

Pushing the Pedal on Digital Transformation Across Industries in Middle East and Africa

Introduction: Adapting to a Post-Pandemic New Beginning

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The Middle East and Africa (MEA) regions acted swiftly and decisively in response to the Covid-19 pandemic. However, despite government effort, the pandemic inflicted heavy economic damages worldwide, including the MEA region. Major economies in the world have reported significant reduction in GDP at a scale that would have been unimaginable a few months ago. While the focus of business and society at large is now on adapting to this new beginning so to speak, businesses have been exposed to an existential crisis at an unseen level. Small and Mid-size Enterprises (SME) have been worst-hit, and it is this segment that provides maximum employment opportunity.

Many SME businesses have closed. The impact on the Retail, Travel, Hospitality, Energy and Construction verticals has forced a rethink on their foundational business model. Grappling with NPAs and reduced economic activity, Business, Financial Services and Insurance (BFSI) companies are helping the government support different communities while telecom companies are focusing on improving network robustness.

Undoubtedly, it will take global governance and fiscal policies to ensure businesses are protected, but it is technology that will have to lead recovery as businesses focus on being purpose-driven, resilient, and more adaptable than ever before in modern history.

Given that detailed planning is required to address opportunities in the post-COVID phase, business leadership across industry is putting in place a tangible and comprehensive roadmap for recovery.

The key questions that CXOs and management boards face pivot on organizational resilience, adaptability and how the organization is going to entwine itself around customer purpose.

In a crisis phase, organizations need to focus on decisions relating to people, processes, organization design and technology to future-proof themselves. Enlisted below are just some of the areas that businesses need to focus on to ensure a smooth transition into a post-pandemic paradigm.

Shared Services

Organizations that have implemented shared services in functional silos do not reap the benefits of a multiple-purpose shared services model. A true shared services model leveraging enterprise scale could deliver significant cost and process efficiencies. For example, some organizations have evolved their centralized financial process of receivables and payables to include payroll, HR, SCM and customer help desk providing significant scale and cross functional bandwidth to their shared services unit. Organizations are also collaborating with partners who are bringing automation and Machine First™ capabilities to fast-track large-scale enterprise transformation. Key focus areas of the shared services model include:

- Strategic inputs from the Board, and CXOs' holistic and strategic view of all cost functions as against tactical and siloed approach
- Cross-skilling to gain maximum efficiency.
- Automation and new age technological intervention as a force multiplier

Ecosystem Integration

Traditional IT teams are used to meeting requirements conceived by their business teams. However, with most organizations now exploring the creation of high value and feature-rich products for their customers, integrating with a partner ecosystem is becoming a business necessity. While in some industries like banking, open banking is government mandated, other industries are integrating with partners, because of the benefits that value ecosystem integration delivers to their business. Retail & logistics companies are integrating their key systems, delivering efficiencies and better customer service. Healthcare and insurance companies are now digitally collaborating to provide personalized products and services to their customers. Organizations are now factoring this early in their design process as against doing this as an afterthought. Important to-dos to consider on the subject of ecosystem integration include:

- Identifying external touch points at the project concept stage.
- Security to protect the external interface as a part of design.
- Focus on monetizing external interfaces.
- Finalize an external API gateway strategy at enterprise level.

Core in Cloud

With significant in-house capability being built on cloud platforms, core business functions are slowly moving to the cloud. Regulators are creating new guidelines for cloud-hosted functions, especially in banking and financial services. New generation banks are betting their business model on cloud and experimenting with new transaction-based pricing with their partners. Mid-sized to large organizations have moved several Enterprise Resource Planning (ERP) systems such as Supply Chain Management (SCM), Procurement, Customer Relationship Management (CRM) and HR to cloud and have started benefiting from faster time-to-market, increase in scale, and a flexible operating model. The ability to lower the total cost of ownership of core functions was unexplored, and this is one of the core foundational functions now delivering savings of immense magnitude.

Here are a few broad-based steps that can be adopted to help enterprises embark on their cloud journeys:

- Large enterprises should research and identify options to move their core to cloud.
- Industry bodies should work closely with government to create cloud-friendly policies
- Executives must drive a culture of eliminating HW/SW capex from their operating plans and drive a culture of cloud-first.

Digital

Demand for zero-touch and straight-through processing is defining a new wave of digital transformation across enterprises. Organizations that leveraged automation in siloes for cost optimization are now using this as an enterprise grade technology, applying it to business process and IT service operations, and combined with Artificial Intelligence and Cognitive Automation, organizations are improving their understanding of their customers, products and processes.

Mature organizations are already leveraging digital channel transformation and have adopted automation not only for customer

channels, but also for HR and sales functions in retail stores, and surveyor functions in the insurance industry.

From a digital transformation standpoint, organizations will significantly benefit if they:

- Embark on a holistic integration of front-end digital channels plus micro services, with middleware automation components, powered by data analytics
- Reimagine traditional channels like call center/IVR
- Weave real-time, analytics-driven insights with customer engagement channels to capture previously unknown opportunities
- Identify potential new business opportunities with ecosystem partners

Cyber Security

Gaps in data security, perimeter security, server patching vulnerabilities, and ransomware have threatened the security of several organizations. Many organizations have already experienced serious attacks and this subject is broached regularly during board meetings. The shift to remote working has resulted in hackers posing new threats to enterprises. These attacks have the potential to disrupt digital transformations. So, what can organizations do to boost cyber security?

- Invest in proactive, not just reactive, cyber security policies
- Ensure appropriate infrastructure patching, anti-virus set up; monitor access control
- Set up a robust a security operations center by selecting the right partner to strengthen this function in a very short lead time.
- Include application security as a part of initial design and audit before migrating code to production
- Educate customers and employees on hacking patterns, phishing techniques and common frauds such as SIM swap
- Fake or adverse news and brand attacks on social media platforms must be tackled to prevent reputational damage

Business Continuity

While some organizations do have a Business Continuity Planning (BCP) framework that covers critical business functions, these have not been fully tested. Most BCP plans do not have a comprehensive operating procedure for cyber security attacks, especially ransomware.

Organizations in the MEA region have been exposed to many such attacks in the past; threat levels are high for this region. While Cyber security and BCP are discussed regularly at board meetings,

the responses to these new threats have not been fully comprehended and responses are limited due to the lack of cyber security and BCP skills available in-house.

Organizations need to ensure:

- Geography-level continuity plans with multiple operating locations
- Regular BCP drills covering all business functions
- External audits to ascertain threat levels
- Inclusion of cyber security as a key BCP component.
- Cloud designs ensuring region-level availability
- BCP plan that is integrated with the partner ecosystem, including contractual clauses
- Succession planning for key people
- Quantification and mitigation of risks associated with Covid-19 impact on the employees' place of residence and their mobility to the place of work
- A communication plan for internal and external stakeholders

Outsourcing

Organizations in the MEA region have been relatively slow in adopting outsourcing models as compared to those in the US, Europe, and parts of Asia Pacific. Many executives prefer an inward-looking organization rather than embracing the principle of “retain only what is key to the strategic business objective”. Organizations that have had strategic outsourcing partners have weathered the Covid-19 storm better than inward-looking organizations. Banks have adapted quickly with complex and high value transactions being executed from remote work locations, thus opening potentially unexplored areas for outsourcing. Brick-and-mortar retailers have enhanced their digital channels with support from their outsourcing partners in the last few months and are clocking an unprecedented 50%-100% volume growth in online channels.

Organizations that have had strategic outsourcing partners have weathered the COVID-19 storm better than inward-looking organizations. The best practices of these mature global outsourcing firms have stood out significantly, with the outsourcing partners' leadership team firmly supporting customers in ensuring business continuity. The board of directors of several inward-looking organizations are now seeking new operating paradigms from their executives. In a post-pandemic business scenario, there is a move to consider the following:

- No organization function should be off-the-table when considering outsourcing
- Expanding outsourcing needs such that it goes beyond IT and back office processing to include core business areas with niche players.

New data, New insights

Are KYC and past credit-worthiness still relevant?

Are insights from previous analysis useful now?

Can consumer behavior of the past be used to build a new product portfolio? While some organizations are still grappling with answers to the above, others have begun planning ahead, working out newer answers to become more adaptable and resilient.

In order to customize their product portfolio, organizations could build or buy data models with quicker learning curves and integrate with real time data to handle changing customer preferences. This is the new Segment of One in real time. While this is true for most industries, its need is high for B2C businesses. Therefore, organizations should:

- Develop better listening channels for harvesting data
- Adopt technology platforms that leverage this data
- Build new skillsets or leverage partners who can rapidly scale these capabilities

People and Performance Management: As HR performance and people management systems are developing at a very rapid pace, a new and bigger paradigm shift is required in the HR approach towards organization performance and people management. Businesses need to answer the following to make a truly new post-pandemic beginning:

- How do you monitor remote employees?
- How do you compare group v/s individual effectiveness?

- Are individual contributors going to be more prominent, and do they need special care?
- What is the new definition of wellness? How do you proactively engage with your employees on matters concerning their physical and mental health?
- How should one engage with employees to analyze and interpret behavioral changes?
- Is a connect with extended family members a new reality and need?
- How do you build trust when many organizations have to let go of their people?
- How does one build multi-skilled, ninja-type employees?
- What are new performance measures and KPIs?
- How do you improve group productivity as they function individually and are physically apart?
- How do you orient new employees to the organization's DNA and work ethos when managers are not likely to meet them often in person?
- Not all managers are good at remote management, what will the retrain process entail?

Innovation, and Leveraging a Startup Ecosystem

Innovation and foundational research have been the forte of hi-tech companies and have driven the agenda of the world in several spheres. The time lag between research and adoption of these new generation technologies is shrinking in good mature organizations that are hungry for digital transformation. Not all organizations have the need or necessarily the financial muscle to do foundational research. However, transformation-hungry organizations are good at tracking and spotting the right technology for their organization. Identification of good startup technologies is a key CXO skill as a part of their strategic obligations.

Emerging trends include:

- AI and data products such as Speech and NLP technologies – these must find a place in customer engagement channels.
- Willingness to work with ecosystem partners and competition in creating new trust models powered by Blockchain technologies
Traditional RDBMS Databases being challenged by Document and

NoSql databases in transactional processing systems. Several cloud and SaaS platforms are adopting these technologies at scale

- Low-code platforms that have progressed from the proof-of-concept stage to deliver cost-effective, flexible and simple mechanisms

Enterprise Agile

Although, it may appear that the Covid-19 crisis was an inopportune time to go full-scale agile several organizations are leveraging distributed agile to manage their projects. While the MEA region has been slow in adopting an enterprise agile vision, a few CXOs have adopted relevant agile practices and have combined it with DevOps to meet achieve organizational objectives. To reap incremental benefits, organizations should consider implementing key short-term practices such as:

- Fail fast approaches
- Minimum viable product to prevent feature bloat
- Continuous delivery and integration
- Daily stand-up meetings across all business functions, not just IT

Governance Risk and Compliance

The leadership at many organizations are now making risk management, governance and compliance top priority due to changes in the operating model such as remote working. Key issues to be addressed include:

- GDPR and similar privacy regulations and how organizations can implement these for better governance.
- Tactical and operations risk associated with remote working. For instance, widespread use of audio and video conferences, and webinars have created windows of opportunity or cyber attackers. Executive boards must review the risks associated with remote working, and reassure themselves and stakeholders that adequate safety measures are in place
- Tougher compliance standards
- Leverage external security service partners to ensure compliance
- Increased accountability in internal audits of information security, intellectual property protection and functioning of core business systems

Conclusion:

From Crisis to a New Beginning to Future Resilience

Although strong and flexible organizations can survive the current crisis, their sustainability and success are not guaranteed. The ability to continually adapt in an agile manner ensures long-term survival.

This paper has analyzed the success of some organizations, learned from the ones struggling, and captured the key essence of organizational evolution to transition to the new business paradigm.

Rigid and bureaucratic organizations will face bigger challenges and will require the help of external consulting companies for guidance, scale and expanded capabilities. As the timeframe of the crisis is unknown, organizations must consider long-term transformation and not settle for short-term solutions.

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Sumanta is the Head of the Middle East, Africa and Mediterranean regions for TCS. He has over 28 years of experience, 27 of which have been at TCS. He has played several key roles at TCS, including as Head of Sales in India, Head of BPS for North America, based out of New Jersey, Regional Manager for Midwest US, based out of Cincinnati. In his current role, Sumanta directs all business functions in the region to service customers, creating value for them through growth and transformation initiatives.

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