It's time to **rethink** your business

COVID-19 response FAQs

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Questions to help you **rethink** your business

At Avanade, we are committed to sharing our expertise and insights to help you respond effectively to the current global disruption and rethink how you do business for the future.

What are the key priorities organizations are focused on as they respond to the COVID-19 pandemic?

The scale and scope of the COVID-19 pandemic has shocked the world. Disease infection has vaulted to the top of the list of global risks we face, and virtual has suddenly become the default modality for much of how we live and work. As a result, issues of safety, privacy and ethics are becoming more prominent and there has never been a higher premium on resilience, confidence and trust. To survive and thrive beyond the current global disruption, organizations are focusing on five priorities:

Cost Containment and Optimization: Immediately reduce operational costs, move to a scalable cost model and free up capital to accelerate growth opportunities.

Talent Agility: Empower your employees to respond to external changes efficiently and nimbly, while evolving to an optimal balance of staff, third parties and automation.

The Resilient Core: Protect the core operations of your business and build a resilient and scalable operation that is flexible for the future.

Customer Care and Operations: Continue to be able to support the changing needs of your customers and create the capability to support new channels to market over time.

Products and Services: Rapidly respond to changes that affect your product portfolio to minimize disruptions and anticipate how products and services will evolve in the near and longer term.

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What are organizations focused on at this time?

Organizations will typically move through three phases and potentially recycle as they recover from the impacts of the COVID-19 pandemic:

- **RESPOND**

  Protect customers, workforce, operations and the supply chain

  Ensure business continuity by enabling employees to work and clients to access goods and services, while maintaining core operations.

- **RESET**

  Manage through an economic slowdown as a lighter-weight, more agile business

  Reconfigure the product portfolio and the rapid creation of a scalable operating model to support changing market and employee needs.

- **RENEW**

  Position to re-emerge strongly and gain share in the recovery

  Reinvent the business model to address existing and new opportunities with a stronger, more resilient version of the enterprise.

How does an organization know when it's transitioning from one phase to another?

Most organizations will spend approximately three to six months in the **RESPOND** phase and 12 to 18 months in the **RESET** phase. However, parts of the three phases will take place in parallel and organizations may be at different levels of maturity across the five key priorities.

For example, after the first six weeks of survival mode, approximately **70%** of the organization's focus will be centered on short-term planning and **30%** towards achieving mid-term objectives that will help it **RESET**. As the organization then moves through the **RESET** phase, the portfolio balance will shift to a focus on creating new revenue streams.

Throughout all three phases, there are two fundamental principles organizations should adhere to:

1. All investments must be outcomes based and have a clear business case; and

2. Know what strategic position you want to hold post-disruption, understanding that only one organization in a given market can likely have that position and survive.

How can we learn from this disruption to rethink how we do business?

Even as we continue to deal with the ramifications of this global crisis, we must prepare for what comes next. We will regularly face disruptions – societal, industrial, technological.

We need to expect this and be prepared. That is why your organization and people must be in a constant state of readiness to **RESPOND**, **RESET** and **RENEW**. To rethink your business, you need to quickly identify strategic bets to make your operations more resilient and your products and services more desirable to customers.

You'll need to activate the full capabilities of your organization – both digital and human – to unlock operational efficiencies and create new revenue streams in response to changing market dynamics.

A clear vision and the agility to rapidly test, learn and adapt throughout this global disruption will separate the winners from the losers.

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What kind of leadership approach is required to effectively recover from the current disruption?

Leadership approaches will shift during the three phases:

- The **RESPOND** phase requires a command-and-control style of leadership, where a small core group of C-suite/senior executives quickly determines what is required to survive and then cascades decisions and actions to the organization. There is no time for extensive debate or broad consensus building during this phase.

- In the **RESET** phase, responsibility for optimizing functions is largely delegated to middle management. Strategic answers result from a very controlled measure-and-iterate approach focused on next-best-version outcomes, rather than visionary ideas.

- Moving into the **RENEW** phase, business model innovation needs to be mobilized through experiments actively sponsored by the C-suite. Decentralized agile innovation is key to ideating how different markets and capabilities could be developed to drive a market advantage.

How does the COVID-19 pandemic differ from previous disruptions organizations have faced?

Organizations are particularly challenged by the current global disruption for four reasons:

1. Previous disruptions have predominantly been limited to specific regions, industries or business groups, whereas the COVID-19 pandemic is affecting every industry, organization and person globally.

2. No one knows when the current disruption will be over and the circumstances we can expect. Previously, the intent has been to return to normal as soon as possible, but we can't predict a future state following this disruption.

3. There is consensus that post-crisis will lead to a different normality and not revert to pre-crisis mechanisms. This will not just be a dip; everything has been and will be disrupted.

4. Every action an organization takes is amplified. The risk of reputational damage from poor decisions is greater than ever before, however there is also a unique opportunity for organizations that respond well to build the confidence and trust of employees, partners, and customers.

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How has the current global disruption changed the expectations of employees?

Safety and work/life flexibility has become a bigger priority for employees as a result of the COVID-19 pandemic. More effort is needed to make remote working technologies and behaviors as simple as when we are co-located with peers. However, we have learned that many more businesses can benefit from remote working.

That will change the expectations of employees about the flexibility to choose when and where they work. Also, as organizations continue to embrace automation to help maintain business continuity, employees will seek to acquire new and higher-value skillsets.

How is the current global disruption changing the technology priorities of organizations?

The current global disruption is forcing organizations to make changes in weeks that previously would have taken years.

- During the **RESPOND** phase, the core technology focus is how to enable secure, remote working.

- Moving into the **RESET** phase, organizations will have a bigger focus on shifting capital expenditure to operational expenditure and will carefully consider the benefits of buy versus make to extend their capabilities. Technology changes will be weighed against balance sheet impacts.

- During the **RESET** phase and moving into **RENEW**, organizations will look to explore emerging technologies to expand automation and enable new business models and competitive differentiation.

Let us bring you more insights and expertise...

Avanade combines business strategy, agile innovation and deep Microsoft technology expertise to help you rethink, so you can transform faster and smarter.

Spanning your people, processes and digital technologies, we've curated a number of solutions to accelerate business outcomes.

Contact us to ask us any questions or to learn more about how organizations across industries are responding to the current global disruption.

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Let Avanade partner with you to **Respond**, **Reset** and **Renew** your business.

Contact us today to help your organization identify the strategic bets that will make your operations more resilient and your products and services more desirable to customers.

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