



HOW COMPANIES DEAL WITH COVID-19? A WAKE-UP CALL FOR DIGITAL TRANSFORMATION

C&F Report





How are companies dealing with the crisis?

- 01** Technology vs. COVID-19
- 02** Accelerated digitization – girding loins in new areas or continuation of existing strategy?
- 03** Where is this leading to?

01

Technology vs. COVID-19

What surprised us most? How unprepared were we?
What are the greatest challenges and how to better handle them in future?



Leszek Rabiega
CEO C&F



The COVID-19 pandemic is a phenomenon that drastically impacted the functioning of societies, markets and the business world all over the world. It keeps growing in scale, and the effective curbing of the virus's spread is yet to come.

A lot is being said in the corporate world about "the new normal". The truth is, it is being shaped as we speak. What decisions should be made in the short and the medium term? Everyone is riddled with such doubts and to face them better, we need to share knowledge and make use of others' experiences.

At the peak of the pandemic we asked C-suits and managers some simple questions: how did you cope with the first stages of the COVID-19 crisis? What IT challenges and problems do you see? What did you implement and what are you planning to implement in relation to the ongoing crisis?

We have collected information about the tactics and strategies companies employ to deal with the unexpected. All this is nested in the context of our areas of expertise, that is: data, technology, risks and their management, digital tools and transformation plans, as well as the necessity of their verification in a time of uncertain future.

This publication includes commentary by world-class experts from the C&F team, for whom supporting organizations in crises has been the daily bread over the past few months. They share their expertise on how to use data in the battle for business continuity and competitiveness in a world of continuous change.

We hope this information provides you with food for thought and will help you find your bearings in the current situation, as well as gauge whether your organization is heading in the direction you want it to.

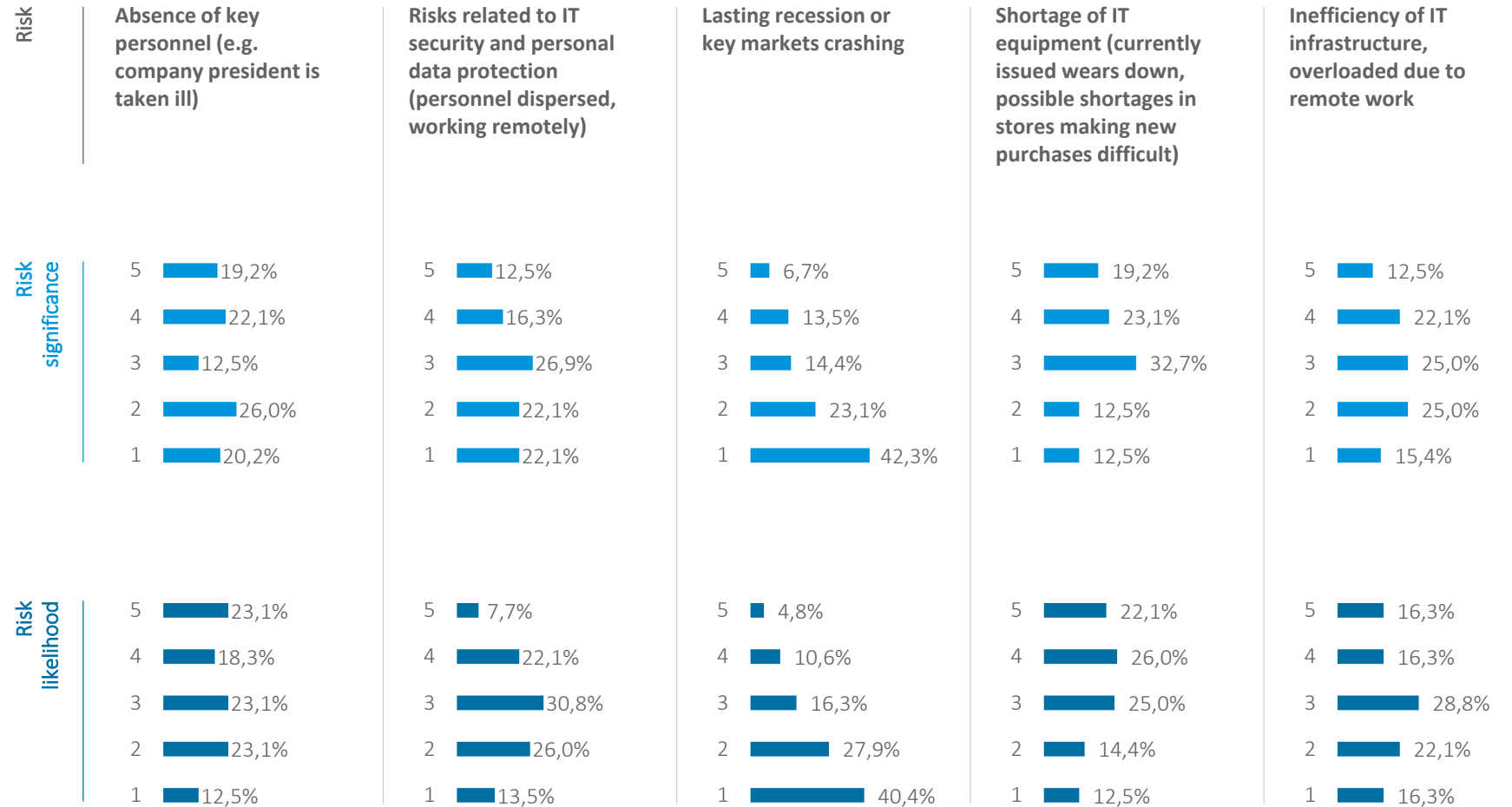
COVID-19: DID ANYTHING SURPRISE US?

Managers are aware that in remote work IT security and personal data protection have become exposed to new risks. However, what companies are fearing the most are the economic implications of the global crisis in the wake of the COVID-19 pandemic.

It appears that the human factor and leadership are still prized in business – a significant proportion of respondents indicated as high or very high the risk of absence in their organizations of key personnel (e.g. the CEO or a board member falling ill).

C&F online study

What new risks does your company see that are related to the pandemic and its consequences? Order them by significance and assess how likely they are to occur.





Jan Anisimowicz
CEO, AdaptiveGRC



The current risks stem from an unprecedented situation. Unprecedented, but not unforeseeable – after all, Bill Gates (and not just him) had been warning the world of the risks of a pandemic outbreak and its economic consequences for years.

The pessimism we see in companies that participated in the survey is understandable. They are also reflected in the PMI index (JP Morgan Global Manufacturing PMI), which dropped in April to 39,7 – the lowest value since the global financial crisis of March 2009. Although the PMI increased significantly in the following months, the risks remain the same.

As many as 60% of the managers who participated in the C&F survey consider cyber security and data protection (next to the obvious economic and personnel risks) to be one of the most important areas exposed to risks that are highly likely to occur.

Meanwhile we now know that in terms of IT security the world was not ready for COVID-19! As the recent Bitdefender study revealed, half of infosec specialists admitted that their companies had no contingency plan for any situation similar to the COVID-19 pandemic. On top of that, a whopping 86% of them reported an increase in the occurrence of cyberattacks in recent time!

The fears linked to cybersecurity and data protection are by no means unfounded. In view of the current global situation it is wise to implement concrete measures and policies to predict and minimize potential threats.

50%

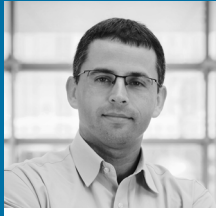
infosec specialists report that their organizations had been unprepared for the current situations.

86%

of them have noticed more frequent cyberattacks.

Source: Bitdefender

WE SEE THAT:



Jan Anisimowicz
CEO, AdaptiveGRC



1 Most risks can be foreseen. What is key is how to take them into consideration.

2 Technology is the way to maintain business continuity in uncertain times.

3 A holistic view of the organization from the GRC perspective (Governance, Risk and Compliance) improves its business and IT resilience.



CHALLENGES AND DIFFICULTIES, OR WHAT HAS THE CORONAVIRUS REVEALED?

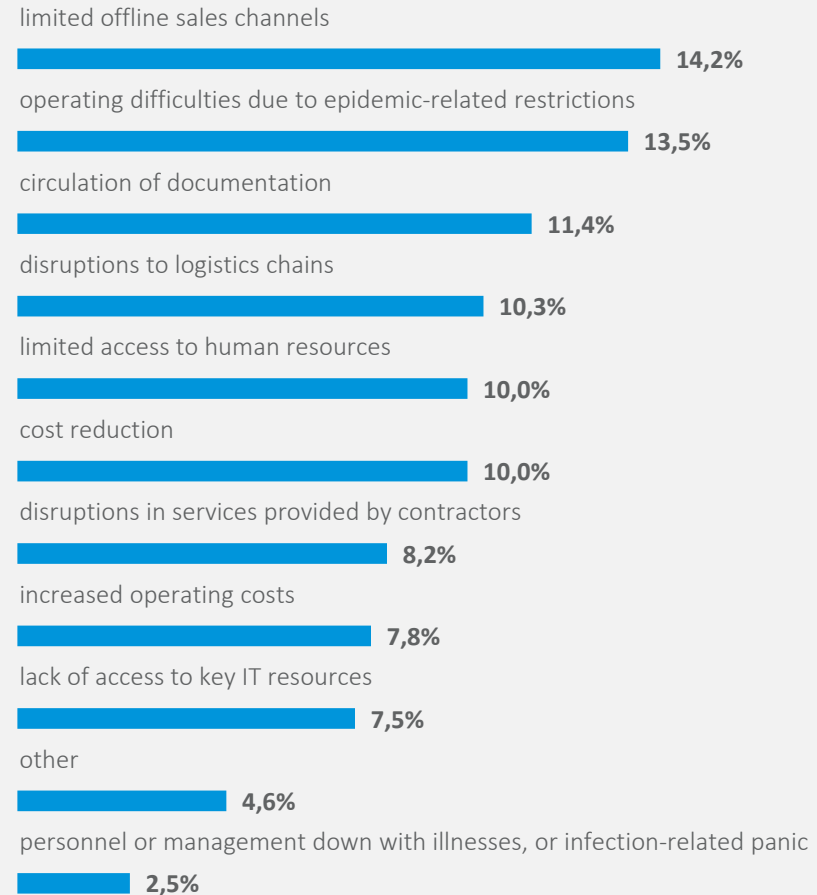
The crisis that companies are facing due to the pandemic is a multi-layer one. A dominant factor is not readily identifiable, as companies struggled with challenges on all levels. However, the proto-source of the most severe problems is the lockdown and how it hinders people's mobility.

One of the fundamental causes behind the problems in many companies is the change in the way employees perform their duties, that is, the mass adoption of the home office, but also in many cases the disruption or stoppage of processes due to restrictions on people's mobility and interpersonal contact. This had to have an impact on the global economic situation.

The force of the economic crash caused by the lockdown can be seen in economists' prognoses. Early predictions from January 2020 projected, according to Statista, that the GDP would fall by 2.4 to 3%, but after the wave of lockdowns and restrictions, the World Bank predicted a decline in GDP by 5,2% (a worst-case scenario with an 8% plummet).

C&F online study

What challenges and difficulties related to the coronavirus pandemic has your company been faced with over the past weeks?



8%

even such a high decline in the global GDP due to the pandemic was forecast by the World Bank (in a pessimistic scenario).

Source: World Bank



Jan Anisimowicz
CEO, AdaptiveGRC



Restrictions and lockdowns were supposed to stop the spread of the coronavirus epidemic, but their byproduct is the large-scale spread of the home office. Not everyone found remote work to be to their liking, and many companies are still considering what long-term decisions to make. This powerful trend will be difficult to undo, though.

The challenge posed by the mass turn to the home office is easiest to deal with for tech companies. A classic example here is Twitter, which has already announced: everyone can work from home if they want, and can continue to do so in future.

The writing on the wall is that this trend will stay with us. A study conducted by IBM has shown that as many as 54% employees would like to continue working mainly from home after the pandemic. A similar finding comes from Quora, where 60% of the personnel wants to work remotely. This is the norm in a vast number of organizations.

But remote work is not just the home office and the need to manage a virtual desk. We have recently witnessed a host of problems

related to a round of audits in companies. No-one was ready to conduct audits remotely, even though even before the pandemic there was much talk about how necessary it is for the auditing profession to change, and for their working mode to adapt to the times.

According to this year's trends revealed by Gartner, auditing will need to focus on dynamic risk coverage, cover business partners as well, while risk management processes will be shifting to within the organization. Little wonder then that Gartner points to digitization as one of the pillars of future auditing. And the tools for future auditing are within reach already.

Digitization will be fundamental for the auditing process.

54%

IBM employees and 60% of the Quora team want to work from home.

Sources: IBM, NY Times

Read C&F's Jan Anisimowicz's medium.com article.



02

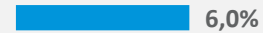
Accelerated digitization: girding loins in new areas or continuation of existing strategy?

The digital explosion: how did IT support organizations in the bleakest period? What tools and apps saved companies, and what will be needed in future?

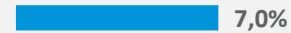
C&F online study

What steps were taken, and decisions made in your company's IT department that were related to the crisis situation and the pandemic?

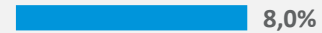
limiting the number of key partners and IT solution providers



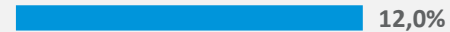
signing additional contracts with third parties in case the inhouse IT team is quarantined



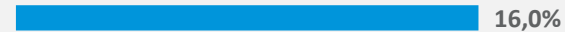
moving some resources to outside data-processing centers



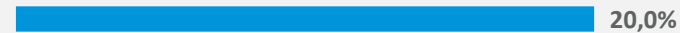
migrating some resources to the cloud that allows for better scaling up or down of IT infrastructure



implementation of mobile and/or web apps needed to maintain business continuity (sales, logistics, customer support)



implementing tools and apps allowing for automatic work to save time and resources



implementing IT tools and solutions allowing for digitizing further business areas

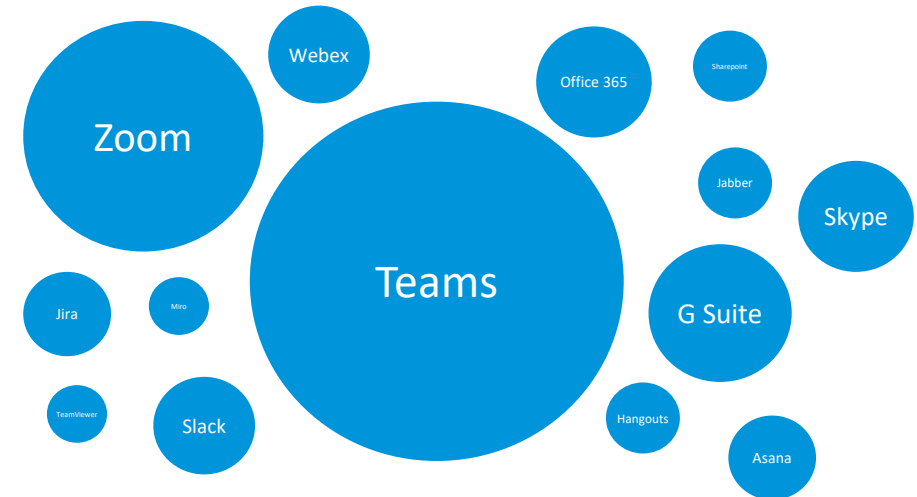


other



SEE YOU ON ZOOM

In total, more than half of participating companies have implemented new digital tools due to the pandemic (like risk management or digital signatures), work automation or contactless customer service. Applications that support remote meetings and teamwork are on the rise. The choice of a platform had to be made quickly, even though building a – broadly speaking – virtual office is no easy task.



C&F online study

Mobile and web apps that have been most indispensable for companies for continued operation in today's crisis.



Tomasz Młodecki
Chief Data Officer,
Executive VP



Providers and suppliers of IT tools are raking it in right now. Just by taking a look at the massive spike in the popularity of communicators like Zoom, Slack, Skype or MS Teams we can conclude that if what we saw before the COVID-19 crisis was a digital revolution, now we are dealing with a veritable explosion. For instance, Zoom had 10 million of its daily active users (DAU) worldwide in December 2019. In April this year, it boasts 300+ million.

The change occurs so rapidly that we must conclude that in many cases companies acted on an ad hoc basis. And while organizing a virtual office "on the quick and dirty" does not have to end badly, when we move to digitizing processes that are company-critical, like production, logistics or sales, especially in regulated areas (Life Science, finance), haste may lead to ruin.

Increased use of digital tools leads in the first place to rapid increase in amounts of data. Simultaneously, we are aware that 80-90% of all data is, according to various estimates, so-called "darkdata" - it is never used and analyzed.

The transformation into a data-driven organization is rarely a walk in the park, and it is likely that obstacles will crop up at some point. But the effort is worth making, and it literally pays off! Experts from the McKinsey Global Institute reveal that data driven organizations are 23 times as likely to attract new clients, 6 times as likely to retain them and 19 times as likely to profit

as non-data-driven ones.

The COVID-19 pandemic means a wave of takeovers and mergers. According to data from the Institute for Mergers, Acquisitions and Alliances, the number of M&A transactions always increases after a serious economic shakeup. It appears rational then to expect a storm of these transactions once the havoc wrought by the coronavirus starts to abate.

In times of ongoing digital transformation, successful mergers and acquisitions mean that someone has to nurse the integration of IT systems and databases. Interestingly, in EY's Confidence Barometer 34% of respondents point to underestimating the challenges related to IT integration as the greatest obstacle in the company merger process. The role of data science and solid competences in data management and integration will be critically important in the coming years.

EVEN 90%
of all data is never used
or analyzed.

Source: Gartner

Read C&F's Tomasz
Młodecki's [medium.com](#)
article



WE SEE THAT:



Tomasz Młodecki
Chief Data Officer,
Executive VP



1 Investing in a thorough customer data analysis leads to new business strategies.

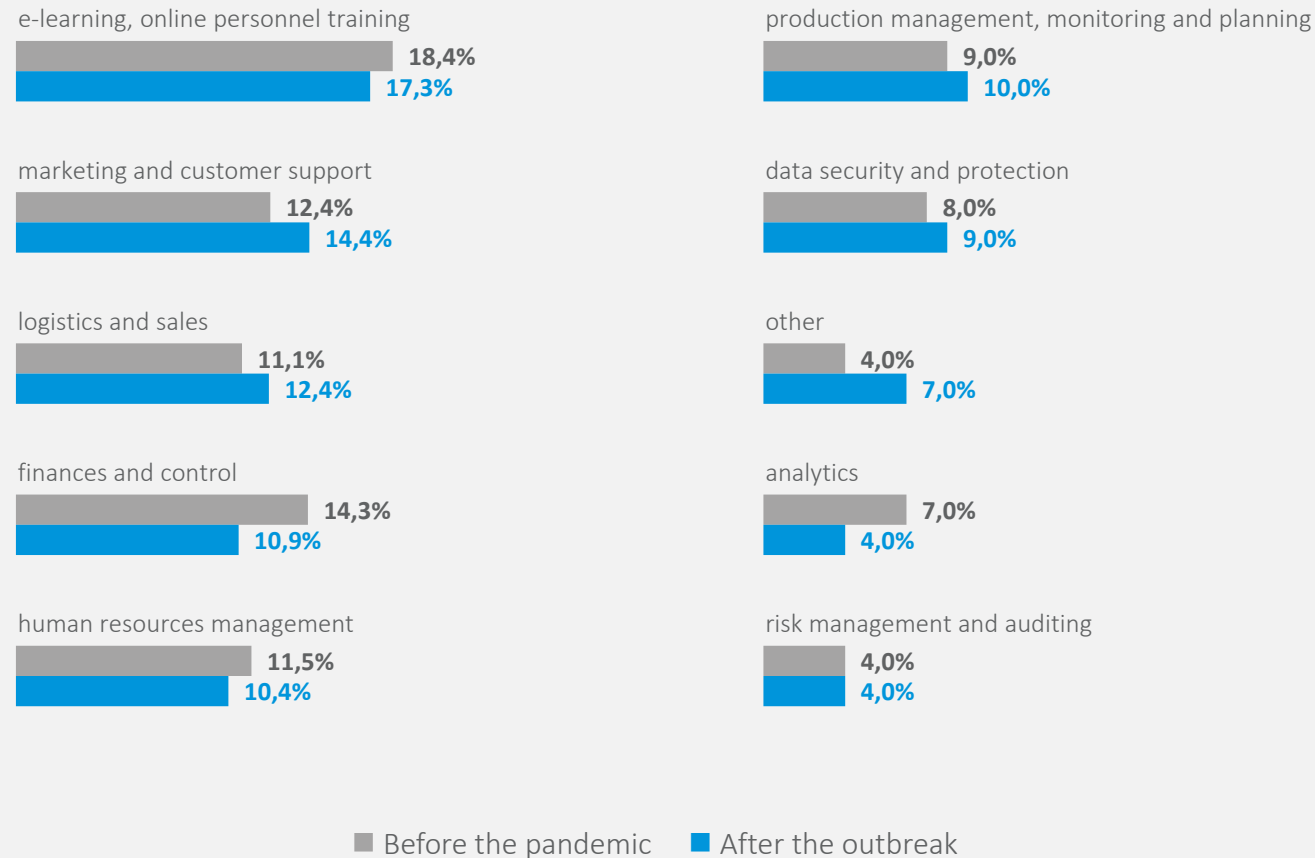
2 The past few months have shown how critically needed cloud solutions are, and that they will be implemented on a still wider scale.

3 Big Data and GRC (Governance, Risk and Compliance) are in for a bright future, as their role and impact on business efficacy will continue to grow.



C&F online study

What processes and business areas was your company planning to digitize in the next 12 months, and what - in the next 3 to 6 months in relation to the pandemic situation?



REALITY CHECK

When we compare new technology implementation investment plans companies had before the pandemic with those from its peak, we can see they did not change radically. What changed were business tactics, attitudes to cost management, but end goals remained untouched.

The majority of C&F study participants reported that their companies plan to continue past digitization strategies, although some decided to cancel digitizing areas like analytics, finance and control, and even online training.

Less attention is paid to internal processes (investments here are stopped or postponed), while the areas that experience increased investment in the time of the pandemic versus before are marketing and customer support.



Piotr Pielasa
Chief Technology
Officer
Executive VP



The COVID-19 crisis did not turn companies' digitization plans upside down. What it did was to highlight areas that need transformation stat. The limited changeability of investment plans revealed in the study means that the map of digitization challenges made before the pandemic is still valid, even in the face of everything.

In a crisis, companies put business continuity above all else. But to stop investing in areas like analytics, finance or control? Unnerving, to say the least.

Increased investment in marketing and customer support, important aspects of business activity, is understandable – to operate effectively we need to optimize costs and maintain a sales network. The challenge we face is how to accomplish this in a changing world with dynamic consumer attitudes?

Companies that included in their strategies and truly increased the significance of digital sales channels, and the digitization of other business areas, in times of the pandemic found confirmation of how right they were. But companies whose operating model was not digital at least to an extent were among the worst hit by the lockdowns, as one or more of their key functions were practically frozen.

In BDO's Global Risk Landscape 2020 report a whopping 97% respondents agreed that organizations' business plans should evolve in a direct parallel to social change. What do we learn from this? In order to evolve together with anything, we need to know what that thing is! Apart from measuring the direct impact of the pandemic on companies, businesses ought to learn to measure and understand the changes happening to their partners, customers and consumers.

The fast-changing social, business and regulatory landscape forces companies to be on their toes to continuously meet the criteria of compliance and integrity with all stakeholders and decision makers. To our aid we call advanced analytics and true data driven decision making.

30%

of companies include analytics strategy in their broad corporate strategy.

Source: McKinsey

Read C&F's Piotr Pielasa's medium.com article



WE SEE THAT:



Piotr Pielasa
Chief Technology
Officer
Executive VP



1

The COVID-19 crisis has accelerated the implementation of digitization plans in selected areas without triggering revolutionary changes.

2

Many organizations have intensified the digitization of their external processes, betting on logistics, sales, customer support, and marketing. What about their insides?

3

Changes are taking place in customer habits, and in business and regulatory landscapes. Analytics, control and regulatory compliance cannot fall behind.



03

Where is this leading to?

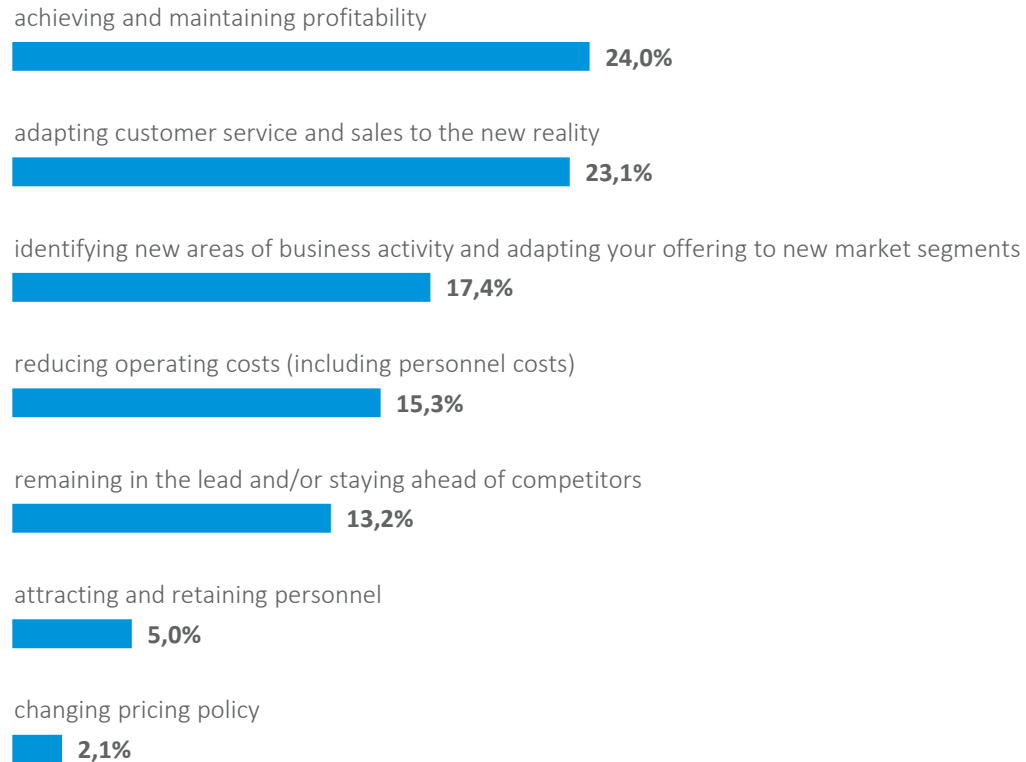
Did the pandemic impact IT investment plans? What are companies planning now that everyone is thinking about what next, while business continuity is still at risk?

BUSINESS CONTINUITY IN UNPREDICTABLE TIMES



C&F online study

What are currently your company's goals with regard to maintaining business continuity (in the line of business your company is in)?



The fight against the crisis rages on multiple fronts. Respondents in our study pointed to achieving and maintaining profitability as their company's priority. Sadly, in many cases the search for reduced costs leads companies to cutting personnel wages.

But in the context of securing income, an important goal for managers at the current stage of the crisis is to adapt customer support and sales processes to the new normal.

Nearly a fifth of our respondents reported that companies take advantage of the crisis to search for

new business areas and focus on adapting their offering to new market expectations.

How surprised by the situation managers were can be seen in the findings of BDO Global Risk Landscape 2020, where 37% of responders (C-suite) reported that their organizations had not been ready for an economic slowdown.

It is hardly surprising then that companies now focus on searching for new business areas to diversify their portfolios and respond better to economic challenges.



Manoj Nair
Head of Digital
Transformation



Companies in a crisis always look to costs and how to optimize them. This seems especially important now that the crux of coronavirus-related business problems for many firms is the withering or temporary closure of offline sales channels. It is said that this pandemic-related crisis will affect us more than any other kind. There has been a significant growth (that will, it is a safe bet, continue to grow) in the demand for versatile IT solutions that can be implemented rapidly, are stable and can be up- or downscaled as needs change.

The capabilities of e-commerce have been fundamental for the survival of many an organization. Companies understand that one of the pillars of the "new normal" will be online sales. Current forecasts see the growth of e-commerce in 2020 at 18% in the US alone.

Our study confirms that recently companies made a dash to equip themselves with tools already present on the market.

But the new reality being shaped in front of our eyes is generating new needs and challenges, both in the B2C segment (e.g. remote education, telemedicine, e-commerce), and B2B (virtual offices and teamwork tools, risk

management, compliance and the whole gamut of data management that keeps gaining in significance).

The demand for new digital solutions is set to keep increasing. This means that quick and effective development of new apps will become increasingly important. According to Gartner, by 2024 up to 65% of all software will be built on low-code.

The immediate future will be a time of searching for comprehensive customized solutions that can be fully adapted, are easily scalable and stable.

In the C&F study a quarter of companies saw that their business

continuity is dependent on adapting customer support and sales processes to the new normal. Trends like omnichannel, AR in virtual shopping and continuous UX improvement will only increase in force. Importantly, data and data management are going to play a greater role, also in designing user experience.

It is clear that this is an important aspect of strategies for company survival, and even for strengthening market positions. New market niches will vanish as fast as they first appeared, and success will come only to those who can use this window of opportunity.



65%
of all applications
will be made on
low-code platforms
by 2024.

Source: Gartner

Read C&F's Manoj
Nair's medium.com
article



WE SEE THAT:



Manoj Nair
Head of Digital
Transformation



1

In a dynamic reality of the crisis, businesses digitize more rapidly than before. Their needs can be fulfilled by applications that are developed quickly, are stable and easily scalable.

2

The future of application and solution development is with low-code platforms, as they ensure rapid production coupled with customization necessary in the current dynamic.

3

Retail goes online and sales processes have evolved. New solutions are necessary, ones that build customer involvement and provide customers with positive experiences.



BUDGET CONSTRAINTS

C&F online study

What kind of budget does your company put towards implementing new technologies?

we have a budget for digital tools that satisfies all company needs in this area



we have a budget that is insufficient to cover all the planned technological investments, but we plan to gradually implement our scheduled projects



owing to severe budget limitations we are unable to implement new technologies, even though the crisis brought some needs to the fore



we are planning to significantly increase the financial investment so as to speed up our digital transformation



The majority of managers who participated in our study declared that they have budgetary means to implement technologies to support their companies in the time of the pandemic. Some were even going to increase their earlier digital transformation budget.

A third of the respondents reported that even though their company was short on funds to satisfy all digitization needs, they were going to implement it piecemeal.

Less than 15% respondents stated that their companies were in

a situation that would halt their digitization processes due to budget constraints, even though they recognize the needs.

The COVID-19 crisis certainly impacted IT investment. Analysts are continuing to update their forecasts, but still a trend can be noticed: the global IT spending will be a few per cent lower than last year (Gartner: 7.3%; Statista: 5.1%). At the same time higher spending on digital transformation is predicted (Statista: 10,4%).



Leszek Rabiega
CEO C&F



Managers realize the importance of implementations that prepare their companies to operate in the digital landscape. What is optimistic is that some declared that their organizations already have the required means. Only a small minority of our respondents reported that their companies cannot afford digitization projects even though they recognize the need.

The necessity of building a resilient and secure digital IT environment coincides rather well with market forecasts.

The near future belongs chiefly to data-driven decision making. It is estimated that over the next 6 years the global Enterprise Data Management market is going to swell to 133.4 billion dollars (it is valued at 77.9 billion USD in 2020).

The year 2020 gives no reason for optimism with regard to IT investment. Experts predict at least a 5.1% decrease in investment budgets as compared to 2019. On the other hand analysts forecast increased investment in transformative implementations.

Effective use of data is among the most innovative and future-proof areas in business now. The past few years have shown, and the last 12 months have proven beyond doubt, that organizations fail to make use of the potential

they themselves generate and always have on hand: their data.

This is why the current pandemic should be a wake-up call, an impulse to make us prepare better for future crises, by creating business continuity plans and inoculating our organizations through digitizing their operating processes.

This crisis may prove to be a chance for development for companies is they learn to consciously work with their data and build solid foundations for data-driven decision making.

However, if they oversleep and fail to make sure their systems (the likes of CRM, CLM, ERP, pricing or risk management tools) are fed good quality data, this opportunity will become a threat. The same can be said about data management: if it is based on solutions poorly adapted to the business model, it cannot fulfill its role well.

5,1%

IT investment will decrease by this much in 2020, compared to 2019.

Source: Statista

10,4%

spending on digital transformation services and technologies will increase by this much in 2020, compared to 2019.

Source: Statista

Read C&F's Leszek Rabiega medium.com article



WE SEE THAT:



Leszek Rabięga
CEO C&F



1

Even if overall IT budgets this year are going to be a bit tighter than last year, the decrease will be temporary. At the same time, not only aren't companies slowing down their digital transformation, they are in fact accelerating it.

2

Markets and companies are still learning how to use data in a way that will help their competitiveness and allow them to prepare for operation in an uncertain landscape with crisis potential.

3

Digital transformation is always a holistic process for a company. It involves processes and tools, but also data, its quality and management.





Offering:

Data Management

Big Data

Advanced Analytics

Risk&Compliance

Clients:

60 countries

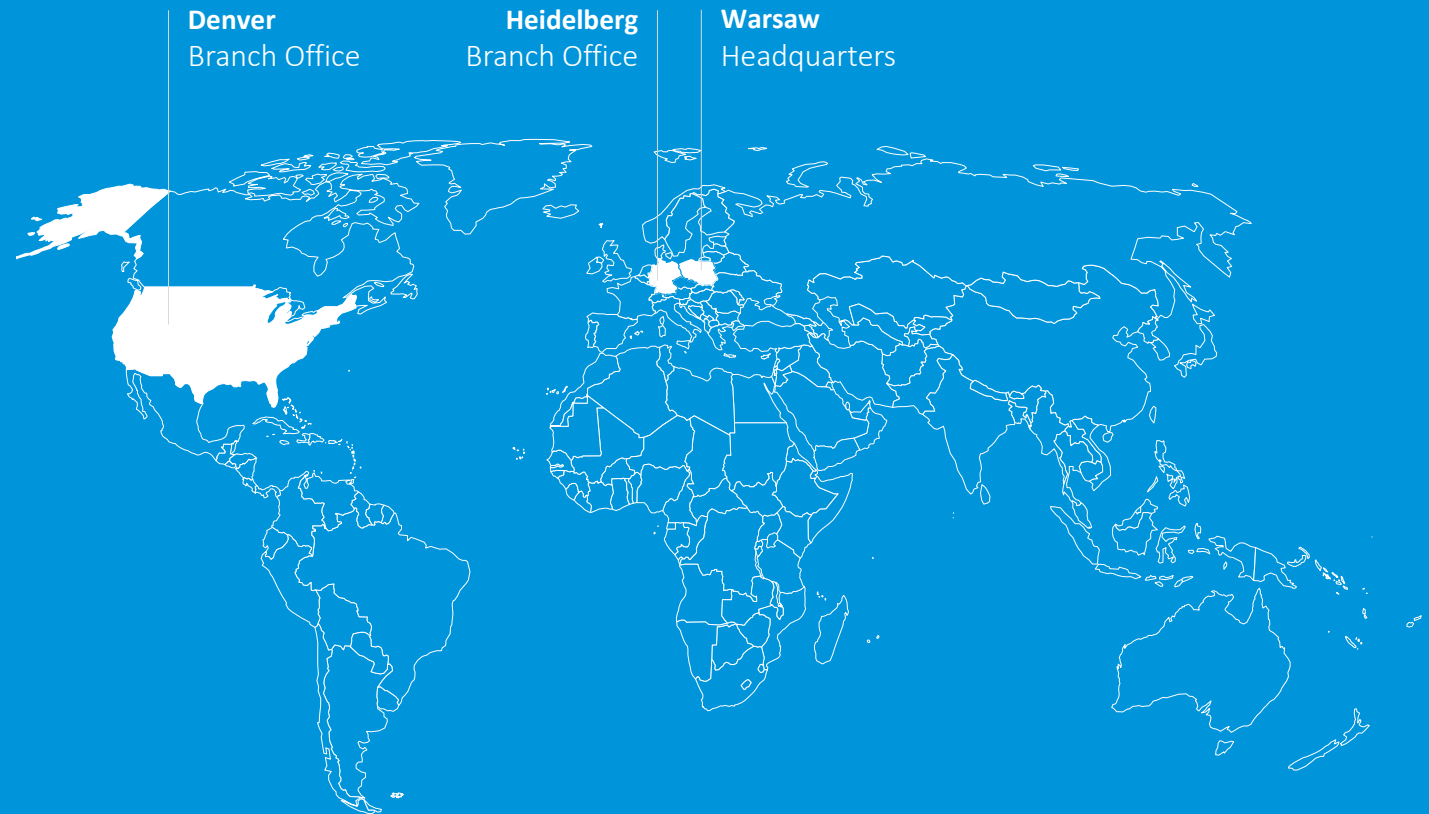
Fortune 500

C&F provides high quality IT solutions in Data Management, Big Data, Advanced Analytics and Risk&Compliance.

For two decades now the company has been successfully delivering consultancy and technology projects for organizations in a variety of industries in more than 60 countries.

The C&F team supports the largest global companies, chiefly in pharma and other highly regulated sectors, many of them Fortune 500.

The company's headquarters are located in Warsaw, Poland, with branch offices in the USA (Denver) and Germany (Heidelberg).



SOURCES OF INSPIRATION, KNOWLEDGE

[JPMorgan Global Manufacturing PMI](#)

[Bitdefender: The Indelible Impact of COVID 19 on Cybersecurity](#)

[Statista: Impact of the coronavirus pandemic on the global economy - Statistics & Facts](#)

[Statista: IT spending growth forecast worldwide 2020, adjusted for Covid-19 impact](#)

[The World Bank: Global Economic Prospects](#)

[IBM: Study: COVID-19 Is Significantly Altering U.S. Consumer Behavior and Plans Post-Crisis](#)

[New York Times: The Long, Unhappy History of Working From Home](#)

[Gartner: Audit in 2020](#)

[CIO Magazine: AI Unleashes the Power of Unstructured Data](#)

[Forbes: What your data isn't telling you](#)

[Blog.zoom.us](#)

[McKinsey&Company: Five facts: How customer analytics boosts corporate performance](#)

[IMAA: M&A Statistics](#)

[EY: Capital Competence Barometer](#)

[BDO: Global Risk Landscape](#)

[Emarketer: US e-commerce will rise 18% in 2020](#)

[Marketwatch: Global Enterprise Data Management Market \(2020 to 2026\)](#)

The C&F survey was run through May and June 2020, used the CAWI method, on a group of 100 managers.



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