EMBRACING ELASTICITY FOR NEW BEGINNINGS
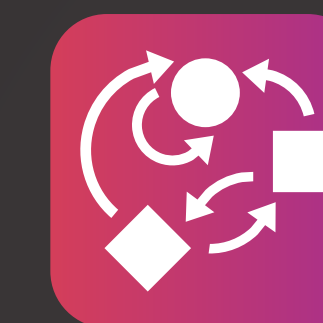
The wireframe for a new operating model

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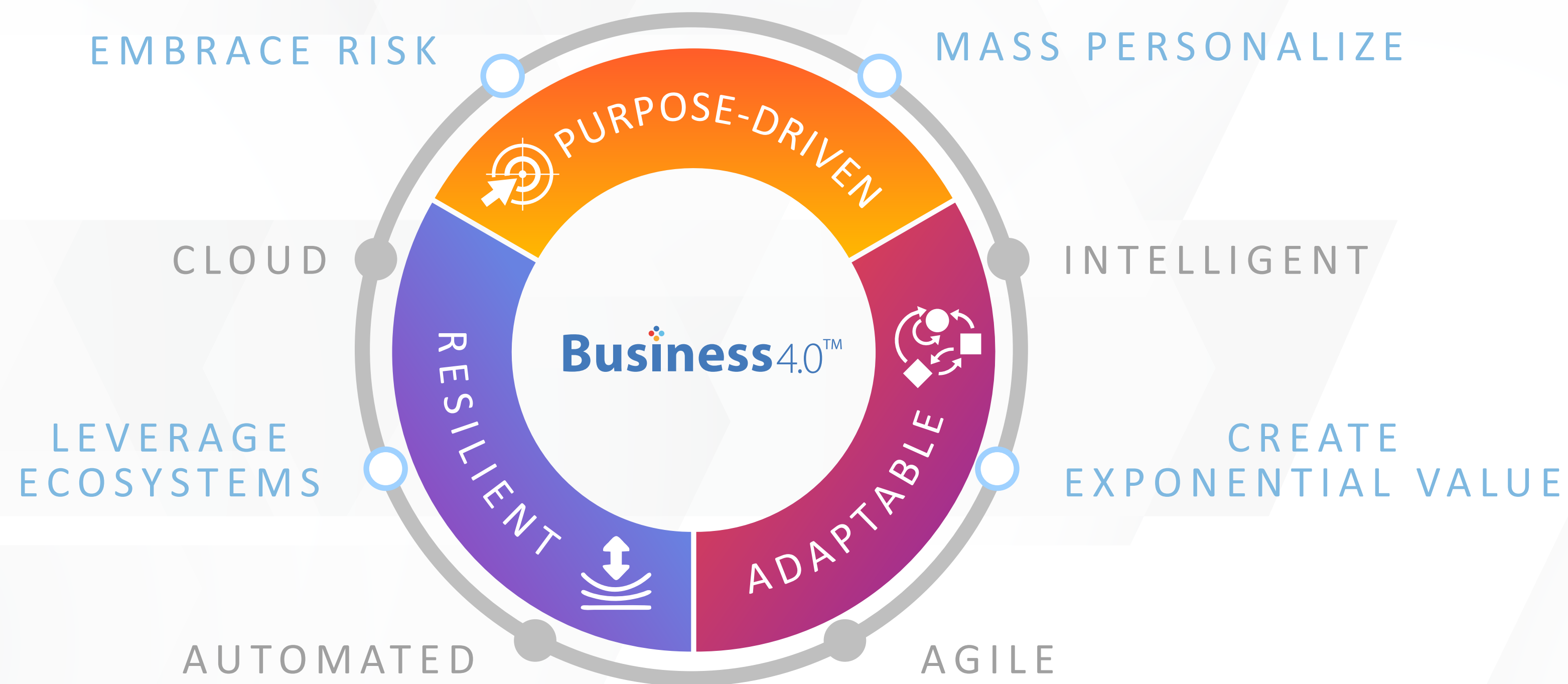
RESILIENT

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Summary

With the onset of the pandemic, CIOs globally moved at speed to tackle the challenge of remote working at scale. Now the lockdown is slowly lifting and the wheels of economy are just about starting to turn. But the path to recovery, its nature and duration still remains unclear. One thing that is clear though is that in the future, businesses will require rapid adjustments to their operating models in order to effectively respond to the vagaries of unplanned events and ensuing market conditions. Priming for the new future therefore requires us to think differently about the capabilities of the IT operating model.

We believe distributed capacity, smarter ways of working and flexible execution provide the underpinnings for an adaptable and resilient organization. We call this the elastic operating model.
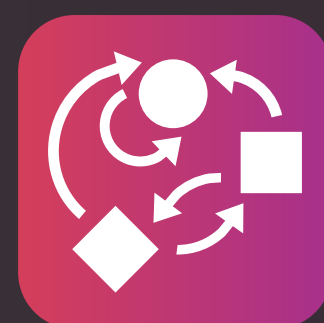
In this paper, we tease out the key aspects of the elastic operating model across three dimensions – workforce elasticity, operations elasticity and technology elasticity. We delve deeper into how to build these capabilities within your organization.

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Time to Look Ahead

The COVID-19 pandemic has impacted everything in its wake and has forced organizations to reimagine the fundamentals that govern business. As technology leaders help to keep things running for the business in these times of crises, the bigger question that lies ahead is about how the technology capability can be geared to handle unplanned, unforeseeable setbacks and opportunities in the future. As scenarios unfold across organizations, this is a good time to re-examine the technology operating model in its entirety.

In the pre-COVID world, technology as a function was driven by the need for speed, quality, and efficiency. Today, as the world shifts to the new normal and new beginnings, businesses will need more elasticity.

Think Elastic

As defined in classical physics, elasticity denotes the ability of a body to resist a distorting influence and to return to its original size and shape when that influence or force is removed. In other words, more the elasticity of a material, more will be its ability in altering its 'state of being' in accordance with the nature of the external force.

Modern business organizations are structured to deliver value in the context of the external environment, including factors that affect their supply and demand, operations, economics and geo-politics. While organizations have over the years built internal capabilities to deal with a certain degree of variance in the external environment, they often tend to exhibit traits of rigidity, especially in external situations that are truly unprecedented in nature.

The current situation induced by COVID-19 pandemic is fundamentally altering human lives and societies to adopt transformative changes in politics, economy, and business models. Organizations across the globe are trying to cope with this change by uncovering and leveraging their latent

'elasticity'. However, they are often falling short, and are forced to concentrate their energy and resources for mere survival thereby risking their ability to recover comprehensively. This calls for urgent interventions that lower their resistance to change and improve their adaptability in handling such changes.

With uncertainty becoming the only certainty in the future, an elastic operating model will ensure enterprises thrive and prosper in the new world that will herald new beginnings.

Elasticity in Motion

Here are three ways to improve elasticity within your operating model.

1 | **Workforce Elasticity** enabled by the structural and behavioral elasticity of the workforce

2 | **Operations Elasticity** enabled by agility in operations

3 | **Technology Elasticity** enabled by foundational and functional elasticity in technology
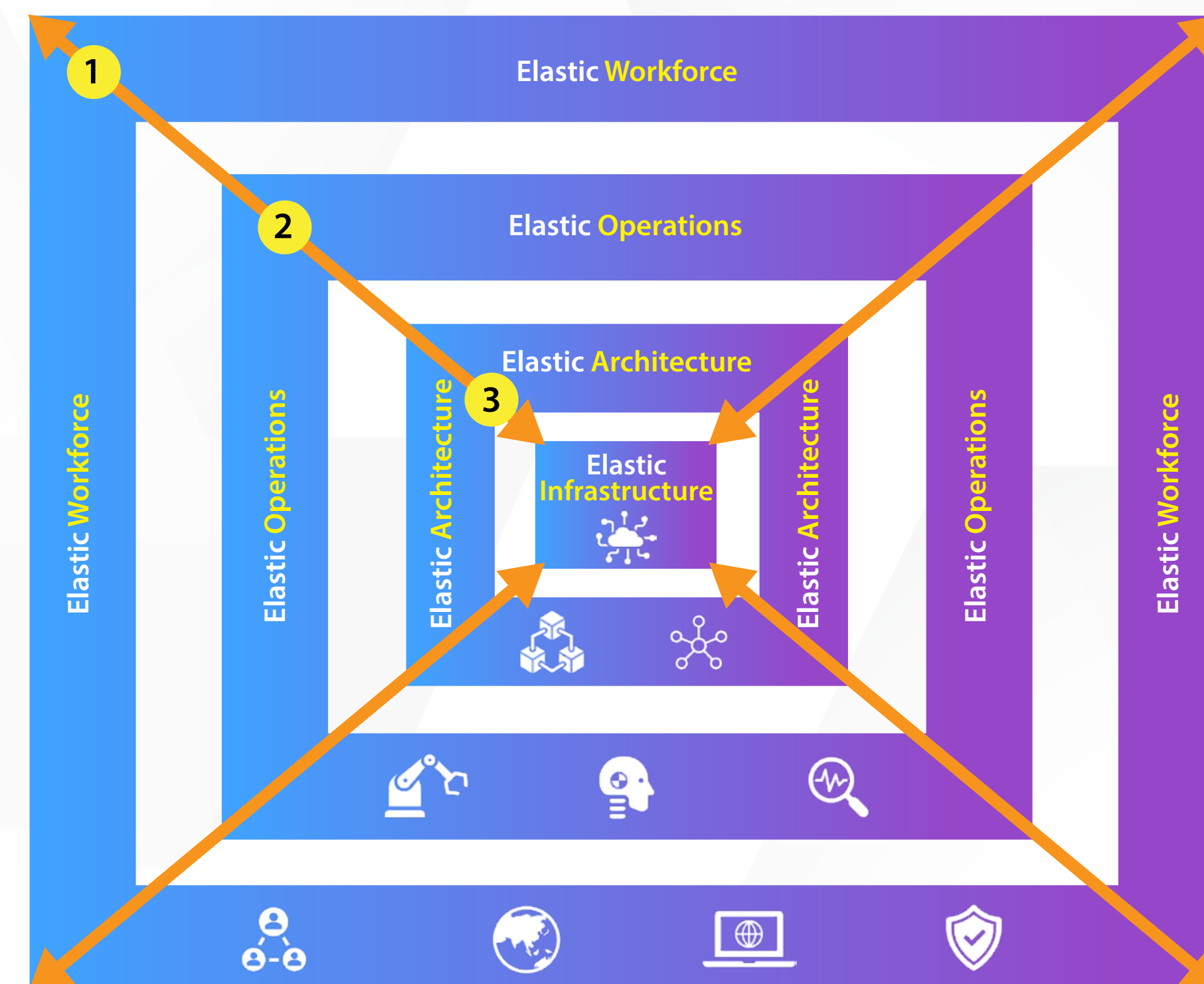
Workforce Elasticity

The pandemic is challenging existing definitions about workplaces, work skills and work with service providers across industries. Big tech firms such as Google, Facebook, and Twitter, for example, have announced that a majority of their employees will work from home in the future. Building the technology capabilities for remote work, providing the right collaboration tools, and ensuring safety of employees and security of data will provide the essential setup to adapt to remote and asynchronous working. Importantly, as the crisis recedes and recovery sets in, the demand for cross-functional skill sets is expected to increase. Getting the workforce ready to take on roles with T-shaped skills will be critical to ensure their effectiveness and ability to support transformational initiatives.

Workplace Elasticity

Reimagine the workplace as a bubble that follows the employee wherever they may be and is accessible on any device, at any time.

Enabling this elasticity is a bouquet of process capabilities such as people on-boarding, engagement and governance, and enabling technology capabilities in the areas of digital workplace, collaboration, security and

workforce analytics. In less than a month, TCS was able to institute a location-agnostic workplace model for 90% of its 450K+ employees serving 1,000+ customers across 46 countries[1] using its Secure Borderless Workspaces™ model. TCS has now announced its 25 by 25 vision – by 2025, only 25% of TCS workforce will work out of TCS facilities at any time, with associates spending only 25% of their time in the office. And within project teams, only 25% of employees can be co-located.
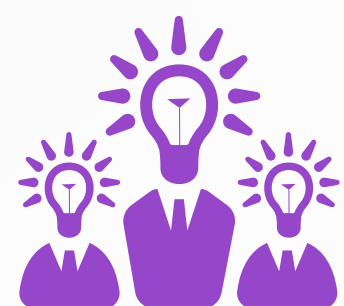
Skill Elasticity

Develop fungible skills (also known as T-shaped skills or multi-skilled teams) within teams.

For instance, one leading bank in Europe realized during the peak of the COVID-19 crisis that its Command Center (which is the first line of defence) could be impaired because it was being delivered from a designated COVID-19 hotspot. The quick fix solution was to cross-skill the onshore applications and infrastructure services team to come together and operate the Command Center for the bank. Now that the immediate crisis is passing over, CIOs must include skills elasticity in their talent strategy.

Contractual Elasticity

Evaluate existing contracts for rapid cost takeout.

A review can deliver moderate savings from eliminating underutilized services and products, identifying errors in billing, and enforcing penalties. However, higher savings will be delivered by contracts that embed flexibility and from capabilities that flex with fluctuating demand, such as the public cloud. Examples include contracts that allow capacity and location flexibility, resource-unit and output-based pricing models, gain share models and verifiable innovation investments by vendors.

Operations Elasticity

Digitize business operations to be as automated as possible and as manual as required.

Automation of work will become the default choice for businesses as they increasingly rely on technology for everything -- from keeping the production lines humming to ensuring the customers stay happy.
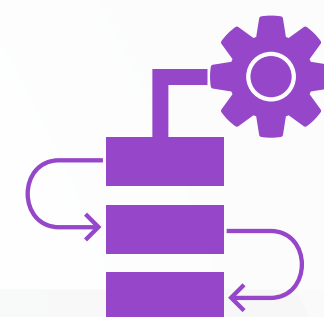
Operating Model Elasticity

Align IT teams with business through productized operating models so that they are responsive to changes in business needs.

As businesses start to reimagine and experiment with their own processes and customer experiences in the context of contactless models, CIOs will need to ensure that their organization can deliver value to the business in such a dynamic environment. There is a need for IT to align closely with evolving business expectations, deliver value in rapid increments, pivot quickly when plans change and embrace a culture of learning and collaboration. While most organizations have dabbled with agile and devops, there is a need for Enterprise Agility.

Automation Elasticity

Take a Machine First™ approach to deliver business resilience in operations, improve the speed and quality of software delivery, and enhance user experience.

Businesses have benefited from intelligent process automation and AI solutions. However, the automation strategy remains fragmented. CIOs must evolve their automation strategy to build an enterprise platform that is capable of quickly scaling up capabilities when a need arises. Some examples are as follows.

- During the pandemic crisis, the US State Department of Labor was inundated with unprecedented volumes of claims. With TCS help, the department automated the unemployment claims process within 10 days, and was able to process 140,000 claims in four days with 100 BOTs in parallel, where the existing process would have taken 175 days to clear the backlog.

- In response to the Australian government's COVID-19 stimulus package for small and medium enterprises, a leading bank partnered with TCS to implement in 36 hours a customized solution on a low code application that automated the loan approval process. The bank was thus able to process loans for more than 1,000 businesses in one week.

Location Elasticity

Evaluate your service delivery location strategy.

Organizations realized the inadequacy of their business continuity plans in the wake of long-duration simultaneous lockdowns around the world. Going forward, countries and regions will go through cycles of lockdowns. Perhaps parts of cities will be in lockdown while other parts open up. Natural catastrophes, geo-political tensions and social unrest may disrupt services from specific locations. Digital workplaces hence do not obviate the need for location elasticity. TCS recognizes this risk and has envisioned that by 2025 no more than 25% of its workforce will need to work from its facilities.

Technology Elasticity

Create an architecture that allows for rapid reconfiguration of services and resources in response to changing business requirements.

Incremental design, deferring important decisions till necessary, embracing a cloud native approach and building engineering practices that support continuous change are fundamental characteristics of architectural elasticity. Netflix and newer startups like N26 – a digital bank with the vision to 'transform retail banking for the better' are examples of companies creating architecture that is built for change.[2]

Architecture Elasticity

Ensure that the enterprise architecture landscape is secure, scalable, modular and extensible to quickly compose business services in collaboration with partners.

The needs of customers along their purchase journey can be met or even reimagined when businesses collaborate in an ecosystem. Businesses have recognized this need to lead and participate in ecosystems for a few years now. The pandemic induced crisis has accentuated this. We have seen examples of food delivery apps tie up with grocery retailers and pharmacies for home delivery of essentials.

TCS has been an innovation partner to one of the largest and most innovative European financial services firm. This financial services firm decided to create a contactless ticketing experience for users of public transport using a designated app, with no explicit purchase of a ticket required. This feature is open for all travellers including those who are not the bank's customers, and it would work with multiple transport operators in Europe. TCS has been the technology partner that brought together its COIN™ ecosystem of next gen IT architecture, public transport operators and crowdsourcing of specific technology challenges.

Data Elasticity

Capitalize on data.

Mark Carney, the former Bank of England Governor, said in one of his speeches, "Intangible capital is now more important than physical capital. Data is the new oil."[3]

In order to become more data-driven, enterprises must build data on demand capabilities to help leaders make insightful and impactful decisions - whether it is in terms of squeezing efficiency, spotting trends or marshalling the strategy for new business models.

Infrastructure Elasticity

Master the hybrid cloud.

Cloud in its various forms – private, community, public – has emerged as the de facto infrastructure platform. The typical focus for the move to the cloud has been cost savings, but CIOs are now realizing the value beyond cost that the cloud can provide. IDC estimates that the downtime cost per hour for a critical application is in the range of $500,000 to $1 million.[4] Ponemon Institute estimates the average cost of a data breach to be $3.9 million.[5] With an increasing demand for online services and the resulting increase in cybersecurity risk, public cloud provides unmatched operational resilience. Platform capabilities and artificial intelligence services of the public cloud enable speed to market and velocity of innovation – key requirements for an elastic operating model.

Go Forward – Take Small, Adaptive Steps

Moving to an elastic operating model requires a fundamental shift in thinking, management and governance. While a trial-and-error approach might provide some benefits, a coordinated and well-planned cross-functional transformation will drive exponential value and a smooth transition. A good starting point is an assessment of the organization's current capabilities, the opportunities, and the barriers, before charting the trajectory for change.

Undoubtedly, companies emerging from the pandemic will accelerate the adoption of digital capabilities to provide greater business agility built on the foundation of cloud, automation and analytics. Leaders should use the lean time to build the muscle and mindset to rebound and grow. Now is the time to look ahead.

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