

# The COVID-19 Era: The Catalyst to Accelerate and Strengthen Your Digital Transformation Strategy

**Gopesh Sharma,**

Partner, TCS Digital Strategy & Integration

**Parthiv Shah,**

Global Head, Global Head, TCS Digital Strategy & Integration

**Syed M. Abbas,**

Consultant, TCS Digital Strategy & Integration

## Abstract

Lessons of the first half of 2020 are undeniable: The impact of COVID-19 on our civilization is massive, universal and likely to be long-lasting. The ensuing economic volatility is unprecedented in modern times. As a result, businesses worldwide are gearing up for a period of uncertainty, radical paradigm shifts and a new normal. To chart a course for the future, many organizations seek inspiration from the way that successful businesses navigated the turbulent economic events of 2008, 2001 and earlier. Research<sup>1</sup> from 2010 suggests that companies deploying an optimal mix of defensive and offensive strategies not only weathered the economic crises, but actually emerged stronger from it. The challenge now is to understand how businesses today can use this approach to manage the current crisis and its aftermath and be ready for the “next normal.” While many avenues are available to deploy these strategies, accelerating digital evolution is an important approach to consider. Using a digital technology foundation, companies are better equipped to lead the way in this new business environment by being purpose driven, resilient and adaptable.

## Lessons from the Past

A lot has changed since the last recession back in 2008. In today's Business 4.0 world, organizations use digital technologies (AI, automation, analytics, machine learning, cloud) to leverage internal and external ecosystems, mass personalize, embrace risk and create exponential value. While these objectives are still relevant for growth and sustainability in the long term, organizations also need to focus on ensuring resilience and adaptability for the short to medium term. Digitally native brands like Uber, Airbnb, Glossier and Warby Parker, to name a few, provide fierce competition to traditional companies in almost all domains. In response, some businesses have embraced digital as their core operating model, but many have not. For those enterprises slower to evolve, this pandemic provides the catalyst needed for them to prioritize and expedite their digital transformation journey now—so they end up prepared for what the future holds and in a better competitive position than before. The key is to re-examine and revise their existing digital strategy to ensure it is balanced with the right mix of offensive and defensive capabilities.

## A New Digital Playbook for the New Normal

Offensive digital capabilities are those that focus on expansion and growth<sup>2</sup>. These should be the foundation for the business response in a new normal playing field while targeting demand, growth, and new business models. Some examples include:

- Building platforms to leverage ecosystem players
- Expanding cloud operations
- Expanding foundations for analytics and insights
- Building digital marketing capabilities
- Exploring digital in a reoriented supply chain

Defensive digital capabilities focus on improving existing operations<sup>2</sup>. These help reduce operational costs and leakages in the short term and beyond. Some examples include:

- Using robotic process automation (RPA) and approaches like a Machine First Delivery Model (MFDM™) to increase automation

[1] <https://hbr.org/2010/03/roaring-out-of-recession>

[2] <https://hbr.org/2017/07/6-digital-strategies-and-why-some-work-better-than-others>

- Building on digital delivery channels using machine learning and chatbot-aided customer service operations
- Using IoT-based digital twins (digital replicas) in production and supply chains

## Guiding Principles to Accelerate Your Digital Evolution

While there is clearly no “one-size-fits-all” approach, the following principles can help accelerate the unique digital transformation journey for companies, regardless of industry.

- **Strike the optimal balance.** There is no magic formula. Selecting capabilities to get the right mix will vary from company to company. It will depend on the impact of COVID-19 on revenue and business operations, time anticipated for recovery, the maturity level in the current digital journey, and other key financial parameters, as necessary.
- **Be purpose driven.** Organizations should look at their overarching vision or mission for digital inspiration, which helps identify their true purpose. This purpose, which goes beyond traditional making of products/services and selling them, should encompass how and why the company exists, how it helps customers. This “purpose” should drive the transformation journey and will lead to uncovering consumable services that lay the foundation for the next level of growth.
- **Revisit your digital strategy.** Businesses with a digital strategy already in place can start by reassessing their transformation roadmap. Prioritization should be done to achieve the right mix of capabilities. Businesses with no significant digital strategy in place can do a quick scan of their digital maturity. Afterward, digital capabilities can be identified and implemented.
- **Reimagine functional operating models.** The resilience of business functions has never been so heavily put to the test as right now. Business functions will need to build in more flexibility by selecting and implementing key digital capabilities. Careful consideration should be given to the value those capabilities provide within the overall digital strategy. For example, a real-time predictive CFO analytics dashboard or automated invoicing and billing could be considered as essential for a reimagined finance function.

- **Look internally.** When choosing capabilities to speed digital transformation, the needs and productivity of employees should also be considered. During this crisis, the majority of the global workforce is working from home, and post-pandemic, it may very well become the rule rather than the exception. To manage and continue disruption-free and seamless remote work, the identified capabilities should encompass how to fix issues and problems in remote working areas while expanding the ability to do remote collaboration of teams and individuals. Capabilities like cloud file sharing, expanding collaboration platforms to include partners, and providing workplace apps and services on mobile devices and iPads should be considered.
- **Be more adaptable.** The current scenario is continually changing with ongoing government regulations and new findings every day, so businesses also need to be able to quickly and seamlessly change systems, services and processes to adjust course. For this, they need to have an adaptable foundation with cloud services, plug-and-play application programming interfaces (APIs), off-the-shelf applications, and other enabling tools and technologies. While selecting capabilities, it is better if the underlying technology is adaptable and easily implemented. For example, businesses exploring enterprise resource planning (ERP) solutions should consider cloud-based options for easy deployment and scalability.

## Accelerate Your Digital Evolution for a Pandemic-Proof and Future-Ready Business

The precise economic impact of COVID-19 is difficult to predict right now. One thing is certain: business leaders need to be ready with a digital transformation strategy that delivers an optimal technology balance of offense and defense that empowers the organization to prevail and succeed in any environment.

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