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Save-to-thrive

Enterprise transformation and performance
improvement strategies amidst the pandemic

November 2020

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Foreword

The COVID-19 pandemic is reshaping the global business landscape and fundamentally changing how people around the world live and work. To better understand the short- and long-term impact of the crisis—and what companies around the world are doing about it—we recently conducted a special mid-cycle version of our regular biennial survey of global cost management practices and transformation trends.

Actions that companies are taking right now to address COVID-19 can have a major impact on their long-term competitiveness and performance. As such, it is crucial for decision-makers to understand how the crisis is unfolding from a business perspective, and what the future is likely to hold.

The results of this mid-cycle survey include responses from 1,089 executives with direct involvement in their companies' cost management and enterprise transformation efforts, and represent a broad range of industries and global geographies—with particularly strong representation from countries that have been highly affected by COVID-19.

A global report has been published about the findings of this survey and is available in the <https://www2.deloitte.com/us/en/pages/operations/articles/global-cost-management-survey.html>.

In this India specific report, we plan to discuss the key survey findings using a three-stage framework (Respond-Recover-Thrive) to analyse companies' actions and expectations as they cope with the pandemic and position themselves for the post-crisis world (the 'next normal'). Our 2019 global survey¹, which was conducted before COVID-19, found the prevailing mindset for strategic cost management was 'Save-to-Transform' (using the strategic levers of cost, growth, talent, technology, and digital enablement to transform how companies do business). Now, in response to COVID-19, we are seeing that transformation mindset evolve into 'Save-to-Thrive,' with the crisis accelerating key transformation actions, such as automation and remote work that can help companies thrive once the next normal emerges.

In contrast to the downturn that began in 2008, which was structural in nature, the current crisis was triggered by external factors and is demand-driven. As such, although two-thirds of our respondents expect at least one more wave of COVID-19 relapses to occur, companies around the world are generally optimistic about the future and intend to bounce back as quickly as possible, adopting a Save-to-Thrive mindset that can help them make strategic shifts to their operating models, products and services, and customer engagement capabilities.

¹ "Save-to-Transform as a catalyst for embracing digital disruption: Deloitte's second biennial global cost survey," Deloitte, 2019



Executive summary



Key pre-COVID-19 and current insights for APAC and India

- Expectations for positive revenue growth have declined significantly in APAC due to COVID-19.** Indian respondents' expectation of positive revenue growth outlook (66 percent) remains highest amongst all countries in APAC even after a sharper drop (32 percent) as compared to pre-COVID-19 levels. Within APAC, the percentage of respondents expecting positive revenue growth is down 34 points compared to pre-COVID-19 expectations.
- COVID-19 is boosting the focus on cost reduction.** Relative to pre-COVID-19 levels, the likelihood of undertaking cost reduction initiatives for Indian respondents increased from 57 percent to 73 percent, which is amongst the top four surveyed countries globally. In APAC, the likelihood of undertaking cost reduction initiatives increased by 28 percentage points compared to pre-COVID-19 levels (from 42 percent to 70 percent).
- The crisis is driving more companies to pursue aggressive cost reduction targets.** In India, the percentage of respondents pursuing cost reduction targets greater than 10 percent has increased by 14 percentage points (from 68 percent to 82 percent), i.e., four out of five companies in India now have cost reduction targets that exceed 10 percent. In APAC, the percentage of respondents pursuing cost reduction targets greater than 10 percent has increased by 23 p.p. compared to pre-COVID-19 levels.

- **COVID-19 financial impact is demand-driven.** The top external challenges reported in India are drop in consumer demand (66 percent), cyber security vulnerabilities (66 percent) followed by lack of liquidity and/or credit availability (64 percent), shift in consumer behaviour (59 percent), and supply chain and distribution challenge (50 percent).
- **Inability to satisfy increased demand or increased sales opportunities is considered a top internal challenge** in India and lack of liquidity or credit to ensure business continuity and inability to meet employee safeguards, round out the top three internal challenges in India.



Coping with COVID-19: Respond-Recover-Thrive

- **Required actions to address the COVID-19 crisis can be divided into three major stages:** Respond, Recover, and Thrive. These three stages are interspersed with two additional interim stages ('respond to recover' and 'recover to thrive,') and culminate in a long-term operating environment we call the 'next normal.'
- **The APAC focus for the COVID-19 crisis is shifting from respond to recover.** With majority (71 percent) in 'respond' or 'respond to recover' stage, India is behind APAC on the recovery. Most companies in APAC have effectively responded to the immediate crisis and are now starting to focus on recovery, with the majority (65 percent) now seeing themselves in the 'respond to recover' or 'recover' stages.
- **Automation is the top transformation action arising from the COVID-19 crisis.** In India, roughly five of six companies expect to pursue automation in all three stages of Respond-Recover-Thrive, making it a clear leader in transformation actions arising from the COVID-19 crisis. APAC percentage to pursue automation is approximately 72 percent.



The 'Next Normal' – New business conditions after COVID-19

When mapping out strategies to respond, recover, and thrive, it helps to have informed insights about the future business environment. Due to the 2008 financial crisis, many people called the resulting business environment the 'new normal.' However, every new normal eventually gets replaced by a new new normal, so in our view it makes sense to call the post-COVID business environment the next normal.

- **Revenue sources will be fundamentally different in the next normal.** According to the survey results, the fastest growing revenue sources in the future in India will be: digital channels (vs. physical channels) and domestic operations (vs. international operations). It has also revealed the limitations and risks of globalisation and global supply chains, leading many companies to re-prioritise domestic operations over international operations. To 'Thrive' in the 'Next Normal', organisations are also taking up digitilisation and virtualisation to gain business transparency for sales operations and to make processes more efficient and resilient.
- **IT infrastructure, remote work, and digital channels will be the top operating model priorities in a post-crisis world.** In India, the top operating model priorities during the next normal are expected to be: enhance IT infrastructure (90 percent); remote work (88 percent); and enable pre-sale, sale, and post-sale activities through digital channels (88 percent). Also, remote work will likely remain popular now that the COVID crisis has proven its viability. In the 'Next Normal' companies are focusing on enhancing the IT infrastructure in management and operations by creating Control Towers for sales, logistics, operations, maintenance, etc., for better visibility and control.

- **Top product strategies for the next normal focus on innovation, customisation, and portfolio rationalisation.**

The top product strategies to compete in the next normal for Indian respondents are: adjust, redesign or innovate your product/service offering to expand to adjacent and/or new markets (91 percent); customise products or services to meet new customer and/or government requirements (89 percent); and focus on core products, by rationalising your portfolio and maximising core competitive advantages (89 percent).

- **Next normal customer engagement strategies will be driven by flexible customer experiences and digital channels.**

In India, the most popular strategy for customer engagement will be to increase flexibility on pre and after sales (93 percent). The second most popular strategy will be to increase self service options, which is followed by cross-selling product/service to increase value delivered to customer.

- **Internet of Things, Artificial Intelligence, and cloud will be the key technologies.**

According to the survey, the most relevant technologies in India in the next normal will be Internet of Things (IoT) (82 percent), cognitive and Artificial Intelligence (AI) tools (70 percent) and cloud computing (68 percent) to facilitate automation and remote working. In the new normal, respondents are not only looking at effectively utilising the IoT and machine learning capabilities to improve operating efficiency but also at building AI and cloud capabilities for creating predictive models to prepare for the future.



Industry sector analysis

- **Expected growth impacts over the next 12 months vary by sector.**

Revenue expectations over the next 12 months for India respondents vary widely by sector, with the COVID-19 crisis creating both winners and losers. On the negative side of the spectrum, 50 percent respondents reported a decline in revenue for Technology, Media & Telecommunications. For Energy, Resources & Industrials sector, 40 percent of the respondents reported a decline in expected revenue, possibly due to drop in demand and supply chain constraints during COVID-19. On the positive side, 80 percent of the respondents expect revenue growth for Life Sciences and Healthcare sector, which has seen a spike in demand due to the ongoing pandemic situation.

- **Different sectors are at different stages of progress.**

In addressing the challenges of COVID-19, the average rate of progress in all sectors falls somewhere between the 'respond' and 'recover' stages. Per Indian respondents, the median progress in sectors, such as Lifesciences, Healthcare, and TMT, is skewed towards the 'respond' stage, while Energy, Resources & Industrials sector is generally further along, with progress skewed towards the 'respond to recover' stage.

- **Revenue outlooks vary significantly by industry.**

Although the future revenue outlook remains generally positive for all sectors—especially in the thrive stage—expectations vary significantly by sector. Lifesciences and Healthcare sector currently shows a positive growth outlook in the 'respond' stage, possibly due to the ongoing pandemic situation. In the 'Recover stage', almost 90 percent of the respondents for Energy, Resources & Industrials as well as Lifesciences and Healthcare sector, have a positive outlook on revenue growth.



Save-to-Thrive

- **Save-to-Transform is becoming Save-to-Thrive.** The strategic priorities associated with the COVID-19 thrive stage are very consistent with the Save-to-Transform trend we identified in 2019, which uses the strategic levers of cost, growth, talent, technology, and digital enablement to transform how companies do business. And as companies bounce back from the COVID-19 crisis and position themselves to thrive in the next normal, many expect to continue focusing on those same levers—but with an increased and accelerated emphasis on digital enablement, along with a renewed emphasis on growth and liquidity. We call this evolved mindset ‘Save-to-Thrive.’
- **Most companies expect a second wave of COVID-19.** The majority of respondents (59 percent) in India, expect a COVID-19 relapse, with an estimated timeframe of early 2021. Those that follow strategies consistent with Save-to-Thrive will likely be the ones best positioned to weather potential challenges resulting from a second wave.
- **Decisions that companies make today to cope with the COVID-19 crisis can help or hinder their positioning for the future.** By using cost reduction strategically to transform the enterprise and improve competitiveness—which includes investing in key capabilities, such as automation and remote work that align with the new realities of a post-crisis business environment—companies can leverage their cost savings efforts to not only transform how they operate, but to position themselves to thrive in the next normal.



About the survey

Deloitte Consulting LLP (Deloitte or Deloitte Consulting) engaged Dynata to conduct a global survey of COVID-19’s impact on organisations—from both a transformation and performance improvement perspective—to better understand the changes taking place in current and future actions across regions and industries.

Study objectives

- Conduct a mid-cycle version of our biennial global cost survey, focusing on the impact of COVID-19.
- Understand the impact of COVID-19 on different industry sectors and regions.
- Compare business expectations before the COVID-19 pandemic and now.
- Characterise organisations based on three stages of activity: Respond, Recover, and Thrive.
- Identify trends on future operating models, product/service offerings, and consumer engagement in a post-COVID-19 world that we call the ‘next normal.’

Methodology

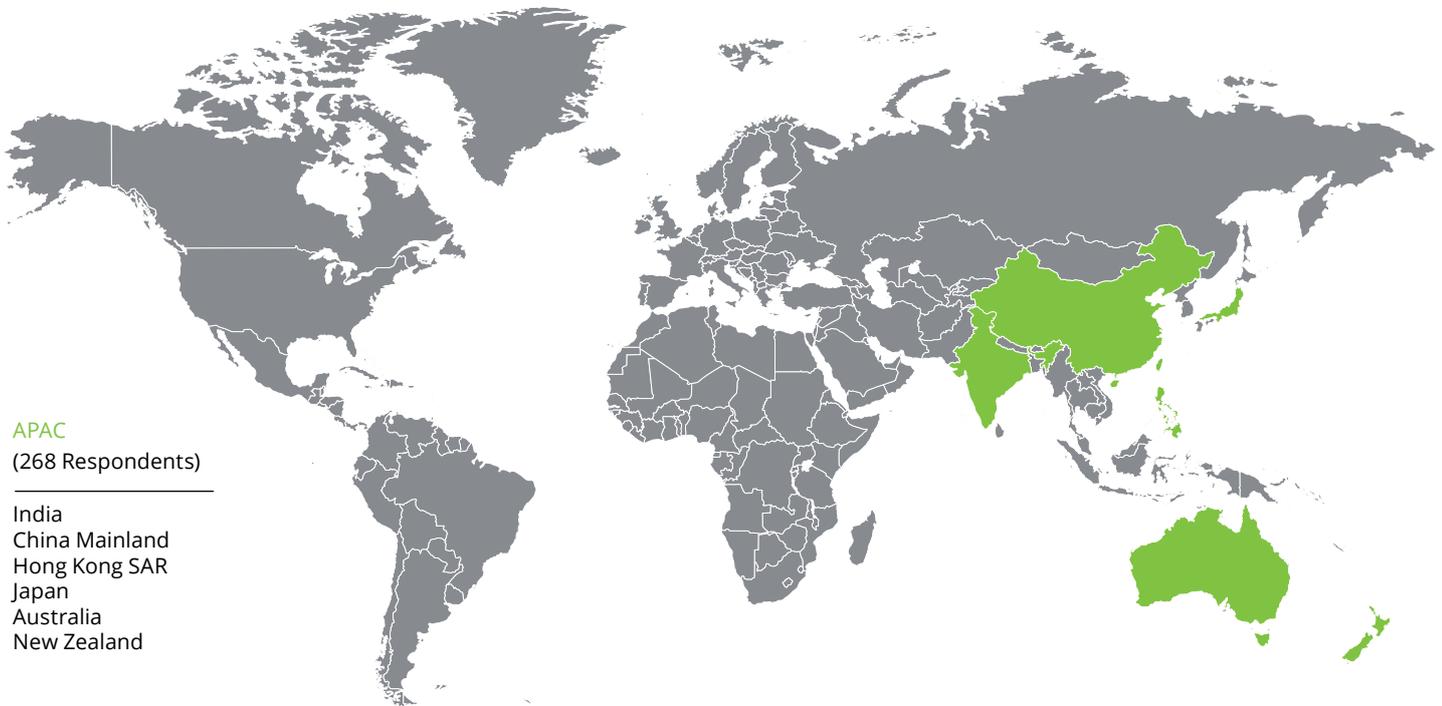
Data was collected through detailed online surveys conducted across industry sectors and further analyses were conducted by Deloitte.

Firmographics

Surveyed countries are highly representative of their regions and the overall global economy, in addition to representing geographies that are highly affected by COVID-19

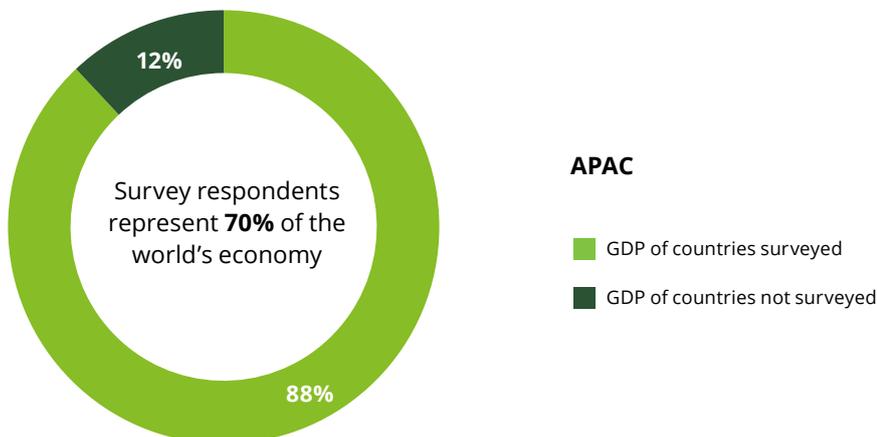
The countries included in the survey represent 70 percent of the world's economy as measured by Gross Domestic Product (GDP)*. APAC surveyed countries represent 88 percent of the APAC economy as measured by GDP (Figure 01).

Figure 01: Geographic distribution of survey respondents APAC



Survey sample coverage¹

(% of respondents' economic distribution according to 2019 APAC GDP)

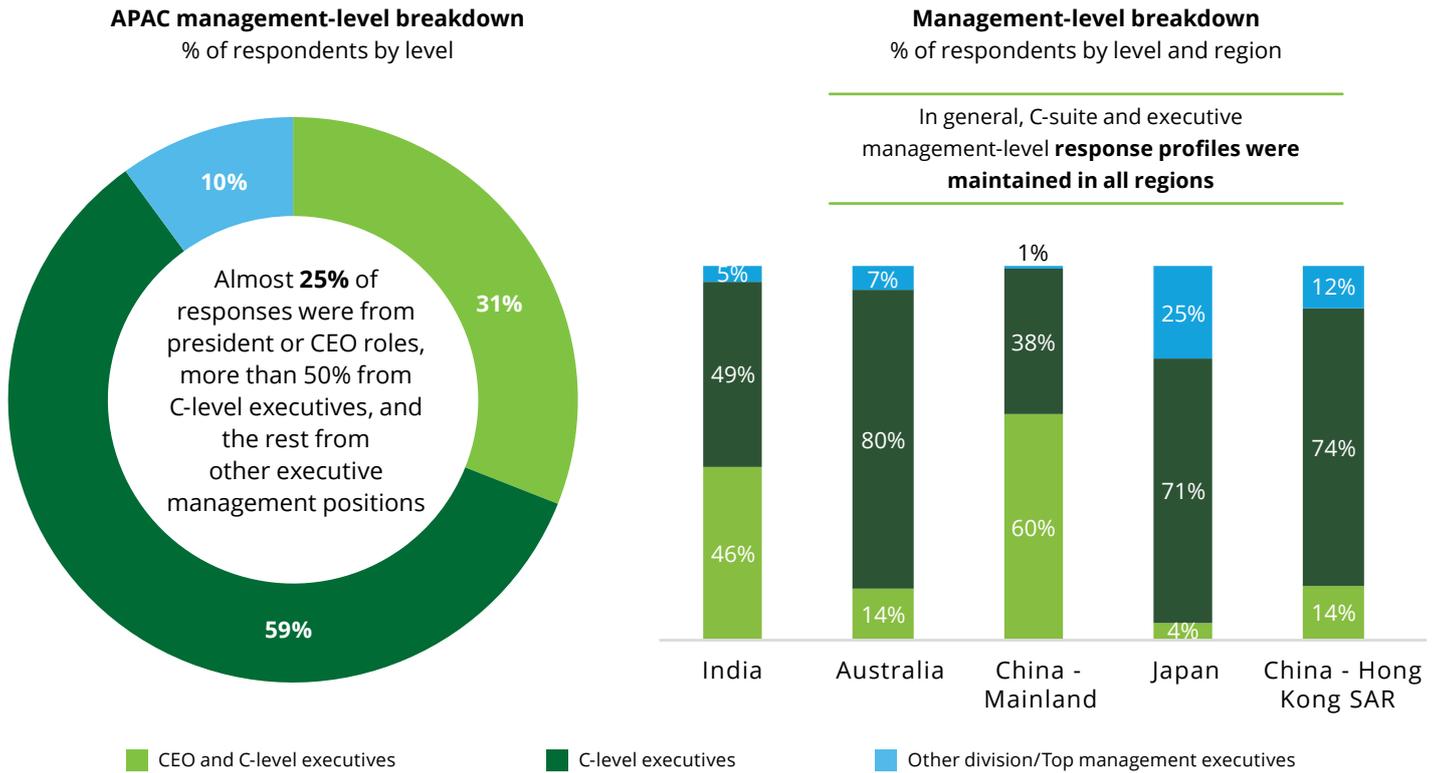


*Source: The World Bank – GDP 2019

The vast majority of respondents are senior executives, most with direct involvement in COVID-19 activities

In India, only relevant executive positions with responsibility for transformation decisions were surveyed: Forty-six percent of responses were from presidents or CEOs; almost 50 percent were from C-suite executives; 78 percent of respondents are directly involved in a COVID-19 response committee (Figure 02).

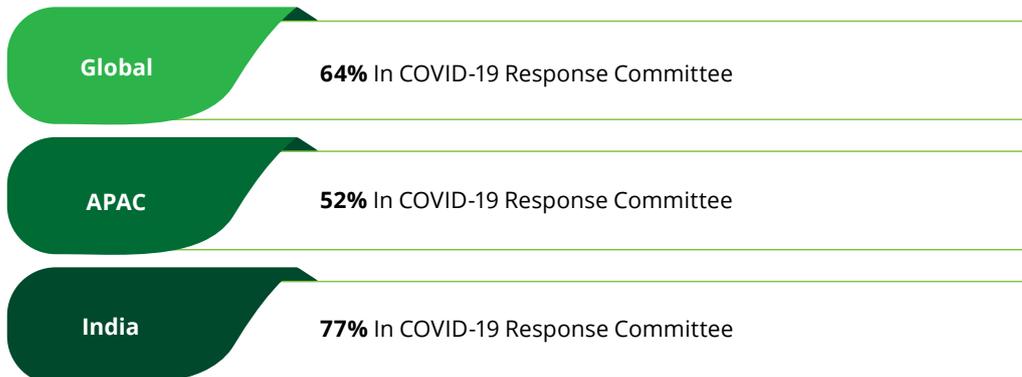
Figure 02: Management level breakdown and COVID-19 committee involvement



COVID-19 response committee involvement

% of respondents by region

In India, **78%** of respondents on average reported to be involved in a COVID-19 response committee

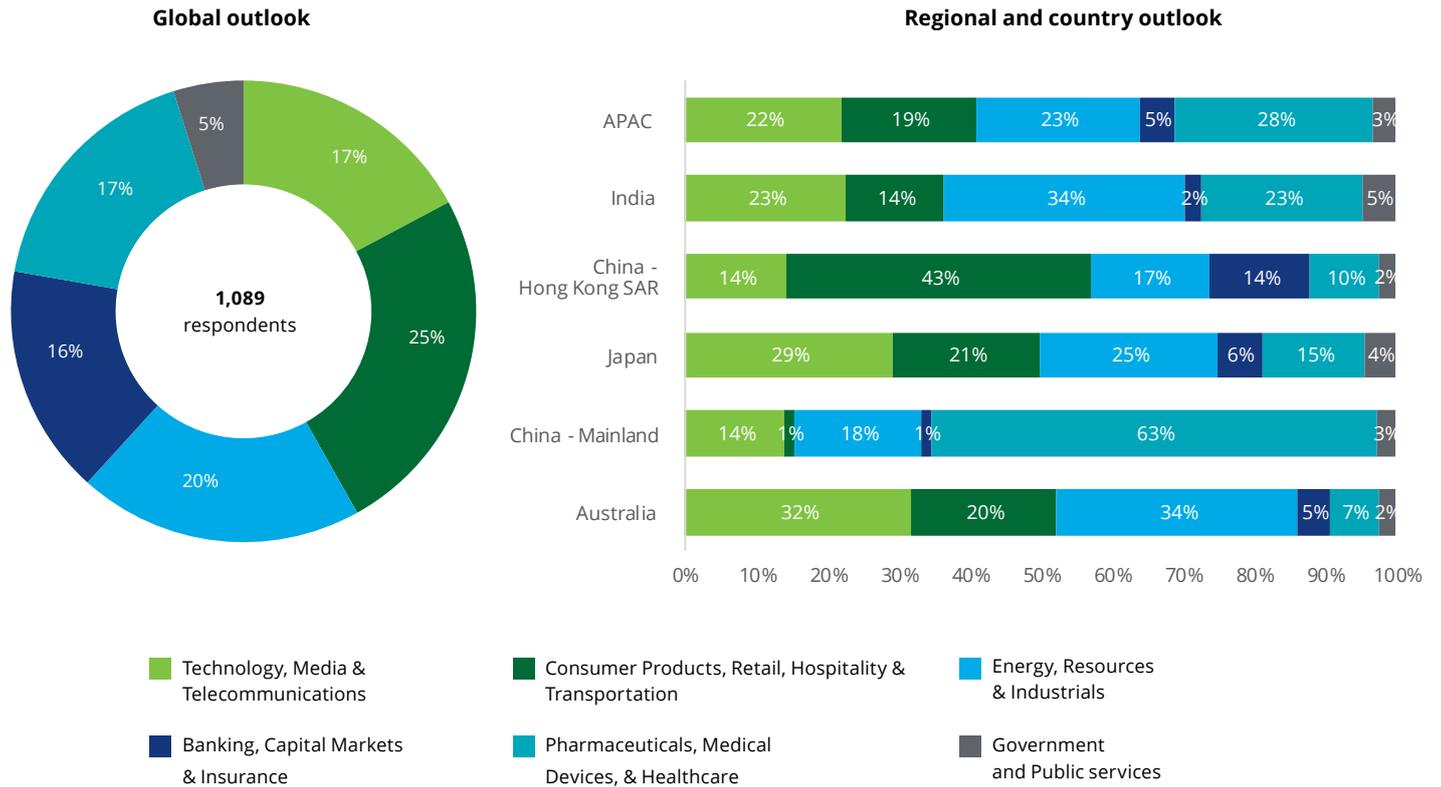


C-level executives: CIO (Chief Information Officer), CFO (Chief Financial Officer), COO (Chief Operating Officer), CHRO (Chief Human Resources Officer), CMO (Chief Marketing Officer), CPO (Chief Procurement Officer)

Data was collected to support industry-specific analyses

Industry-specific information was collected to provide meaningful insights across six major industry groups (Figure 03). In India, the top three industry groups that participated were Energy, Resources & Industrials; Technology, Media & Telecommunications; and Pharmaceuticals, Medical Devices, & Healthcare.

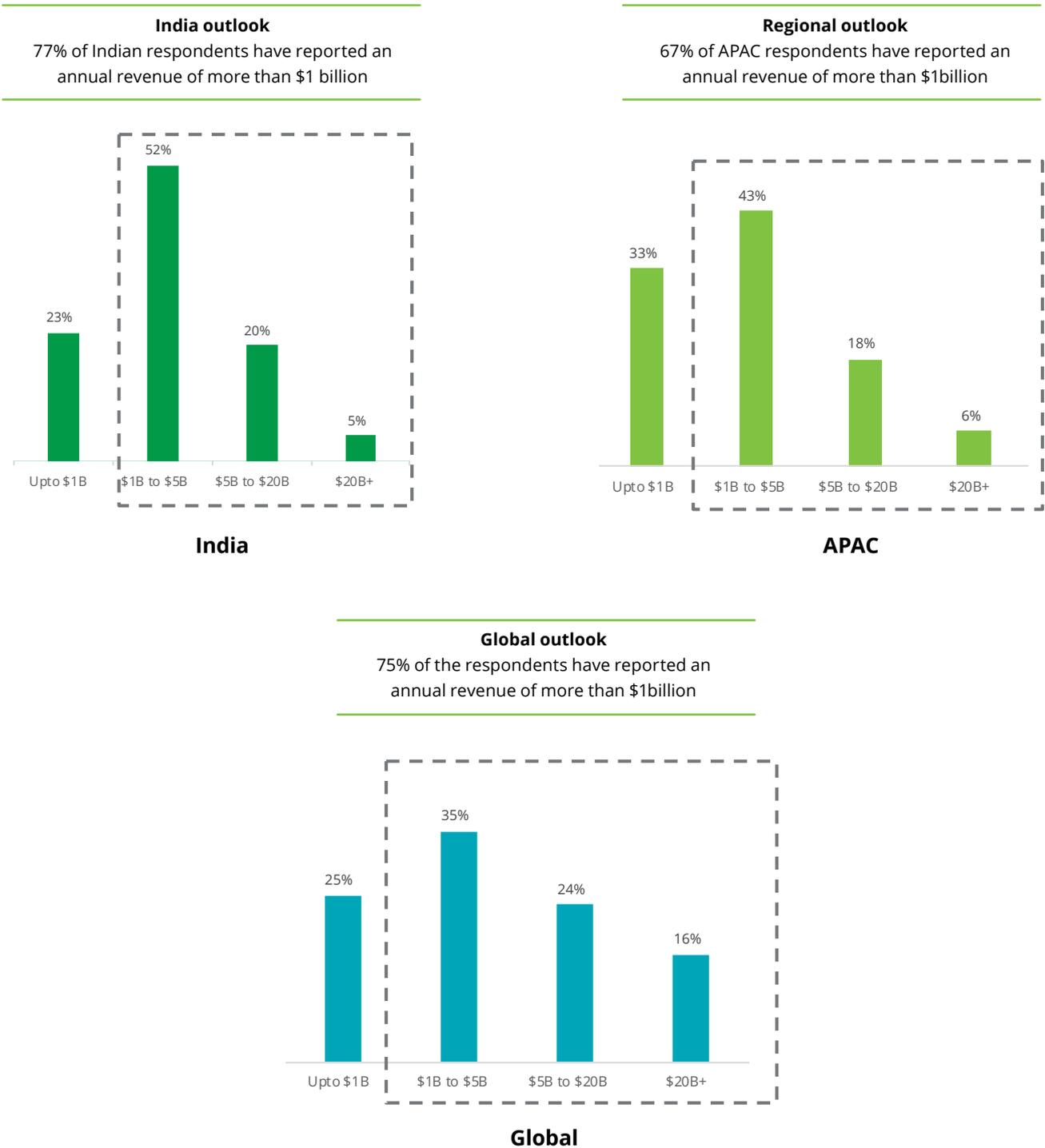
Figure 03: Industry breakdown



Major companies in each region were the primary targets

Amongst all participating companies in APAC, 24 percent reported revenues greater than \$5 billion. In India, 25 percent companies reported revenues greater than \$5 billion (Figure 04).

Figure 04: Organisation’s annual revenue



Note: Europe, LATAM, and APAC Surveys were conducted in local currency – for analysis purposes they have been converted to US dollars

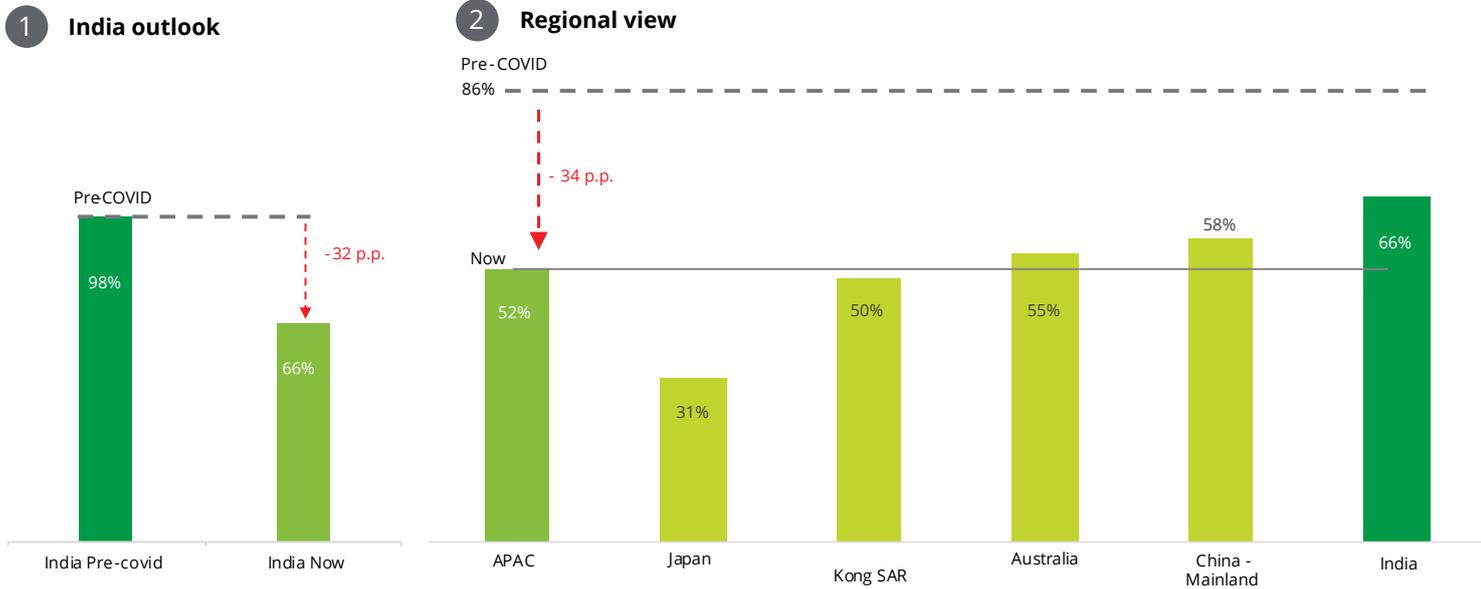


Key global insights

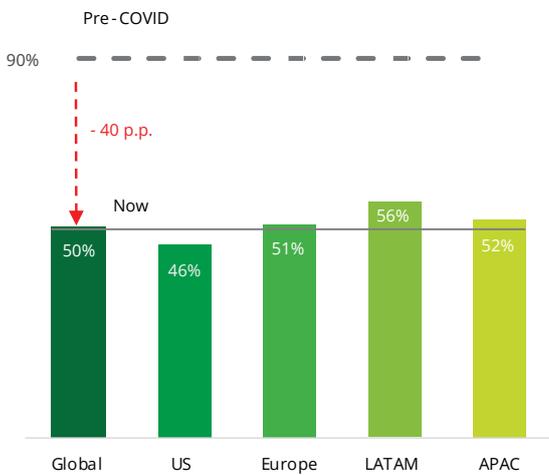
Expectations for positive revenue growth have declined significantly due to COVID-19

In APAC, the percentage of respondents expecting positive revenue growth is down 34 points compared to pre-COVID-19 expectations. The decline is somewhat high in the US (-46 percentage points), and somewhat less in India (-32 percentage points) (Figure 05).

Figure 05: Revenue growth outlook over the next 12 months



3 Global outlook



Survey findings

- India has reported the highest pre-COVID growth number (98 percent) in APAC, whereas China Mainland reported a much lower growth number (82 percent). However, currently India is expecting a sharper drop in the revenue growth (32 p.p.) compared to China Mainland (24 p.p.)
- Currently, **India** respondent expectations (66 percent) for positive revenue growth is **highest** amongst all countries in **APAC as well as globally**

Respondent expectations for positive revenue growth have dropped 34 percentage points in APAC due to COVID-19, with the smallest decline in China Mainland (24 percentage points), followed by India (32 percentage points).
- Fifty percent of respondents globally have a positive outlook on revenue growth right now, higher than the US (46 percent), but lower than Europe (51 percent), APAC (52 percent), and LATAM (56 percent).

COVID-19 is boosting the focus on cost reduction

In APAC, the likelihood of undertaking cost reduction initiatives increased by 28 percentage points relative to pre-COVID-19 levels. In India, it is increased by 14 percentage points even on a higher pre-COVID level of 59 percent (Figure 06). Indian companies are looking for a two-prong strategy, which focuses on improving their top line as well as the bottom line figures.

Figure 06: Likelihood of undertaking cost reduction over the next 12 months



Survey findings

1

With the high expectation of revenue growth, India respondents now are also more likely to undertake cost reduction initiatives (73 percent) over the next 12 months, which is amongst the top four countries globally.

2

In the pre-COVID phase, Indian companies had the highest likelihood of undertaking cost reduction in APAC. For the respondents in APAC, currently the expectation to undertake cost reduction has increased by 28 percentage points from 42 percent to 70 percent. The likelihood is highest in China- Hong Kong SAR at 75 percent followed by India 73 percent.

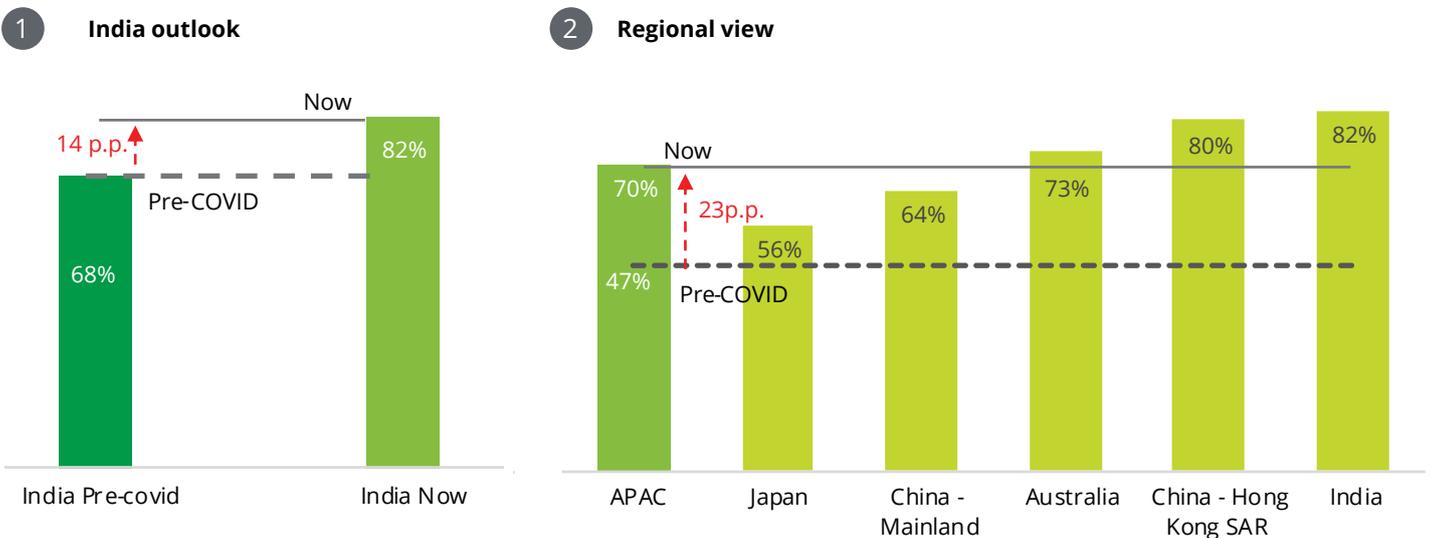
3

Globally, 66 percent of respondents expect to undertake cost reduction initiatives over the next 12 months. The likelihood is lower in the US (62 percent) and Europe (63 percent), and higher in LATAM (77 percent) and APAC (71 percent).

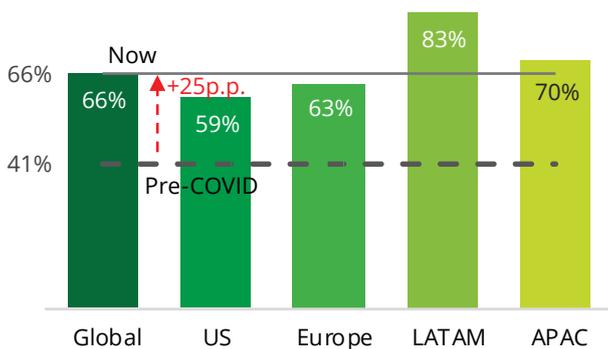
The crisis is prompting many more companies to pursue aggressive cost reduction targets

In APAC, amongst the 70 percent respondents likely to undertake the cost reduction (Figure 06), the percentage of respondents pursuing cost reduction targets greater than 10 percent increased by 23 percentage points compared to pre-COVID-19 levels. In India, it is increased by 14 percentage points. In APAC, India has not only the highest percentage of respondents targeting cost reduction but also the highest percentage of respondents targeting cost reduction greater than 10 percent.

Figure 07: Respondents reporting annual cost reduction targets greater than 10 percent



3 Global outlook



Survey findings

- 1 Amongst the 73 percent respondents likely to undertake cost reduction in India, 82 percent respondents are targeting more than 10 percent cost reduction. India respondents are also amongst the top-three countries globally targeting more than 10 percent cost reduction.
- 2 For the respondents in APAC, the expectation to undertake cost reduction of more than 10 percent has increased by 23 percentage points from 47 percent to 70 percent. The likelihood is highest in India at 82 percent followed China-Hong Kong SAR at 80 percent.
- 3 **Globally, 66 percent of respondents** have cost reduction target above 10 percent, with the **US (59 percent)** and **Europe (63 percent)** below the global average, and **LATAM (83 percent)** and **APAC (70 percent)** above it.

COVID-19 financial impacts are demand-driven

The top external challenges reported in India are drop in consumer demand (66 percent), cyber security vulnerabilities (66 percent) followed by lack of liquidity and/or credit availability (64 percent), shift in consumer behaviour (59 percent), and supply chain & distribution challenge (50 percent). In APAC, these are drop in consumer demand, supply chain & distribution challenge, and shift in consumer behaviour rank amongst the top three (Figure 08).

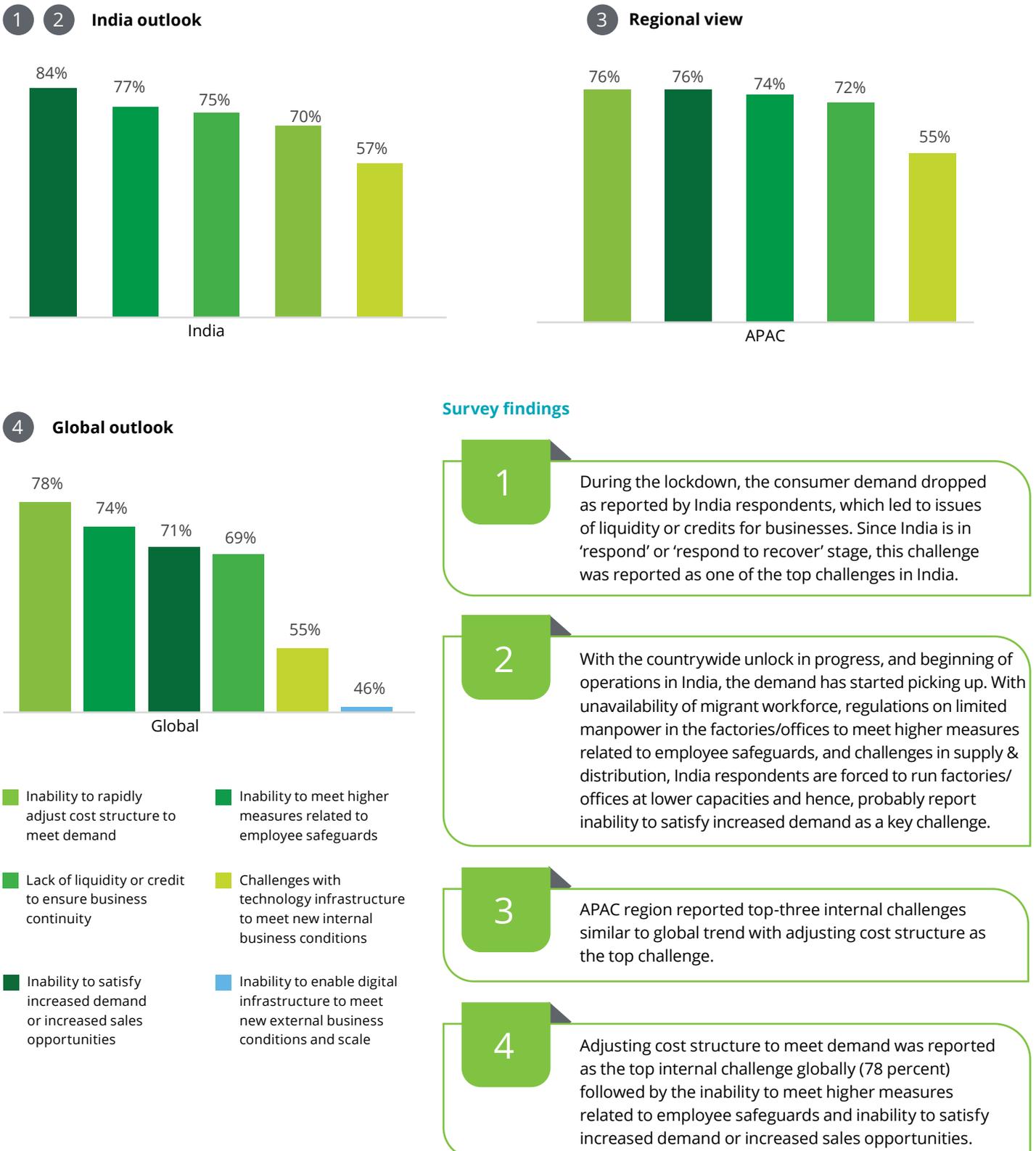
Figure 08: External challenges currently faced by organisations due to COVID-19 impacts



Cost structure is considered the top internal challenge

Inability to adjust cost structure to meet demand is the top internal challenge globally and in all regions. Inability to meet employee safeguards, inability to satisfy increased demand and lack of liquidity are top-three internal challenges in India (Figure 09).

Figure 09: Internal challenges currently faced by organisations due to the impact of COVID-19





Coping with COVID-19: Respond-Recover-Thrive

Required actions to address the COVID-19 crisis can be divided into three major stages: Respond, Recover, and Thrive. These three stages are interspersed with two additional interim stages, and culminate in a long-term operating environment we call the 'next normal' (Figure 10).

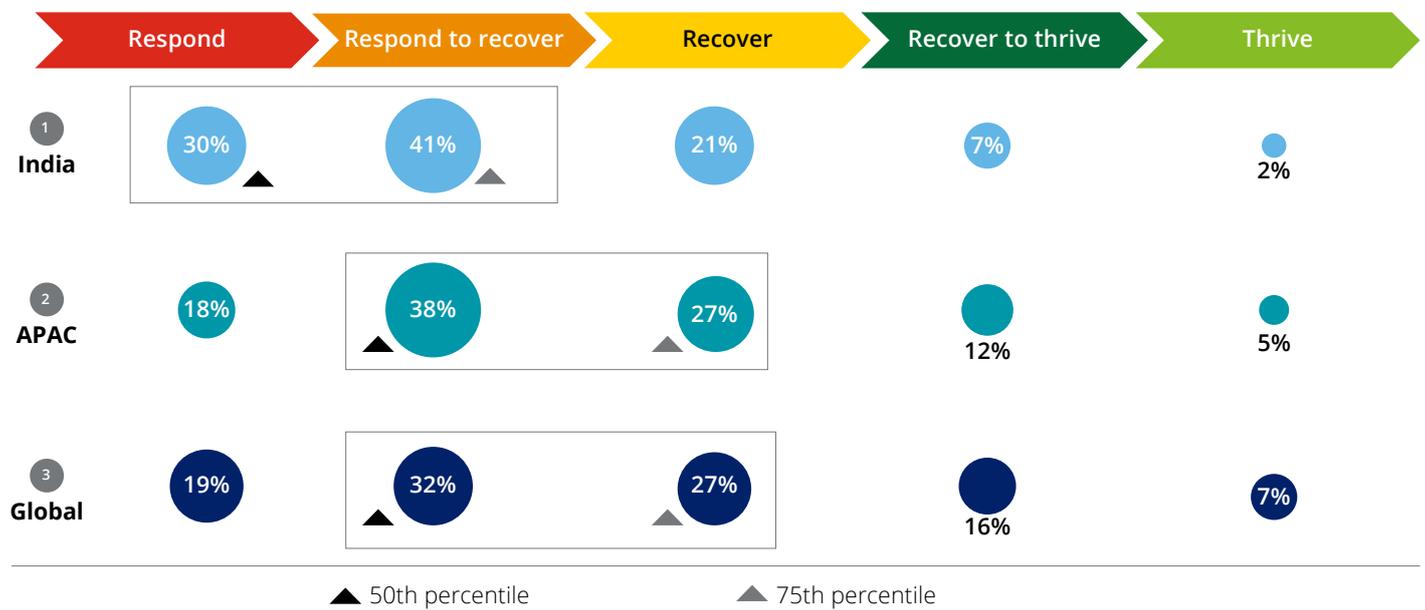
Figure 10: The Respond-Recover-Thrive framework

- 1 Respond:** Currently taking actions to immediately respond to the COVID-19 crisis and ensure business continuity
- 2 Between respond and recover:** Near completion of immediate response actions and starting to take actions towards stabilising operations under COVID-19 conditions
- 3 Recover:** Currently taking actions to stabilise operations under COVID-19 conditions
- 4 Between recover and thrive:** Near completion of stabilisation actions and starting to take structural actions to operate in the 'Next Normal'
- 5 Thrive:** Currently taking structural actions as a result of a defined strategy to operate and compete in the 'Next Normal'
- 6 'Next Normal':** The new business conditions established, after the thrive stage, as a result of the societal, commercial, and technological changes caused by public and private reactions to COVID-19

The global focus for the COVID-19 crisis is shifting from respond to recover

Most companies in APAC have effectively responded to the immediate crisis and are now starting to focus on recovery, with the majority (65 percent) now seeing themselves in the 'respond to recover' or 'recover' stages (Figure 11). The red triangles, which represent the 50th percentile, show that on average the companies surveyed are still in the 'respond to recover' stage, where they have nearly completed their immediate response actions and are starting to focus on recovery (i.e., stabilisation). Respondents in India are lagging behind having majority (71 percent) still in 'respond' or 'respond to recover' stage. The purple triangles, which represent the 75th percentile, show that even leading companies are often still in the 'respond to recover' phase in India, with fewer than 25 percent in the 'recover', 'recover to thrive', or 'thrive' stages.

Figure 11: Organisation's current positioning on the Respond-Recover-Thrive framework



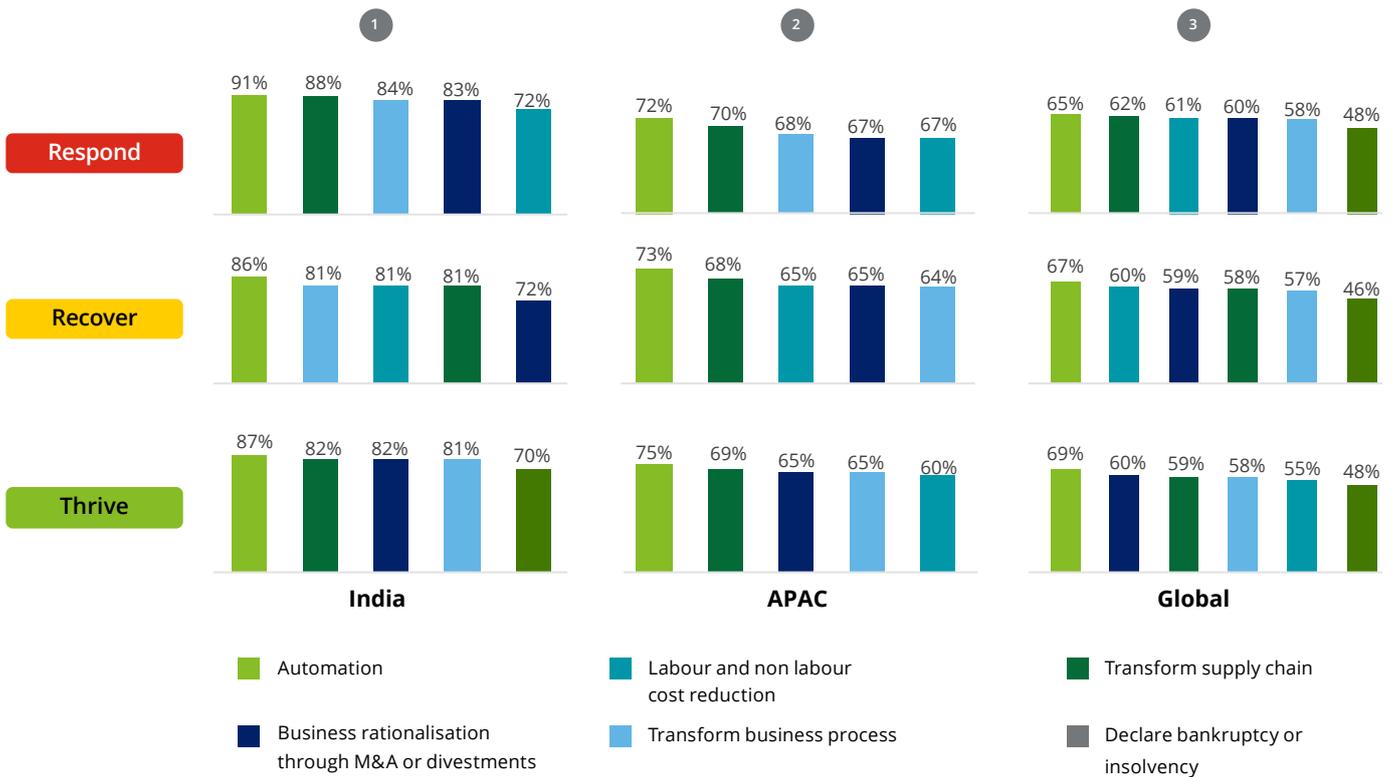
Survey findings

- India is still behind the globe on **response to COVID-19 crisis**, with maximum respondents (71%) in 'respond' or 'respond to recover' stage. However, with the stage-wise unlock in the country over last two-three months, Indian respondents have started taking actions towards stabilising operations under COVID-19 conditions thereby, moving to 'respond to recover' stage. Indian respondents expect to move to 'thrive' stage **faster** than the average time expected by other APAC and global respondents.
- APAC has the highest number of respondents in the 'respond to recover' or 'recover' **stage** (65 percent of **total**) mainly due to China-Mainland and China-Hong Kong SAR.
- Seventy-eight percent of respondents globally see themselves already responded to the COVID-19 crisis and are now progressing towards 'recover' stage (and some are still in the 'respond' stage).

Automation is the top transformation action arising from the COVID-19 crisis

Globally and across all regions, roughly two of three companies expect to pursue automation in all three stages of Respond-Recover-Thrive, making it the clear leader in transformation actions arising from the COVID-19 crisis. In India percentage to pursue automation is higher than global and APAC average (Figure 12).

Figure 12: Likelihood of transformation actions at each stage



Survey findings

- India respondents who are currently in 'respond' and 'respond to recover' stage expect to pursue automation as the top transformation action to reduce dependency on the labour and increase operational efficiencies. They also expect to work on transforming supply chain as well as business processes so as to address supply chain and distribution challenges and satisfy increased sales opportunities. In future, thrive stage, India respondents expect to pursue business rationalisation through M&A as one of the top transformation action to strengthen the product and services offerings.
- Automation is also expected to be the top transformation action by respondents in APAC region (72 percent or more). For each subsequent stage there is a reported decline in the likelihood of implementing labour and non labour cost reduction initiatives.
- Globally, automation is the transformation action most likely to be implemented across all stages according to respondents for addressing the COVID-19 crisis (65 percent or more).



The 'Next Normal'

New business conditions after COVID-19

When mapping out strategies to respond, recover, and thrive, it helps to have informed insights about the future business environment. Due to the 2008 financial crisis, many people called the resulting business environment the 'new normal.' However, every new normal eventually gets replaced by a new new normal, so in our view it makes sense to call the post-COVID business environment the next normal.

Revenue sources will be fundamentally different in the next normal

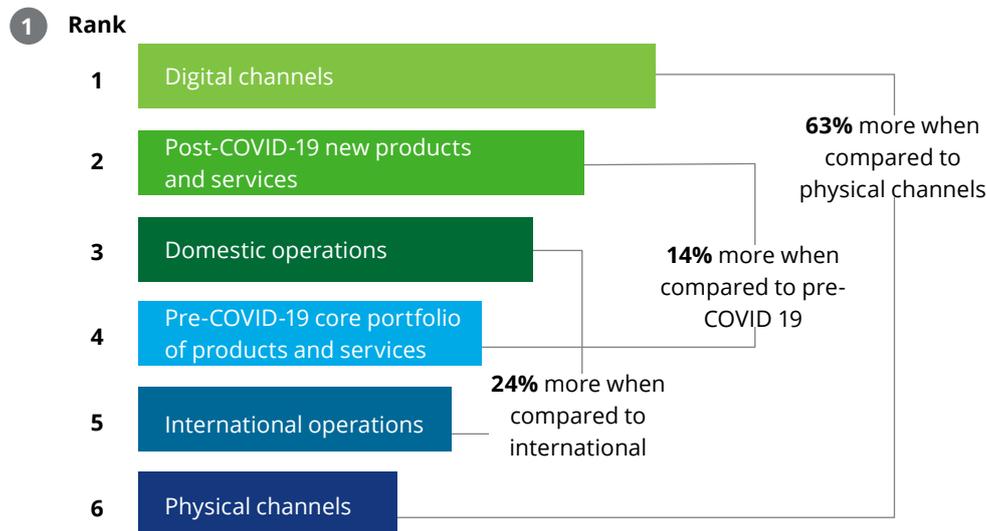
According to the survey results, the fastest growing revenue sources in the future will be: digital channels (vs. physical channels) followed by domestic operations, and pre-COVID-19 core products and services portfolio. Thanks to practices such as social distancing and shelter-in-place that restrict access to the physical world, the COVID-19 crisis has greatly accelerated the shift from physical to digital channels. It has also revealed the limitations and risks of globalisation and global supply chains, leading many companies to re-prioritise domestic operations over international operations.

Figure 13: Growth expected by revenue source in the next normal

Regional and India outlook

Rank	India 1	APAC 2
1	Digital channels	Digital channels
2	Domestic operations	Post-COVID-19 new products and services
3	Pre-COVID-19 core portfolio of products and services	Domestic operations
4	Post-COVID-19 new products and services	Pre-COVID-19 core portfolio of products and services
5	Physical channels	International operations
6	International operations	Physical channels

Global Outlook



Survey findings

1

While focusing on domestic operations, OE suppliers and OEMs to push for demand generation, visibility for demand and strive for end-to-end co-ordinations so that time to market can be reduced, along with resolving supply chain uncertainties, and work together to overcome value chain difficulties.⁵

- Companies to review and change the marketing mix by reducing outdoor marketing activities and focusing on digital media. Fortify distribution in stronger markets and gain an edge over competition.²
- As per Deloitte’s recent report on ‘Resilient leadership in the face of COVID-19’,⁴ the digitalisation of following areas will help organisations in ‘Thrive’ and ‘Next Normal’:
 - Gain business transparency** on demand and sales processes and transaction areas, and customer engagement
 - Adopt technological interventions** wherever possible to make the process more efficient and resilient for better and quick decision making, such as Sales Control Tower.

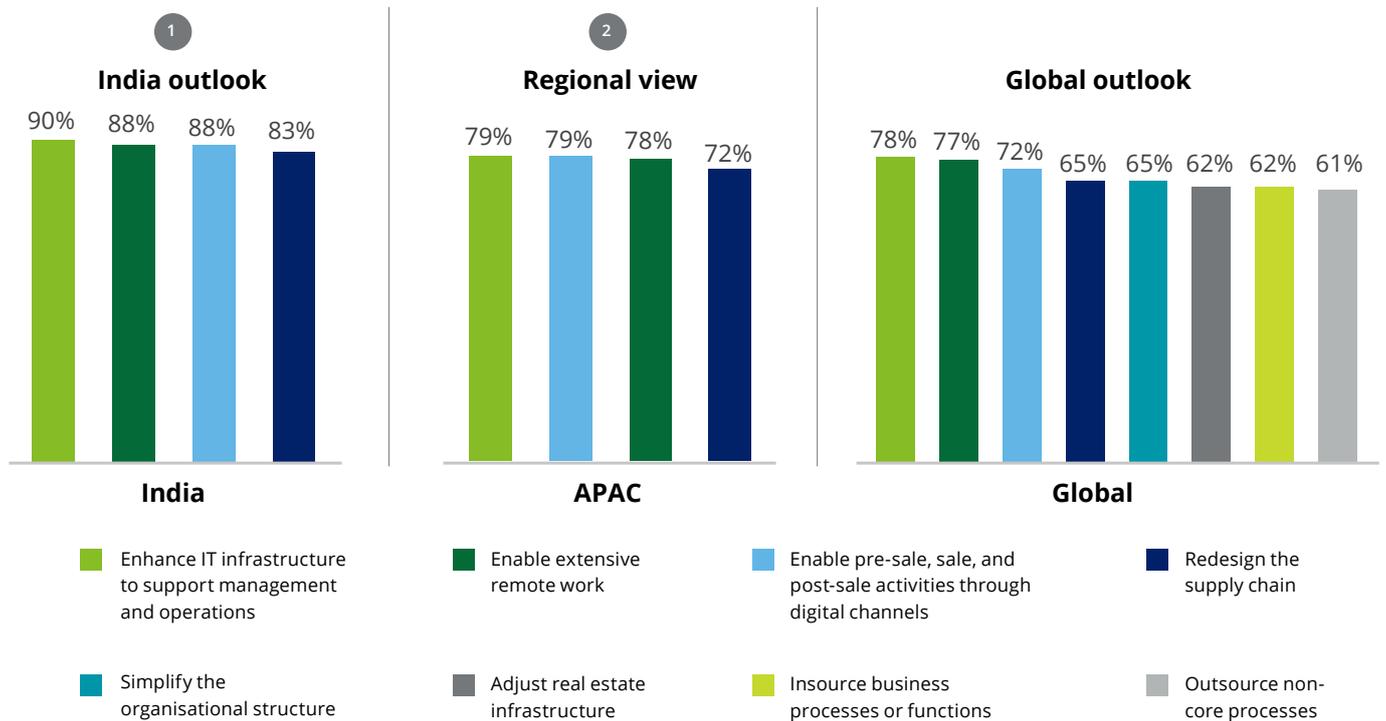
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In APAC region also, respondents expect digital channels to have the highest revenue growth of any revenue sources.

IT infrastructure, remote work, and digital channels will be the top operating priorities in a post-crisis world

In India, the top operating priorities during the next normal are expected to be: enhance IT infrastructure (90 percent); enable remote work (88 percent); and enable pre-sale, sale, and post-sale activities through digital channels (88 percent). In an increasingly digital world, IT infrastructure and digital channels are key. Also, remote work will likely remain popular now that the COVID crisis has proven its viability (Figure 14).

Figure 14: Expected priorities for operating models in the next normal



Survey findings

1

The future workplace will blend the physical and virtual environments and will deliver a consistent employer identity to all types of employees, contractors, and other stakeholders. Collaboration tools and platforms will support dynamic work locations and asynchronous collaboration with the help of enhanced IT infrastructure.³ An agile mindset will be the norm, and organisations will value adaptability over procedure. To navigate the way through uncertainties, investment in upskilling workers through digital learning platforms is essential.^{2,6,7}

In the 'Next Normal' companies are focusing on enhancing the IT infrastructure in management and operations by creating Control Towers for sales, logistics, operations, maintenance, etc., for better visibility and control.

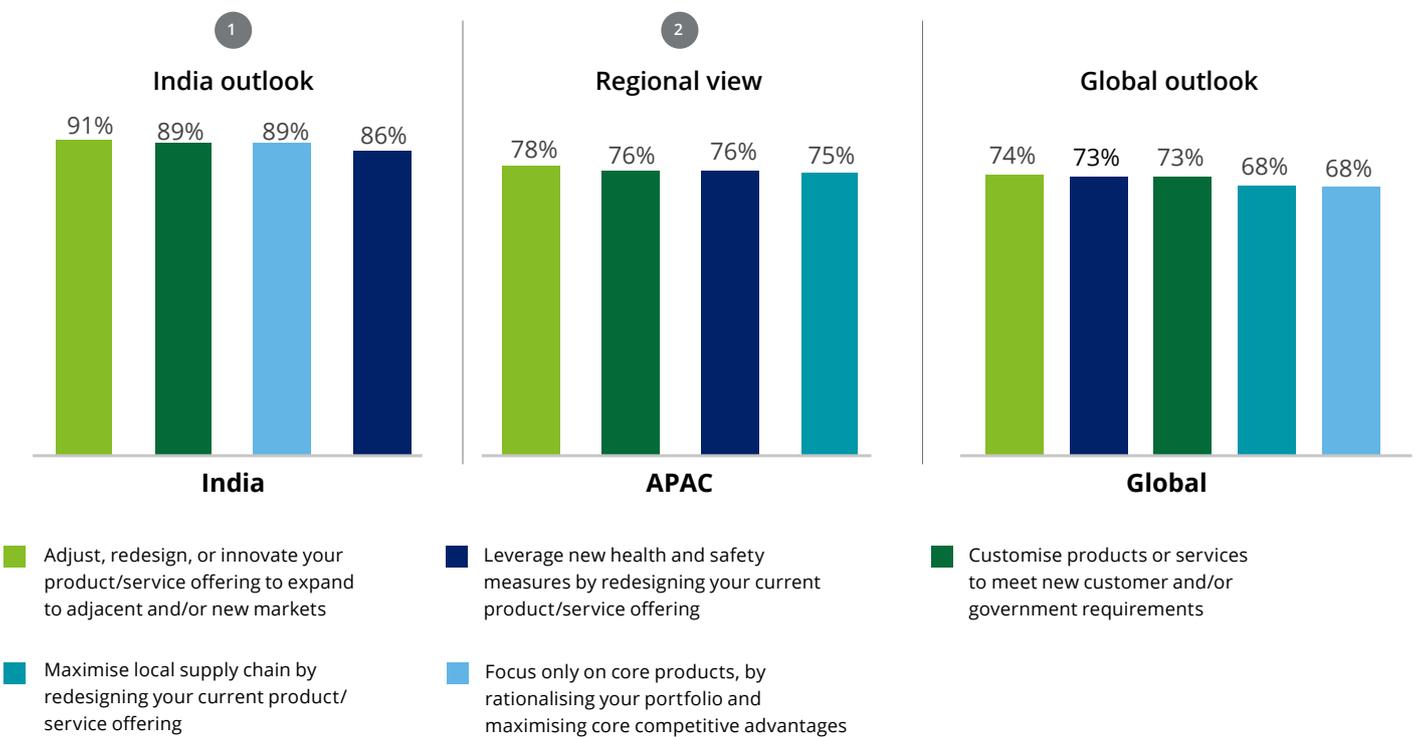
2

In all regions under APAC, IT infrastructure, remote work, and digital channels are also the reported top three priorities in future operating models.

Top product strategies for the next normal focus on innovation, health and safety measures, and customisation

In India, the top product strategies to compete in the next normal are: adjust, redesign or innovate your product/service offering to expand to adjacent and/or new markets (91 percent); customise products or services to meet new customer and/or government requirements (89 percent) and focus only on core products, by rationalising the portfolio and maximising core competitive advantage (89 percent) (Figure 15).

Figure 15: Product strategies to differentiate and compete in the next normal



Survey findings

1

India respondents focus on redesigning and innovating core products and services with improved customisation to meet new customer and new market requirement. Apart from focusing on improving the core products, respondents are also targeting at improving the health and safety standards for their customers. Indian companies are launching new innovative products, which are adjacent to their current product portfolio but are in demand due to increased health and safety measures, such as masks, hand sanitisers, wet wipes, amongst others.¹

In the next normal, India respondent’s focus to remain on core products with rationalised portfolio to maximise core competitive advantage. Reassessment of launch timeline to prioritise products in the lower priced segments to avoid loss of market share, redesigning loyalty programme to demonstrate and retain lifetime value and overcome drop in premium purchase are some of other strategies adopted.⁶

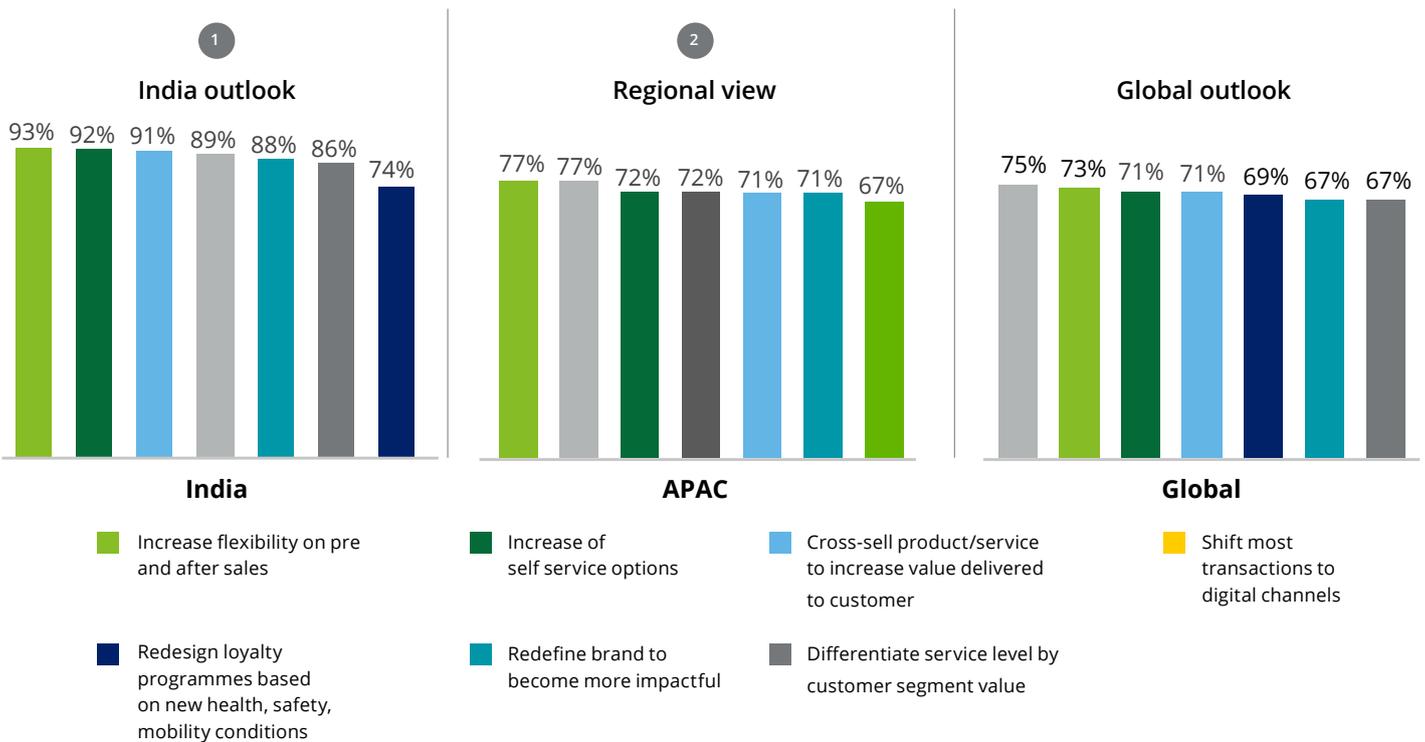
2

Respondents in APAC have the same top three product strategies like global, however ratings is more than global.

Next normal customer engagement strategies will be driven by digital channels and flexible customer experiences

In India, top customer engagement strategies are increase flexibility on pre and after sales, increase self service options, cross-selling of products/services and shifting transactions to digital channels. In APAC, the most popular strategy for customer engagement will be to shift most transactions to digital channels, and to increase flexibility before and after the sale (Figure 16).

Figure 16: Customer engagement strategies to differentiate and compete in the next normal



Survey findings

1

To enhance customer engagement, respondents are focusing on improving the pre sales and post sales experiences through flexibility in product demonstrations, flexible payment and delivery models, self service options, etc. For example, electricity bills based on meter reading photo by consumer, sim card delivery at home, non-contact car delivery, amongst others. The respondents are focusing on cross-selling of products and services with improved customisations, since COVID-19 has changed the customer outlook on deriving value from the existing products.¹

Way forward into the 'Next Normal' stage², organisations to stay focused on their existing customer base by maintaining high engagement and creating empathetic digital content (shift from feature-led to purpose-driven content), fortify distribution in stronger markets and gain an edge over competition.² Companies to set up partnerships with dealerships, financial services and e-commerce players to design completely digitised customer journey for sales and service.⁵

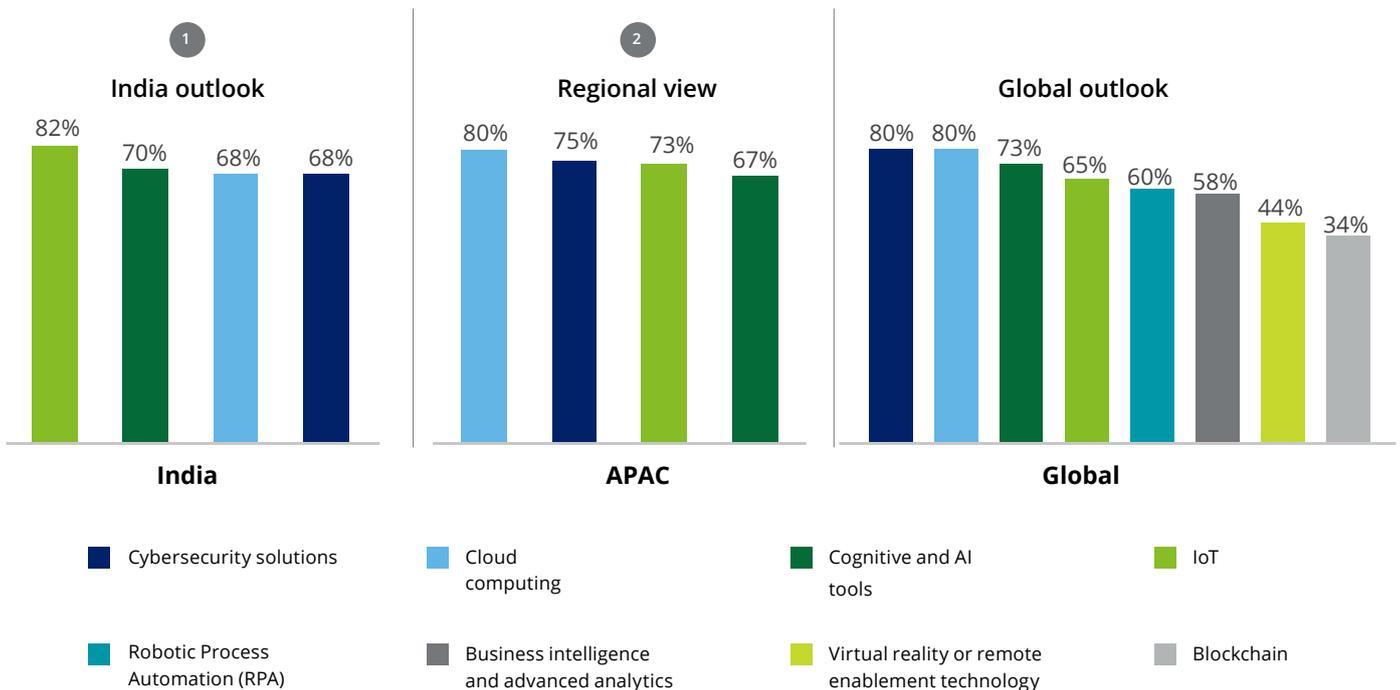
2

In the APAC, the top customer engagement strategy reported is to increase flexibility on pre and after sales.

Internet of Things (IoT), cognitive and Artificial Intelligence (AI) will be the key technologies

According to the survey, in APAC the most relevant technologies in the next normal will be cloud computing (80 percent) and cybersecurity solutions (75 percent). However, in India IOT and AI will be the most relevant technologies in the next normal (Figure 17).

Figure 17: Relevance of technologies to operate in the next normal



Survey findings

1

Indian respondents are focusing on implementing IoT, which can significantly improve operating efficiency, and information visibility.

- In the new normal, respondents are capitalising on Machine Learning (ML) and AI platforms to derive insights into predictive models, visualise/predict on how they should prepare for the challenges.
- With increasing IoT platforms and remote working, need for a cheaper, secure, and flexible data storage medium has led to need for cloud computing.³
- With the machines now connected with internet and cloud, to ensure safety risks, the need for cyber security solutions is also reported by India respondents.

2

Cybersecurity solutions, AI, and cloud computing top are considered more relevant in a post-crisis world in APAC.

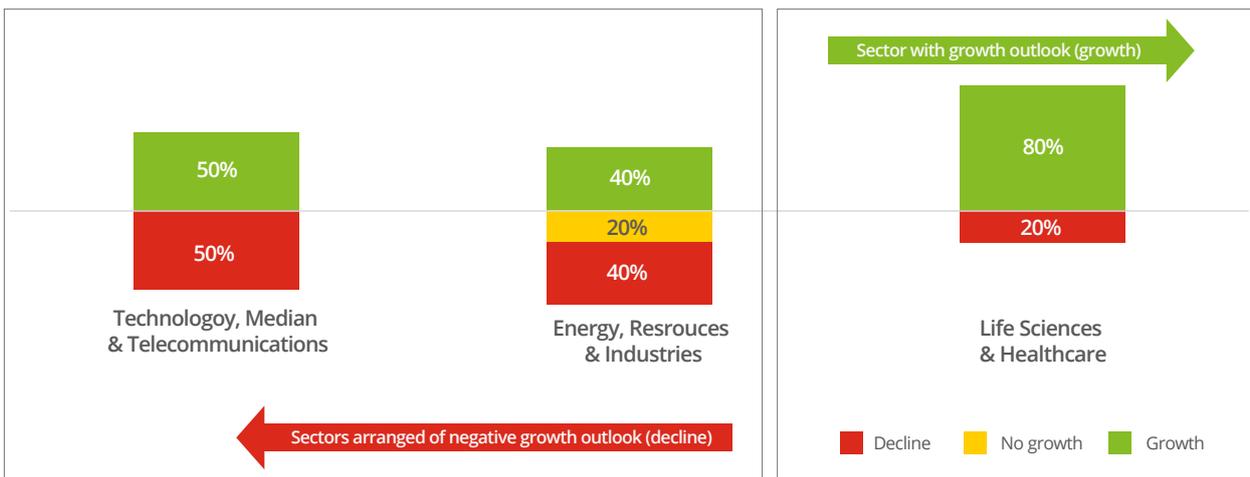


Industry sector analysis

Expected growth over the next 12 months vary by sector

Revenue expectations over the next 12 months for India respondents vary widely by sector, with the COVID-19 crisis creating both winners and losers. On the negative side of the spectrum, 50 percent respondents reported a decline in revenue for Technology, Media & Telecommunications. For Energy, Resources & Industrials sector, 40 percent of the respondents reported a decline in expected revenue, possibly due to drop in demand and supply chain constraints during COVID-19. On the positive side, 80 percent of the respondents expect revenue growth for Life Sciences and Healthcare sector, which has seen a spike in demand due to the ongoing pandemic situation.

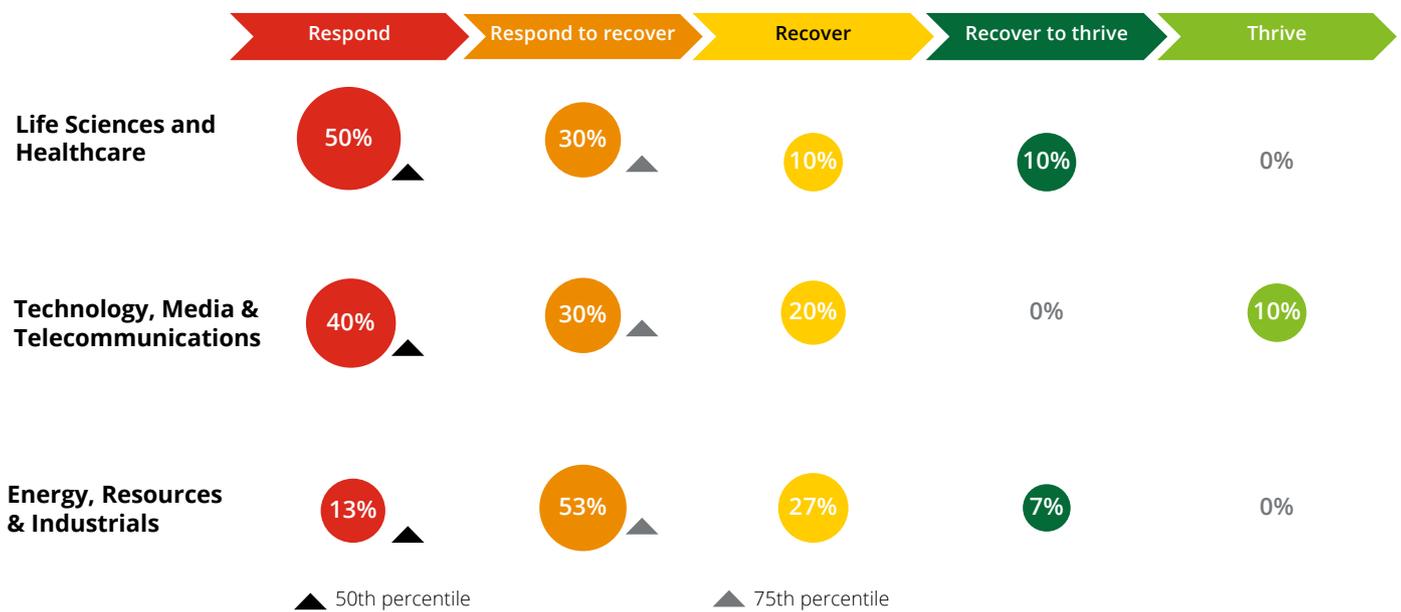
Figure 18: Sector 12-month revenue growth outlook



Different sectors are at different stages of progress

In addressing the challenges of COVID-19, the average rate of progress in all sectors falls somewhere between the 'respond' and 'recover' stages. As depicted by the blue triangles in Figure 19, the median progress in sectors such as Lifesciences & Healthcare and TMT is skewed towards the 'respond' stage, while sector Energy, Resources & Industrials is generally further along, with progress skewed towards the 'respond to recover' stage. Looking at the purple triangles (which depict the 75th percentile), the 75th percentile is skewed towards the 'Respond to Recover' stage for sectors, such as Lifesciences & Healthcare, TMT and Energy, Resources & Industrials.

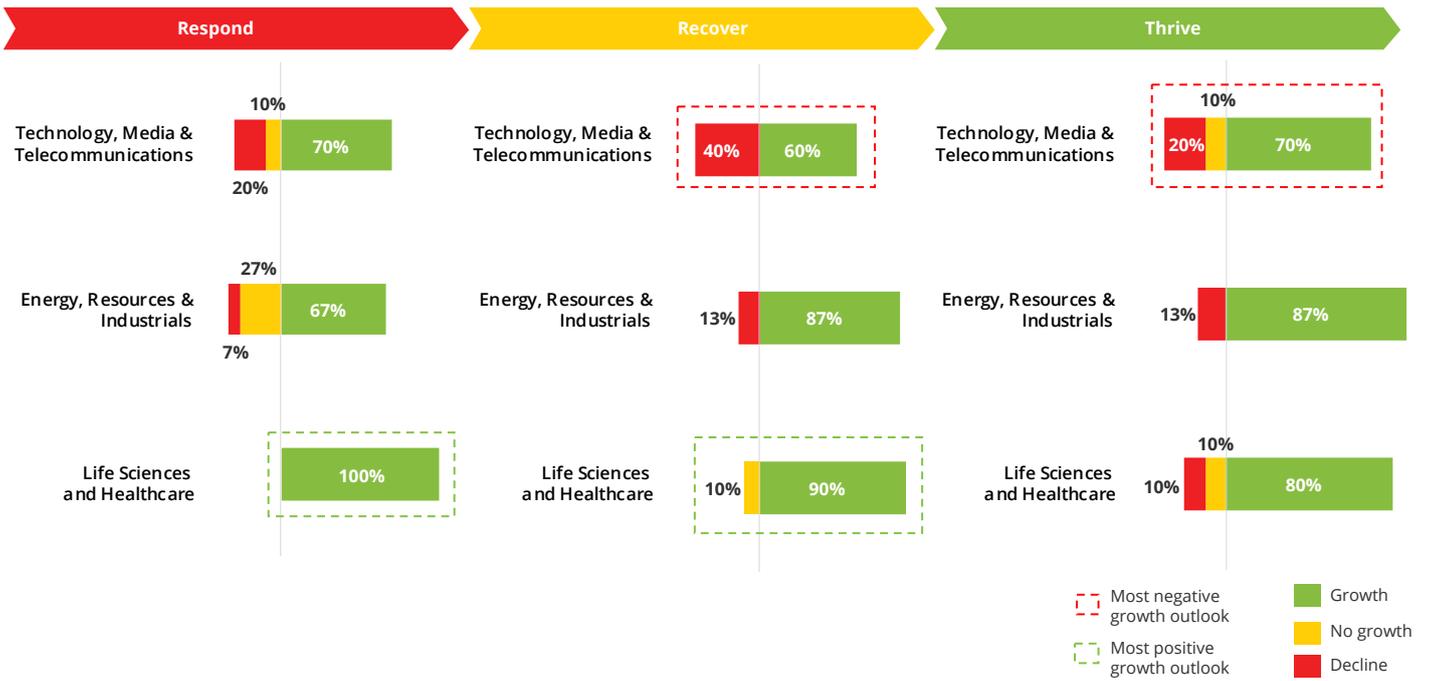
Figure 19: Current sector positioning on the Respond-Recover-Thrive framework



Revenue outlooks vary significantly by industry

Lifesciences and Healthcare sector is currently having a positive growth outlook in the 'respond' stage, possibly due to the ongoing pandemic situation. In the 'Recover stage', almost 90 percent of the respondents for Energy, Resources & Industrials as well as Lifesciences and Healthcare sector, have a positive outlook on revenue growth.

Figure 20: Sector revenue growth outlook by stage





Save-to-Thrive

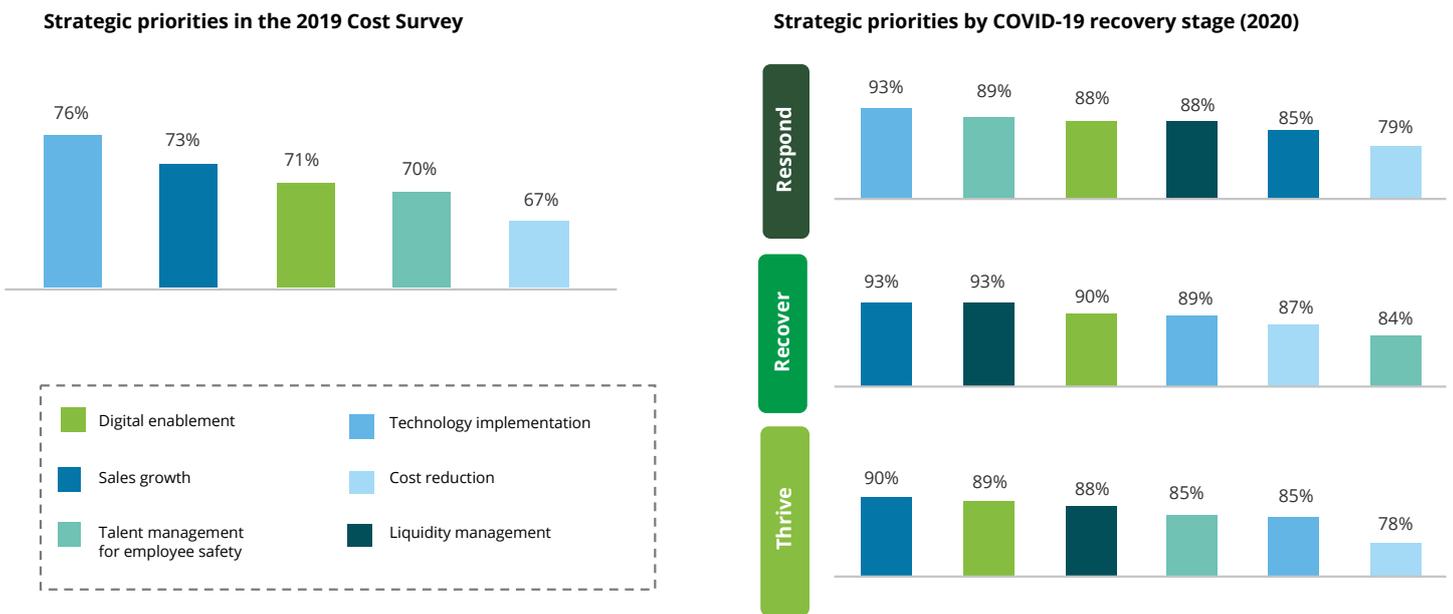
Save-to-Transform is becoming Save-to-Thrive

The strategic priorities associated with the COVID-19 thrive stage are mostly consistent with the Save-to-Transform trend we identified in Deloitte's 2019 Cost Survey, which uses the strategic levers of cost, growth, talent, technology, and digital enablement to transform how companies do business. And as companies bounce back from the COVID-19 crisis and position themselves to thrive in the next normal, many expect to continue focusing on those same levers—but with an increased and accelerated emphasis on technology and digital enablement, along with a renewed emphasis on growth and liquidity. We call this evolved mindset 'Save-to-Thrive' (Figure 21).

Figure 21: Organisation’s strategic priorities reported at each stage

Save-to-Transform

In Deloitte’s 2019 Bi-annual Cost Survey*, we saw a shift in the key focus areas of companies from save-to-grow to save-to-transform. This means that, in addition to cost, growth, and talent, technology became a key priority area for most companies. In the current survey, we can clearly observe that IT levers (technology implementation and digital capabilities) continue to be amongst the top priorities.



Survey findings

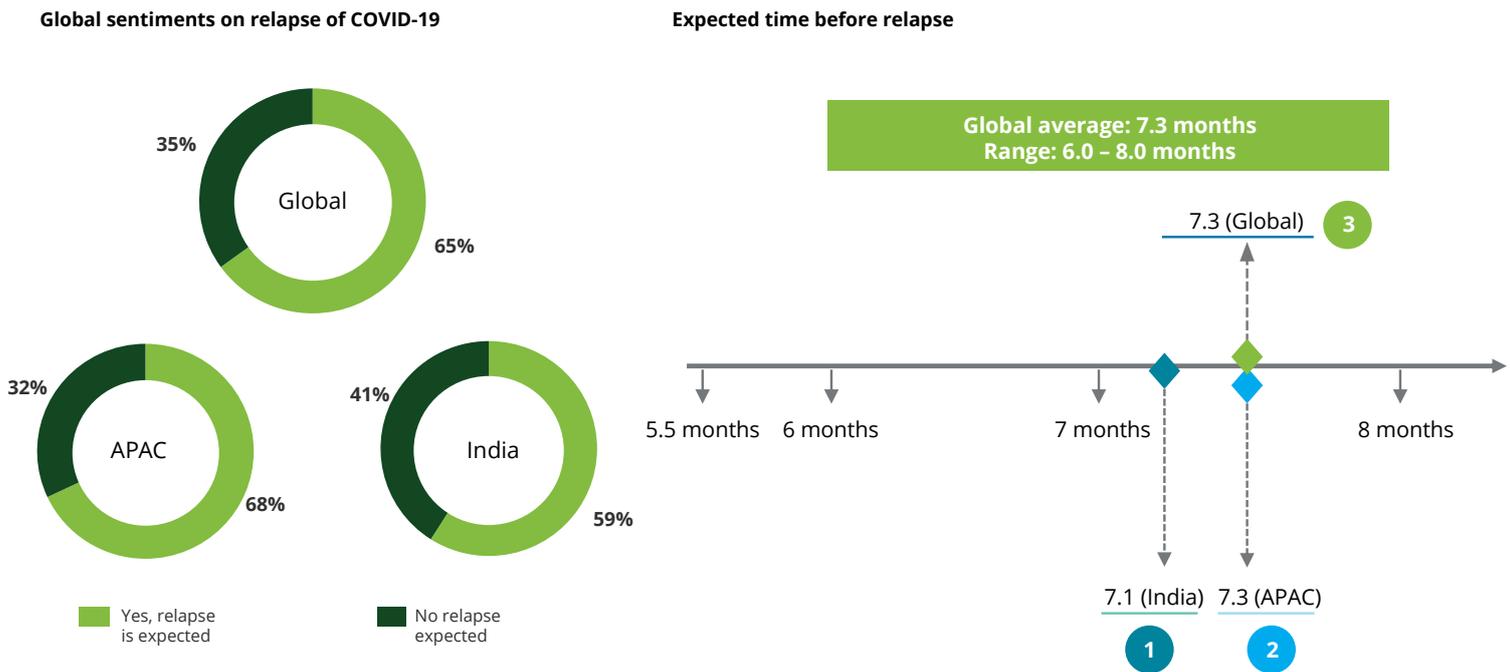
- 1 **Digital enablement priorities is amongst the top three priority list of APAC respondents in all three stages of Respond-Recover-Thrive.**
- 2 **Respondents expect sales growth to rise as a strategic priority in each subsequent stage, bringing the priorities into alignment with Save-to-Transform at the thrive stage.**
- 3 **Post COVID, respondents are focusing more on liquidity management (87 percent) in the ‘Thrive’ phase, after IT related strategic priorities (digital enablement and technology implementation) and sales growth, which are the same top priorities for the respondents per the 2019 Cost Survey.**

* "Save-to-Transform as a catalyst for embracing digital disruption: Deloitte’s second biennial global cost survey," Deloitte, 2019

Most companies expect a second wave of COVID-19

The majority of respondents (59 percent) in India expect a COVID-19 relapse, with an estimated timeframe of early 2021. Those that follow strategies consistent with Save-to-Thrive will likely be the ones best positioned to weather potential challenges resulting from a second wave (Figure 22).

Figure 22: Expectation of COVID-19 relapse and expected time of relapse



Survey findings

1

In India, fewer respondents are expecting a relapse, as compared to the global respondents. However, the duration until the next relapse in India is **7.1 months**, which is close to global expectation.

2

In the **APAC**, **68 percent** of respondents expect a relapse to happen, with an expected timeframe of **same as global**, which is longer compared to Europe and India and shorter compared to USA.

3

Globally, **65 percent** of respondents expect a relapse of COVID-19, with an expected timeframe of 7.3 months from the date of the survey (early July 2020).

Conclusive remarks

Despite the pandemic's massive impact on the global business environment, many companies continue to expect positive revenue growth—particularly in the thrive stage when they have successfully responded to and recovered from the early challenges of the crisis.

Decisions that companies make today to cope with COVID-19 can help or hinder their positioning for the future. Before the pandemic, the prevailing mindset for strategic cost management was 'Save-to-Transform'—using the strategic levers of cost, growth, talent, technology, and digital enablement to transform how companies do business. Now, we are seeing that Save-to-Transform mindset evolve into 'Save-to-Thrive,' with the crisis highlighting and accelerating changes in key transformation areas, such as technology and talent.

By using cost reduction strategically to transform the enterprise and improve competitiveness—which includes investing in key capabilities, such as automation and remote work that align with the new realities of a post-crisis business environment—companies can leverage their cost savings efforts to not only transform how they operate, but to position themselves to thrive in the next normal.



Appendix

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