

Business Resilience Barometer 2022

A Survey Analysis of **Non-Financial Services**
Organizations





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Overview



We must accept finite disappointment, but we must not lose infinite hope.

– Martin Luther King, Jr.

The quote explains the mood of the respondents from our latest Business Resilience barometer survey.

The first quarter of this financial year threw a positive surprise, i.e., the economy clocked the real GDP growth rate of 20.1%. The World Bank revised projected GDP growth rate for FY 2022 to 8.3% in June 2021, it is higher than the earlier forecast of 5.4% in January 2021. Both global sovereign rating agencies S&P and Moody's have upgraded the country rating to Stable from Negative. The tax revenue for the government has increased robustly and thus is expected to keep the Fiscal deficit within the budget estimate of 6.9%.

While 9% of the respondent in our previous year's survey indicated that disruption would last beyond 12 months, the economy is indeed on a positive trajectory.

The number of new Covid-19 cases at its peak in the second wave had crossed 4,00,000, compared to that the average number of new cases is hovering around 11000 in the month of November, which is just about 3% of the peak. This together with the high level of vaccination has provided comfort to businesses that they can return to the normal earlier than feared before. Some of the companies have asked their employees to start attending the onsite offices.

However, the challenges remain. The Covid-19 threat is still around and the virus is mutating fast with newer versions that are more potent and infectious. The inflationary pressure has started to dampen consumer confidence and may cause a decrease in demand for discretionary goods and services. This may also result in monetary tightening by the central bank impacting credit demand and at least a temporary negative sentiment in the financial markets. The higher commodity prices across the globe are also exacerbating the supply-side constraints and causing worry for the industries dependent on them.

In order to better understand how organizations are focusing on their critical businesses in the rapidly changing scenario, managing risks emanating out of this pandemic together with the safeguards/alternate measures that they are adopting to move on a growth path, we conducted the second edition of Business Resilience Barometer Survey this year. In this report, we present a synopsis of the feedbacks received from the survey and the analysis done by us.

We would like to thank all the clients and acquaintances who have supported us by participating in this survey.

Survey Demography

Our diverse respondents comprise of our existing and prospective clients, industry leaders, board members, C-Suite and other executives, representing key functions from all regions of India and Global companies with an Indian footprint.

Last year our survey was designed on two core pillars, one focusing on the impact of disruption on the business and the second on road-maps & strategies that organizations are looking to adopt to minimize that impact. The basic framework remains the same in this year's survey with some focus on the learning gained by the organizations and how they plan to use these learnings in a changed post-pandemic world. Some of the key elements of the survey include:

- a** The pandemic forced almost all businesses to move to massive Work from Home programs leading to unique challenges. In this edition, we have tried to understand those challenges and how have they been addressed by various types/sizes of organizations.
- b** Organizations also pushed for increased digitalization as brick & mortar businesses were severely crippled. Through this survey, we have also tried to understand which were the focus areas for digitalization and business transformation.

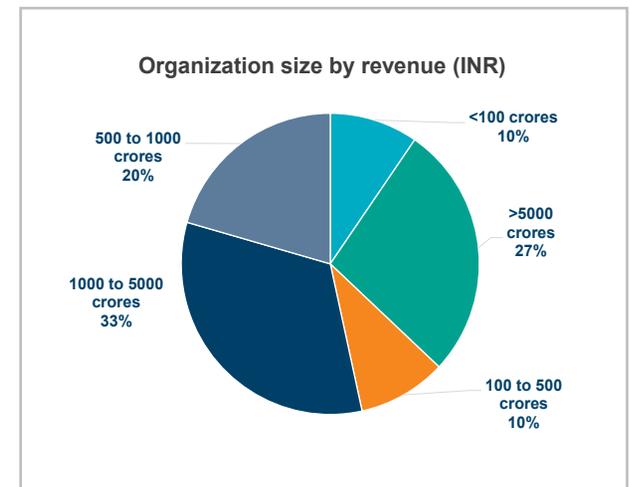
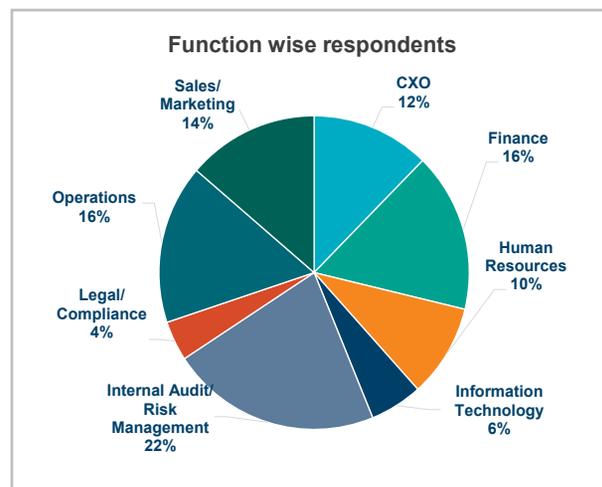
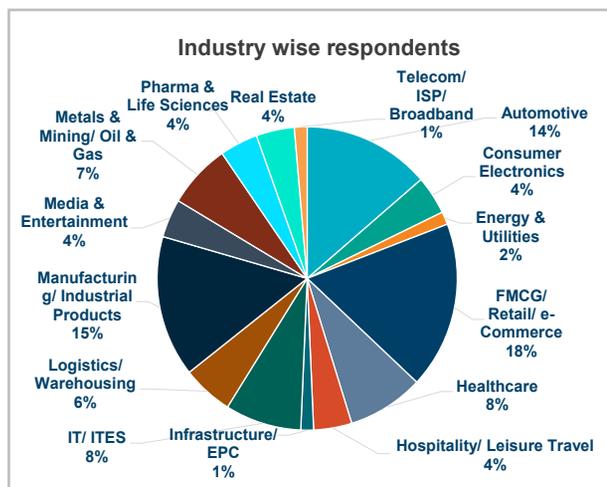
More than 70 people participated in the survey with the following demographics.



of the responded companies were listed either directly or through their parent company.



of the respondents had private equity investee as their investor



Executive Summary

The Protiviti Business Resilience Barometer survey outcome has clearly indicated the positive sentiments across industries (non-financial services). The participants of the survey are more confident about the outlook of the economy as well as their respective industries and organizations. The pandemic has also changed the business landscape and the way it was organized and managed.

The pandemic-related disruptions have mandated a higher level of digitization, automation and remote working, which has also posed the related challenges of ensuring Information & Cyber Security, endpoint protection & maintenance of hardware, employee engagement, and health & safety-related issues.

Key Findings

Economic outlook – Survey results indicate that unlike previous year the respondents were optimistic about the economic outlook and 81% of the respondents had a positive outlook towards the economy.

Impact on revenue - Survey results indicate that 78% of the respondents expect their revenue to grow/remain stable while only 19% of them expect degrowth in their revenue. Respondents from ten out of fifteen industries responded with a positive impact on their revenue.

Impact on the profitability - Survey results indicate that 77% of the respondents expect positive impact or stability in their profitability, However, 23% of respondents expect slight to major de-growth in their profitability.

Automation as an enabler to reduce cost - 96% of respondents see automation as a moderate to a significant enabler in 2021 to reduce their cost as compared to 80% in 2020.

Focus areas for Business Transformation – Survey results indicate that 34% of respondents are looking at new products and innovation as their transformation strategy whilst 19% of respondents believe that BPR and Digitization are the key enablers to drive their business transformation.

Operational Resilience - Operational resilience has garnered key focus across industries which are indicated through our survey results where-in 48% of respondents rated their respective organization's plans to be effective in handling disruptions. 41% of respondents expected some improvement opportunity in their organization's operational resilience plan to handle the disruptions. Only 4% of respondents believe that their organizational plans are still evolving to manage disruptions.

Preparedness towards cyber and information security risk – Survey results indicate that majority of respondents were of the view that their industry has a medium preparedness to mitigate the cyber security risks while 41% of respondents believed that their industry has high level of preparedness. 48% of respondents were of the view that they have a high level of awareness about the information security risk

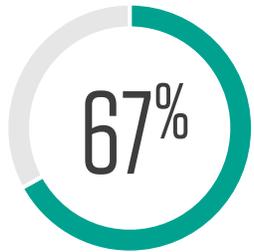
Digital maturity – Awareness towards Digital maturity has gained increased importance since the pandemic began which has also been reflected in the survey results where-in organizations are already progressing towards “Advanced Digital” maturity level led by Finance, IT, and HR functions.

Work from Home (WFH) - Highest positive impact on productivity from WFH was witnessed by organizations sized up to INR 500 crores possibly due to adoption of technology to implement tools to enable WFH. However, productivity from WFH for almost 50% respondents from organizations sized > INR 5000 crores was either not impacted or has decreased. 45% of respondents preferred a “hybrid model with WFH” whereas 38% of respondents preferred a “hybrid model with onsite option”.

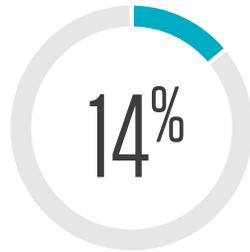
Technology challenges from WFH – Survey results indicate that 40% of the respondents faced challenges pertaining to Outage/Slow response applications and lack of access to systems by remote locations. Availability of internet access in WFH mode improved in the current year compared to 2020. 27% of respondents have identified “Improved IT security for remote working” as a key area for channelizing their IT spending post disruption.

Overall Perspective

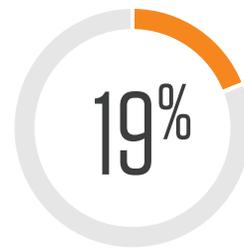
• • • What is your outlook for the economy in the current financial year?



Positive

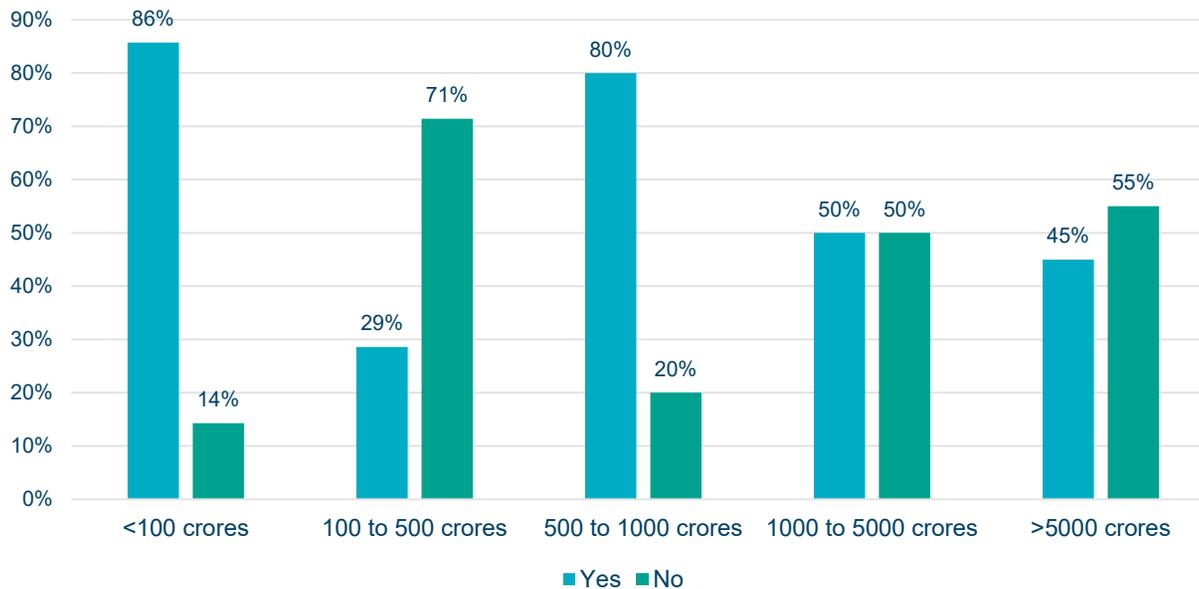


Neutral



Negative

• • • Do you anticipate the disruption to continue in your industry?

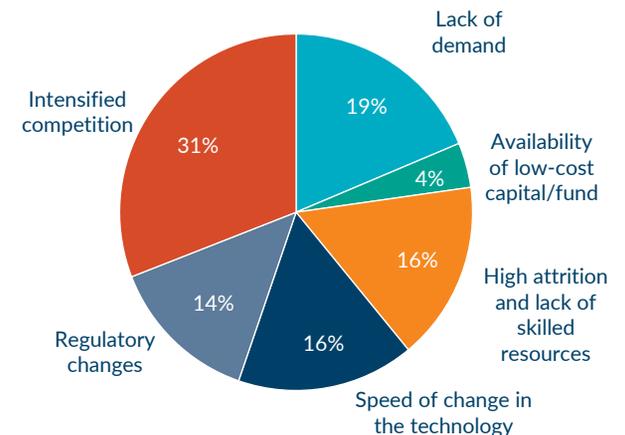


67% respondents had a positive outlook towards the economy to revive whereas 19% stated that the outlook is still negative because of possible mutation of virus which may still disrupt the economy.

85% of respondents from organizations sized < INR 100 crores anticipated the disruption to continue in the economy due to higher costs, supply constraints, and weak demands. Whereas 50% of respondents from organizations sized > INR 1000 crores were optimistic in the recovery of the economy.

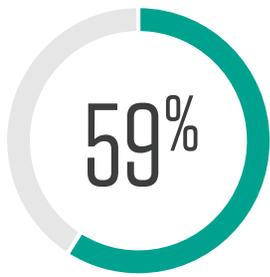
50% of respondents believed that intensified competition and lack of demand could impair recovery whilst 16% stated that talent availability can pose a major challenge in their industry.

• • • What are the major challenges that you foresee in your industry?

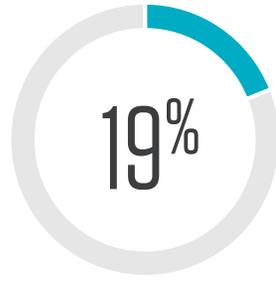


Revenue

- • • How is your revenue expected to change in the current financial year as compared to previous year? (2019-20, pre-pandemic)



Growth



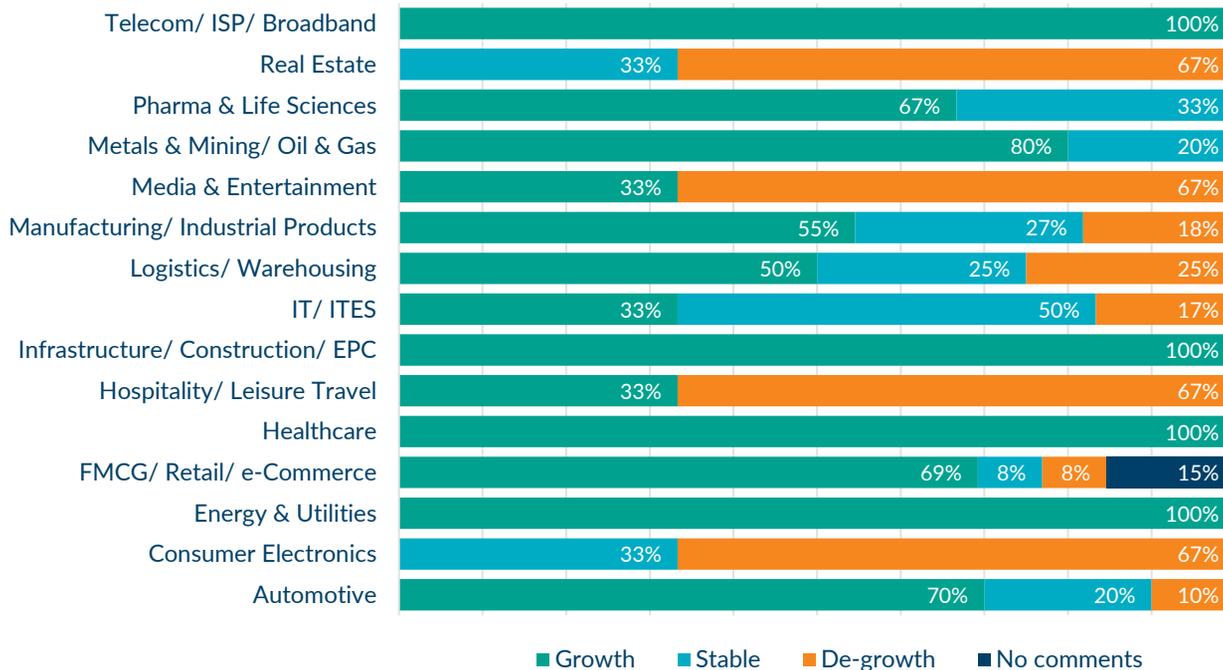
Stable



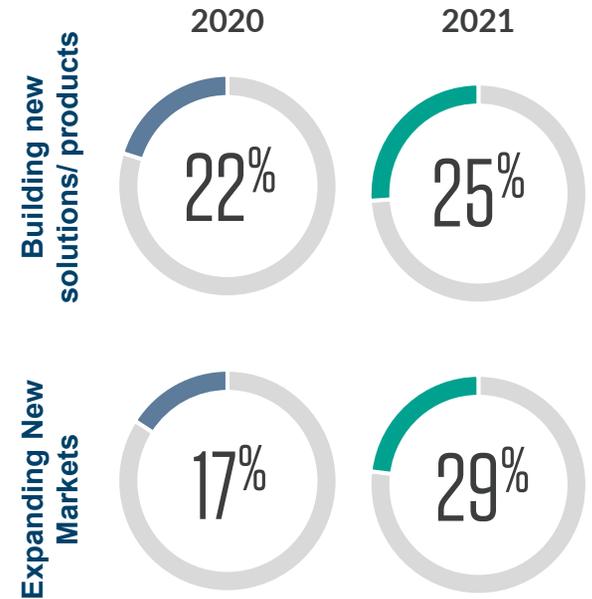
De-Growth

* 3% of the respondents did not provide any comment

- • • Revenue impact across industries



- • • What steps are you taking on to increase the revenue?

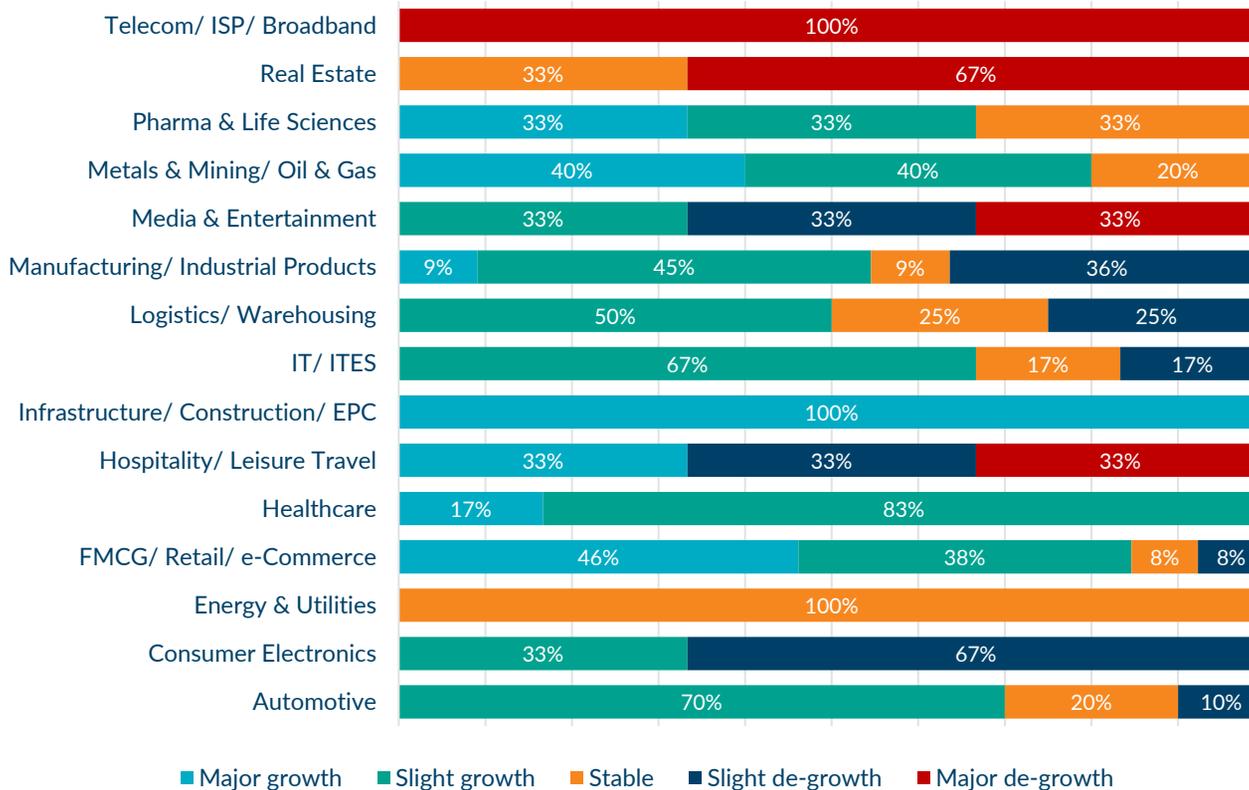
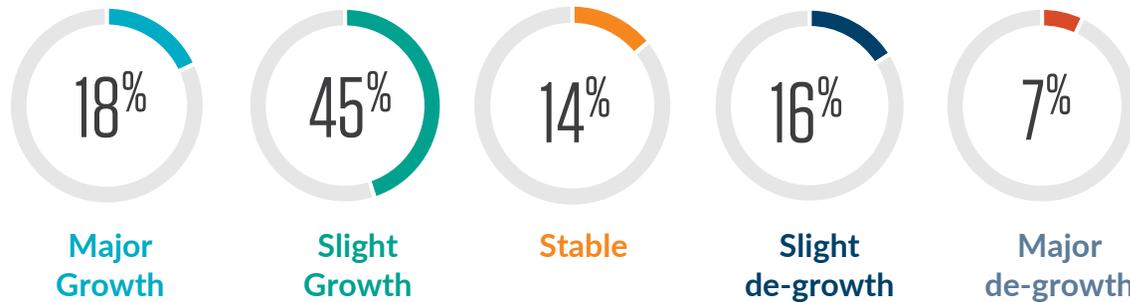


The survey clearly indicates positive sentiments as 29% respondents look to expand in new markets as compared to 17% in the previous year.

25% respondents favored towards building new solutions/ products as compared to 22% in the previous year.

Profitability

• • • How is your profitability expected to change in the current financial year as compared to last year? (2019-20, pre-pandemic)

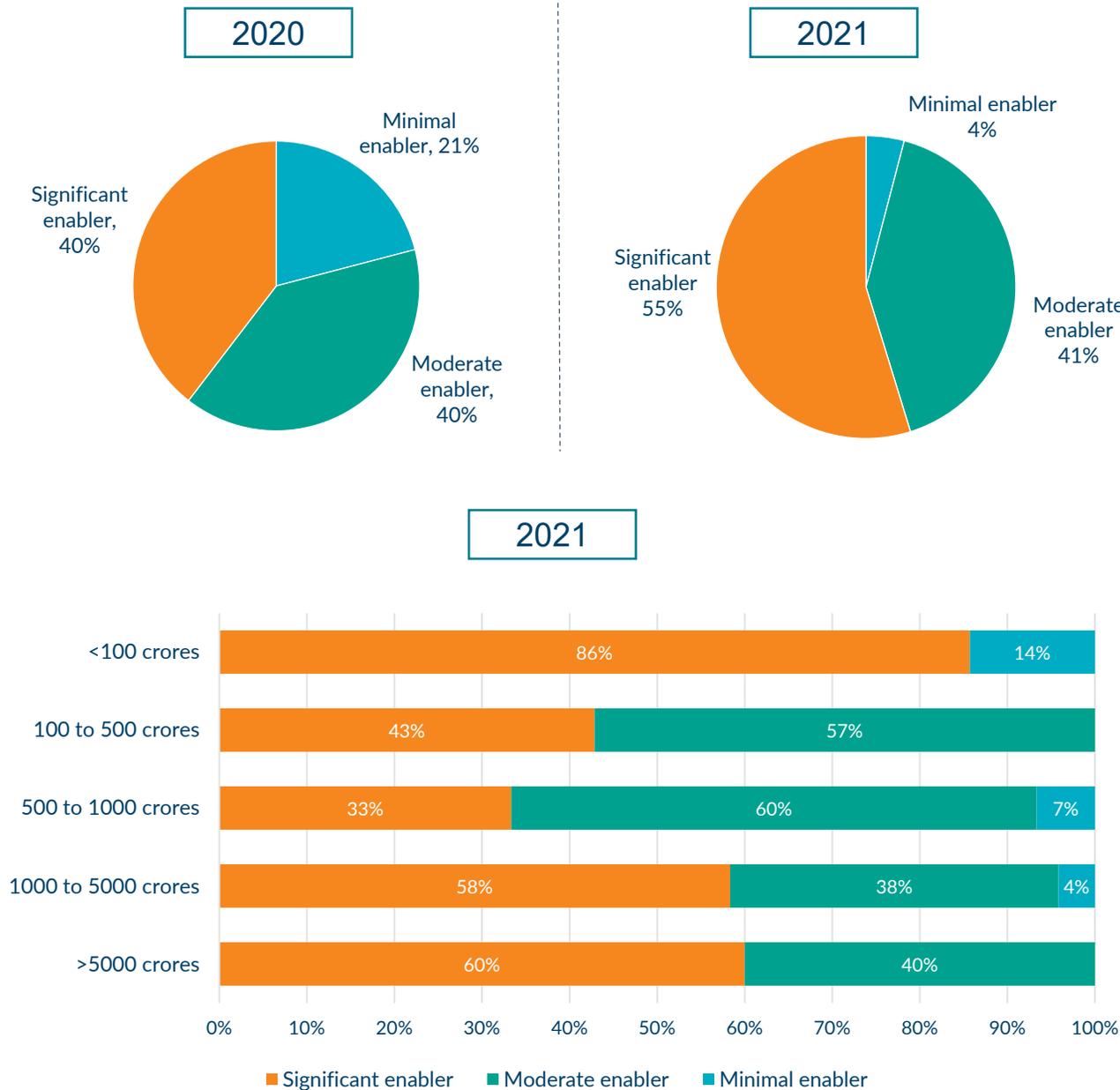


Despite passing through the fatal second wave in 2020 and the possible threat of third wave through new mutations, 63% respondents expect positive growth in their profitability while 14% expect stability in their profitability.

Respondents from 10 out of 15 industries expect growth in their profitability due to adoption of better technology, automation, and operational resilience. Respondents from telecom, real estate, media & entertainment, and hospitality sector expect adverse profitability.

Cost

• • • Automation as an enabler to reduce cost



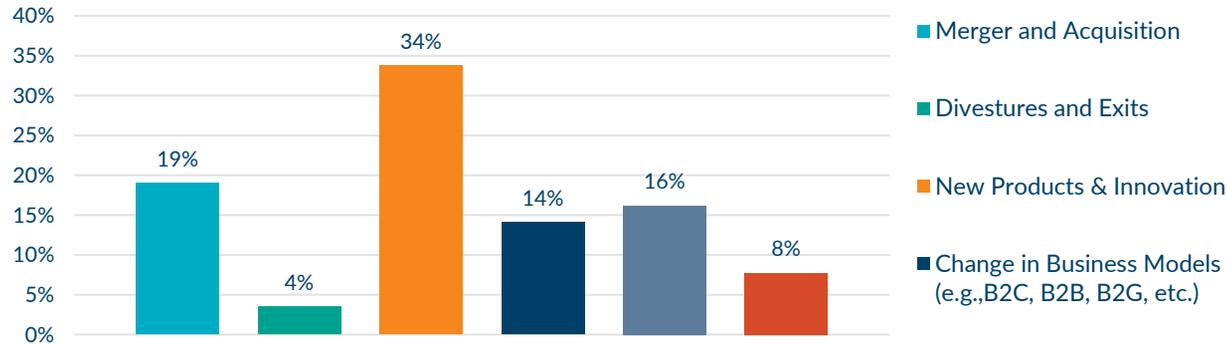
96% respondents look at automation as a major enabler to reduce their costs in 2021.

Organizations sized up to INR 500 crores look to deploy automation significantly to optimize their costs.



Business Transformation

- • • What will be the focus areas of business transformation in your industry in the near to medium term (1-3 years)? (Multiple choice question)



* 5% of the respondents did not provide any comment

Industry	Merger and Acquisition	Divestures and Exits	New Products & Innovation	Change in Business Models (e.g. B2C, B2B, B2G, etc.)	Business Process Re-engineering/Improvement/Digitalisation	Change in Distribution Network	No Comment
Automotive	36%		29%	7%	7%	14%	7%
Consumer Electronics			100%				
Energy & Utilities	33%			33%		33%	
FMCG/ Retail/ e-Commerce	23%		30%	17%	20%		10%
Healthcare	27%		45%	9%	9%	9%	
Hospitality/ Leisure Travel	27%	14%	27%	18%	9%		
Infrastructure/ Construction/ EPC			50%	50%			
IT/ ITES	22%		33%	22%	22%		
Logistics/ Warehousing		7%	20%	40%			20%
Manufacturing/ Industrial Products	9%		41%	9%	18%	14%	9%
Media & Entertainment	13%		25%	13%	38%	13%	
Metals & Mining/ Oil & Gas	25%	7%	25%		25%	8%	8%
Pharma & Life Sciences			60%	20%		20%	
Real Estate		7%	50%		25%		
Telecom/ ISP/ Broadband				33%	33%	33%	

34% of respondents are looking at new products and innovation as their transformation strategy whilst 19% of respondents believe that BPR and digitization are the key enablers to drive their business transformation.

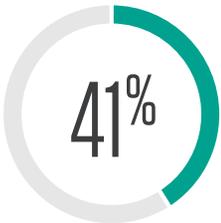
Respondents from the consumer electronics industry expect to transform their business by applying sole method of introducing new products and innovation which is also voiced by majority of respondents across other industries.

Operational Resilience

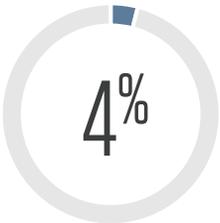
• • • How would you rate your organization's operational resilience plan to handle the disruptions?



Effective

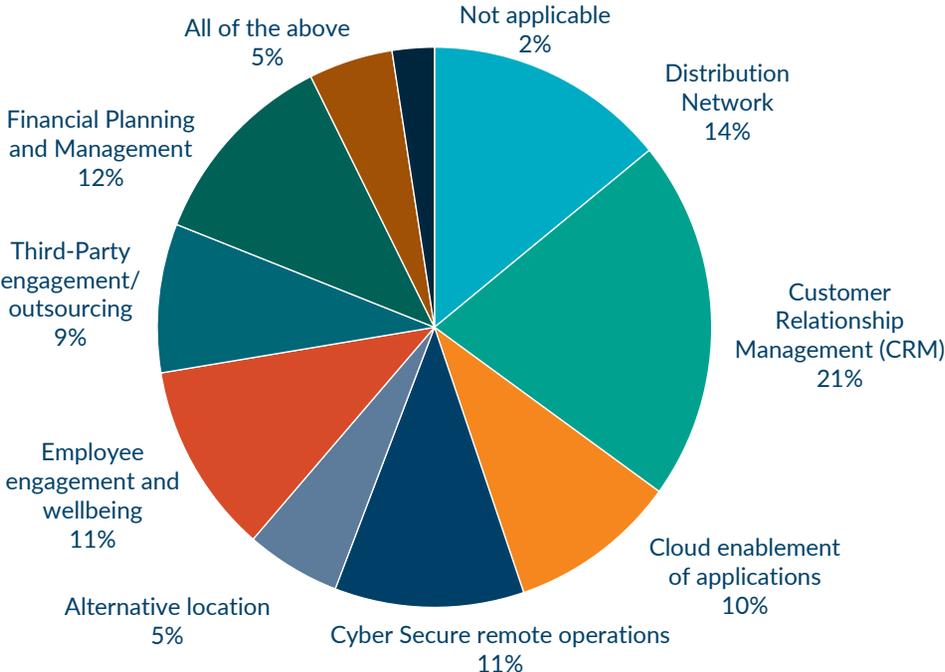


Some opportunity to improve



Still evolving

• • • Which are the areas that you would focus upon to improve your resilience plan?



Operational resilience has been a key focus area for industries as almost the majority (48%) of respondents rated their respective organization's plans to be effective in handling disruptions.

Only 4% of respondents believe that their organizational plans are still evolving to manage disruptions.

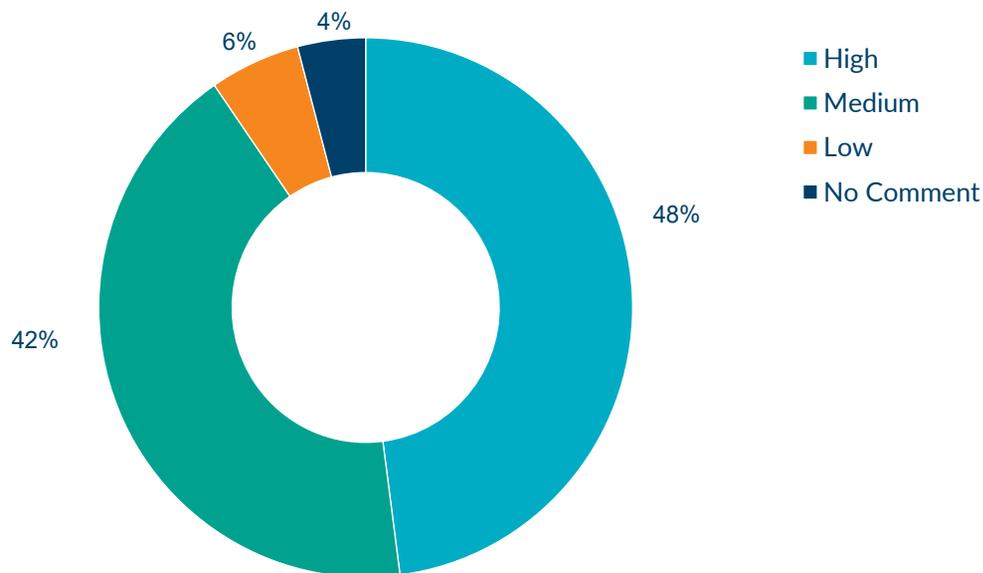
Managing customer relationships, strengthening distribution networks and effective financial planning emerged as the top 3 areas for greater focus to improve the resilience plans.

Information & Cyber Security

• • • What is your view on your industries preparedness to mitigate cyber security risk

Company Size (Cr)	Low	Medium	High	No Comment
>5000 crores	60%	30%		10%
1000 to 5000 crores	21%	71%	4%	4%
500 to 1000 crores	40%	60%		
100 to 500 crores	29%	71%		
<100 crores	57%	14%	14%	14%

• • • What is your view on the level of awareness about information security risk



Respondents from companies sized between INR 100 to INR 5000 crores believed that they are prepared to mitigate cyber security risks.

• • • Which are the areas of focus to enhance the information security? (Major areas)



Digital Maturity

• • • What is the current digitization maturity level of the following areas in your organization?

Areas	Digital Skeptical	Digital Beginner	Digital Follower	Digital Advanced	Digital Leader
Sales & Distribution	1%	26%	40%	28%	4%
Customer Lifecycle	4%	19%	42%	32%	3%
Operations	3%	21%	38%	36%	3%
Compliance	4%	10%	51%	32%	3%
Finance	3%	10%	43%	42%	3%
IT	4%	10%	29%	40%	17%
HR	1%	21%	47%	24%	7%

Attaining reasonable digital maturity has gained momentum since the pandemic began which has also reflected in the survey results where-in organizations are already progressing towards “Advanced Digital” maturity level.

At the functional level, finance, IT and HR functions are at advanced digital maturity levels.

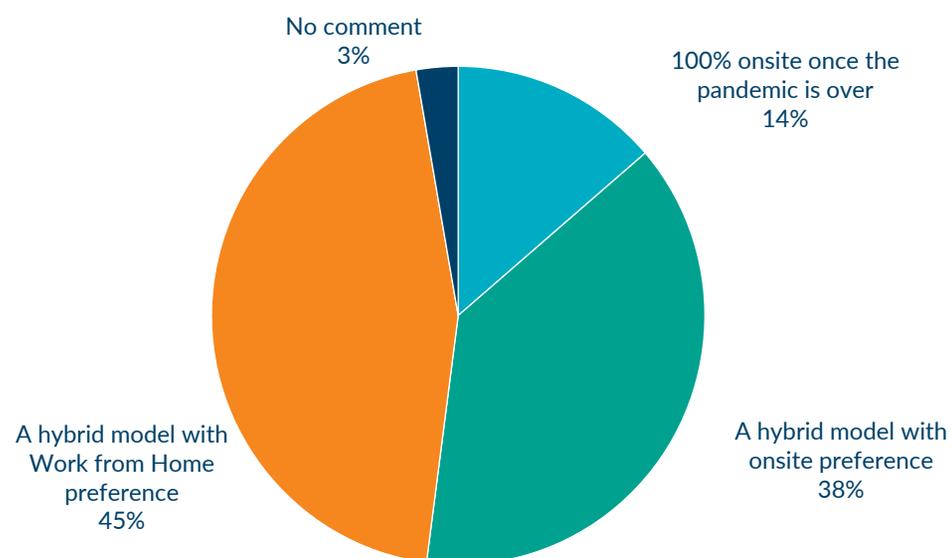


Work From Home

• • • How has Work from Home (WFH) impacted productivity in your industry?

Company Size	WFH Impact on Productivity			
	Increased	No Impact	Decreased	No comments
> 5000 crores	50%	35%	15%	-
1000 to 5000 crores	38%	17%	25%	21%
500 to 1000 crores	47%	33%	13%	7%
100 to 500 crores	86%	-	14%	-
< 100 crores	71%	29%	-	-

• • • What changes do you see in your operating model going forward?



Highest positive impact on productivity on account of WFH was witnessed by organizations sized up to INR 500 crores possibly due to easy adoption of technology to implement technical tools to enable WFH.

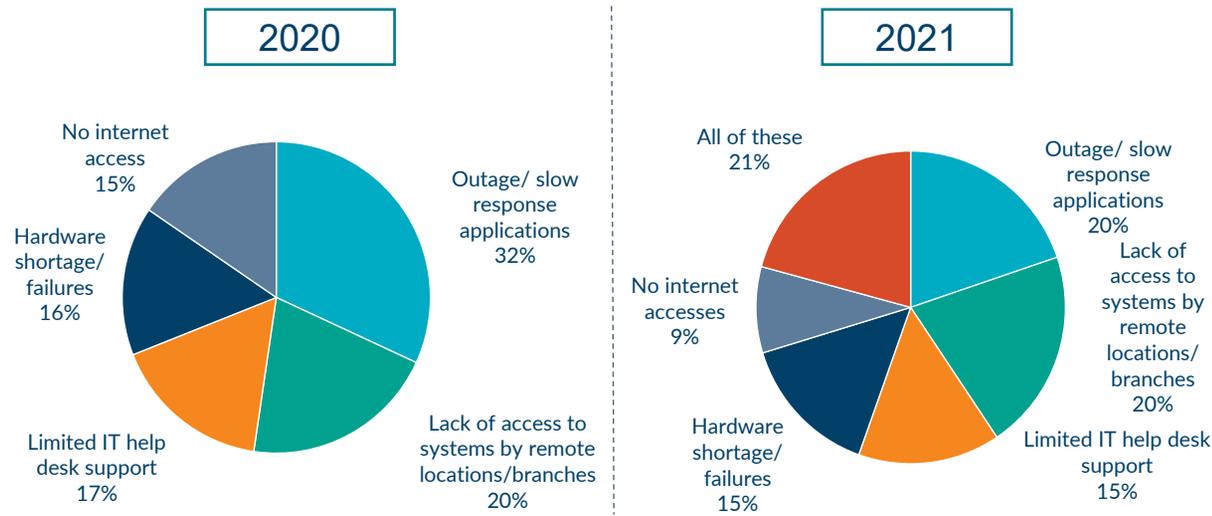
On the contrary, productivity on account of WFH for almost 50% of respondents from organizations sized > INR 5000 crores was either not impacted or has decreased.

Going forward, a “hybrid model with WFH” was preferred by 45% of total respondents whereas 38% of respondents preferred a “hybrid model with onsite option”.



Technology

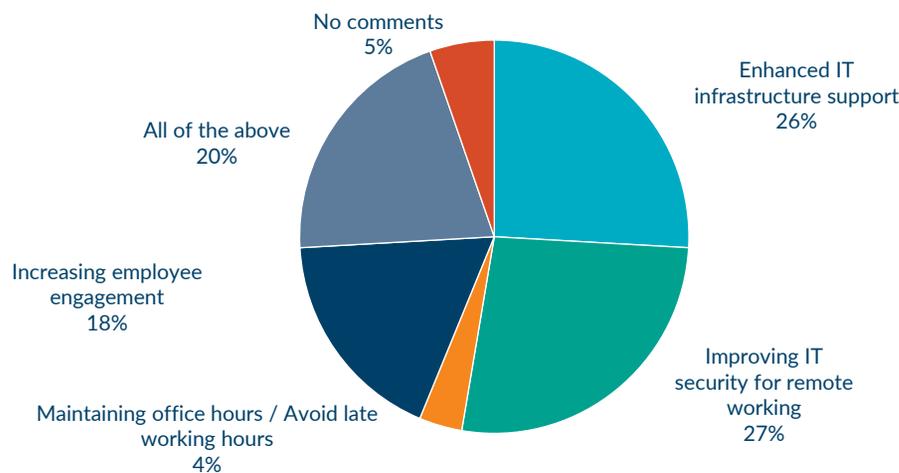
• • • Challenges in Work from Home (WFH)



40% of the respondents faced challenges pertaining to outage/slow response applications and lack of access to systems by remote locations. Whereas availability of internet access in work from home mode improved compared to 2020.

27% of respondents have identified “Improved IT security for remote working” for channelizing their IT spending post disruption.

• • • Areas where IT spends will be channelized



Conclusion

The survey results give us a positive view of the future albeit with a cautious approach. We are sitting in a delicate balance and our future actions will decide the direction and the speed of getting back to normal. There are still some challenges related to behavioral changes and the acceptance of vaccination as the most effective protection against the virus.

It is often said in the world of physical sports that what does not kill you makes you stronger. The pandemic has been a near-death experience for many of us at individual and organizational levels, and thankfully most of us have emerged alive and stronger out of it.

What is the way forward?

Many of the last year's threat perceptions related to the disruptions have thankfully, not materialized. E.g., the demand for goods and services, though contracted initially, revived to a significant extent as companies adjusted their strategies and operations. The economy also did not face a huge liquidity crunch as expected at the time of the previous survey. However, some issues continue to be a threat.

01

Are we ready for the new talent war and a changing workplace?

Many respondents in our last year's survey were worried about the shortage of human capital as a challenge to the recovery and it continues to be a major challenge. This may be related to the high demand for technology resources in the market leading to a lot of churns. Work from Home has emerged as the most significant paradigm from this pandemic having a long-lasting impact on our concept of work.

A number of industries have adopted to WFH, as it mostly has a positive impact on productivity. More people are looking to have a hybrid work set up that allows them the flexibility to choose between onsite and WFH. As Employee engagement is an important success factor for the resilience plans, businesses must take this aspiration of the workforce into account while preparing their operating models to ensure that they get the best talent to work for them.

02

Are we ready for a jump to the future in the way business will be done?

The other business-critical challenges are the speed of change in the technologies and intensified competition among the players. We are witnessing a surge in new-age organizations as digitalization has reduced several of the entry barriers for new entrants. These organizations have been set up and run by technology-savvy entrepreneurs who want to try new boundaries without the fear of failure. The ease of access to funds for them has increased because of the increased liquidity, partly due to access to the global investors, and secondly a record low level of interest rates across the global markets. This would require a lot of focus and initiatives on business transformation in traditional large businesses which are focusing on business process re-engineering and change in business models.

03

Are we confident of our information and cyber security readiness?

A decentralized geographically spread remote workforce will require better information and a cybersecurity environment. The companies have identified this need and that is why "IT security for remote working," was opted as the most important initiative to facilitate WFH. The industry at an overall level is confident of its cybersecurity and information security preparedness. However, there are ever-emerging challenges, and the CIOs and CEO would require to be on their feet for the continuous upgrade in their security infrastructure to mitigate these risks. They would also have to make the workforce aware of these risks and their role in mitigating them.

04

Are we keeping up with the regulatory changes?

Change in the regulatory environment continues to be one of the topmost challenges. We would need strong governance, operational resilience, technology, and infrastructure to cope up with it.

About Protiviti

Protiviti (www.protiviti.com) is a global consulting firm that delivers deep expertise, objective insights, a tailored approach, and unparalleled collaboration to help leaders confidently face the future. Protiviti and its independent and locally owned Member Firms provide clients with consulting and managed solutions in finance, technology, operations, data, analytics, governance, risk and internal audit through its network of more than 85 offices in over 25 countries.

Named to the 2021 Fortune 100 Best Companies to Work For® list, Protiviti has served more than 60 percent of Fortune 1000® and 35 percent of Fortune Global 500® companies. The firm also works with smaller, growing companies, including those looking to go public, as well as with government agencies. Protiviti is a wholly owned subsidiary of Robert Half (NYSE: RHI). Founded in 1948, Robert Half is a member of the S&P 500 index.

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