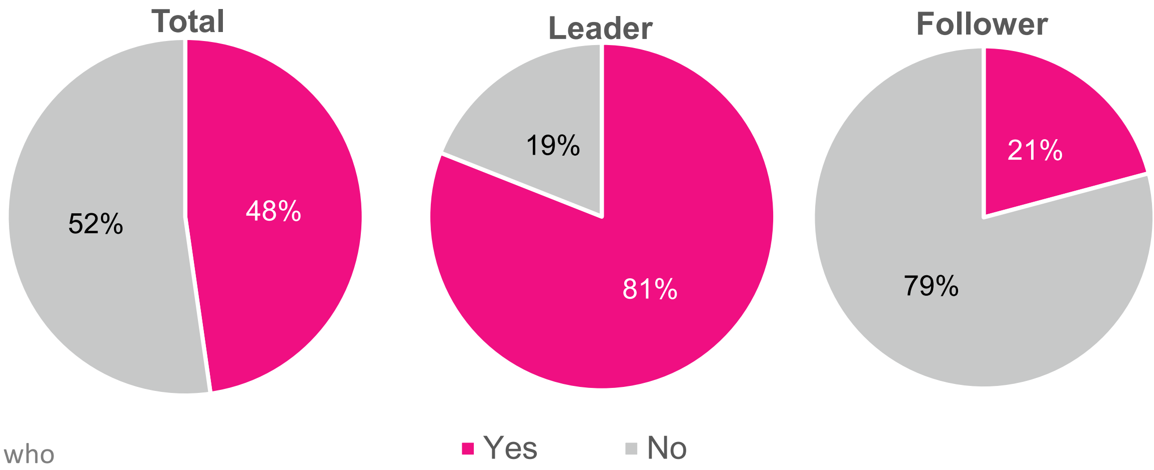
% Collaborating with Competitors



What to Compete With: Leaders Outpace Followers on Digital Revenues

- 40% of NA respondents' revenue comes from purely digital offerings (available online).
- Leaders predict such digital revenue will increase from 51% in 2021 to 56% in 2025. Followers are far behind, at 32%, but expect to add 11 percentage points, to 43%, by 2025.

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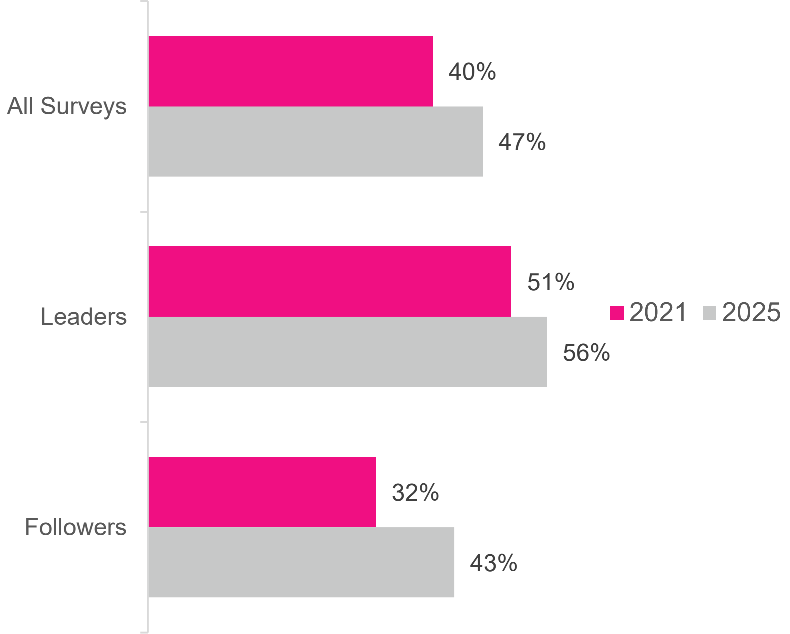
% Revenue from Purely Digital Offerings, 2021 vs. 2025



How to Compete: Leaders get more revenue from subscriptions

- Subscription models provide more predictable revenue for companies and decrease upfront costs for customers.
- Subscription-based offerings account for 23% of total revenue across NA, 30% for Leaders and 18% for Followers. By 2025 such revenue will rise 6 or 7 percentage points.

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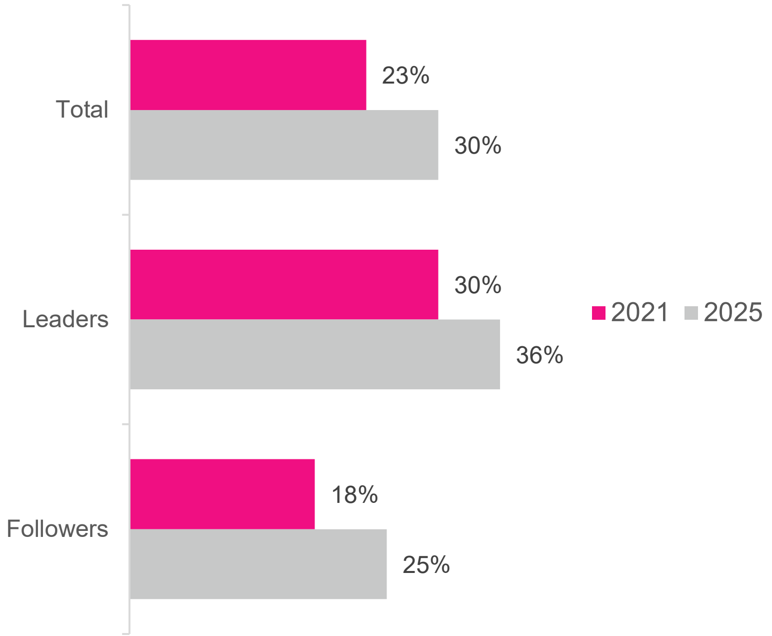
% Revenue from Subscription Offerings, 2021 vs. 2025



How to Compete: Companies anticipate cyberattacks on databases, finance and R&D

- Overall, NA respondents expect a high level of cyberattack vulnerability on customer databases.
- Followers are disproportionately concerned about attacks on finance and sales/e-commerce, while Leaders are anxious about R&D above all else

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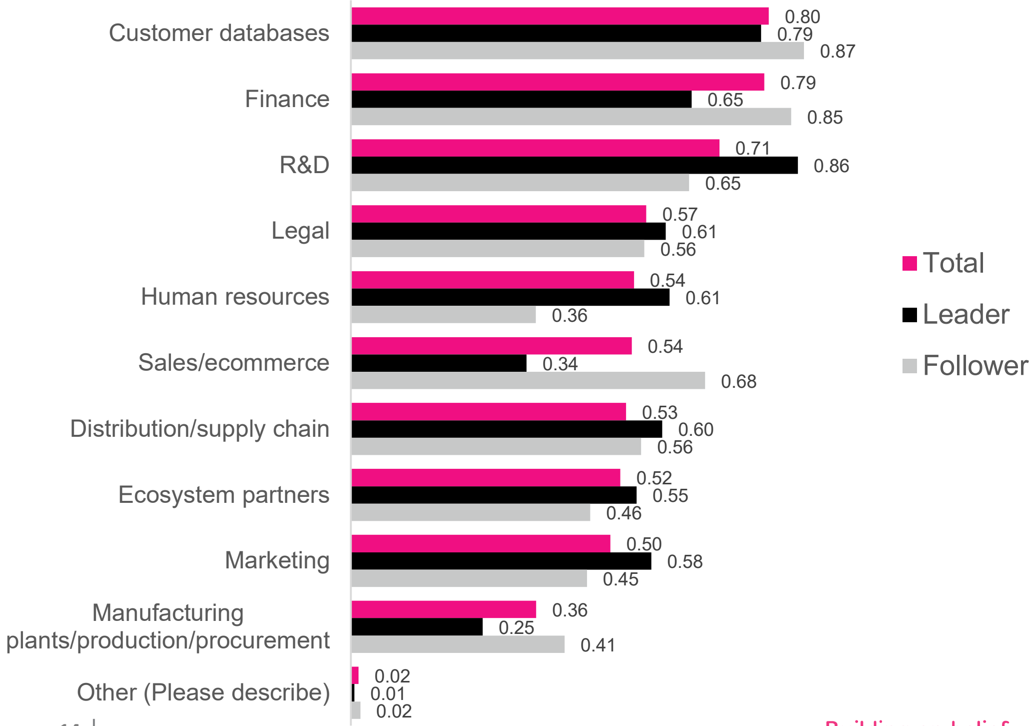
Likely Cyberattack Targets, Through 2025



How to Lead: Career development and pandemic factors dominate employee experience

- In improving employee experience, NA respondents—and particularly Leaders—are most concerned with training and career development.
- Followers primarily seek to make remote workers more productive, although they are less driven than Leaders by work flexibility.

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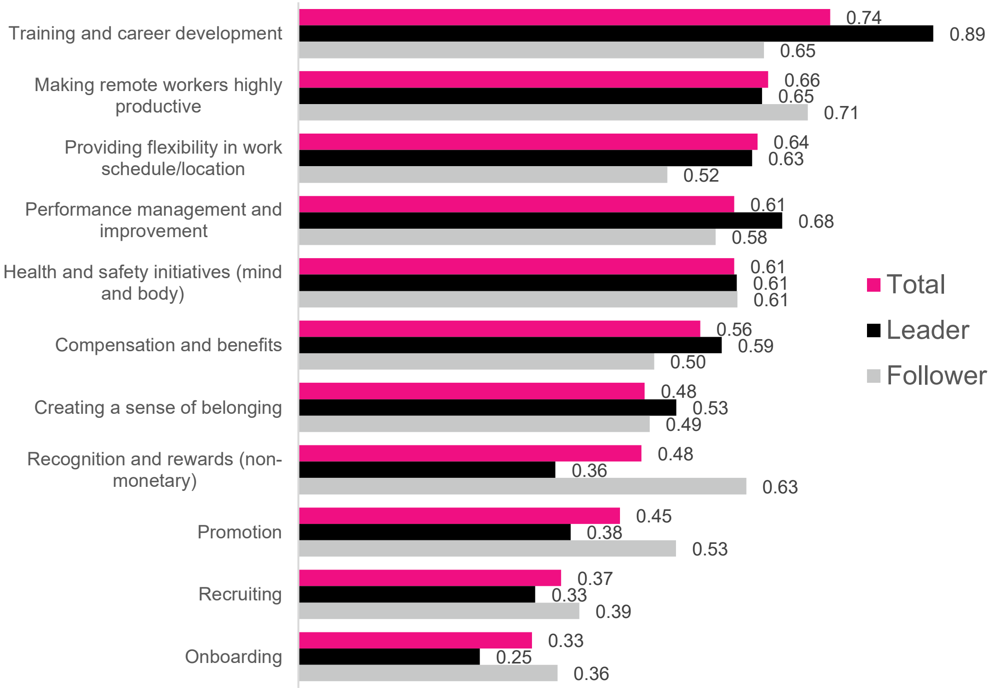
Employee-Experience Areas Requiring the Most Improvement by 2025



How to Lead: Diversity, innovation and quality top cultural goals through 2025

- The top cultural factor needing improvement is diversity, inclusion and equal opportunity; outside of NA it ranked fifth.
- Second is innovation, driven by Leaders, then quality, led by Followers. Leaders prioritize the environment and customers, while Followers favor employee experience.

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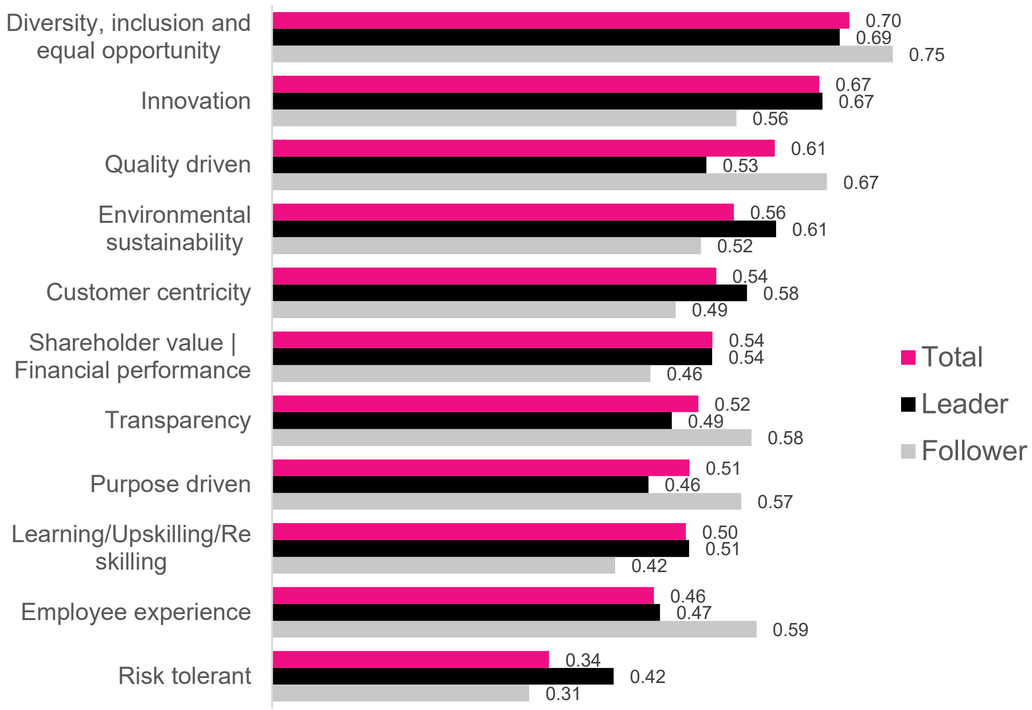
Most Important Cultural Factors Through 2025



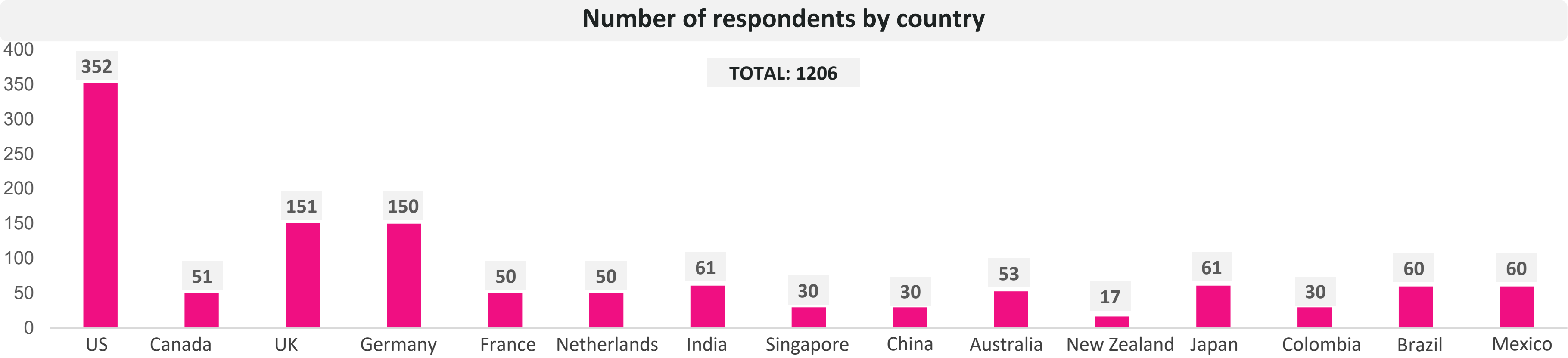
The Big Takeaway

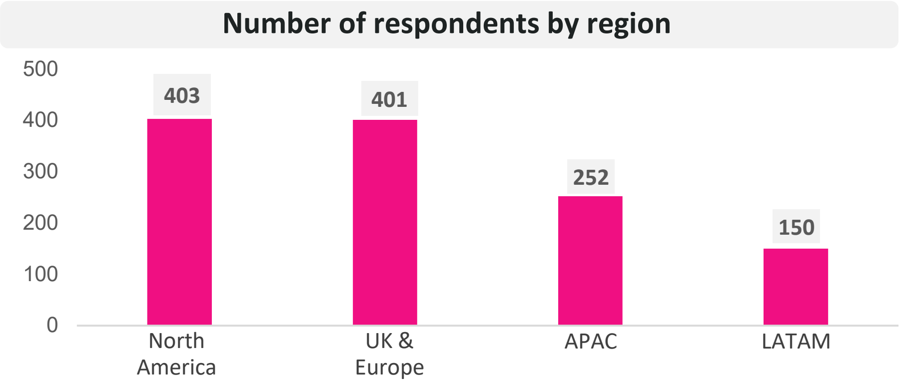
Even with massive growth in digital opportunities, most North American companies are underestimating the amount of innovation in strategy, products and services, business processes, and leadership approaches they will need to compete.

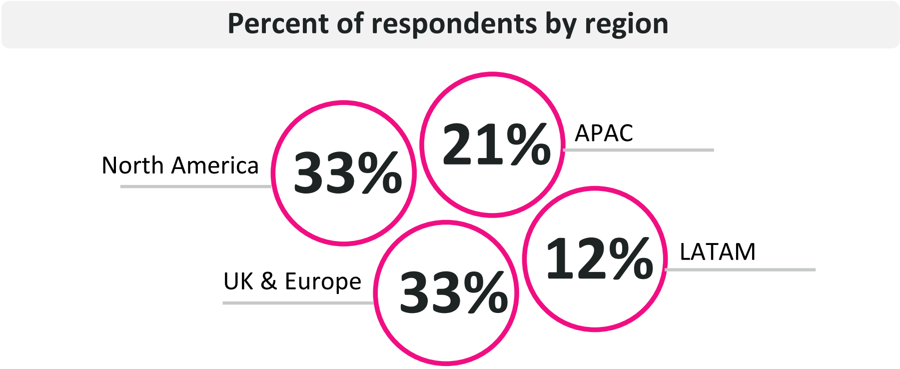
Are senior leaders prepared to lead their organizations to higher performance in the mid 2020s?

Appendix

Study Demographics (country + region)







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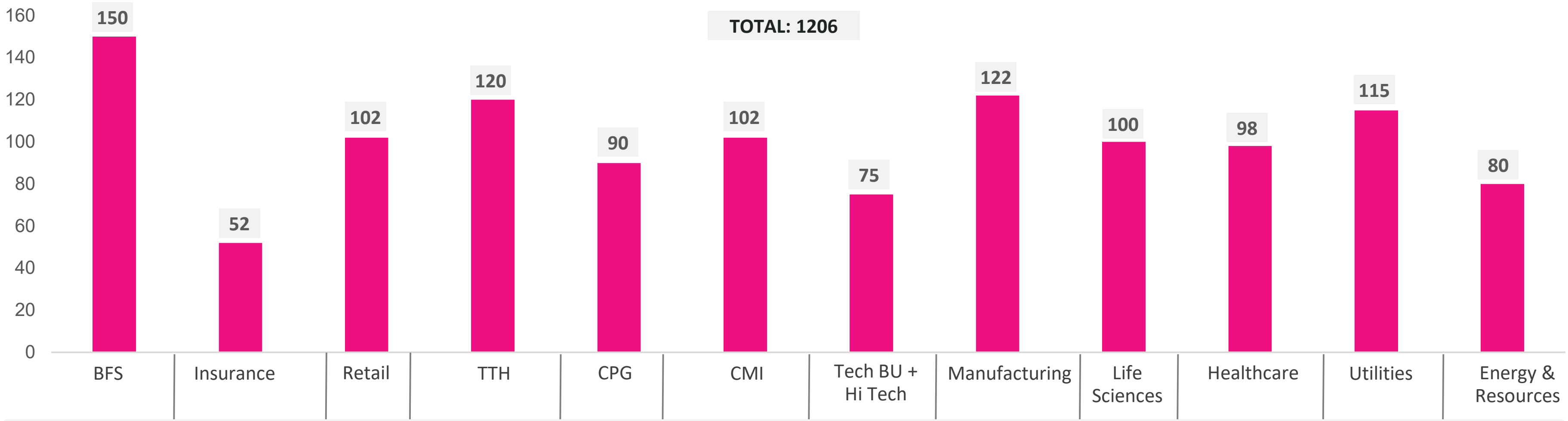
Study Demographics (industry)

of Respondents



BFS	Insurance	Retail	TTH	CPG	CMI	Tech BU + Hi Tech	Manufacturing	Life Sciences	Healthcare	Utilities	Energy & Resources
Banking & Financial Services (Banking & Credit 100) + (Securities & Investment Svcs 50)	Life insurance (36) + Property/Casualty (16) [This category excludes health insurance]		Transportation & Logistics (80) + Hospitality (Accommodation & Food Services) (40)		Media & Entertainment (62) + Telecom (40)	(includes comms equip, semiconductor makers + technology)	(discrete, process)		hospitals + healthcare svc providers (60) + health insurance (38)	(electricity, gas, water)	(oil & gas (50) + mining (30)

Sectors included in the study

*More detailed breakdown available

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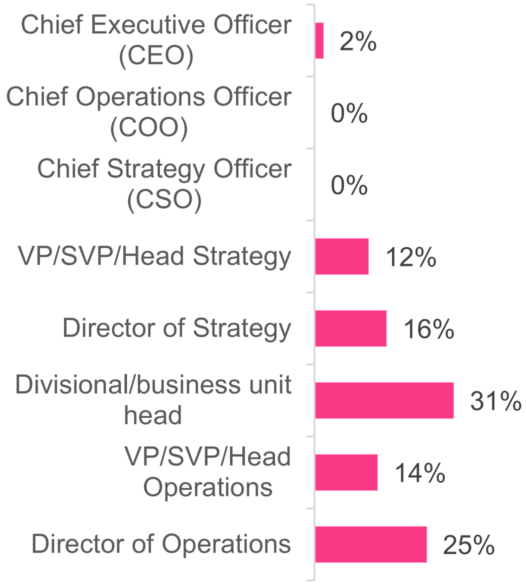
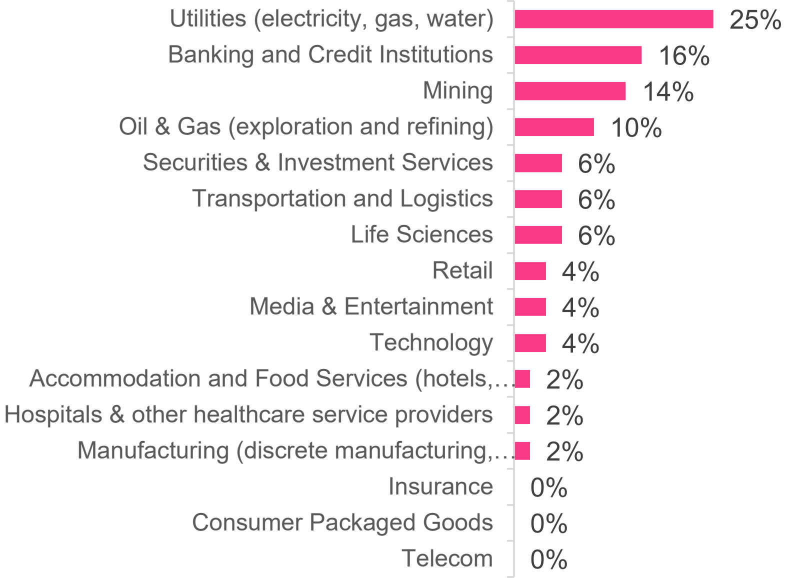
Canada: Key Findings report

Canadian companies surveyed (51 in all)

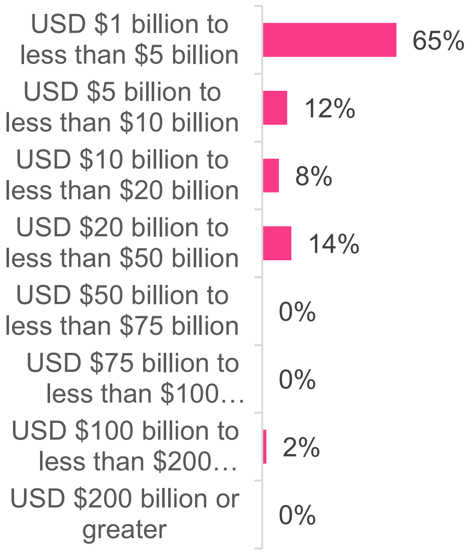
Roles



Industries



Annual Review ($USD)



We compare “Leaders” and "Followers"

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+65% revenue and +73% net profit

These companies are 29% of the total survey sample.

Leaders

VS

Followers are firms with lower-than-average increases in revenue and net profit in their industry between 2015 – 2019.

-15% revenue and -36% net profit

These companies are 33% of the total survey sample.

Followers

In this study, we compared the best-performing companies ("Leaders") in the last half of the 2010s to the worst-performing firms ("Followers"). "Leaders" see their digital opportunities between now and 2025 much differently than do "Followers."

Where to Compete: Traditional strategic planning still in vogue

- About half of Canadian companies' top management teams define their opportunities through the traditional "lens" of their longstanding industries.
- Less than a third (29%) use a purely cross-industry "digital ecosystem" lens.

1. WHERE TO COMPETE

Digital strategies – deciding which businesses and markets to be in

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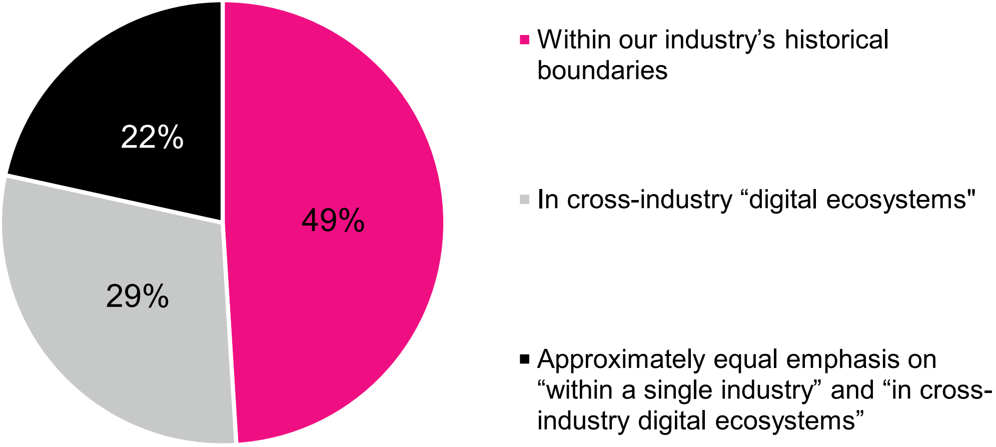
Leadership approaches to managing people who are working in *increasingly digital ways*

How Top Management Identifies Strategic Opportunities and Threats



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Where to Compete: But traditional strategic planning not likely to prepare Canadian companies for the new competition they expect

- Yet only 29% believe their toughest competitor by 2025 will come from their industry, indicating the limitations of viewing opportunities and threats only through a traditional industry point of view.
- The 29% of Canadian companies that think along traditional industry lines will need a broader strategic planning framework.

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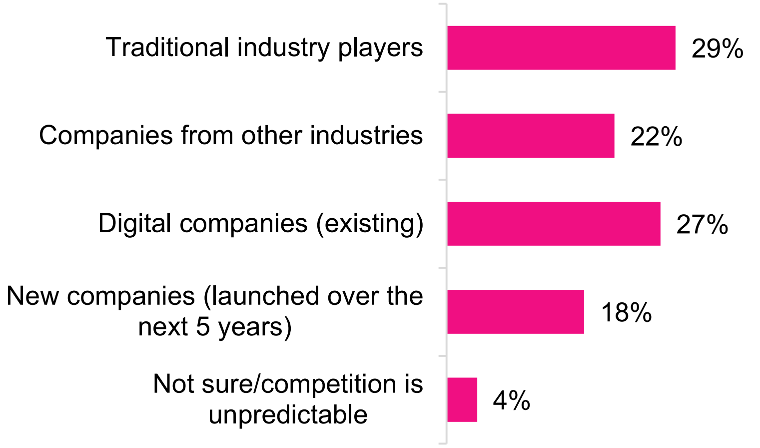
Where They See Their Most Formidable Competitor Coming From by 2025



What to Compete With: Digital products are making strides

- They're generating a sizable percent of revenue today (21%) from purely digital products and services.
- They expect that number to increase by 2025 to 27% of revenue.
- "Leaders" generate a higher percentage of revenue today from digital offerings – and expect a higher percentage by 2025 (a third of total revenue).

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	% of Revenue Today from Purely Digital Products and Services	% of Revenue Predicted by 2025 from Purely Digital Products and Services
All Canadian surveys	21%	27%
Canadian "Leaders"	26%	32%
Canadian "Followers"	21%	27%

What to Compete With: Whole new offerings seen as critical to revenue

- They expect nearly 40% of revenue by 2025 to come from whole new products and services. And they see revenue from subscription models to increase by then.
- “Leaders” expect nearly half of revenue (48%) by 2025 to come from new offerings; ”Followers” project only 33% of revenue from new offerings by then.

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	Today	By 2025
Revenue from existing products and services (as % of total revenue) [**All Canadian surveys**]	100%	61%
Revenue from existing products and services (as % of total revenue) Canadian “**Leaders**”	100%	52%
Revenue from existing products and services (as % of total revenue) Canadian “**Followers**”	100%	67%

How to Compete: Canadian companies see product usage data as a goldmine

- Canadian companies see two areas as most important in using their data more effective: how customers use their products and how they conduct digital marketing campaigns.
- Understanding how customers use their products requires (among several things) embedding digital sensors and tracking performance.
- Conducting better digital marketing campaigns requires (among several things) using AI and analytics to personalize messages.

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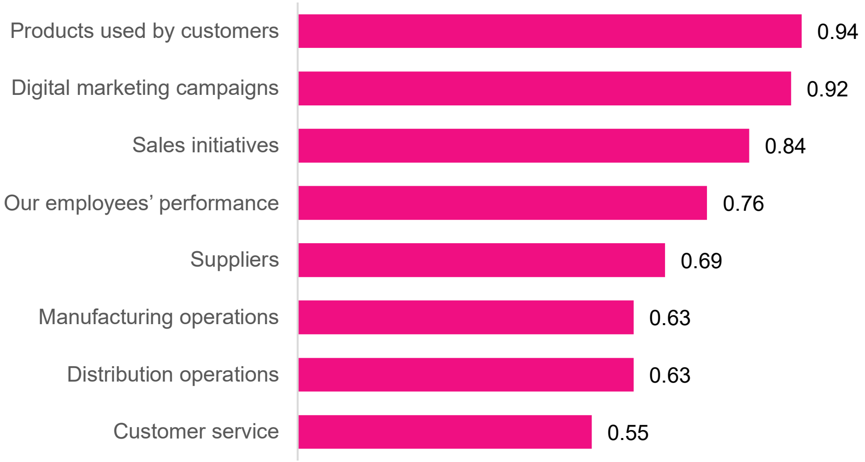
Most Important Areas to Better Use Data by 2025



How to Compete: "Leaders" looking to mass-customize their offerings

Canadian "Leaders" believe the tech-enabled business capabilities with the most impact on their companies by 2025 are those that will let them **mass-customize their offerings** and **improve employee productivity and collaboration**.

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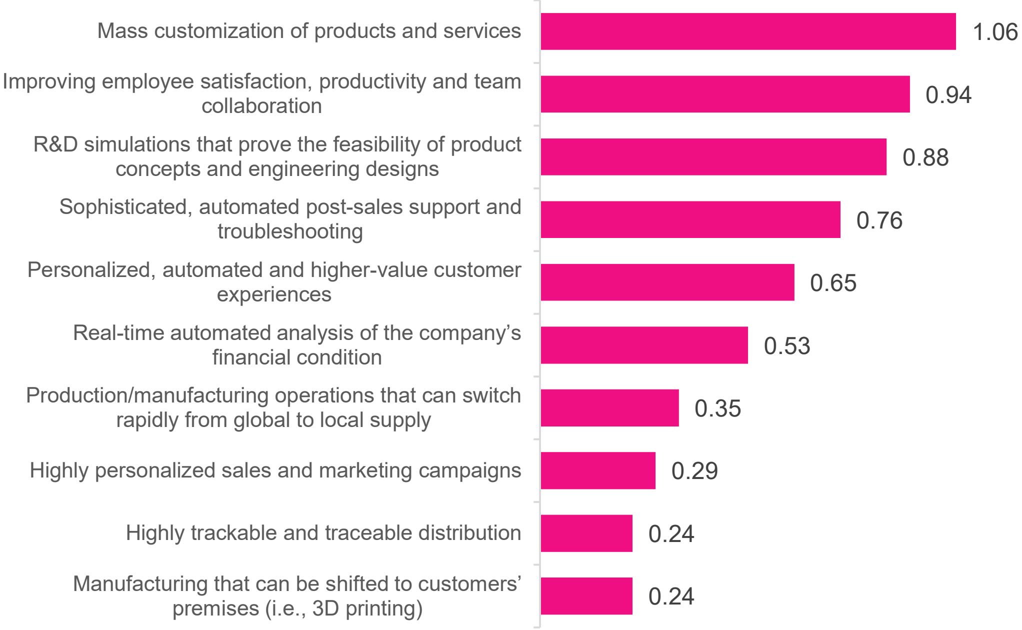
What Canadian "Leaders" Believe Will be the Tech-Enabled Business Capabilities with Greatest Impacts on Them by 2025



How to Lead: Most important cultural traits are employee-centricity, innovation, and quality. Shareholder value comes after

How will Canadian companies achieve such digital innovations in their products, services, and key business processes?

- They believe having corporate cultures driven by a **great employee experience**, **innovation**, and **quality** is most important.

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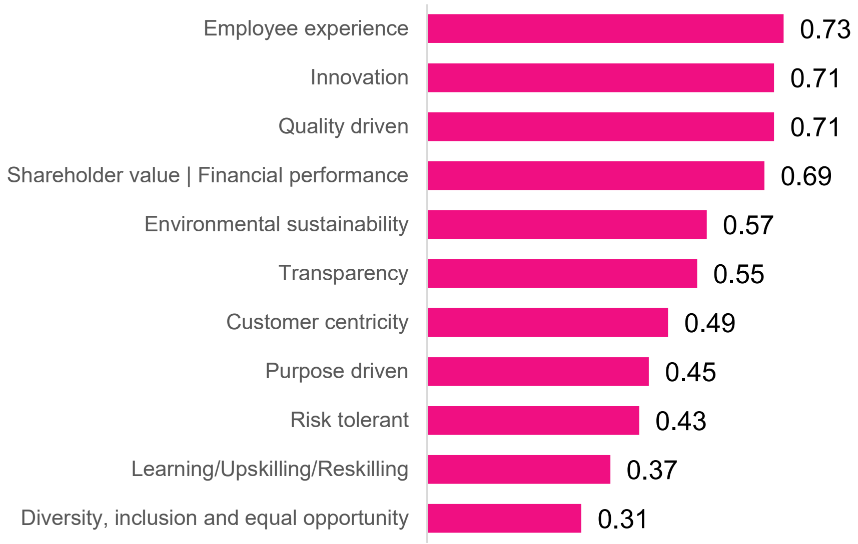
Most Important Cultural Traits by 2025



How to Lead: More successful Canadian companies to look for digital innovation from within and from customers. The less successful favor market research.

Where will Canadian "Leaders" look for great ideas for digital innovation?

- Most of all, from top management, frontline employees, and customers.
- Canadian "Followers" more often expect to find it from market research and channel partners.

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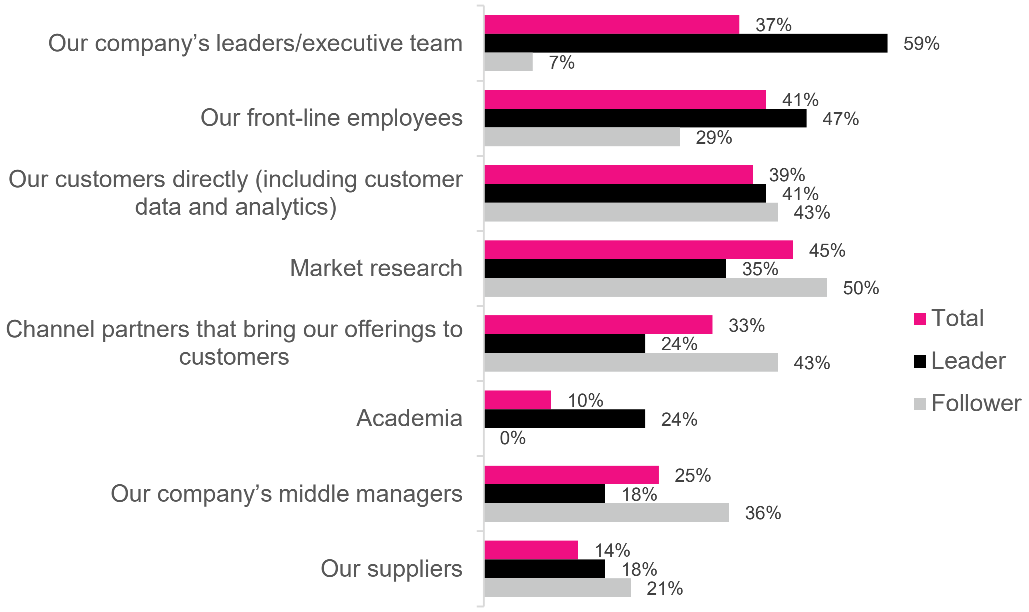
Canadian Companies' 3 Best Sources for Digital Innovations from now to 2025



The Big Takeaway

Even with massive growth in digital opportunities, most Canadian companies are underestimating the amount of innovation in strategy, products and services, business processes, and leadership approaches they will need to compete.

Are senior leaders prepared to lead their organizations to higher performance in the mid 2020s?

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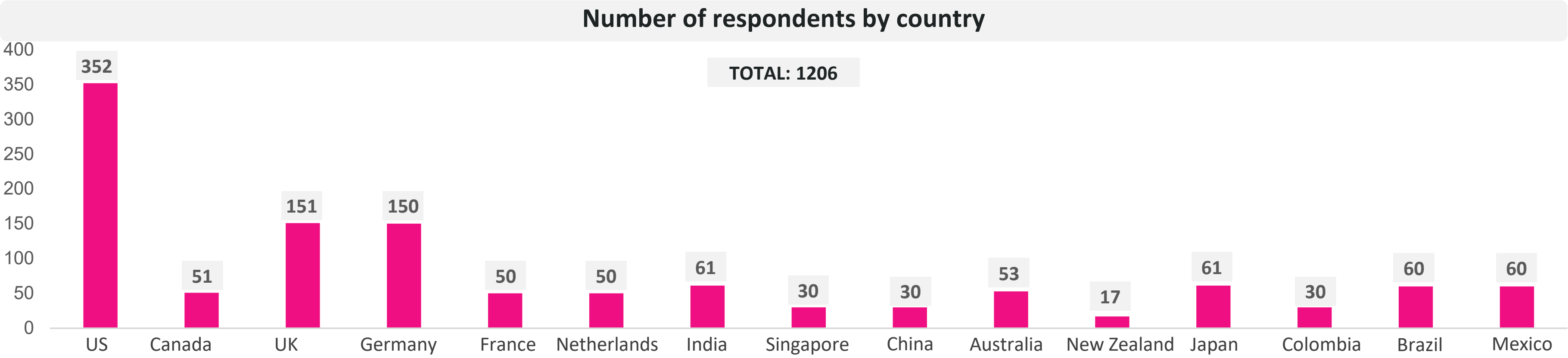
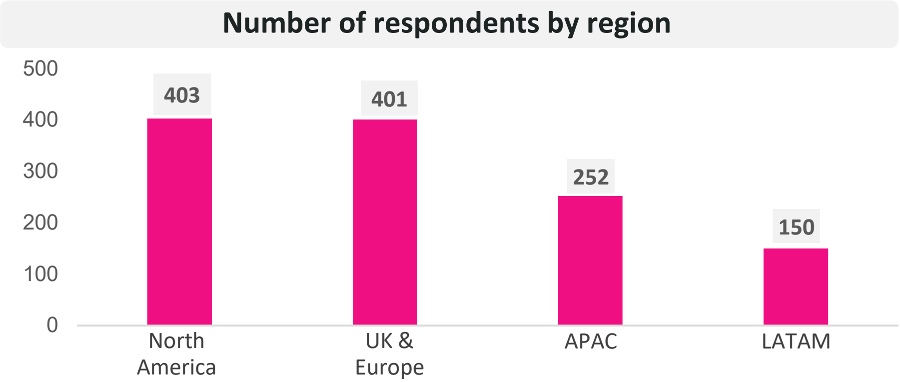
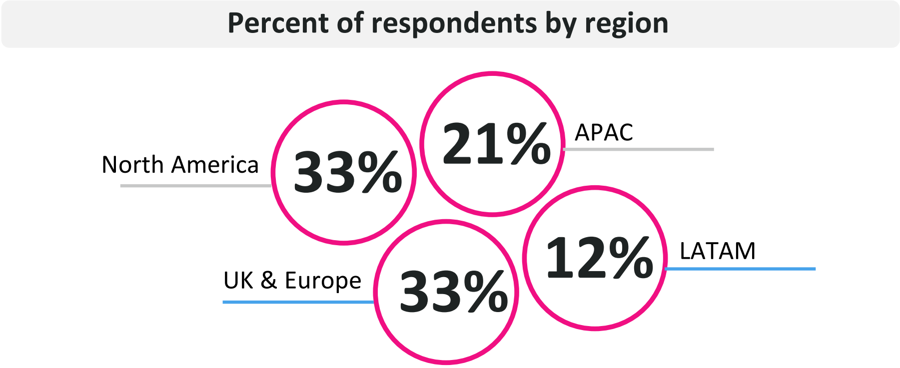
Appendix

Study Demographics (country + region)

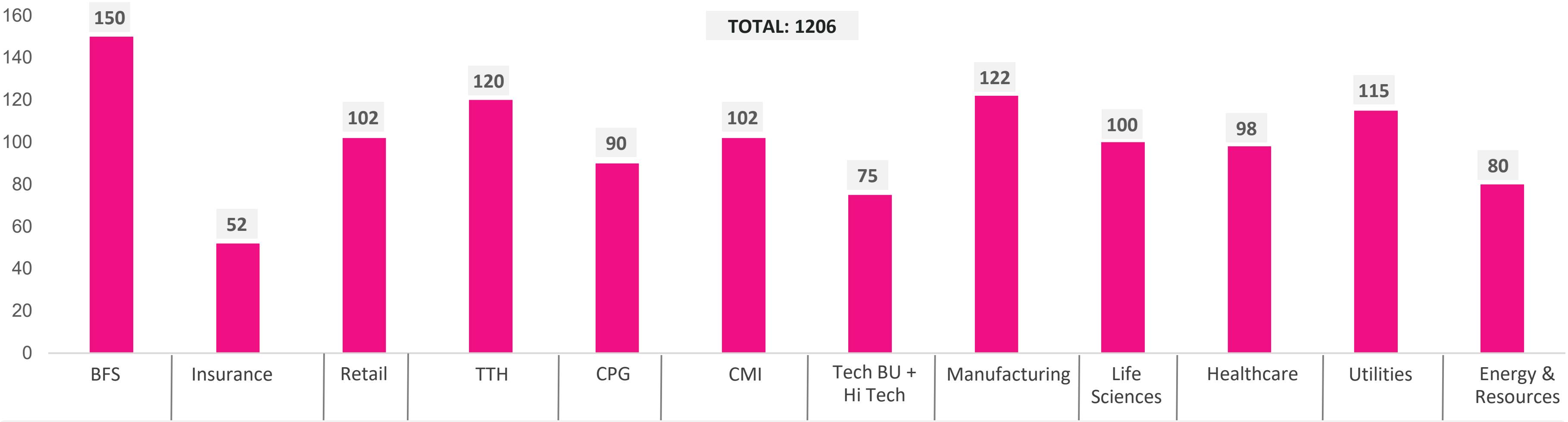






Study Demographics (industry)

# of Respondents



BFS	Insurance	Retail	TTH	CPG	CMI	Tech BU + Hi Tech	Manufacturing	Life Sciences	Healthcare	Utilities	Energy & Resources
Banking & Financial Services (Banking & Credit 100) + (Securities & Investment Svcs 50)	Life insurance (36) + Property/Casualty (16) [This category excludes health insurance]		Transportation & Logistics (80) + Hospitality (Accommodation & Food Services) (40)		Media & Entertainment (62) + Telecom (40)	(includes comms equip, semiconductor makers + technology)	(discrete, process)		hospitals + healthcare svc providers (60) + health insurance (38)	(electricity, gas, water)	(oil & gas (50) + mining (30)

Sectors included in the study

*More detailed breakdown available

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TCS 2021 Global Leadership Study

Mexico: Key Findings report

TCS 2021 Global Leadership Study: Mexico Essential Takeaways at a Glance

1. WHERE TO COMPETE

About half (53%) of Mexican respondents said their company continues to assess competition using historical industry boundaries, rather than using cross-industry “ecosystems” that account for digital competition.

Yet more than two-thirds (70%) of Mexican executives believe the most formidable competition through 2025 will come from outside of historical industry boundaries.

2. WHAT TO COMPETE WITH

Mexican respondents predict that by 2025, 45% of their revenue will come from businesses in industries or digital ecosystems in which they don’t currently operate.

Currently 57% of revenue comes from products and services that are purely digital (accessible online) compared to 39% for all surveys. Mexican respondents foresee purely digital revenues rising to 64% by 2025, compared to 46% for all surveys.

3. HOW TO COMPETE

Mexican companies believe digital marketing is the most important area for data-use improvement by 2025. Implementing real-time financial analysis is the capability predicted to have the greatest impact on Mexican firms by 2025.

4. HOW TO LEAD

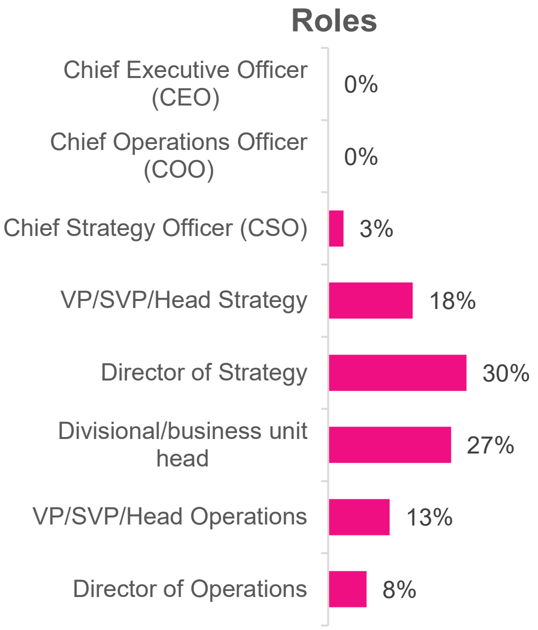
Compared to the global survey, Mexican firms outweighed environmental sustainability and transparency as important cultural factors. Compared to the global survey, Mexican firms source innovation more from front line employees (42% vs. 33%) and suppliers (30% vs. 23%), and less from customers (32% vs. 37%).

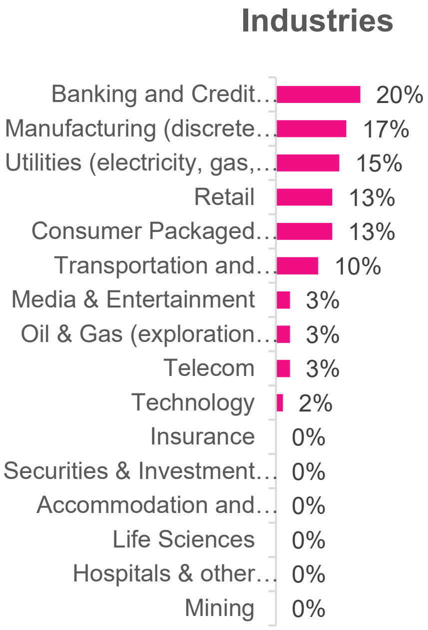
TCS 2021 Global Leadership Study: Overview

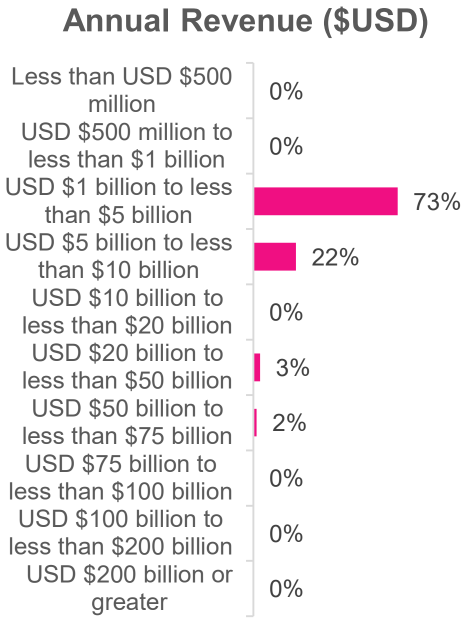
This 2021 study from Tata Consultancy Services (TCS) examines how leaders of large global enterprises in four regions of the world have recalibrated their organizational strategies for the next few years, through 2025. Specifically, the study explores how senior leaders are striking a balance between ***innovation*** and ***optimization*** in four arenas.

INNOVATION	VS	OPTIMIZATION
New sectors, regions, business models	**WHERE TO COMPETE** *Digital strategies* – deciding which businesses and markets to be in	Existing sectors, regions, business models
New products and services	**WHAT TO COMPETE WITH** *Digital offerings* – defining the products and services to offer	**Improving existing products and services**
New business processes to create demand and supply	**HOW TO COMPETE** *Digital ways* of conducting business	Improving existing ways of creating demand and supply
New approaches to managing talent and creating a new culture	**HOW TO LEAD** Leadership approaches to managing people who are working in *increasingly digital ways*	**Improving existing talent management approaches and the current culture**

Mexican companies surveyed (60 in all)







We compare “Leaders” and "Followers"

Leaders

Leaders are firms with higher-than-average increases in revenue and net profit in their industry between 2015 – 2019.

+65% revenue and +73% net profit

These companies are 29% of the total survey sample.

VS

Followers

Followers are firms with lower-than-average increases in revenue and net profit in their industry between 2015 – 2019.

-15% revenue and -36% net profit

These companies are 33% of the total survey sample.

In this study, we compared the best-performing companies ("Leaders") in the last half of the 2010s to the worst-performing firms ("Followers"). "Leaders" see their digital opportunities between now and 2025 much differently than do "Followers."

Where to Compete: Executives apply outdated strategic lens

About half (53%) of Mexican respondents said their company continues to assess competition using historical industry boundaries, rather than using cross-industry "ecosystems" that account for digital competition.

1. WHERE TO COMPETE

Digital strategies – deciding which businesses and markets to be in

2. WHAT TO COMPETE WITH

Digital offerings – defining the products and services to offer

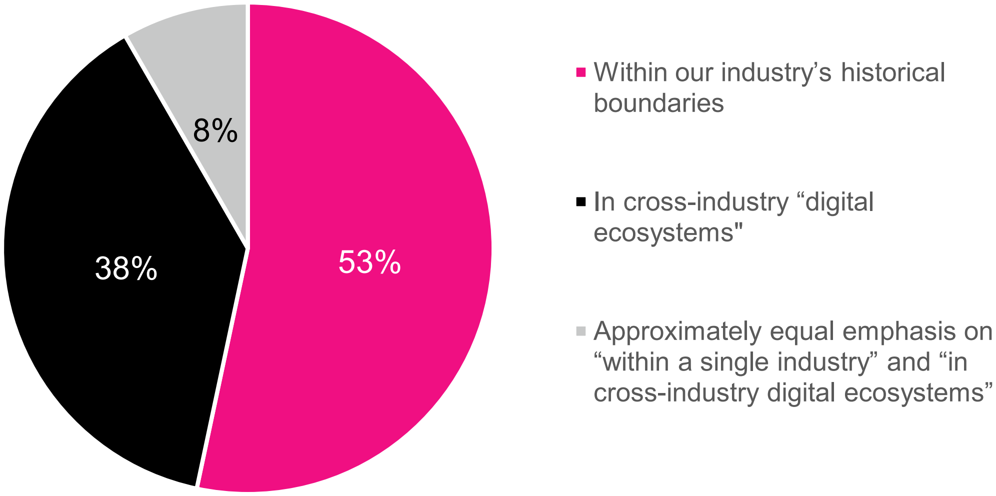
3. HOW TO COMPETE

Digital ways of conducting business

4. HOW TO LEAD

Leadership approaches to managing people who are working in *increasingly digital ways*

Future Business Opportunities



Where to Compete: Most competition will come from beyond industry boundaries

- More than two-thirds (70%) of Mexican executives believe the most formidable competition through 2025 will come from outside of historical industry boundaries.
- They see competitors coming from other industries (42%), existing digital companies (25%) and startups (5%). This undermines the traditional strategic lens half of companies use.

1. WHERE TO COMPETE

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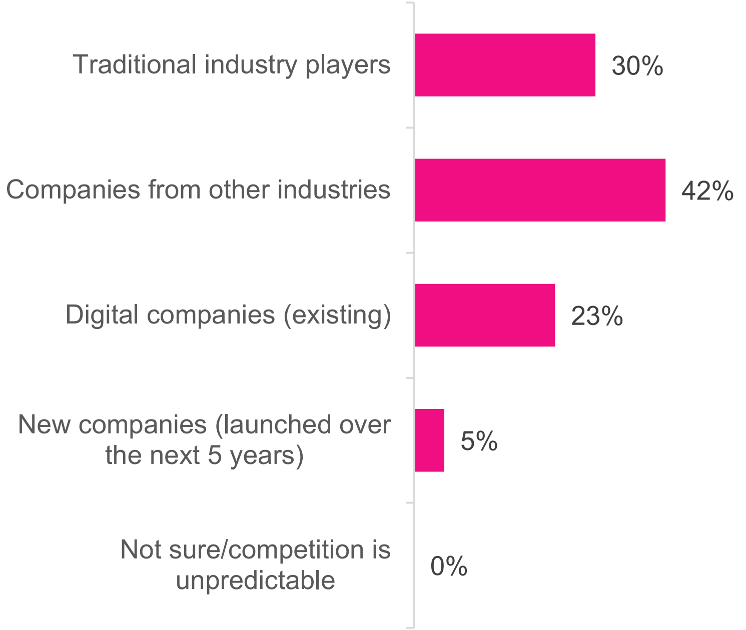
Most Formidable Competition



What to Compete With: New offerings are expected to drive revenue

- Mexican respondents predict that by 2025, 45% of their revenue will come from businesses in industries or digital ecosystems in which they don't currently operate.
- 46% expect less than half of their revenue to come from existing operations.

1. WHERE TO COMPETE

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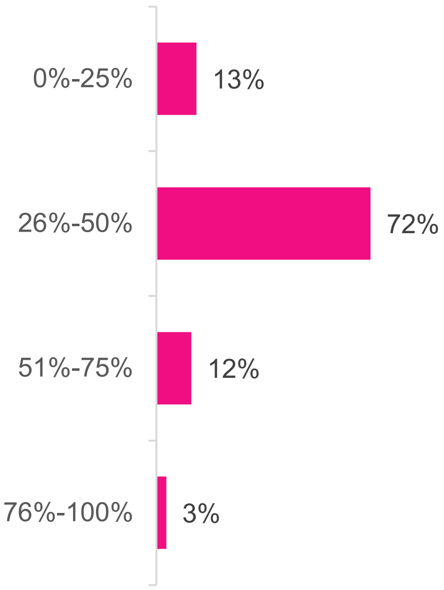
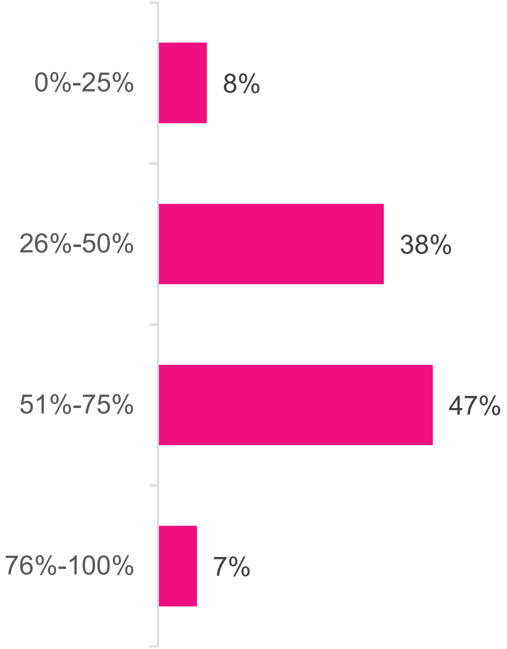
% of revenue from businesses in which the organizations will operate in future



Mean: 45.00

% of revenue from businesses in which the organizations operate today



What to Compete With: Mexican companies compete on a highly digital playing field

- Currently 57% of revenue comes from products and services that are purely digital (accessible online) compared to 39% for all surveys.
- Mexican respondents foresee purely digital revenues rising to 64% by 2025, compared to 46% for all surveys.
- Firms that don't optimize their digital offerings will struggle to compete.

1. WHERE TO COMPETE

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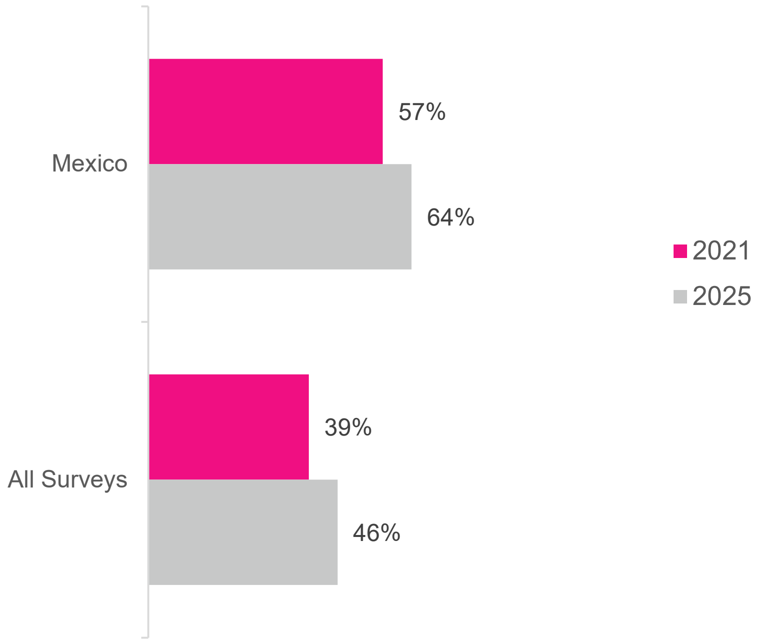
Leadership approaches to managing people who are working in *increasingly digital ways*

% of Revenues from Purely Digital Offerings



How to Compete: Digital marketing campaigns present a major opportunity

- Mexican companies believe digital marketing is the most important area for data-use improvement by 2025. This requires AI and analytics for personalized campaigns.
- Another key data use: learning how customers use products, which requires embedding digital sensors and tracking performance.

1. WHERE TO COMPETE

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Leadership approaches to managing people who are working in *increasingly digital ways*

Key areas for data use improvement by 2025

How to Compete: Companies capitalize on financial automation

- Implementing real-time financial analysis is the capability predicted to have the greatest impact on Mexican firms by 2025.
- Fully deploying AI and automation in finance can improve performance and inform strategic decisions.
- Companies also prioritize improving employee satisfaction, productivity and team collaboration.

1. WHERE TO COMPETE

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Leadership approaches to managing people who are working in *increasingly digital ways*

Tech-Enabled capabilities with the greatest impact on Mexican companies by 2025

How to Lead: Corporate culture emphasizes sustainability and transparency

- Compared to the global survey, Mexican firms outweighed environmental sustainability and transparency as important cultural factors.
- Sustainability is driven by customer and regulator concerns.
- They ranked diversity, inclusion and equal opportunity nearly as high, but placed lower emphasis on being quality driven.

1. WHERE TO COMPETE

Digital strategies – deciding which businesses and markets to be in

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Most Important Aspects of Company Culture by 2025 (Ranking)

	All Surveys	Mexico
Innovation	1	1 (tie)
Environmental sustainability	5	1 (tie)
Diversity, inclusion and equal opportunity	2	3
Transparency	9	4
Learning/Upskilling/Reskilling	6	5
Customer centricity	4	6
Shareholder value | Financial performance	8	7
Quality driven	3	8
Employee experience	7	9 (tie)
Risk tolerant	11	9 (tie)
Purpose driven	10	11

How to Lead: Mexican companies lean on employees for innovation

- Compared to the global survey, Mexican firms source innovation more from front line employees (42% vs. 33%) and suppliers (30% vs. 23%), and less from customers (32% vs. 37%), executives (32% vs. 37%) and market research (27% vs. 36%).

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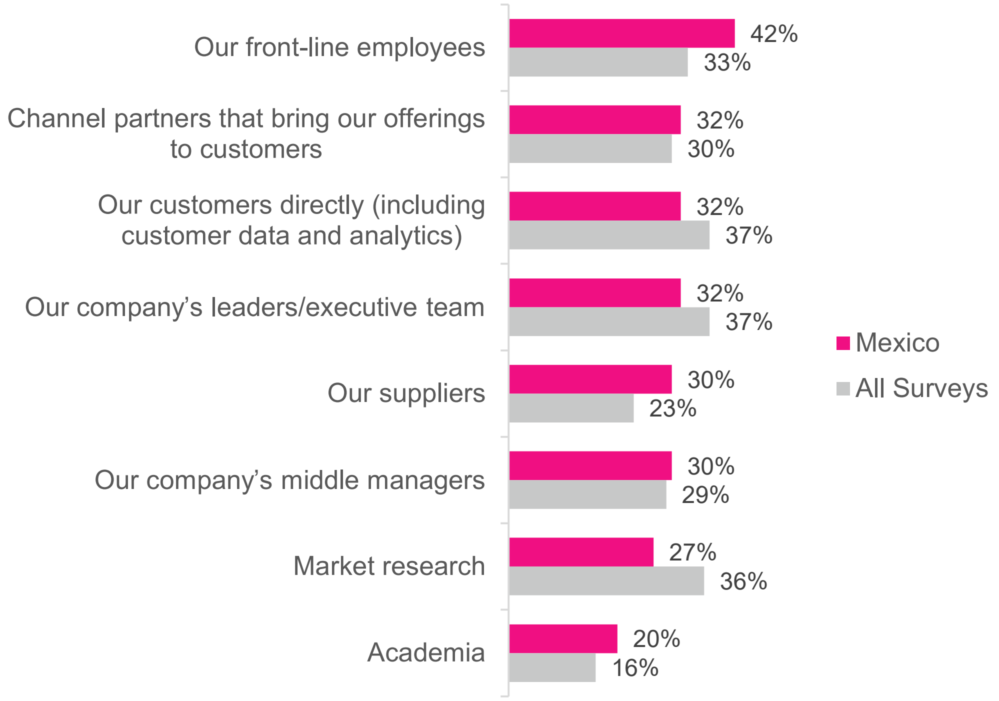
Leadership approaches to managing people who are working in *increasingly digital ways*

Sources of Innovation, through 2025



The Big Takeaway

Even with massive growth in digital opportunities, most Mexican companies are underestimating the amount of innovation in strategy, products and services, business processes, and leadership approaches they will need to compete.

Are senior leaders prepared to lead their organizations to higher performance in the mid 2020s?

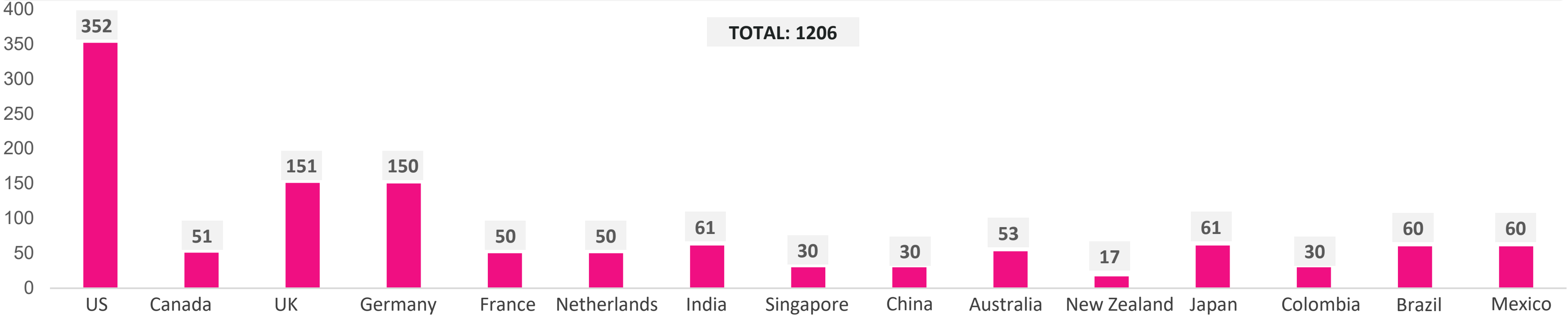
Tata Consultancy Services

Building on belief

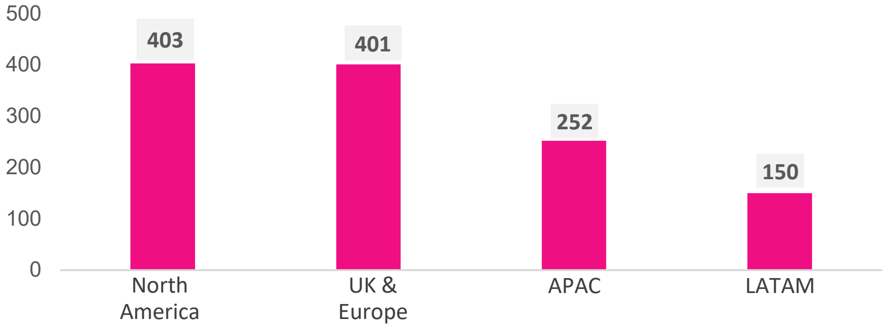
Appendix

Study Demographics (country + region)

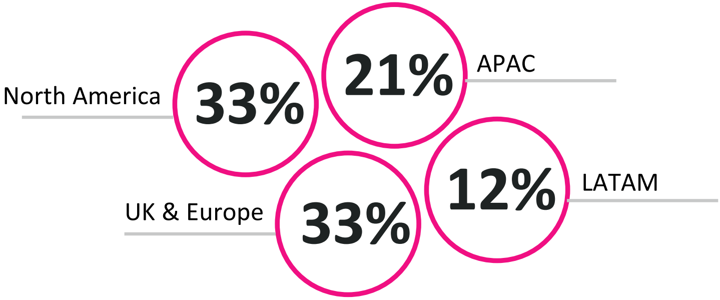
Number of respondents by country



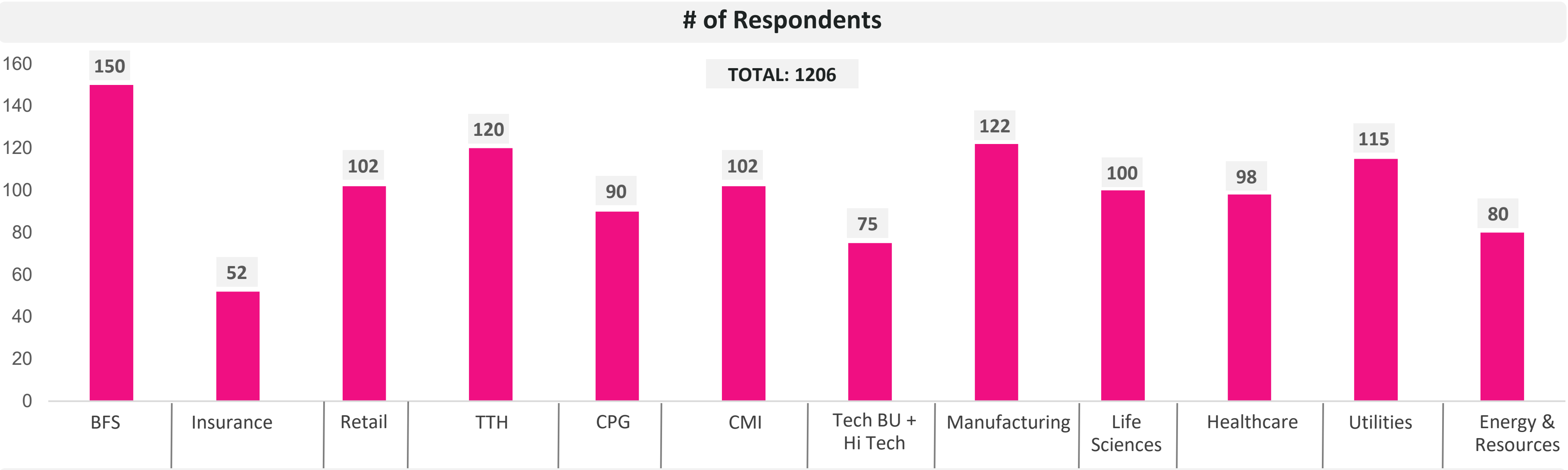
Number of respondents by region



Percent of respondents by region



Study Demographics (industry)



BFS	Insurance	Retail	TTH	CPG	CMI	Tech BU + Hi Tech	Manufacturing	Life Sciences	Healthcare	Utilities	Energy & Resources
Banking & Financial Services (Banking & Credit 100) + (Securities & Investment Svcs 50)	Life insurance (36) + Property/Casualty (16) [This category excludes health insurance]		Transportation & Logistics (80) + Hospitality (Accommodation & Food Services) (40)		Media & Entertainment (62) + Telecom (40)	(includes comms equip, semiconductor makers + technology)	(discrete, process)		hospitals + healthcare svc providers (60) + health insurance (38)	(electricity, gas, water)	(oil & gas (50) + mining (30)

Sectors included in the study

*More detailed breakdown available

Building on belief

TCS 2021 Global Leadership Study

US: Key Findings report

TCS 2021 Global Leadership Study: Overview

This 2021 study from Tata Consultancy Services (TCS) examines how leaders of large global enterprises in four regions of the world have recalibrated their organizational strategies for the next few years, through 2025. Specifically, the study explores how senior leaders are striking a balance between ***innovation*** and ***optimization*** in four arenas.

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New sectors, regions, business models	**WHERE TO COMPETE** *Digital strategies* – deciding which businesses and markets to be in	Existing sectors, regions, business models
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New approaches to managing talent and creating a new culture	**HOW TO LEAD** Leadership approaches to managing people who are working in *increasingly digital ways*	**Improving existing talent management approaches and the current culture**

TCS 2021 Global Leadership Study: U.S. Essential Takeaways at a Glance

1. WHERE TO COMPETE

Fewer than a third (29%) use a pure cross-industry “digital ecosystem” lens; leaders (45%) are twice as likely as followers (21%) to do so.

70% believe their toughest competitor will come from outside traditional industry boundaries.

2. WHAT TO COMPETE WITH

Most US firms (54%) said their existing businesses will contribute no more than half their revenue by 2025. (Outside the US, 46% said the same.)

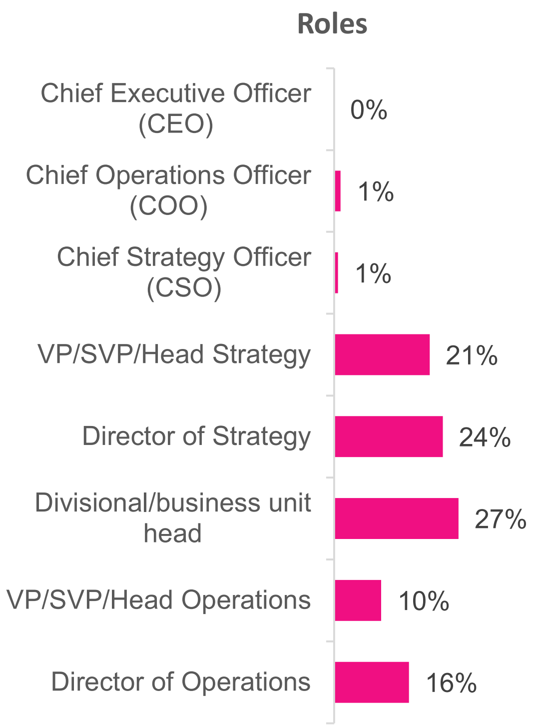
3. HOW TO COMPETE

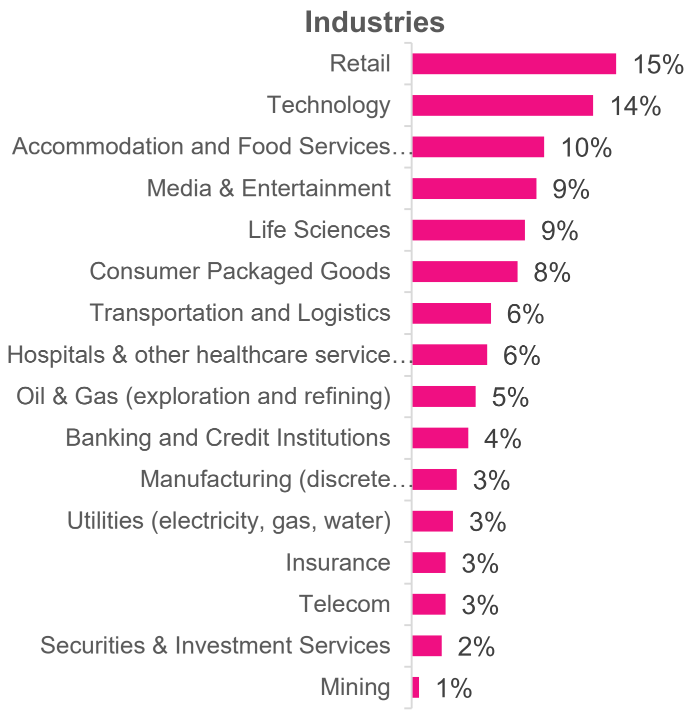
Customer service is the function that will experience the greatest performance pressure in the US between now and 2025. Leaders, however, place greater emphasis on IT and R&D.

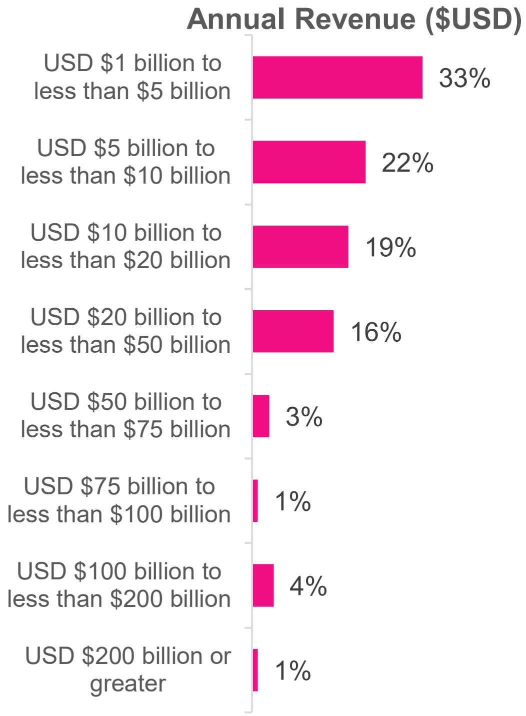
4. HOW TO LEAD

US companies’ cultural priorities differed from the overall survey. In addition to ranking **diversity, inclusion & equal opportunity** the highest cultural value, they also place greater emphasis on being purpose-driven (5th vs. 10th overall).

US companies surveyed (352 in all)







We compare “Leaders” and "Followers"

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+65% revenue and +73% net profit

These companies are 29% of the total survey sample.

Leaders

VS

Followers are firms with lower-than-average increases in revenue and net profit in their industry between 2015 – 2019.

-15% revenue and -36% net profit

These companies are 33% of the total survey sample.

Followers

In this study, we compared the best-performing companies ("Leaders") in the last half of the 2010s to the worst-performing firms ("Followers"). "Leaders" see their digital opportunities between now and 2025 much differently than do "Followers."

Where to Compete: Outdated strategizing still dominates

- More than half (58%) of top management teams analyze their opportunities using historical industry boundaries.
- Fewer than a third (29%) use a pure cross-industry “digital ecosystem” lens; leaders (45%) are twice as likely as followers (21%) to do so.

1. WHERE TO COMPETE

Digital strategies – deciding which businesses and markets to be in

2. WHAT TO COMPETE WITH

Digital offerings – defining the products and services to offer

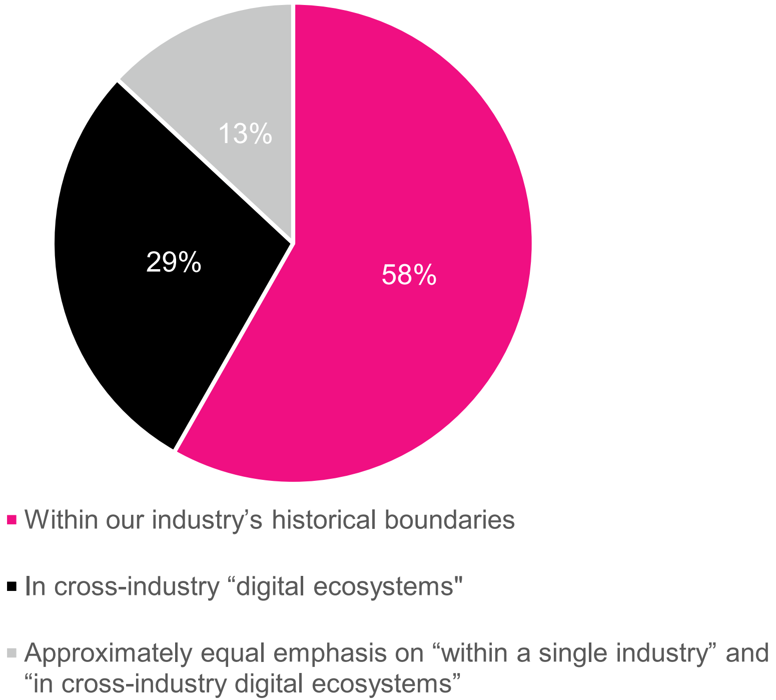
3. HOW TO COMPETE

Digital ways of conducting business

4. HOW TO LEAD

Leadership approaches to managing people who are working in *increasingly digital ways*

How Top Management of U.S. Companies Identifies Strategic Opportunities and Threats



Where to Compete: Traditional strategizing won't prepare US companies for upcoming threats

- Although most US companies strategize within traditional industry boundaries, 70% believe their toughest competitor will come from elsewhere. Unless companies plan using a cross-industry digital ecosystem, they risk being unprepared for their biggest threats.

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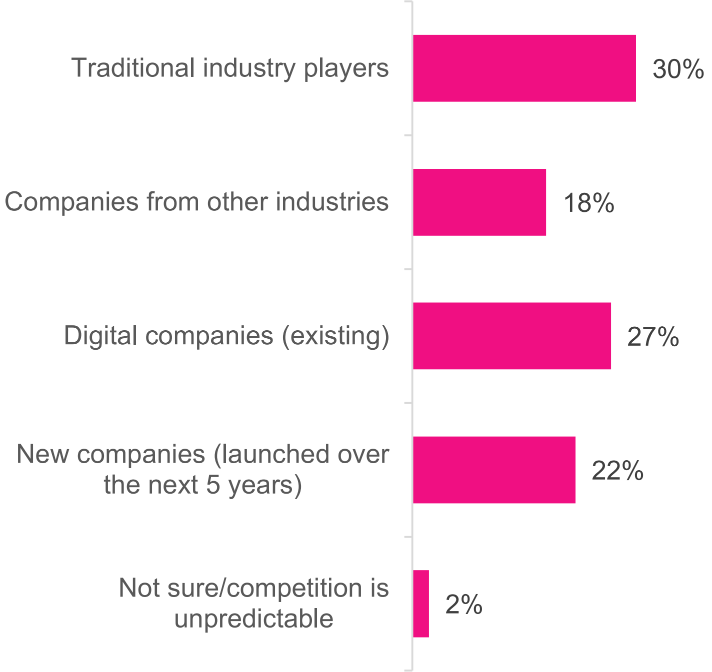
Source of Most Formidable Competitor by 2025



What to Compete With: New business landscapes will dominate 2025 US revenues

- US firms are seeking new sources for revenue. A majority (54%) expect their businesses in their current industries and ecosystems will account for no more than half of their revenues by 2025.
- Outside the US, on average, the picture is reversed: 53% of firms in other countries expect their current businesses will still yield more than half their revenue.

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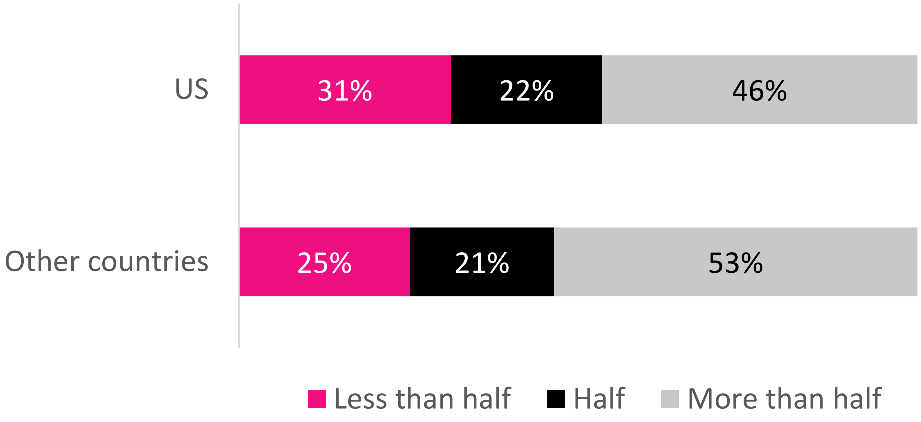
Amount current businesses will contribute to revenues by 2025



May not equal 100% due to rounding

What to Compete With: Leaders collaborate much more than followers

- Savvy digital companies collaborate with their competitors when there's a strong business reason to do so.
- Only 42% of US survey respondents collaborate with competitors, compared to 51% among all surveys.
- US Leaders are far more likely to do so (77%) than Followers (19%).

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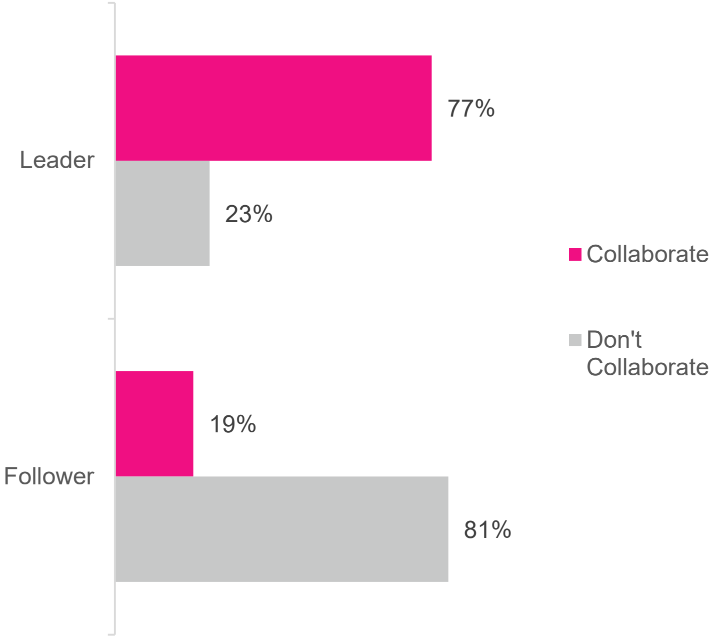
% of Leaders vs. Followers who collaborate with competitors



How to Compete: The customer is king, but for Leaders IT is a kingmaker

- Customer service is the function that will experience the greatest performance pressure in the US between now and 2025.
- Leaders, however, place greater emphasis on IT and R&D.
- Followers, more than others, believe sales, manufacturing and distribution will need to outperform.

1. WHERE TO COMPETE

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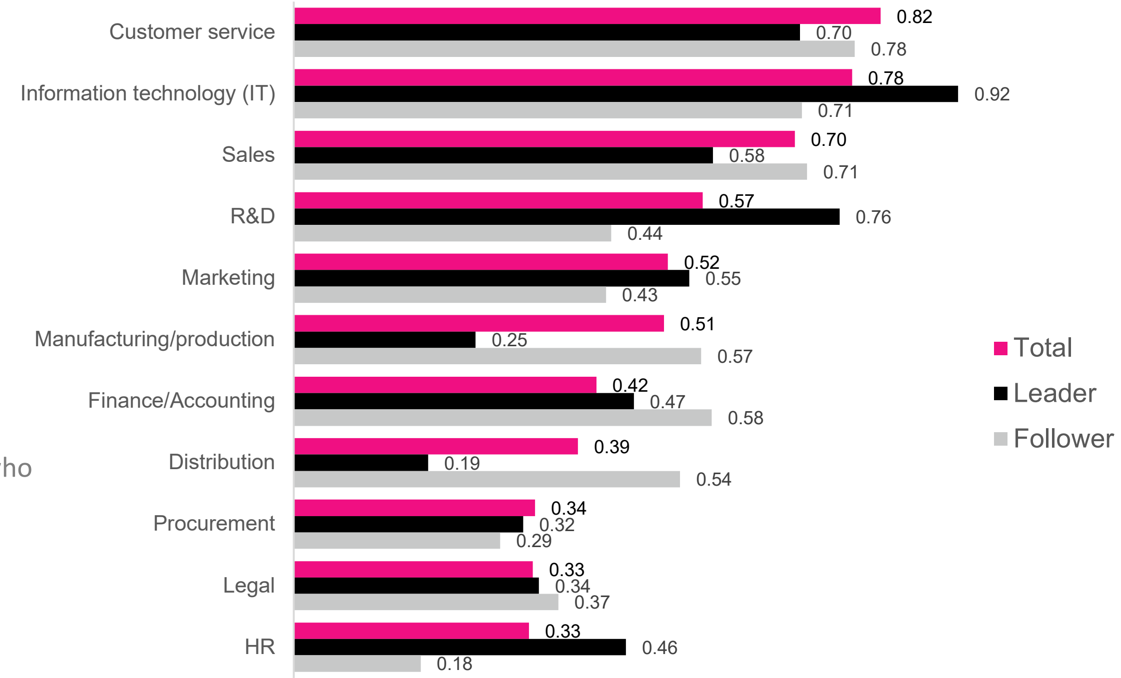
Functions Under Greatest Performance Pressure, by 2025



How to Compete: Companies increasingly automate customer interactions

US companies plan to boost automation of customer interactions significantly by 2025. Sales automation is expected to increase the most, followed by post sales and marketing.

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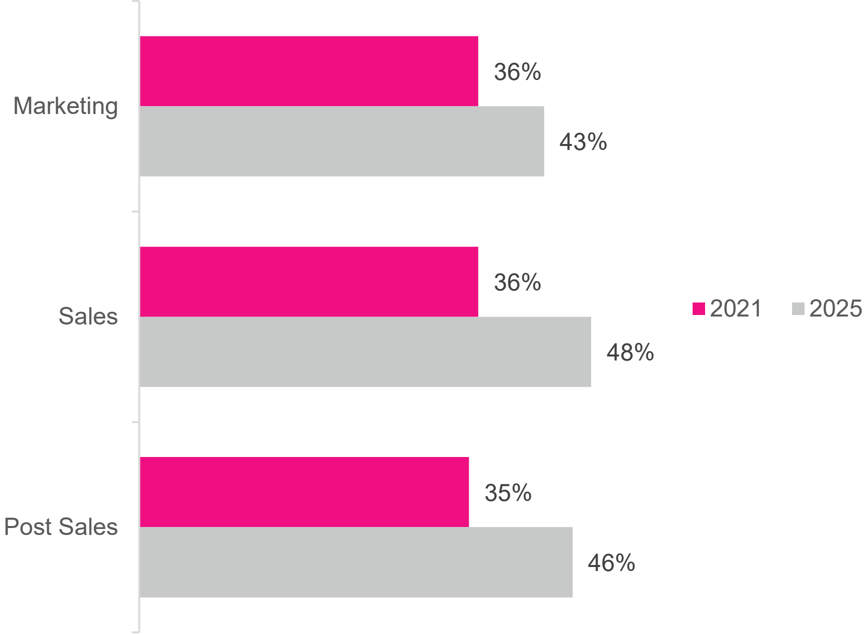
Level of Automation in Customer Interactions, 2021 and 2025 (% of Automated Interactions Out of Total Interactions)



How to Lead: Diversity & inclusion beats innovation, quality and shareholder value as a priority

- US companies' cultural priorities differed from the overall survey. In addition to ranking diversity, inclusion and equal opportunity highest, they place greater emphasis on being purpose-driven (5th vs. 10th overall).
- Less important factors for US companies include environmental sustainability (7th vs. 5th) and employee experience (10th vs. 7th).

1. WHERE TO COMPETE

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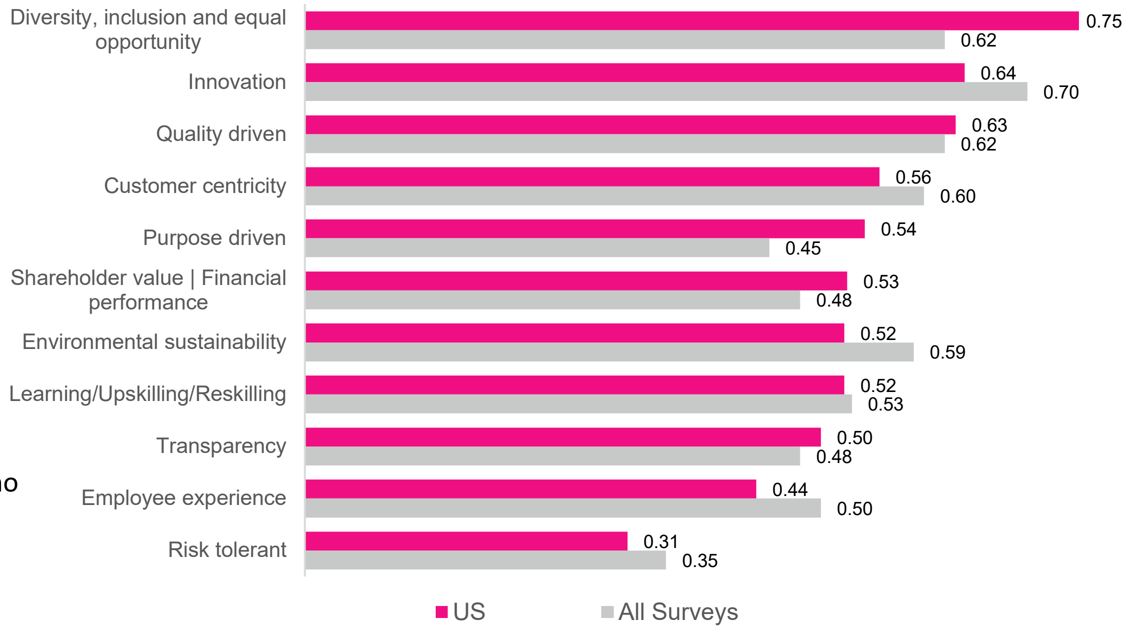
Most Important Cultural Traits by 2025, US vs All Surveys



How to Lead: US Leaders and Followers differ on sources of innovation

Customers (including analytics) are the biggest source of digital innovation, but top-performing companies look to company leadership and channel partners more often for their best ideas.

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Sources of Digital Innovation, US Companies

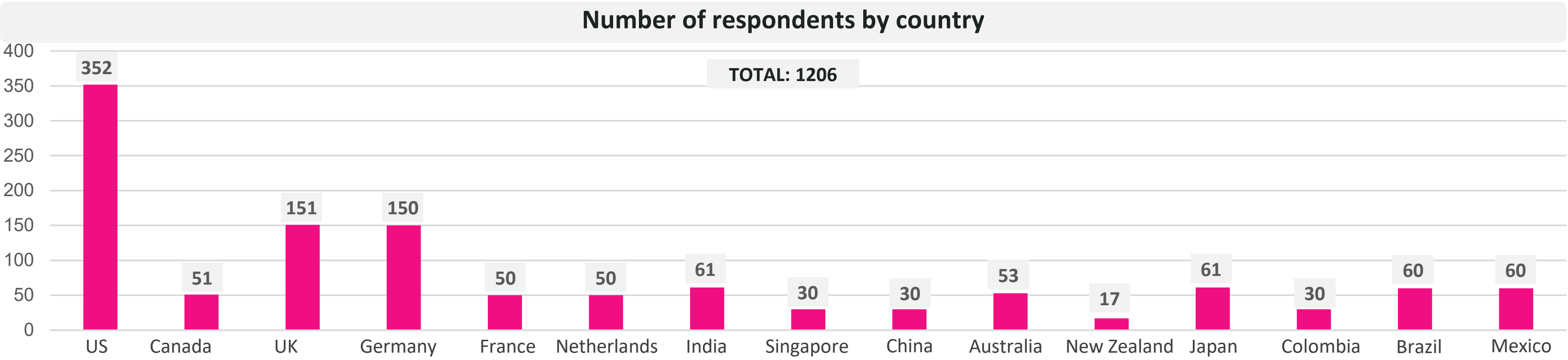
The Big Takeaway

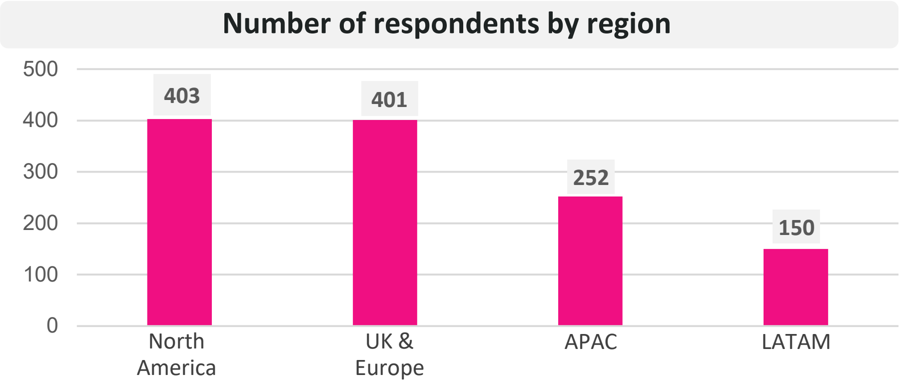
Even with massive growth in digital opportunities, most U.S. companies are underestimating the amount of innovation in strategy, products and services, business processes, and leadership approaches they will need to compete.

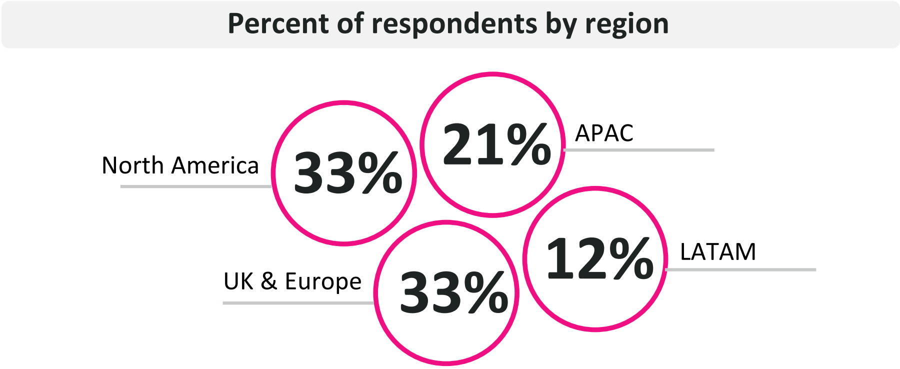
Are senior leaders prepared to lead their organizations to higher performance in the mid 2020s?

Appendix

Study Demographics (country + region)

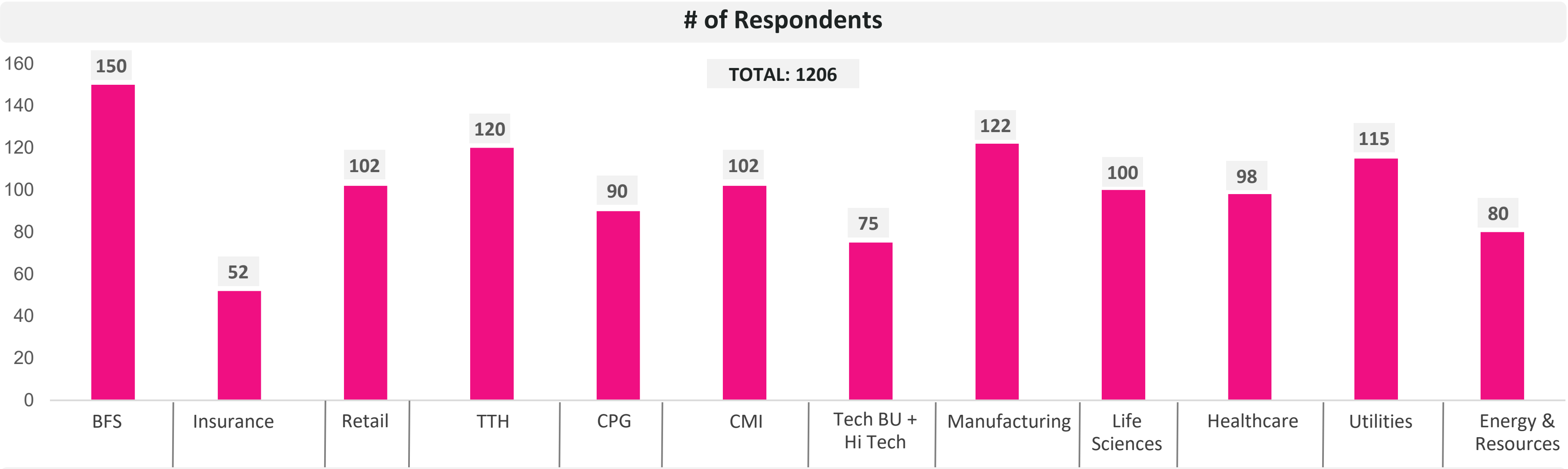






TATA CONSULTANCY SERVICES

Study Demographics (industry*)

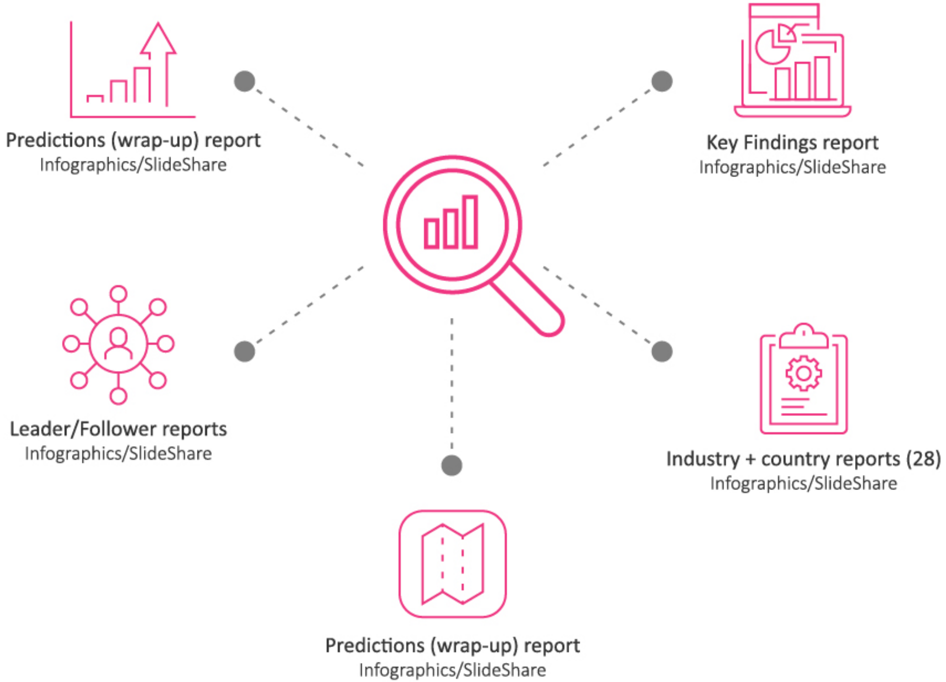


BFS	Insurance	Retail	TTH	CPG	CMI	Tech BU + Hi Tech	Manufacturing	Life Sciences	Healthcare	Utilities	Energy & Resources
Banking & Financial Services (Banking & Credit 100) + (Securities & Investment Svcs 50)	Life insurance (36) + Property/Casualty (16) [This category excludes health insurance]		Transportation & Logistics (80) + Hospitality (Accommodation & Food Services) (40)		Media & Entertainment (62) + Telecom (40)	(includes comms equip, semiconductor makers + technology)	(discrete, process)		hospitals + healthcare svc providers (60) + health insurance (38)	(electricity, gas, water)	(oil & gas (50) + mining (30)

Sectors included in the study

*More detailed breakdown available

Coming soon: More TCS 2021 Global Leadership Study Content



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