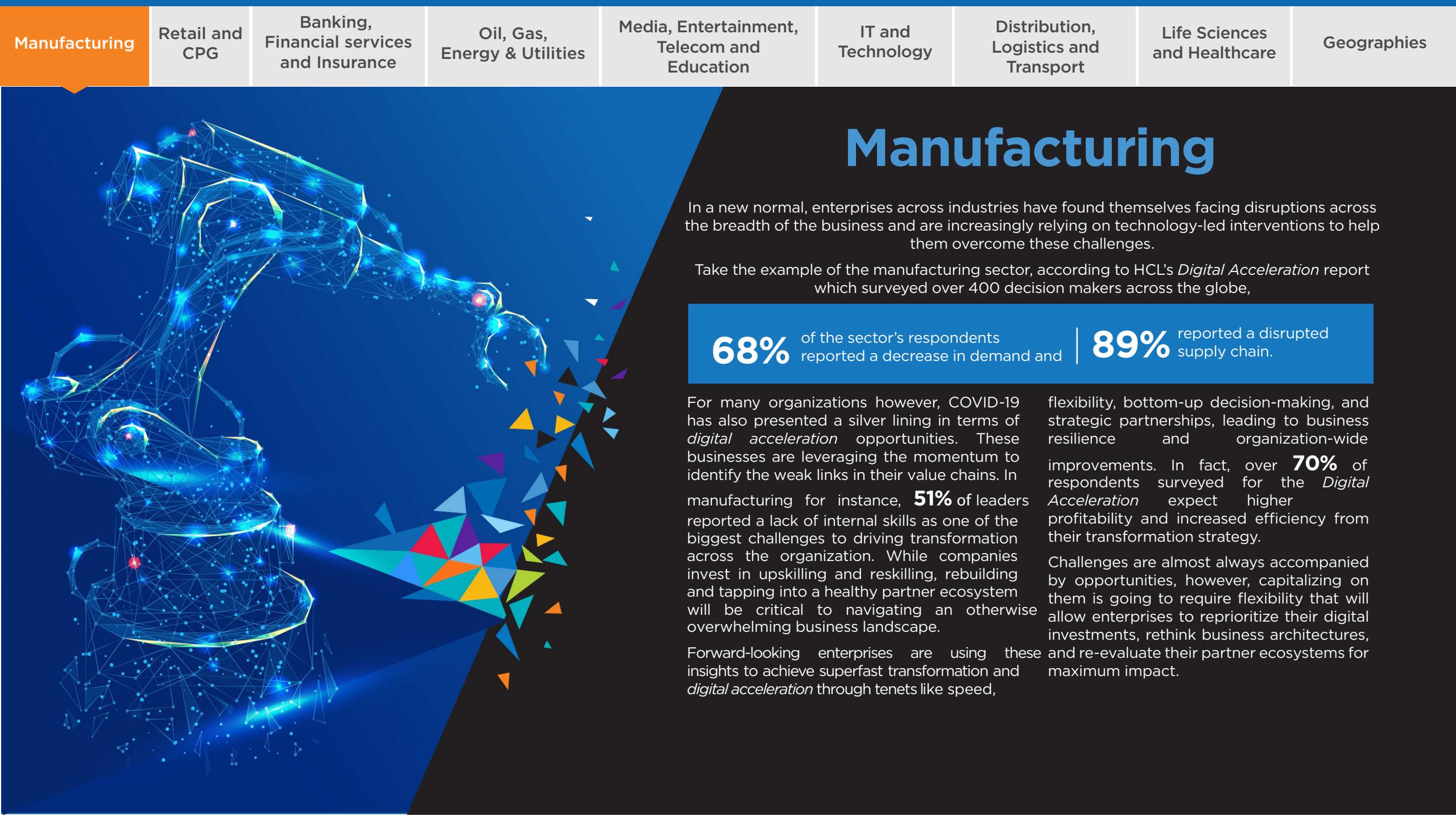


Digital acceleration for business resilience

Industry and Geographical Insights



START



Manufacturing

In a new normal, enterprises across industries have found themselves facing disruptions across the breadth of the business and are increasingly relying on technology-led interventions to help them overcome these challenges.

Take the example of the manufacturing sector, according to HCL's *Digital Acceleration* report which surveyed over 400 decision makers across the globe,

68% of the sector's respondents reported a decrease in demand and | **89%** reported a disrupted supply chain.

For many organizations however, COVID-19 has also presented a silver lining in terms of *digital acceleration* opportunities. These businesses are leveraging the momentum to identify the weak links in their value chains. In manufacturing for instance, **51%** of leaders reported a lack of internal skills as one of the biggest challenges to driving transformation across the organization. While companies invest in upskilling and reskilling, rebuilding and tapping into a healthy partner ecosystem will be critical to navigating an otherwise overwhelming business landscape.

Forward-looking enterprises are using these insights to achieve superfast transformation and *digital acceleration* through tenets like speed,

flexibility, bottom-up decision-making, and strategic partnerships, leading to business resilience and organization-wide improvements. In fact, over **70%** of respondents surveyed for the *Digital Acceleration* expect higher profitability and increased efficiency from their transformation strategy.

Challenges are almost always accompanied by opportunities, however, capitalizing on them is going to require flexibility that will allow enterprises to reprioritize their digital investments, rethink business architectures, and re-evaluate their partner ecosystems for maximum impact.



Retail and Consumer Packaged Goods

For organizations in the retail and consumer packaged goods (RCPG) industry, COVID-19 brought its own unique challenges. While physical stores downed their shutters across the globe, eCommerce channels experienced an unprecedented boom in sales as customers locked within their homes turned to their smartphones and laptops to shop.

According to the *Digital Acceleration* report survey, **60%** of respondents from the RCPG sector reported an increase in demand for products and services. However, disruption in their operations and/or supply chain was reported by **60%** of respondents as well. The increase in demand thus had to contend with a proportional disruption in global supply chains making it difficult for retailers to meet them.

Going forward, speed, flexibility and bottom-up decision making, enhanced customer experiences, and a clear and defined strategy to guide digital efforts will be some of the key focus areas for decision makers in the RCPG sector. These results are reflected in survey findings as well, where cloud Computing, cybersecurity, big data and automation have emerged among the biggest drivers for technology investments by RCPG decision makers.

Another crucial factor will be the speed of

transformation. As per **40%** of survey respondents from RCPG vertical, they do not have a roadmap for planning and prioritization despite having a written digital transformation strategy in place. Building an ecosystem of competent strategic partners could be the key to winning.

COVID-19 has brought out the value chain vulnerabilities for RCPG enterprises in sharp relief. It is time to leverage focused, expert-driven technology-led interventions to address them.



Manufacturing	Retail and CPG	Banking, Financial services and Insurance	Oil, Gas, Energy & Utilities	Media, Entertainment, Telecom and Education	IT and Technology	Distribution, Logistics and Transport	Life Sciences and Healthcare	Geographies
---------------	----------------	--	------------------------------	---	-------------------	---------------------------------------	------------------------------	-------------

Banking, Financial services and Insurance

For the BFSI industry, this has been a time of great change. From meeting new customer expectations that include a greater demand for flexibility and security to changes to how people bank, transact and even communicate, the industry has gone through a virtual paradigm shift.

Banks and financial institutions were already undergoing a shift to digital when COVID-19 struck. The pandemic has served to accelerate the pace and made technology-led interventions more important than ever before.

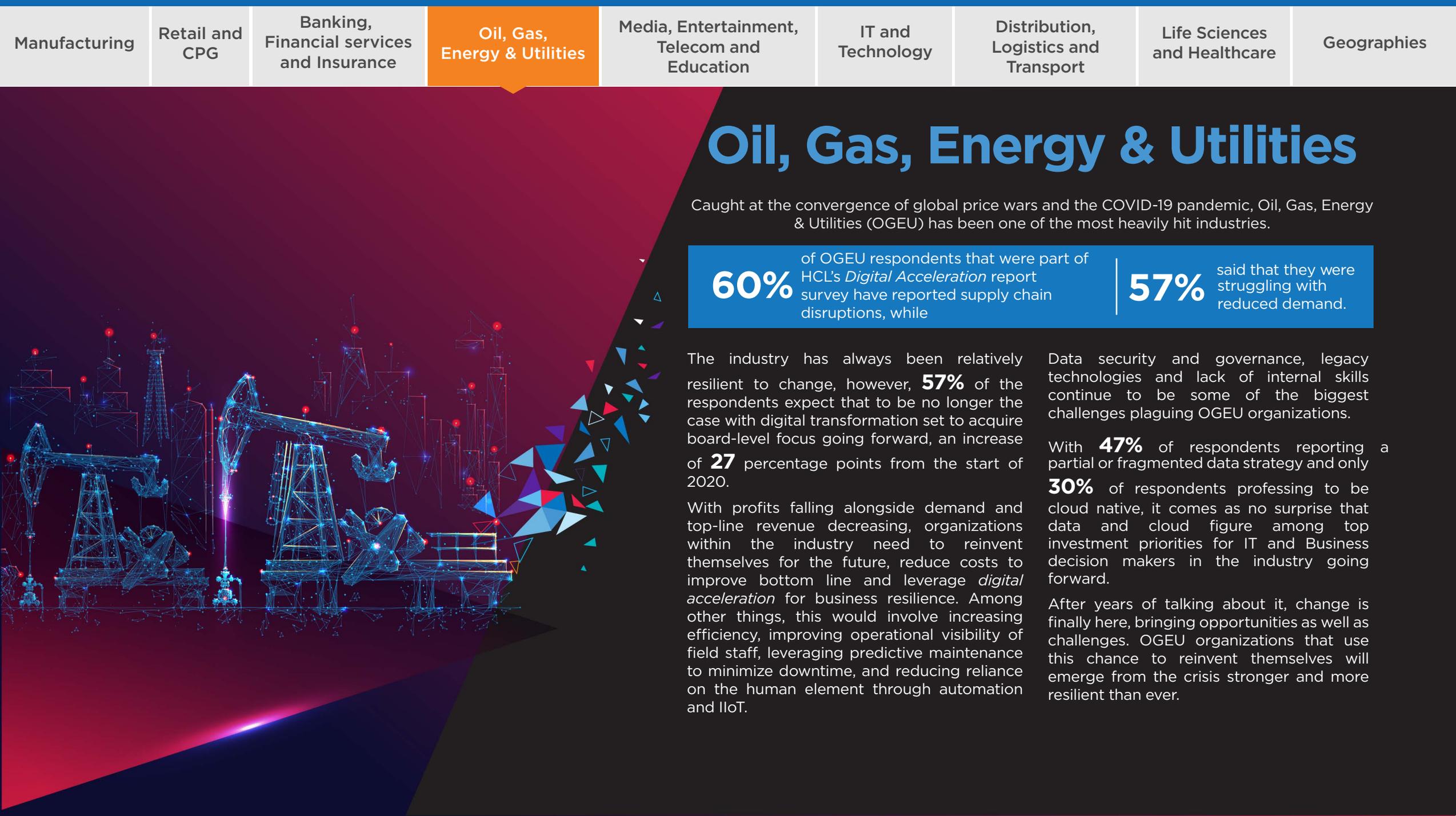
Nevertheless, sentiment within the industry remains remarkably upbeat with over **70%** of respondents expecting steady or improved business performance during and after the crisis. Most BFSI organizations have been able to adapt to the challenges and change brought by COVID-19 relatively quickly.

Among other things, this can be linked to a continued focus on digital transformation with over **90%** of survey respondents stating that digital transformation was and will remain a priority.

Predictably, cybersecurity and Cloud Computing have topped the list of projected technology investment drivers going into the future, as BFSI organizations look to support customer transition from a primarily physical store model to online touchpoints while simultaneously ensuring the security and sanctity of financial transactions and data

with a larger than usual percentage of remote workforce.

BFSI organizations have come to terms with the fact that digital transformation is the only way forward, with **86%** of respondents reporting that they have a written strategy in place. However, to make the most of this time of change and survive and thrive beyond, they need to reprioritize digital investments, rethink business architectures, and re-evaluate their partner ecosystems.



Oil, Gas, Energy & Utilities

Caught at the convergence of global price wars and the COVID-19 pandemic, Oil, Gas, Energy & Utilities (OGEU) has been one of the most heavily hit industries.

60% of OGEU respondents that were part of HCL's <i>Digital Acceleration</i> report survey have reported supply chain disruptions, while	57% said that they were struggling with reduced demand.
--	--

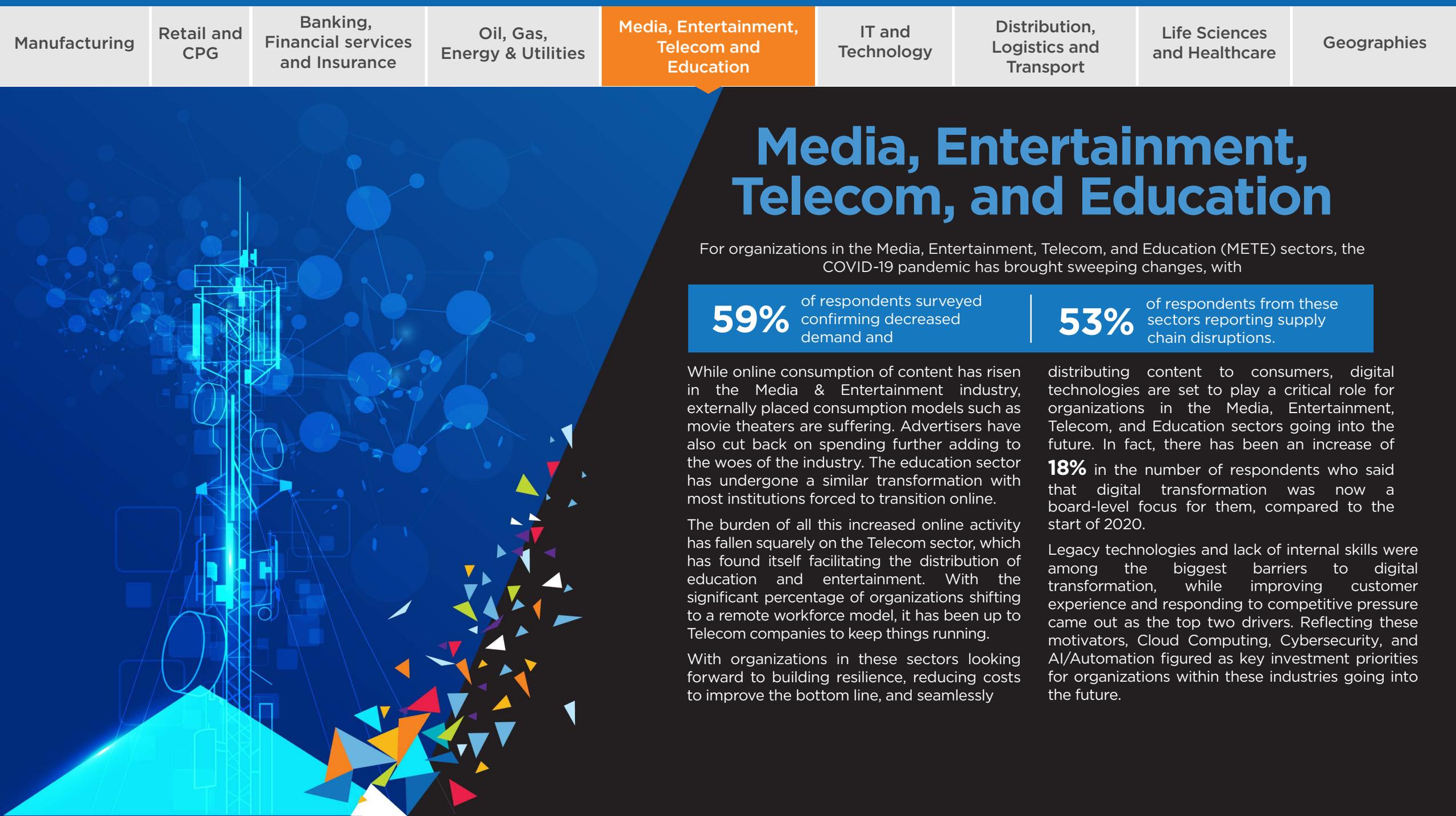
The industry has always been relatively resilient to change, however, **57%** of the respondents expect that to be no longer the case with digital transformation set to acquire board-level focus going forward, an increase of **27** percentage points from the start of 2020.

With profits falling alongside demand and top-line revenue decreasing, organizations within the industry need to reinvent themselves for the future, reduce costs to improve bottom line and leverage *digital acceleration* for business resilience. Among other things, this would involve increasing efficiency, improving operational visibility of field staff, leveraging predictive maintenance to minimize downtime, and reducing reliance on the human element through automation and IIoT.

Data security and governance, legacy technologies and lack of internal skills continue to be some of the biggest challenges plaguing OGEU organizations.

With **47%** of respondents reporting a partial or fragmented data strategy and only **30%** of respondents professing to be cloud native, it comes as no surprise that data and cloud figure among top investment priorities for IT and Business decision makers in the industry going forward.

After years of talking about it, change is finally here, bringing opportunities as well as challenges. OGEU organizations that use this chance to reinvent themselves will emerge from the crisis stronger and more resilient than ever.



Media, Entertainment, Telecom, and Education

For organizations in the Media, Entertainment, Telecom, and Education (METE) sectors, the COVID-19 pandemic has brought sweeping changes, with

59% of respondents surveyed confirming decreased demand and

53% of respondents from these sectors reporting supply chain disruptions.

While online consumption of content has risen in the Media & Entertainment industry, externally placed consumption models such as movie theaters are suffering. Advertisers have also cut back on spending further adding to the woes of the industry. The education sector has undergone a similar transformation with most institutions forced to transition online.

The burden of all this increased online activity has fallen squarely on the Telecom sector, which has found itself facilitating the distribution of education and entertainment. With the significant percentage of organizations shifting to a remote workforce model, it has been up to Telecom companies to keep things running.

With organizations in these sectors looking forward to building resilience, reducing costs to improve the bottom line, and seamlessly

distributing content to consumers, digital technologies are set to play a critical role for organizations in the Media, Entertainment, Telecom, and Education sectors going into the future. In fact, there has been an increase of **18%** in the number of respondents who said that digital transformation was now a board-level focus for them, compared to the start of 2020.

Legacy technologies and lack of internal skills were among the biggest barriers to digital transformation, while improving customer experience and responding to competitive pressure came out as the top two drivers. Reflecting these motivators, Cloud Computing, Cybersecurity, and AI/Automation figured as key investment priorities for organizations within these industries going into the future.



Manufacturing	Retail and CPG	Banking, Financial services and Insurance	Oil, Gas, Energy & Utilities	Media, Entertainment, Telecom and Education	IT and Technology	Distribution, Logistics and Transport	Life Sciences and Healthcare	Geographies
---------------	----------------	---	------------------------------	---	--------------------------	---------------------------------------	------------------------------	-------------

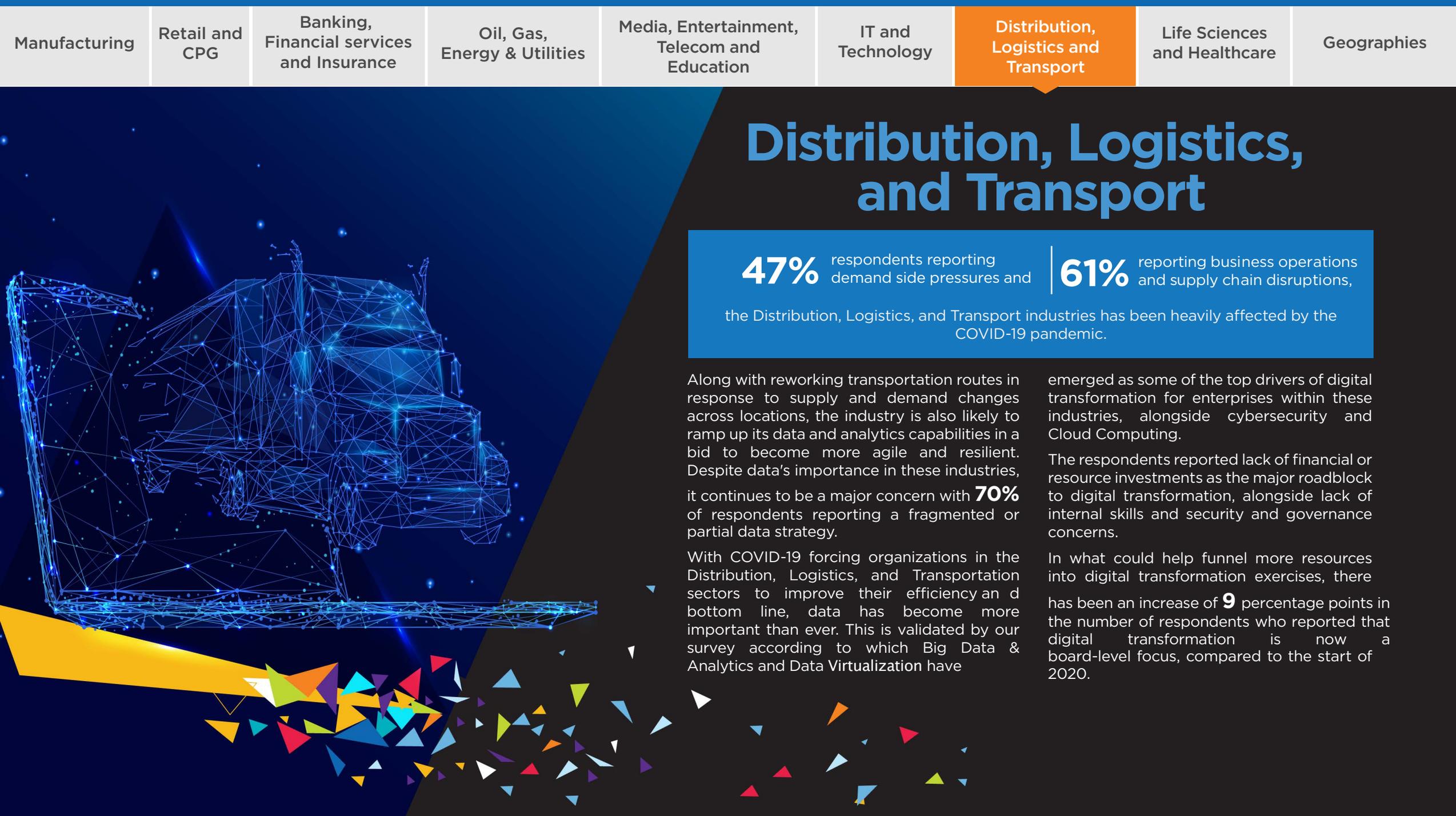
IT & Technology

The IT and Technology industry has fared relatively well, with only **5%** of survey respondents from the sector reporting significant supply chain disruptions and **41%** witnessing an increase in demand for their products and services, as companies across the globe adapt to the new normal and look forward to incorporating business resilience within their enterprise through digital-led interventions

This performance can also be linked to their Cloud, Cybersecurity and Data Virtualization level of preparedness, with over **59%** of respondents reporting that they had a formal digital transformation strategy and execution roadmap in place. Cloud, Cybersecurity and Data Virtualization were featured as the top priorities for the industry from an investment perspective, while legacy technologies and lack of internal skills were the top barriers to digital transformation.

Over **52%** of respondents from this industry also mentioned that their organization was extensively leveraging newer methodologies like Design Thinking, Agile Development, or Product Management to rethink business and customer processes, **13** percentage points more than the survey average across industries.

Customer experience emerged as a top priority with most respondents highlighting it as the center of current digital capabilities and the focus of future digital investments. Operational efficiency and meeting new customer needs also emerged as important drivers.



Manufacturing

Retail and CPG

Banking, Financial services and Insurance

Oil, Gas, Energy & Utilities

Media, Entertainment, Telecom and Education

IT and Technology

Distribution, Logistics and Transport

Life Sciences and Healthcare

Geographies

Distribution, Logistics, and Transport

47% respondents reporting demand side pressures and **61%** reporting business operations and supply chain disruptions, the Distribution, Logistics, and Transport industries has been heavily affected by the COVID-19 pandemic.

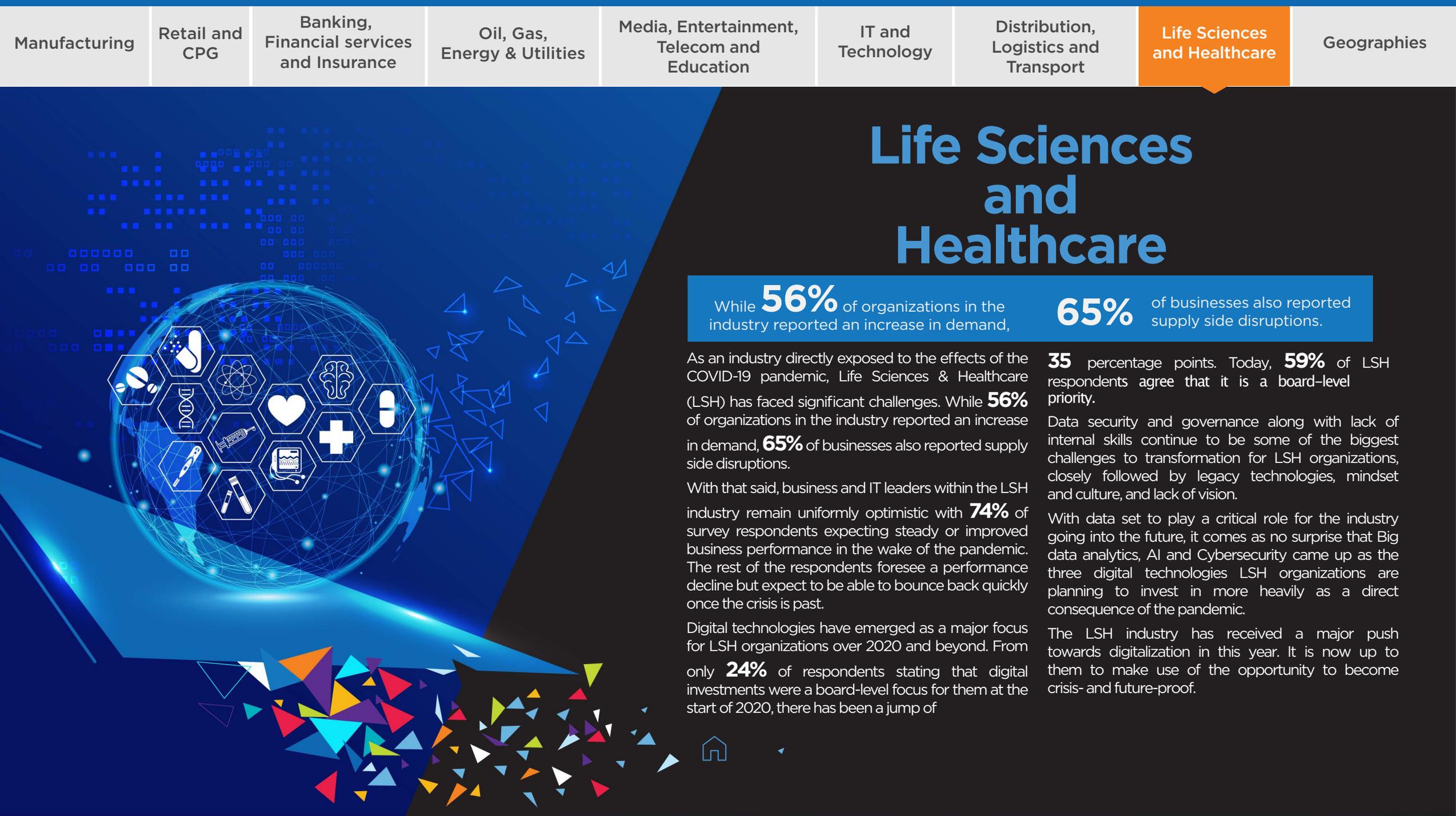
Along with reworking transportation routes in response to supply and demand changes across locations, the industry is also likely to ramp up its data and analytics capabilities in a bid to become more agile and resilient. Despite data's importance in these industries, it continues to be a major concern with **70%** of respondents reporting a fragmented or partial data strategy.

With COVID-19 forcing organizations in the Distribution, Logistics, and Transportation sectors to improve their efficiency and bottom line, data has become more important than ever. This is validated by our survey according to which Big Data & Analytics and Data Virtualization have

emerged as some of the top drivers of digital transformation for enterprises within these industries, alongside cybersecurity and Cloud Computing.

The respondents reported lack of financial or resource investments as the major roadblock to digital transformation, alongside lack of internal skills and security and governance concerns.

In what could help funnel more resources into digital transformation exercises, there has been an increase of **9** percentage points in the number of respondents who reported that digital transformation is now a board-level focus, compared to the start of 2020.



Life Sciences and Healthcare

While **56%** of organizations in the industry reported an increase in demand,

65% of businesses also reported supply side disruptions.

As an industry directly exposed to the effects of the COVID-19 pandemic, Life Sciences & Healthcare (LSH) has faced significant challenges. While **56%** of organizations in the industry reported an increase in demand, **65%** of businesses also reported supply side disruptions.

With that said, business and IT leaders within the LSH industry remain uniformly optimistic with **74%** of survey respondents expecting steady or improved business performance in the wake of the pandemic. The rest of the respondents foresee a performance decline but expect to be able to bounce back quickly once the crisis is past.

Digital technologies have emerged as a major focus for LSH organizations over 2020 and beyond. From only **24%** of respondents stating that digital investments were a board-level focus for them at the start of 2020, there has been a jump of

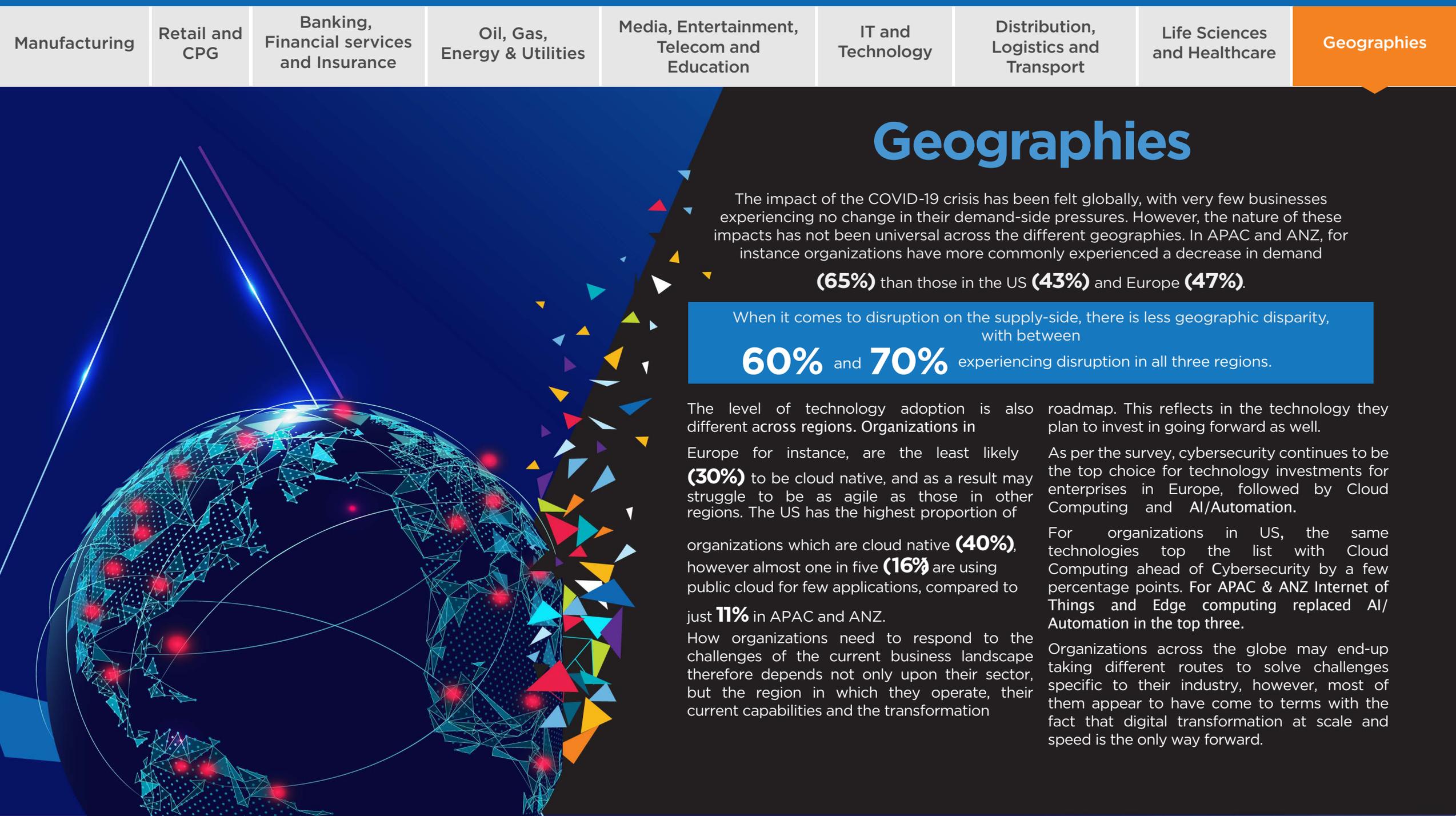
35 percentage points. Today, **59%** of LSH respondents agree that it is a board-level priority.

Data security and governance along with lack of internal skills continue to be some of the biggest challenges to transformation for LSH organizations, closely followed by legacy technologies, mindset and culture, and lack of vision.

With data set to play a critical role for the industry going into the future, it comes as no surprise that Big data analytics, AI and Cybersecurity came up as the three digital technologies LSH organizations are planning to invest in more heavily as a direct consequence of the pandemic.

The LSH industry has received a major push towards digitalization in this year. It is now up to them to make use of the opportunity to become crisis- and future-proof.





Geographies

The impact of the COVID-19 crisis has been felt globally, with very few businesses experiencing no change in their demand-side pressures. However, the nature of these impacts has not been universal across the different geographies. In APAC and ANZ, for instance organizations have more commonly experienced a decrease in demand

(65%) than those in the US **(43%)** and Europe **(47%)**.

When it comes to disruption on the supply-side, there is less geographic disparity, with between **60%** and **70%** experiencing disruption in all three regions.

The level of technology adoption is also different across regions. Organizations in

Europe for instance, are the least likely **(30%)** to be cloud native, and as a result may struggle to be as agile as those in other regions. The US has the highest proportion of

organizations which are cloud native **(40%)**, however almost one in five **(16%)** are using public cloud for few applications, compared to just **11%** in APAC and ANZ.

How organizations need to respond to the challenges of the current business landscape therefore depends not only upon their sector, but the region in which they operate, their current capabilities and the transformation

roadmap. This reflects in the technology they plan to invest in going forward as well.

As per the survey, cybersecurity continues to be the top choice for technology investments for enterprises in Europe, followed by Cloud Computing and AI/Automation.

For organizations in US, the same technologies top the list with Cloud Computing ahead of Cybersecurity by a few percentage points. For APAC & ANZ Internet of Things and Edge computing replaced AI/Automation in the top three.

Organizations across the globe may end-up taking different routes to solve challenges specific to their industry, however, most of them appear to have come to terms with the fact that digital transformation at scale and speed is the only way forward.

HCL



www.hcltech.com

HCL Technologies (HCL) empowers global enterprises with technology for the next decade today. HCL's Mode 1-2-3 strategy, through its deep-domain industry expertise, customer-centricity and entrepreneurial culture of ideapreneurship™ enables businesses to transform into next-gen enterprises.

HCL offers its services and products through three lines of business - IT and Business Services (ITBS), Engineering and R&D Services (ERS), and Products & Platforms (P&P). ITBS enables global enterprises to transform their businesses through offerings in areas of Applications, Infrastructure, Digital Process Operations, and next generation digital transformation solutions. ERS offers engineering services and solutions in all aspects of product development and platform engineering while under P&P. HCL provides modernized software products to global clients for their technology and industry specific requirements. Through its cutting-edge co-innovation labs, global delivery capabilities, and broad global network, HCL delivers holistic services in various industry verticals, categorized under Financial Services, Manufacturing, Technology & Services, Telecom & Media, Retail & CPG, Life Sciences, and Healthcare and Public Services.

As a leading global technology company, HCL takes pride in its diversity, social responsibility, sustainability, and education initiatives. As of 12 months ending on June 30, 2020, HCL has a consolidated revenue of US\$ 9.9 billion and its 150,000 ideapreneurs operate out of 49 countries. For more information, visit www.hcltech.com