



An ISG Report, with Fujitsu

90 DAYS LATER - From Firefighting to Fighting Fit

When Financial institutions support life as we know it, **being clear on how to redesign your business model is paramount for stability and growth.**

Welcome to the New Future

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EXECUTIVE SUMMARY

The pandemic of 2020 challenged every business and market on the planet. As governments the world over scrambled to contain a virus that did not have a passport so didn't respect geopolitical borders, economists struggled to predict its impact on the global economy.

As viral waves hit countries one by one, the economic dance played out where the corporate world was affected to a greater or lesser degree in every region. Today, we see more than 1 million dead worldwide, tens of millions of people furloughed or made redundant and two large countries accounting for 50 percent of all current infections.

Our way of working has forever been changed by the virus, and corporations have had to adapt their approaches to serving customers, including supply chain management and satisfying homebound customers who have had their options curtailed but still demand goods.

Online and digital consumption of services has skyrocketed, and companies that procrastinated before COVID-19 have fallen behind or shut down. The commercial world has been forced to reassess business models for meeting customer demand and explore new service consumption pathways.

With the majority of the business population still locked down at home and forced to work online, not only does the business model need to be adapted in many cases, but so does the internal operating model internally to ensure that the workforce can supply those services the way the customer wants.

Customer-focused channels that are primarily digital have come to the fore. The speed of adoption of new digital platforms and cloud services is now through the roof where organizations move their services online to hyperscaler-provided platforms to ensure always-on service in a future crisis.

Workers sitting at home creating a near 1,000% increase in video conferencing and collaboration tooling demand whilst operations have seen little improvement in technology. These providers in order to maintain business operations. The physical workplaces that workers used to know and love have become dust ridden and only now are being opened up again subject to being COVID-19 safe.

Management teams have conflicting demands to meet when looking at customer, employee, financial, regulatory and other concerns. Through this, ISG has used its independent status to assess the future of work marketplace. The need for companies to rethink their hierarchy of needs to form a cube of value is something that jumped out in the provider market, resulting in this chapter of ISG's 90 Days eBook series.

Source: Shutterstock



HOW COULD YOU PREDICT THIS? THOSE WHO DID USED THE SEVEN P'S?

“Some things are so unexpected that no one is prepared for them” according to the American humorist Leo Rosten, and he is right. There are things that we just can't predict – or can we?

Typically, those who cite this quote in business refer to the collapse of the stock market, global climate issues or, even now, the COVID-19 pandemic. But can we really say that we couldn't predict these events, or is it fairer to say that we chose not to listen when financial priorities and drivers were focused elsewhere?

Organizations that have business models focused on the customer's need and that are highly adaptable followed the “seven P's,” so over time, they created operations that could and did withstand market stresses. So, what are the seven P's? “Planning, Preparation and Practice, Prevents Pretty Poor Performance.” (“Pretty” has replaced the actual word, out of politeness.) Organizations that planned for the future, were able to prepare for potential customer or market demand shifts and were agile enough (practice and fail) to implement changes saw significant growth. Those that did not suffered Pretty Poor Performance.

To put this in context, the 2011 movie, “Margin Call” – if you haven't seen it, you should – provides a raw example of how the 2008 financial crisis kicked off. It's as un-sugar-coated as it can be, and Jeremy Irons' scenes are the perfect example of how business becomes thoroughly short-term-focused, forgetting to take into account longer-term outcomes. We all know what happened in 2008. The film shows us a firm that has been over-leveraging its positions and minimizing cost and quality to maximize short-term profits. During yet another downsizing, to put pressure on the remaining traders, the compliance team is canned. As Stanley Tucci's character leaves the building, he hands a thumb drive to his trader protégé, a rocket scientist, and says, “I was working on something, but they didn't let me finish. Here, take a look at it. Be careful.” That evening, the young trader stays late out of curiosity and finds that the model the company has been trading on is so overleveraged that with a tiny market correction, their losses would be greater than the current value of the company.

Planning, but no Practice or Preparation!

What ensues is the best part and the reason the story is instructive. At a very early-morning meeting, Jeremy Irons sits at the head of the boardroom table, the junior trader and his bosses nervous at the mess they have uncovered and what that might mean for them personally given this is a blame culture. He speaks. “So, you think we might have put a few people out of business today? It's just money; it's made up. It's not wrong. And it's certainly no different today than it's ever been”. He reels off a series of dates representing financial crashes from 1637 to the ones we know of recent past ending up with, “'97, 2000, and whatever we want to call this. It's all just the same thing over and over; we can't help ourselves. And you and I can't control it, or stop it, or even slow it. We just react. And we make a lot of money if we get it right. And we get left by the side of the side of the road if we get it wrong. There are only three ways to survive this: be first, be smarter, or cheat, and I don't cheat! We are no smarter than the other guys out there, and in about five hours, they will all know what we all know, so the best way to survive is to be FIRST.”

This is the point and explains the seven P's perfectly. Despite the best attempts to plan and prepare, the operations were thwarted by short-term financials, resulting in a knee-jerk reaction in order to survive. This despite the fact that the senior management knew and had lived through previous financial crashes but were playing the odds that it wouldn't happen on their watch. So when it did, the only option was to be first.

Thinking of this another way around, wouldn't it have been better to plan and prepare so that when all others were losing business or market share, this company naturally was in first place? Not because they took the other customers and business, but because they were the leaders initially. Likewise, during COVID-19, no one was prepared for the issues that had been predicted in 2015 by Bill Gates and a number of others in the zoological and epidemiological communities. How could business plan or prepare after all? The answer lies in having a business model with no or low reliance on purely physical assets, delivery and supply chains, but instead having these managed and delivered digitally.

Using researchⁱ undertaken on companies that have had the highest percentage change in stock price from

before to after the crisis, it's clear that biotechnology and medical supply manufacturing firms did the best. By far the best performance was by Novacyt, which saw a 2,494% increase in its stock price. Removing these industries from the data, it shows that the biggest winners in stock price increase and revenue were Amazon, Alibaba, Zoom Video Communications, Netflix and the Ocado Group, which is a U.K. online retailer. The top ten stocks attracting investmentⁱⁱ at the height of the pandemic were the following:

- | | |
|------------------------------|--------------------|
| 1. Tesla | 6. Gilead Sciences |
| 2. Microsoft | 7. Walt Disney |
| 3. Amazon | 8. Facebook |
| 4. Apple | 9. Boeing |
| 5. Zoom Video Communications | 10. Netflix |

It's clear that these fall into a small number of categories. With the exception of Tesla, Gilead and Boeing, all are digital. The use of these digital products, when used in a Future of Work situation, means that employees can work seamlessly at home, or wherever they need to, and that customers can use direct channels to consume your services.

The opportunities for future business models to incorporate digital are vast and exciting.

UNDERSTANDING THE ECONOMIC SHOCK OF COVID-19ⁱⁱⁱ

When the pandemic hit, the economic impact was hard to predict, because there was no clear forecast available and each country's experience was different. What we do know is that a steady flow of money, goods, services, and the people to make them flow, are essential to a healthy economy. That flow has been severely disrupted during the pandemic, and some organizations have been unable to cope with demand.

Understanding Recession

To try to understand this, Boston Consulting Group and Harvard Business Review identified that recessions and their recoveries come in various "shock

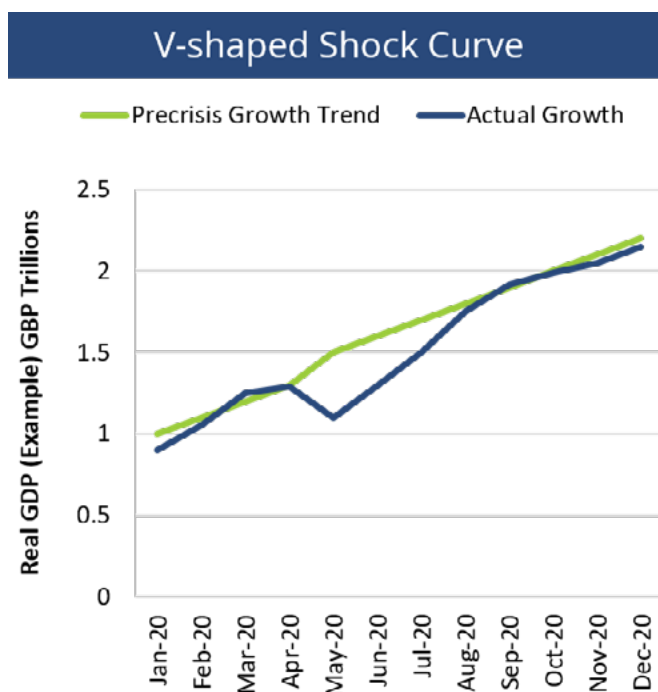
shapes." These are determined by how hard a crisis hits the supply side of an economy – the economy's inputs, such as:

- Capital which includes machinery, factories, software, etc.
- Labor, which is clearly the available workforce, and
- Productivity, which is how we use labor and capital productively

The harder the supply side is hit, the more credit is interrupted, meaning less money is injected in businesses, in the form of loans to fuel investment, and the more difficult it is for productivity to recover.

Recession Shock Shapes

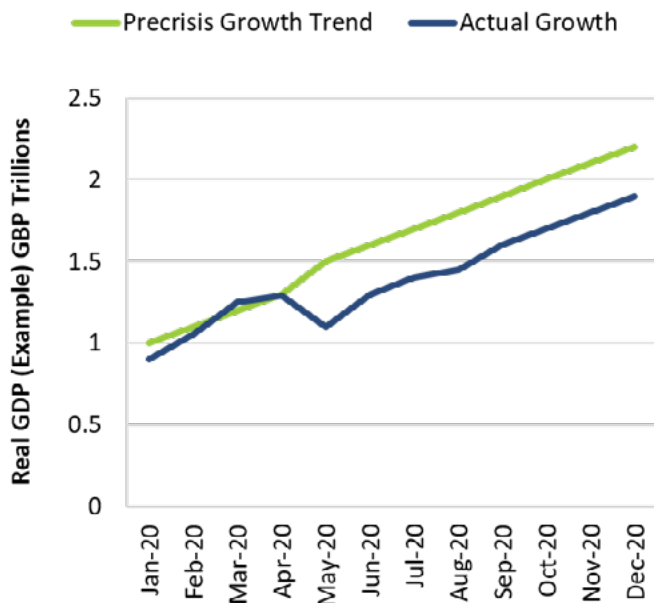
The research identified three recession shock shapes.



The V-shaped recession shock shape

This shape represents a one-time dip. If credit can continue to flow, productivity and labor are less affected. Growth will dip but will return to the pre-crisis level and rate.

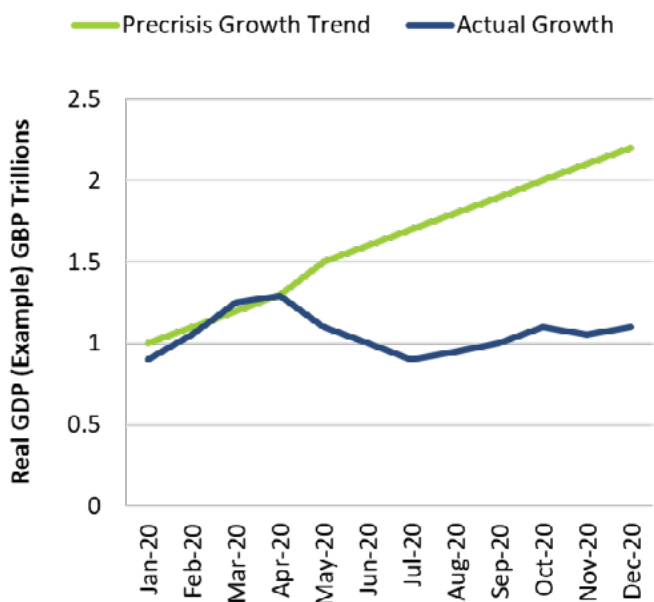
U-shaped Shock Curve



The U-shaped recession shock shape

This shape is much more costly than the V shape. Credit flow is disrupted, and growth drops precipitously, never rebounding to the pre-crisis path. The rate of growth recovers to the same pre-crisis rate, but the gap between the original growth rate and new represents one-off damage to the economy's supply side.

L-shaped Shock Curve



The L-shaped recession shock shape

This shape is the worst. Credit is severely disrupted not once but perpetually, and there is very little new investment. This economy never recovers its prior output path, and the rate of growth also declines. The crisis leaves permanent structural damage to the economy's supply side.

These represent examples that start in the financial sector, disrupting credit flow and thus capital growth. Governments have policies to deal with these. This is what happened in 2008 and was clearly brought to life in the "Margin Call" example.

The Double Risk – What No One Could Predict

Now, however, we are at double risk of a financial system shock AND an epic freeze of the real economy – the households, firms and governments that deliver real physical goods and services. There is no existing playbook in any country for dealing with this double shock. Months of mandated social distancing raises the risk of both types of problems, which can feed off each other in potentially dangerous ways. A prolonged crisis would drive up real-economy bankruptcies of everyday people and firms, making it harder for financial systems to manage. A financial system crisis starves the real economy of credit which would cripple investment and ultimately growth. In this combined crisis, capital does not grow, pushing the economy toward a U shape, resulting in permanent damage.

Mitigating the Double Impact

A U or L shape recovery can be mitigated, reducing the intensity of the crisis through innovation. With labor being a major supply driver, a vaccine for COVID-19 can reduce the chance of a U or L shape by saving lives and ending the economic damage caused by social distancing. New governmental economic policies can also mitigate the risks. In the U.S., the \$2 trillion stimulus bill is an example. In the U.K., the government provided £129 billion of support to pay for staff in furlough as well as business stimulus loans and innovative ideas like Eat Out to Help Out, where the

government paid for part of citizens' meals Monday through Wednesday to boost the hardest hit parts of the economy. Never before has government had to help so many firms and households. Likewise, the financial system had to support real economy financial services companies to enable mortgage payment holidays and extensions on credit commitments, all of which come at a cost.

Overall, the economic goal is to keep the shock shape closer to V and further away from a U or L. Rapid medical and fiscal innovation are the best ways to save the most lives and avoid permanent economic damage.

The Impact on Organizations

The key to preventing poor performance in any organization is access to data sources that identify combinations of the drivers above (path of virus, government policy and consumer responses and patterns) to create economic scenarios. These scenarios can then be mapped to economic outcomes, helping the organization to reshape operations^{iv}. Everyone should be identifying sources of data upon which they can stress-test their operations so that financial stability is more likely or there is agility built into their financial modeling of the business.

Data Sources

General Population Data

Government-provided statistics will help organizations understand macro trends, which will vary by country, so when undertaking enterprise wide analysis, it is essential to take a country-by-country view, and possibly a regional view should the territory be significant in size, instead of a one-size-fits-all approach. Local changes will determine customer demand and ability to supply, so agility is necessary.

Transport data is a good source of mobility information and will help determine your organization's ability to get your workforce back to work should they be needed in a physical building. Digital methods will back up operating models where mobility is hampered or prevented. In this space, online collaboration will be key to success, and having customer channels fulfilled online will reduce

the need for a mobile workforce. A great example here is the supply of food. During the pandemic in the U.K, when consumers were unable to shop for groceries in stores, the only way was online. A grocer in the U.K. hired 10,000 delivery drivers in a week in order to meet demand. Initially, their data showed that they could adapt the business model to keep delivery employees moving with appropriate social distancing and sanitization routines, but the mobility data provided clearly showed that they had to adapt or close. They boosted capacity online through more IT capacity to handle traffic, they managed supply chains to ensure physical items could be sourced and stocked, and they redesigned their delivery processes so their delivery service not only met demand but became more efficient.

The use of headline data provided by governments and statistics companies to determine booking data for entertainment and hospitality businesses like restaurants, cinemas and hotels shows trends in demand and consumption. It is a good indicator of free cash within the economy and where the population has confidence and money to spend. This shows patterns of consumption and enables the market to feel more upbeat and return to higher levels of production, which requires cost and investment.

Internal Company Data

Ensuring your organization has a robust and real-time overview of its supply and service consumption ensures that you can match a "voice of the customer" – the demand – with the "voice of the business" – the supply. Monitoring these, to ensure they are in harmony, allows the company to plan for stable operations. Data and analytics should be your organization's key focus points in the post-pandemic world to make sure that trends are monitored and the agile business models you now create are carefully managed.

Market Intelligence Data

Having an external perspective on what the market is doing from an industry, technology and innovation point of view is fundamental in designing robust, scalable, agile business models. For 72 consecutive quarters, ISG has detailed the latest industry data and trends for financial analysts, enterprise buyers,

software and service providers, law firms, universities and the media. The [ISG Index™](#), which is recognized as the authoritative source for marketplace intelligence on the global technology and business services industry, has never seen a shift as significant as that caused by COVID-19. Our data shows that digital transformation is still likely to accelerate post-COVID despite a seismic market downturn. In order to take advantage of a recovery, organizations will have to re-think their entire delivery models, redesign processes and deploy new technologies, all at speed to capture customer demand or risk losing it forever.

It has taken a global pandemic to show the corporate world that those companies that went digital could survive, and those that had digital agility built in could continue to grow, despite significant challenges.

Data Use and Market Insights Inform Business Models

Digital Agility only comes through knowing what is going on in the market and your organization. The diagram below is ISG's digital agility map. It represents four stories which when joined together represent the totality of a successful organization.

Essentially the flow is left to right where market insights and customer patterns influence the business model and drive internal voice of the customer discussions. This starts the discussion around what products and services a company needs. Adding in the emerging technology enables the channels to market and the design of an internal operating model which is driven by IT. This is the central line. Business model, product aligned delivery and Operating model. These are further enhanced by technology partners who not only bring innovation (bottom up of the diagram) but help accelerate the delivery of product or service features. Top down, we need to know the customer input, the voice of the customer already mentioned, but also the real time state of the operations which is the voice of the business. When these join up it leads to transformation and change internally. These mean further agile changes to the operating model which is where the right to left story comes in. This is the internal operations becoming agile enough to continually adapt to the demand coming in from the left of the diagram. ISG has used this to help clients map out their needs.

Only once this is known internally, should organizations understand the market needs which then informs the decision of product or service. ISG has run quarterly index calls for 72 consecutive quarters informing the markets of economic situations and market trends. In the Q3 market update we provided an update to the Q2 predictions which proved correct. It was clear that COVID-19 continued to apply downward pressure on the IT industry as clients delayed projects and cut internal costs. The shift to virtual models is complete with organizations returning to larger campuses and seeking longer-term work-from-home options for a larger percentage of their workforce.

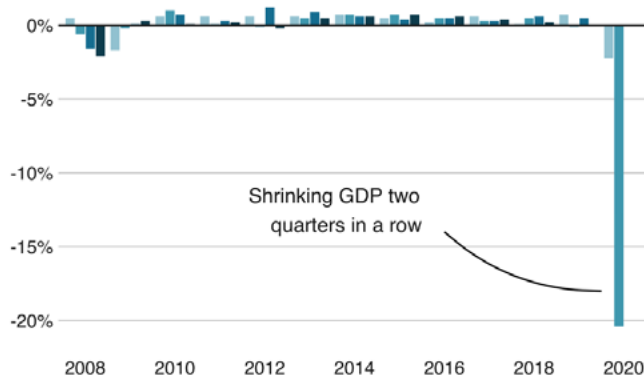
ISG expect these trends to continue as organizations invest in workplace collaboration models and to re-ignite their digital transformation programs. Compared to Q2, the overall industry is healthier. The recovery remains gradual, though, as clients put larger deals on hold or renegotiate existing contracts, and sales cycles remain prolonged. This is the kind of market insight that organizations need to look at as well as the wider macroeconomic predictions made by government and economists.

Economic Predictions

Economists all agreed that recession was inevitable, and indeed U.K. GDP fell by 2.2% in the first quarter of 2020 (January to March) as the economy began to feel the effects of lockdown.

UK officially in recession

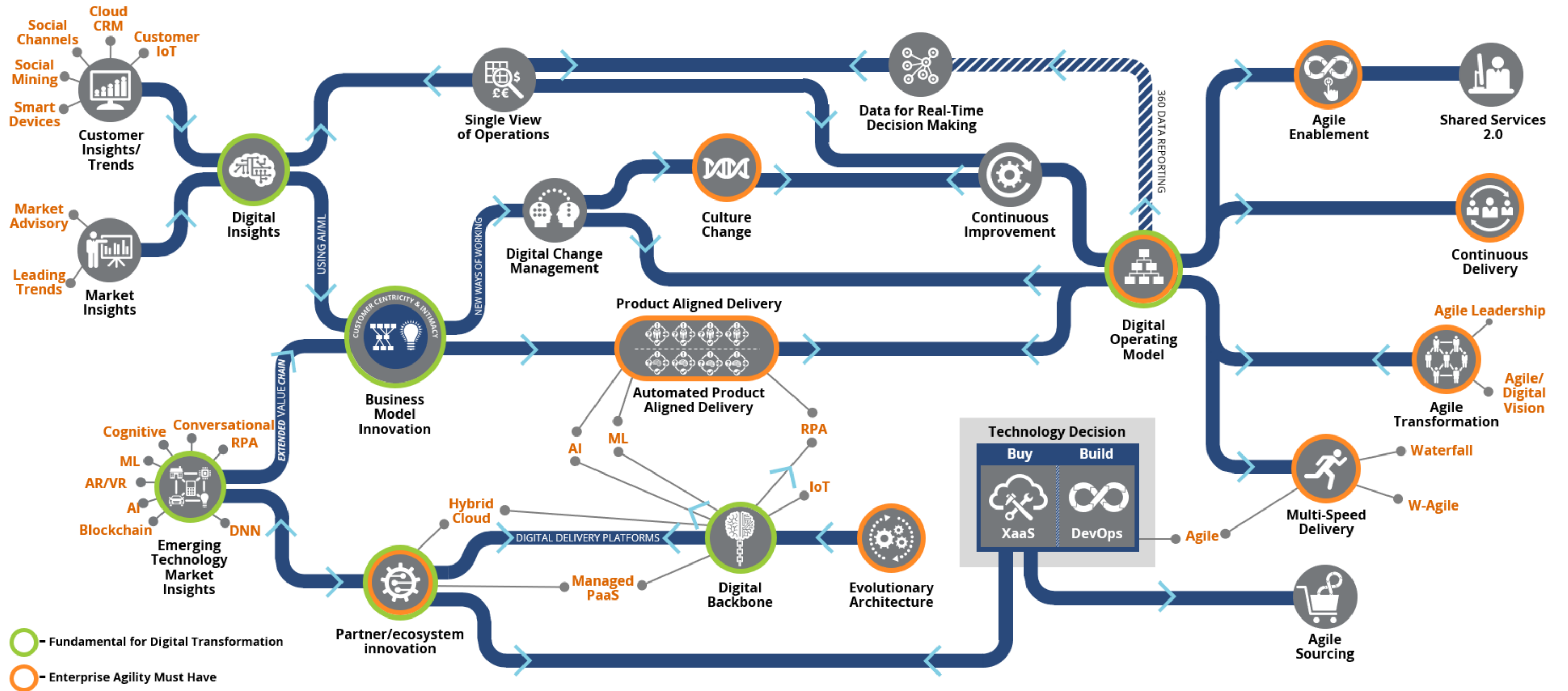
GDP, % change on previous quarter



Source: Office for National Statistics

BBC

Innovative business models require key connected components to be successful

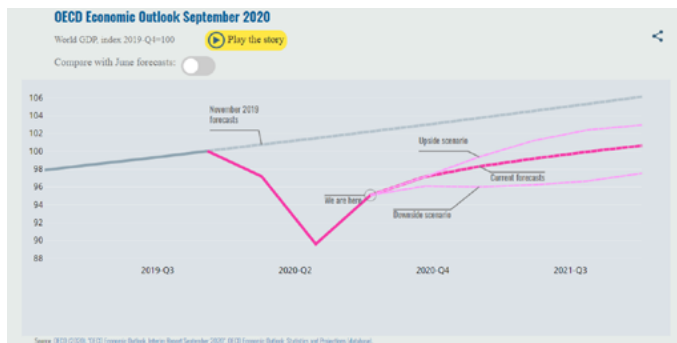


The International Monetary Fund (IMF) predicted huge falls in GDP for 2020 as a whole – an extraordinary fall of 8.0% for the U.S. and 10.2% for the U.K. It estimated the entire world economy would shrink by 4.9% this year, making it the worst recession since the 1930s' Great Depression^{vi}.

Economic Reality

The reality of what has happened globally appears to be a U shock curve, as can be seen in the diagram below. This is the data announced on September 16, 2020, by The Organization for Economic Co-Operation and Development (OECD)^{vii}. It clearly shows that a U-shaped shock curve appears to be the best economic outcome. However, the downside model, which is still more optimistic than the June OECD forecast, appears to head toward an L-shaped shock curve, which is the worst scenario.

Even with a U-shaped shock curve as now predicted, the gap between the pre-COVID-19 growth path and the new path equates to a shortfall of \$7 trillion – about \$900 (£690) for every man, woman and child on the planet – compared with the income the world economy would otherwise be generating. This is despite the OECD revising up its forecast for global growth this year by 1.5 percentage points, to -4.5%, and forecasting 5% growth next year. Chief economist Laurence Boone pointed out that this still would leave a lasting \$7 trillion shortfall in economic output, and the OECD predicted that the only major country to see positive economic growth this year will be China.



Source: <http://www.oecd.org/economic-outlook/>

Real GDP Growth

% year-on-year

Search in table

Country	2019	2020	2021
Argentina	-2.1	-11.2	9.2
Australia	1.8	-4.1	2.5
Brazil	1.1	-5.5	9.6
Canada	1.7	-6.8	4.0
China	6.1	1.8	8.0
France	1.5	-4.5	5.8
Germany	0.6	-4.4	4.4
India	4.2	-10.2	10.7
Indonesia	5.0	-3.3	5.3
Italy	0.3	-10.3	3.4
Japan	0.7	-5.8	1.5
Korea	2.0	-1.0	3.1
Mexico	-0.3	-10.5	3.0
Russia	1.4	-7.3	5.0
Saudi Arabia	0.4	4.8	9.2
South Africa	0.1	-11.5	1.4
Turkey	0.9	-2.9	3.9
United Kingdom	1.5	-10.1	7.8
United States	2.2	-3.8	4.8
World	2.6	-4.5	5.0
Euro area	1.3	-7.9	5.1
G20	2.9	-4.1	5.7

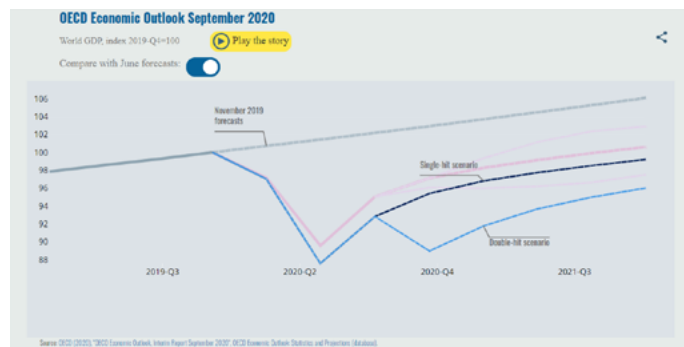
Forecasts are highlighted by the light grey background
 Source: OECD (2020), "OECD Economic Outlook, Interim Report September 2020", OECD Economic Outlook: Statistics and Projections (database). - Created with Datawrapper

Source: <http://www.oecd.org/economic-outlook/#gdp-projections>

How countries like the U.K. will return to growth and exit recession can only be modeled right now. Therefore, as we saw at the start of this chapter, planning and preparation are key. The main aspects will be to ensure that there is a free flow of finance and that the services and labor required to satisfy customer demand can work freely, so we need our employees to all work at home, right? But didn't we do that already?

THE MAD RUSH TO SUSTAIN DELIVERY

As part of the "90 Days" eBook Series that we are producing, ISG focused in Chapter 1 on the need for organizations to send nearly all employees home almost overnight to meet lockdown requirements, and on the security issues that created. In the mad rush to convert more than 90% of the workforce to remote



Source: <http://www.oecd.org/economic-outlook/>

workers, it is likely that employers made mistakes, managing to get employees working at home efficiently and quickly but forgetting to look at security. And this while they tried to continue delivering services or products through a business model that had never been so severely tested. As we discuss in Chapter 1, this may have caused major security issues to open up in the corporate estate. And many of these breaches will have already occurred and may not be known about for some time. However, let us assume for this chapter that our advice has been followed and that, through reading the chapter, a comprehensive security audit of the extended workplace has been undertaken.

We Sent Everyone Home, Now What?

Now that everyone has been sent home and is working on collaboration tools such as Office 365, Microsoft Teams and Zoom, what are the immediate needs that organizations should be focusing on to bring back to life revenue streams that were damaged in the pandemic? As firms edge back toward some form of normality, a number of things need to have occurred in order to rapidly return to growth or deal with the financial and organizational issues raised. For almost 25%^{viii} of U.K. organizations, this means that they had to temporarily close or pause trading. A quarter of those have since ceased trading.

Keep the Business Afloat – Become Fighting Fit Financially

To survive, organizations need rapid cost optimization as well as a thorough understanding of how their business model makes the organization money. This will surprise many to read, and they are probably thinking, “How can I not know what makes me money?” The answer is fantastically simple. While the organization may have revenue streams that have survived the pandemic, the cost of delivery may well have increased – exponentially, in some cases. Almost 25%^x of organizations in the U.K. had to adapt supply chains or change suppliers, with 21%^x of all organizations having to pay more for the same service.

This means that while revenue was coming in the door, the overall profitability of the organization was being hit, and this leads to the need for cost reduction, usually in the form of furlough or redundancy. The problem here is that this is a potentially rapid cycle of decline if not addressed: As we know already, without labor to deliver supply, we choke the supply and cause further decline. Therefore, the only way to solve the problem is to understand how we make money and through what channels. We do more of those things that bring us profit and fundamentally pivot away from those that don't. This is the core concept of being an agile organization, and COVID-19 has made this crystal clear for many organizations.

Ensure You Undertake an Operational Impact Assessment

The flow chart is just a start in what should already have happened within your organization. If not, then a full, end-to-end operational impact assessment of business operations needs to happen to identify areas of weakness in the business or operating model. Typically, this should cover eight key areas and be undertaken across each department within each country of operation – remember, the pandemic has hit each country unequally, and therefore there will be local variations and special considerations. The assessment that ISG recommends should cover at least nine core areas. These are detailed below:

1. Revenue Impact

Urgently undertake a cost optimization review to identify any decline in sales or revenue. This will be important to manage cash flow and prevent possible liquidity bottlenecks. By looking at the income you generate, your organization can make rapid decisions on what areas of the business should be switched off temporarily for lack of current demand or require urgent review and adaptation to new conditions. Also, consideration of current government aid or financing and loan positions will determine overall income health.

2. Operations

Through a thorough review of your organization's operations (how you do what you do), it is possible to determine whether the operation can survive

or be adapted. Changes may be needed if there is a reduced capacity for service or a resource constraint in core areas of your value chain or delivery model. Infrastructure and services also need to be looked at, for possible production or service delivery issues. There may also be entire location breakdown as was seen during both early and reimposed local lockdowns. This is where a city or facility is completely prevented from operating. Operational capacity and capability are key to survival once financial health has been secured, the mantra being to make sure you can pay to keep operations going, then secure the most efficient way of operating.

3. **Mobility**

Once the operation has been secured, mobility of the workforce needs to be considered. Travel and mobility restrictions enforced by government and local laws can have an impact on organizational efforts to adapt. The worst of these are travel bans or local quarantines. Ensuring that you provide a safe and secure environment to deliver service from will negate the issues and effects of mobility. This is where digital comes in. If organizations can assume that the workplace of the future needs to rely on physical location as little as possible, then the organization by default becomes future-proofed and operations can be delivered more cost-effectively and seamlessly to the customer. One point to consider here is the effects on recreational activities or social interactions of your employees, and the impact on collaboration and the employee experience. How will you maintain the mental health, enjoyment and collaboration of your employees?

4. **Supply Chain**

Keeping a watchful eye on your end-to-end supply chain is not only key to successful delivery of a product or service but fundamental to fulfilling customer need. Changes to demand and customer expectations can drive new behaviors that result in loss of revenue and likely market share in the new future. Consideration of what would happen to a stalled value chain needs careful consideration. It is also necessary to consider exploring alternative delivery routes to market, including pivoting your services or products away from physical to virtual. This may result in sourcing delays for materials

and services, which in turn will result in likely contract disputes. ISG discussed this at the end of Chapter 1 in this series and suggested this be embedded in your thinking. Customers do not really care about your internal issues to obtain what they need – whatever that says about society today – but you need to care about what they care about!

5. **Employees**

As with any major change, employees will undoubtedly be nervous and even wary about “what this means for me.” Organizations need to establish a baseline quickly to determine the need for the workforce in a new operating model. This could be taking advantage of government furlough or job retention schemes to retain talent for when the economy picks up but will lead to fears and insecurities within the workforce. This cannot translate into how the workforce engages the customer, or top-line revenue will suffer. Organizations also need to bear in mind that they have an obligation to health (physical and mental) during this time. Also, they need to manage the workforce in a “people-led,” win-win model to differentiate themselves.

6. **Regulations / Regulatory**

If operating in a regulated environment, your organization needs to ensure that regulatory and compliance challenges are met and overcome in order to be able to continue to operate. This means that close contact with governments and regulators needs to be maintained so that any new ways of working are quickly certified and operations can continue. This will ensure that financial stability can be maintained and the first steps towards growth can be achieved. Human resources departments will also need to ensure that all employee rights and entitlements are met, which can be financial as well as process-driven.

7. **Property / Physical Assets**

ISG has raised this issue on a number of occasions during its global summits. Analysis shows that there will be a decline in property usage resulting in unserviceable / un-usable assets that still need to be paid for. Regardless of some governments forcing employees back to work, the trend shows that over 75% of workers will not go back to working in the office in the way they did before



for the foreseeable future. This means that the need for space will decline and space will need to be repurposed, sold or re-let. Only through a thorough operational impact analysis, which looks at all the levers being mentioned here, can the decision be made. One factor will impact the others, so all need to be included as a holistic overview before decision is made.

8. Digital Integration

Now we get into the crux of a new business or operating model: how well digital has been integrated into the operation and what needs to be designed in to meet new demand and channel alignment. This will internally include the ability for employees to collaborate and produce end-user output. It will need to be done physically and virtually, requiring access to systems through new access methods. The ability to serve the customer – or even for the customer to now serve themselves – also requires integration of digital capabilities. This can cover all aspects of interaction, including customer portals, contact centers for issue and complaint resolution and management of internal system performance on a now widely distributed network. ISG has created the Future of Work mosaic, which shows all the key elements discussed here and how digital integration is required for success.

9. 3rd Party Risk Management

This is the last, but not the least important, aspect of the operational impact assessment that ISG undertakes. As we have already highlighted, your organization needs to look at the end-to-end value chain and the suppliers within it. A robust assessment of all operations within a supplier's organization can determine the appetite for risk. From there, it is possible to map out supply chain risk, which then needs to have carefully planned mitigations mapped out. Regular contract/supplier risk management reviews are necessary to maintain the service being provided. As we saw in Chapter 1 of this series, almost 25% of organizations suffered third-party or supply chain issues that ended up in them having to switch suppliers. That cost them more and impacted the financial health of the organization – part one of ISG's operational impact assessment. As hopefully you will see now, this is a cycle and interdependent, so a holistic approach is needed.

UNDERSTAND THE FUNDAMENTAL GLOBAL CHANGE

Now that an organization-wide Operational Impact Assessment has taken place, which will provide an “outside-in” view of your organization, an inside-out view is needed for the macro view in terms of fundamental changes in industry and organizational health. Organizations first must understand what has changed, so that the customer behaviors now being exhibited are built into new products and offers. This will ensure that there is a greater chance of adoption of the service/product, resulting in growth. This will help to inform an adaptation of the business model.

The coronavirus has fundamentally changed the way the world works in so many ways that governments, organizations and citizens will forever feel the impact. In many ways, the disaster that has befallen the global economies of the world through paying them to stay home and either not work or undertake remote work – led to governments supporting citizens and business in ways that Lenin would have approved of, effectively leveling the capitalist playing field – has also had positive benefits for areas such as climate change, communication and the human spirit. This has provided the world an opportunity to rethink how globalization has affected the planet.

The Winners and Losers in the New World^{xi}

The outlook for different industries and companies is constantly changing due to uncertainty caused by the pandemic. Even firms operating in the same sector face differing prospects, which is largely dependent on their customer base and business models.

Examples of Organization Winners and Losers^{xii}

As already mentioned, the key winners in the pandemic were those that had a highly digital operating model, regardless of the industry they served. But the majority were in the bioscience, online retail or digital provider markets.

Organization Winners

Many companies, particularly those involved in videoconferencing and cloud computing, performed well above expectations against normal times. Some highlights are shown below.

ZOOM

Zoom saw the number of online meetings go from 20 million per day to 200 million per day.

AMAZON

Amazon reported an earnings rise of 40% during the last quarter, equivalent to \$88.9 billion or revenue. This included 29% growth in Amazon Web Services.

AMD

With the demand for mobile computing technology driven by the need for laptops to work at home, AMD saw a 26% rise in revenue against the same period last year, based on record notebook and server revenue.

PAYPAL HOLDINGS

With almost half the population locked down for several months and the need to continue online shopping not diminishing, PayPal recorded its strongest quarter on record, with a 25% increase in revenue against the second quarter of 2019, reaching \$5.26 billion, which reflected a major shift in the financial services industry around online and mobile payments.

Organization Losers

INTEL CORPORATION

Intel has suffered supply chain and production issues in its new 7nm CPU chipset series during the pandemic, which, when combined with a significant change of leadership and strategic direction, has meant the company has lost its place as most valuable U.S. chipmaker to industry rival Nvidia.

LG ELECTRONICS

A great example of how supply chain can be hit during the pandemic is LG Electronics, which saw its profits reduced by almost 25%. As much of LG's business relies on shipments of electronic hardware, such

as home appliances and TVs, which were severely hit during the pandemic, it also saw a reduction in disposable spending, which resulted in less revenue being recorded.

XEROX

Xerox has suffered significantly lower revenue this year due to the pandemic and some other factors. A 35.3% year-on-year decline was recorded, which shows that the business model for standalone print devices has changed thanks to the fundamental changes created by the pandemic.

Key Industry Trends^{xiii}

Technology

Certain sectors are better placed to emerge stronger from the crisis, and one of these is technology. Driven by the need to work at home, technology providers have largely migrated their way to the top of the earnings league through the provision of online capabilities such as cloud, platform consumption and data analysis capabilities. But their cost of provision has been significant. Amazon is spending \$4 billion on coronavirus costs. Organizations that have been able to migrate to SaaS models have made their products more of a must-have, which has driven market share. When combined with the platforms' capabilities to segment and analyze data, it enables organizations to analyze and adapt their digital operating model to address real-time consumption.

Supermarkets

Online retail for supermarkets has changed the operating models of many grocers. Tesco in the U.K. had to recruit 10,000 new delivery drivers in a week in order to keep up with demand. Year-on-year figures show that there has been impressive growth in the online sales channels, fueled by the initial stockpiling and panic buying, but this has continued online. Grocers have favored this approach, as the costs needed to make stores COVID-safe are significant. There has also been a limit on numbers of in-store shoppers, which has throttled the in-store revenue, pushing the digital channels even higher. This trend is expected to continue for a significant period of time.

Healthcare

Perhaps expectedly, demand is on the rise for healthcare products and services, with global spending projected to reach \$8.7 trillion in 2020. The drive for personal sanitization products and anti-bacterial products saw astronomical growth. But the cost base has stayed the same, so innovation in the future will play a big part in ensuring better provision at lower costs. An example here is Mosi-guard, which saw its site crash and stock sell out within less than an hour when the scientists at the Defence Science and Technology Laboratory (DSTL) for the Ministry of Defence in the U.K. announced that Citridiol, found in Mosi-guard products, could protect against COVID-19.

Airlines

The travel industry is in turmoil, as the service offered requires physical use. Thousands of planes were grounded for months – and there is still a question mark hanging over the viability of international travel amid fears of further outbreaks of coronavirus. Globally, as of September 28, 2020, there was a 50% reduction in operated flights, with China the only country showing growth. Every other country showed at least a 33% reduction^{xiv}. British Airways has had to put over 10,000 employees at notice of redundancy, and Virgin has done the same, but with smaller numbers. EasyJet and Ryanair, the main low-cost carriers, had initially been buoyant restarting services but have now also re-cut services, showing that those that had expected to benefit from a growth in international travel now see that the longer term is under threat.

Retail

A major downside of the pandemic has been the effect on brick-and-mortar retailers – at a time when the sector was already struggling. The coronavirus provided an economic shock from which many familiar names will not emerge unscathed. Those that have had successful cost structures and online presence have weathered the storm better than those that have not, some of which have closed permanently.

Hospitality

Initially, with the closure of all business during the pandemic, there was a significant decline. The injection of government-backed incentives to get people back

to restaurants and establishments had a positive effect. Vendors had to furlough most of the workforce until then and re-baseline costs. Pub groups have been hard hit, with revenues having fallen to zero for three months, with higher operational costs. This has been mainly due to more people working from home rather than going into the office. One area of innovation has been the use of digital technology to streamline the ordering process to maintain COVID-19 compliance. Online ordering applications allow for a cashless, touchless process. This is a great example of how traditional business can understand customer needs and adapt.

Sports betting

Not a typical area to focus on, but one to highlight in terms of its move to digital by understanding the overwhelming customer demand. Initially, with the lack of access to physical shops, the lockdown was bad news for bookmakers, with sport also having effectively ground to a halt for months. With all betting firms fighting for a slice of a high-value industry, William Hill returned 187% growth through changes in online offers and new betting streams.

Other Key Trends

The Future of Work

The world was changing fast before COVID-19, but the pandemic has accelerated some trends, according to Tom Stevenson, investment director for personal investing at Fidelity International.

With the pandemic forcing a fundamental rethink in how business is delivered, it is fair to say that for most the nine-to-five commute is dead. As we explored in Chapter 1 of this series, the ease with which work was transferred from office to home surprised many: It just had to be done, so it was. As we explored before, the office won't be killed off, and many will still need a space to return to or collaborate from, but almost all industry experts are predicting that the new approach to working will be more flexible and varied with the rapid adoption of a range of new digital tools.

Person-to-Person Communication

Millions of people – and their employers – discovered that perceived obstacles to working from home, such as loss of control or lack of personal interaction,

weren't really a problem at all. The rise in the use of video-capable devices being used to communicate has been exponential. This has even driven changes in design of brand-new technology, including Apple's new products launched on September 15, 2020, in which mobile video technology was a key usability and selling feature of all the devices. Whether for work or personal use, the need for video calls to your colleagues, customers and family is here to stay.

that organizations need to embed into their delivery models.

Personal

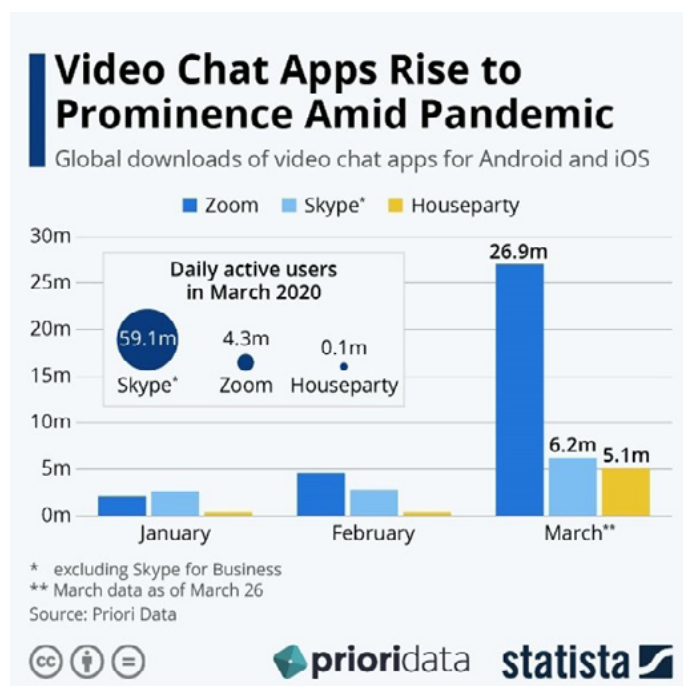
The use of video calls rather than phone calls grew significantly over the lockdown period. Indeed, Ofcom's study^{xvii} shows that, before the pandemic, many people were moving away from more established forms of communication – particularly landline calls and SMS text messages – and adopting newer methods. The pandemic has accelerated the adoption of online services to keep in touch with friends and family. More than 70% of online adults in the U.K. are now making video calls at least weekly, up from 35% pre-lockdown – a 100% increase in 3 months.

This trend is particularly noticeable among older internet users; the proportion of online adults aged 65+ who make a least one video call each week increased from 22% in February 2020 to 61% in May 2020, a near 300% increase.

As older adults residing in nursing homes have an increased risk of COVID-19 infection^{xviii}, morbidity and mortality, stricter guidelines have been enacted for such high-risk populations. With governments enforcing social distancing and limiting visitors to nursing homes, technology has come to the rescue and has had positive secondary effects. For example, Apple FaceTime has been used and shown to reduce behavioral problems in nursing home residents with Alzheimer's dementia during COVID-19.

Online Shopping and Behavior

With physical avenues for the purchase of goods and services closed during the lockdown, customers turned to online channels to source goods and services. As we have seen, almost one-quarter of U.K. organizations were unable to meet this demand and had to stop or pause trading. Not every business has suffered during the pandemic. As discussed earlier, Amazon was a clear winner. Its sales hit \$75 billion (£60 billion)^{xix} during the first quarter of the year (more than \$10,000 a second), some 26% up on 2019. Ocado, also highlighted earlier, was a clear winner, benefiting from its strong position in online groceries and as an online shopping technology provider with a clear user interface and simple experience. The pandemic has also had an impact on online behaviors, which has varied by generation.



Source: <https://www.statista.com/chart/21268/global-downloads-of-video-chat-apps-amid-covid-19-pandemic/>

Corporate

The rise in remote work saw demand for video-capable conferencing and applications soar. In March, videoconferencing apps saw a record 62 million downloads^{xv} of the various platforms, such as Google Hangouts, Google Meet, Microsoft Teams and Zoom, as businesses switched to remote working to limit the spread of the virus. Zoom was the most downloaded videoconferencing app globally in February and March, and it continues to see a high number of downloads across the U.S., EU and U.K. Zoom's daily users ballooned to more than 200 million in March from a previous maximum total of 10 million^{xvi}. When combined with employees wishes to remain at home, at least for part of the week, this means that video-capable delivery of service will be a key function

Gen Z and Millennials^{xx}

While people in general are concerned about the growing pandemic, the youngest generations are particularly altering their purchasing behaviors.

One survey of U.S. and U.K. consumers found that 96% of Millennials and Gen Zs are concerned about the pandemic and its effects on the economy. This concern is leading them to change their behavior more dramatically than other generations, which includes cutting back on spending, stocking up on items, and spending less on experiences.

Gen X and Boomers^{xxi}

Although still concerned about coronavirus and its effects on the economy, older generations are slightly less concerned than younger generations and letting it impact their shopping habits less. For example, 24% of Boomers and 34% of Gen X said they were letting current events impact what items they purchase, compared to nearly half of Millennials.

Environmental Change

As COVID-19 spread, data shows that there has been a significant drop in global CO₂ and NO₂ emissions. Over Italy and China, almost all NO₂ emissions disappeared during much of the outbreak, showing the environmental impact that business has been having, whether through production or employee mobility. Now that China has released its lockdown of Wuhan, data shows that the previous significant decline of nitrogen dioxide emissions in China has reversed^{xxii}.

Most cases of COVID-19 so far have been in the Northern Hemisphere. Globally, governments have implemented restrictions to limit the spread of the virus with measures that have escalated to quarantine, self-isolation and/or a complete country lockdown. These had an impact on industry and transport, which are two major sources of CO₂ and caused a 50% decline^{xxiii} since the restrictions came in. It even looks almost like the global CO₂ levels stopped increasing during the pandemic^{xxiv}. Now that these restrictions are being lifted, these greenhouse gases are increasing again. Organizations need to be aware of this, because the pandemic has shone a spotlight on the environment, making many consumers more environmentally aware and ready to move to greener and, in many cases, more digital-delivery-focused

companies. This is partly why we discussed earlier that Tesla and Amazon have skyrocketed among leading companies. Between their green cars and provision of hyperscaled cloud services (and online shopping reducing trips to the city), which reduces energy consumption, this will continue to be front of mind for the savvy consumer.

Property Use

The medium-to-long-term prospects for the property sector are looking pretty bleak^{xxv}, due to changes in the way we have started to communicate, entertain ourselves, purchase goods and services, manage our health and even educate ourselves. All of these have become digital and no longer undertaken in physical spaces. Digital is no longer supplemental – it is primary^{xxvi}.

Commercial

One consequence of having all employees work at home is that workers need less office space. Indeed, corporate facilities management firms estimate a 40% reduction in physical use. This is bad news for both large office landlords and flexible workspace providers, while new office development will be curtailed or need to be adapted. One positive is that these spaces can be repurposed to become adaptable collaboration spaces which enhance the customer experience, but this needs to be planned into future business and operating models.

Retail

With the accelerated shift to online shopping and a reduced footfall on the high street, retailers are having to rethink their cost base and have begun closing brick-and-mortar shops. Even with the U.K. Chancellor's schemes to encourage the hospitality sector, it will take years for businesses such as pubs and restaurants to recover from the crisis.

Key Learnings

The main thing here to take away from the industry and organizations listed above is that those that designed a multichannel and digital-first business model have survived or weathered the storm with much less damage than those that haven't. Even among those that initially struggled, those that have been savvy enough and had the foresight to embed agility into their thinking, have designed "more digital" ways of working and channels to market. This is the first step in the move to digital. So, what are the steps?

PLAN AND PREPARE FOR CHANGE

As can be seen with our discussion in global, market and industry trends, organizations need to fully understand what they sell, how they sell it and to whom they sell it, in order to redesign business and operating models so that demand is created and supply can begin. While this includes a thorough

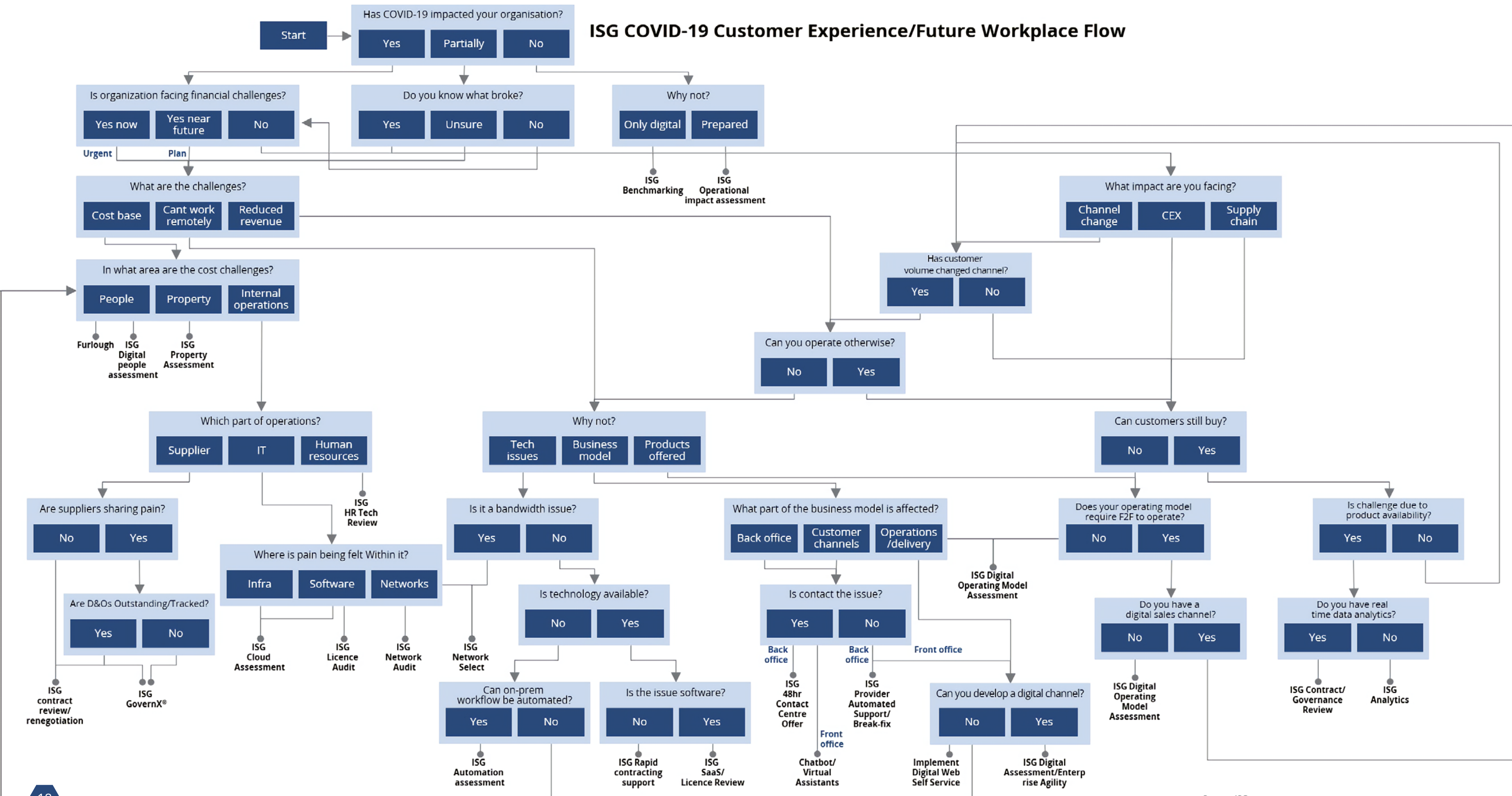
understanding of customers, employees and supply chains, it also requires a thorough rethink of what needs to change in the future in order to shock-proof the business.

Understanding How to Fix What Broke

Once the business has become fighting fit financially, to be able to fight back in the new normal, a thorough analysis of how the business model and its operation performed must be undertaken. Where to begin can be a complex question, and the process must be swift and precise so as not to waste time or budget that has just been freed up in the cost optimization phase. ISG has created a rapid assessment flow chart, which shows a simple flow across typical delivery challenges that our clients have faced. Through each pathway, there are a number of activities that can be undertaken to further improve the business performance and operations.



ISG COVID-19 Customer Experience/Future Workplace Flow



Source: ISG

ISG Identifies the Possible Solutions

As part of its Future of Work market research, ISG created the above flow chart, which shows how we can clearly help you along each stage of the journey back to the top. Being able to clearly identify solutions at all parts of the journey back to growth is part of what ISG does and ensures that clients have clarity on everything needed to succeed, including strategy, operating model, transition and transformation support and expert advisors. The flow chart above shows clearly what those are.

Finding the “Unique” During a Mass Reinvention of the Future of Work

While ISG helps clients along their future workplace journey to stabilize and improve bottom-line performance, as independent advisors, we continually scan the market for capabilities and providers who offer something unique – and optimization of organization and workforce transformation was one of the key elements of ISG’s analysis. ISG found a number of solutions to the same problem when speaking with providers, some of which had better features or future-proofing than others.

For example, most providers realize that given the challenges that the global pandemic has created and the need for workers to get business delivered quickly, they were able to offer some form of high-level assessment in order to keep the lights on. Typically, this involved working with their clients to understand what had failed and working together to adapt it to a new way of working. In one case, this was simply sending employees home with remote working technology so that they could deliver services from their homes. However, in the rapid deployment, access to systems and internal processes had been overlooked. As an example, only a select few could access certain applications in the customer services suite. This meant that customers were told they might have to wait up to 28 days for a response to a complaint, and this was because the internal systems and operations were not sufficient. The rapid transformation to keep the lights on may have been

swift, but it did not provide what the employees – or, indeed, the customers – wanted or needed.

Other provider organizations deployed staff to help their clients walk through processes and deployed technology which fixed the immediate need so that operations could continue. Another offered a solution in a box, where the entire delivery of service was moved to a bunkered solution that the provider ran, to ensure that staff could continue to work. The majority of these solutions, however, overlooked what the employee and the customer needed. They were also a reactive offer to keep business running. In the area of organizational and workforce transformation, one offering stood out above the rest.

Fujitsu had identified a method of delivering clear and visual analysis of the operation and workforce in such a way that it became clear what the short, medium and longer term actions were to transform the workplace. To be clear, this was not a simple assessment, rather a reinvention of how business needed to be delivered, and was structured in a hierarchy, capturing how teams could deliver new ways of serving their customers to meet the needs of the business and customer. The Hierarchy of Needs is part of the “Fujitsu Work Life Shift” suite of solutions, delivering a transformative experience that reimagines working styles for the New Normal era. It is supported by a route map showing the technology required to deliver that need and resulted in a clear understanding of how the new normal would be delivered for that client. In a world where speed and agility are needed for some businesses just to survive, there now exists a multitude of ways to for organizations to assess and deliver a new workplace and mode of operations to serve the customer needs. With the economic outlook being predicted to be worse than expected and a fundamental change in customer behavior, there needs to be a rethink in how organizations deliver services.

Therefore, after undertaking a robust operational impact analysis, solutions like the one Fujitsu is offering provide a clear competitive advantage in a now more competitive market, so organizations should do their research before adapting to new processes, products or solutions.

THE CHANGES NEEDED TO BUSINESS MODELS

Already discussed in this chapter is the need for organizations to address their business and operating models to stay competitive. But how does one do that, given that industry and market needs vary, as does customer demand? Effectively, there are some fundamentals that ISG suggests are undertaken by all organizations regardless of which market you operate in.

Assessing Change to the Business Model

The business model needs to maximize revenue and minimize cost in an environment where the markets and availability of money are being impacted. Driving up revenue through a highly customer-focused delivery model, which enables customers to purchase services more easily, will always win out. To do that when assessing the new model, as we have already said, look internally at what broke. The post-COVID-19 workplace is not just about technology. A detailed understanding of what work needs done to serve the future customer, and how you need to deliver it, is crucial. So ask employees how they need to work in the future.

The second thing is to have people who know how to adapt the customer experience and inject collaboration – an important asset for digital agility. This means that remote collaborative employees are more likely to meet future customer demand, and as such need to be designed into the go-to-market channels.

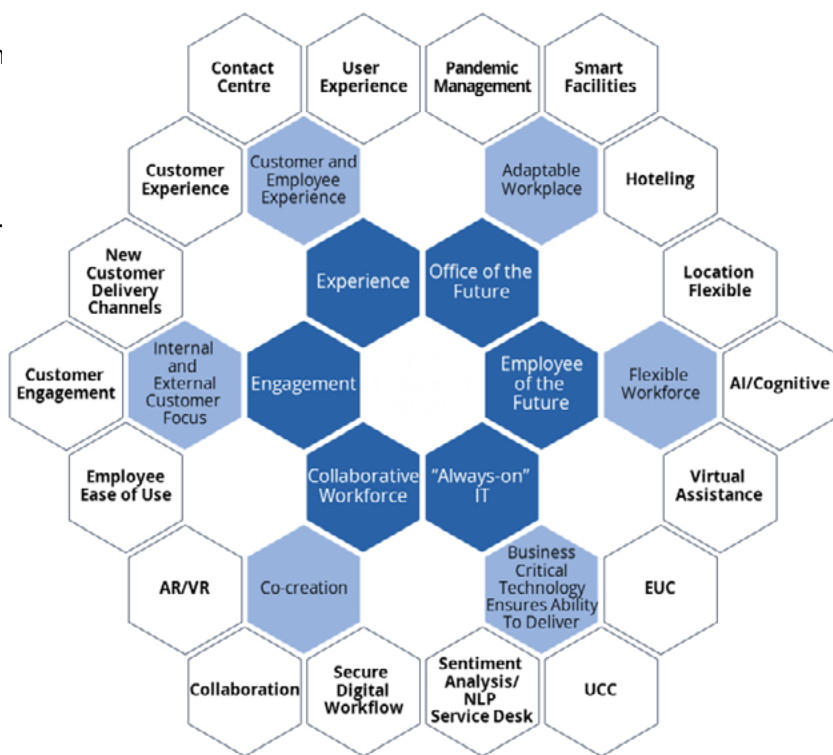
Design in Customer Needs

The key here is to put data at the heart of design. Use existing data to determine what levers to pull in order to be successful. This could be in finance, technology or sourcing to secure better terms. This will mitigate the risk of future change and possible failure. By determining future needs, you can adapt to exactly what the customer wants and continue to do so in an iterative fashion. But to do that, you need to know what your hierarchy of needs is.

From a customer perspective, this means designing outside-in, or knowing your customer. There is very little point in designing a digital operating model if you do not know who your customers are or what they now want. From that information (data driven), decide what aspects of your business model need to stop and what needs to be redesigned. This is when you adapt the model.

Adapt the Operating Model

It is essential to make wholesale changes to enable future ways for customers to consume your service and for you to provide it. A future business model needs to be sufficiently shock-proof that any issue can be addressed with minimal intervention. ISG sees that there are six key areas that need to be designed in, which are shown in the adapted mosaic below. Fujitsu, in its Hierarchy of Needs capability and in other pre-pandemic publications, agrees^{xxvii}. The new model needs to include new, thought-through physical space and ways of working for the employee. It needs to include collaboration and always-on technologies all linked to customers who want to consume the service when and how they want.



Deploy

When deploying the new business and operating model, make sure that you iterate and innovate on a regular basis by cycling around the digital agility tube map above. Technological change will consistently influence the customer experience, so make it as seamless and “sticky” as possible. New disruptive players continue to enter the market, as will market or global changes, so you have to be prepared at all times.

Plan for Growth

The obvious part here is to be successful! And that requires a plan for growth. The unique thing that Fujitsu offers is a clear route map to be able to do that through mapping out how the business wants and needs to change to meet the discussion above. This will drive how IT can be developed to further meet the needs of the business to meet the needs of the customer. Why does the last sentence contain so many references to “needs”? Well, because they call it their Hierarchy of Needs, and it clearly maps out a route map of how those needs need to be met in a logical and guided fashion so that there is the largest bang for corporate buck.

IN THE FUTURE, YOU NEED TO UNDERSTAND YOUR HIERARCHY OF NEEDS

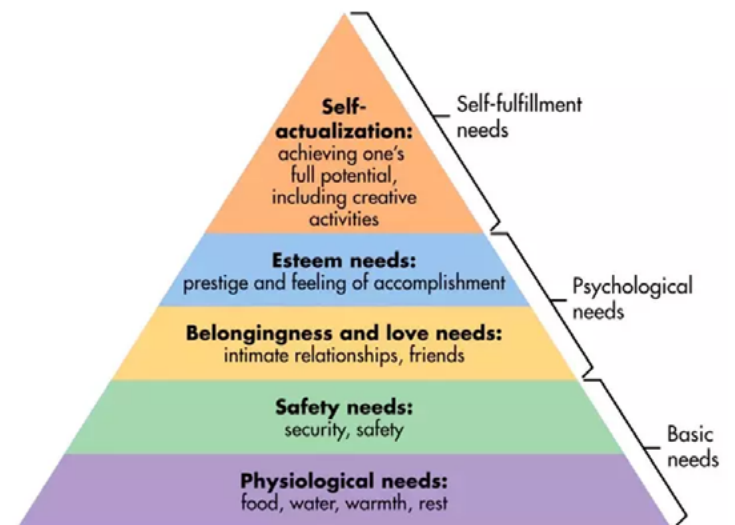
The reason for starting this chapter with an overview of the global impact from a financial perspective is that globally, corporate budgets are being severely tightened, if not slashed altogether. Secondly, with customers still needing access to services and products, companies need to adapt their operations, which requires a fundamental understanding of what the needs of their customer are. And thirdly, to be able to service that need, the organization needs to understand the internal needs in order to be able to deliver that. This is the Hierarchy of Needs!

Your What?

This section title is probably exactly what you are saying in your head right now. Firstly, what is a hierarchy of needs, and how does it apply to me and my customer? Well, Fujitsu has taken some well-known theories and adapted them to offer something unique in the post-COVID-19 environment, where they can now map out a route through the organizational hierarchy of needs required to serve the internal and external customer. This incorporates Maslow’s Hierarchy of Needs, which covers human needs, but also overlays Simon Wardley’s Value Chain Mapping. Before we get to the detail, a little background.

Maslow^{xxviii}

In 1943, the U.S. psychologist Abraham Maslow published a paper called A Theory of Human Motivation, in which he said that people had five sets of needs, which come in a particular order. Maslow’s hierarchy of needs is a motivational theory in psychology based on a five-tier model of needs, often depicted as hierarchical levels within a pyramid. Needs lower down in the hierarchy must be satisfied before individuals can attend to the needs higher up. From the bottom of the hierarchy upward, the needs are: physiological, safety, love and belonging, esteem and self-actualization.



Maslow has had a profound influence on management education and practice over the years. Using Maslow’s theory, managers can shape the conditions that create people’s aspirations^{xxix}.

Pre-COVID-19, managers that had gone through business school used Maslow's hierarchy to identify the needs of their staff and help them feel fulfilled, whether by giving them a pet project or flexible working arrangements so they could pursue their interests outside the workplace. In the second half of the 20th century, employers began to realize that employees' hopes, feelings and needs had an impact on performance in the workplace. In 1960, Douglas McGregor published "The Human Side of Enterprise," which contrasted traditional managerial styles with a people-centered approach inspired by Maslow. It became a bestseller. Fujitsu has taken this approach and build upon it to create its organizational Hierarchy of Needs.

Simon Wardley Value Chain Mapping^{xxx}

A Wardley map is a map of the structure of a business or service, mapping the components needed to serve the customer or user. Wardley maps are named after Simon Wardley, who created the technique in 2005 having created the evolutionary framing the previous year. Mapping the value chain on the Y axis against the evolution on the X axis, Wardley's method provides the ability to group activities into a strategic map. The process of creation typically covers eight steps focused on creating a strategic document that visually shows how management can evolve solutions over time. Typically, the eight steps are:

1. Focus on user needs
2. Create the value chain
3. Create the mapping
4. Challenge
5. Adjust
6. Think
7. Methods
8. Organize

FUJITSU'S HIERARCHY OF NEEDS

The hierarchy of needs that Fujitsu creates is a visual strategy. Typically, strategy maps map out operational and tactical details in such a way that areas of need are joined together. This mapping then helps you visualize "the How, What and When" to make a choice as to what is needed when and how but typically leaves out the why! Maps are also useful for scenario planning to understand the links and commonalities in each scenario. This provides a clear map of value and route to success.

Fujitsu's Hierarchy of Needs is a strategy map that links the operational needs and the What together, to enable the translation of How, When, and most importantly, Why. It clearly shows the value chain against time and evolution, and through its creation covers the other points that Wardley suggests.

Through the creation of a Wardley Value Chain of needs, using Maslow's hierarchy in an organizational sense, Fujitsu can map the needs of any system within an organization (internal or external) to create a visual map of your needs. And in business, maps are very useful in management to drive operations.

Mapping Your Needs

Fujitsu's approach is led not by technology, but rather by business focus, which means it goes where it needs to go. Using the Maslow principle, the organic process that is followed truly seeks to determine the true hierarchy of needs across a number of dimensions. The needs of the customer or organization are mapped from basic to complex on the Y axis and over a time-based evolution on the X Axis - as per Wardley. The diagram below shows an example of this.

The multiple internal needs of the customer and the business can be mapped over what exists now and needs to change in order to answer the customer dimension of what they need from your organization. This means that, from the top down on Maslow's Hierarchy of Needs, the headline issues can be mapped down to the detail to build a cross-functional solution.

Understanding How People Want to Work

As an example, let's look at the workplace of the future. The office of the future is not where you went in February 2020: It is now likely to be your home. While most organizations responded quickly to initial lockdown, working from home has often been seen as an optional part of any workplace strategy. As a result, an office-centered approach has always been the starting point of any transformation. Historically, this led to most thought being applied to office workplaces and solutions based around that concept. Many needs taken for granted in an office-centered approach still exist, but they can easily be overlooked when converting so many employees to a remote working scenario.



Source: Shutterstock

In this example, we look at the needs of the employee in working at home. This will require technology to allow them to continue working. That work needs to be mapped out to understand what they actually need to do, and the work is driven by the customer demand. Starting at the easiest option, the equivalent of going to an office is sitting at an office desk in the home. This could be a kitchen table, a room or a home office. These all have different needs but typically have the basics of kit, connection and collaborative tooling. Further needs to meet demand area are also mapped.

The way we need to collaborate is changing, and workers increasingly feel empowered to work beyond the constraints of their traditional roles. Workers initially found ad hoc ways to do this, but now Fujitsu maps out different technology approaches to achieve this.

Post-COVID-19 Workplace Mapping

Workforce needs have changed since the pandemic. ISG liked the fact that Fujitsu was able to capture the basics in a "Workplace Map," moving on to more complex ones from a "remote-first" perspective. The method by which this tooling has been applied had added guardrails or constraints which drove the future – the client problem, in effect. This means that previously invisible issues are revealed by considering a "New World" needs hierarchy.

Visualization of Benefits

The output of the Hierarchy of Needs is that, just like Wardley's visualization, Fujitsu develops a map based on a hierarchy of need, showing movement between needs, and corresponding supporting technology options. Using this map, Fujitsu can guide adoption of innovative approaches to deliver workplace change. The diagram below shows the example output and how this works in real time. Clearly, we can see the old world (pre-evolution) state and the value chain of needs that this organization requires. On the right, we see the post-evolution, new-world set of needs. These can then be mapped together and see if anything has been removed by, for example, a global pandemic. The green dots are technology that exists now and perhaps can be used in the short term as "it's good enough." However, it also shows where needs are not met, and there needs to be an evolution of technology or capabilities to meet them.

The "lake" of color represents the scenario or potential group of projects or activities that can be delivered to meet a customer need. This three-dimensional map on two axes is unique.



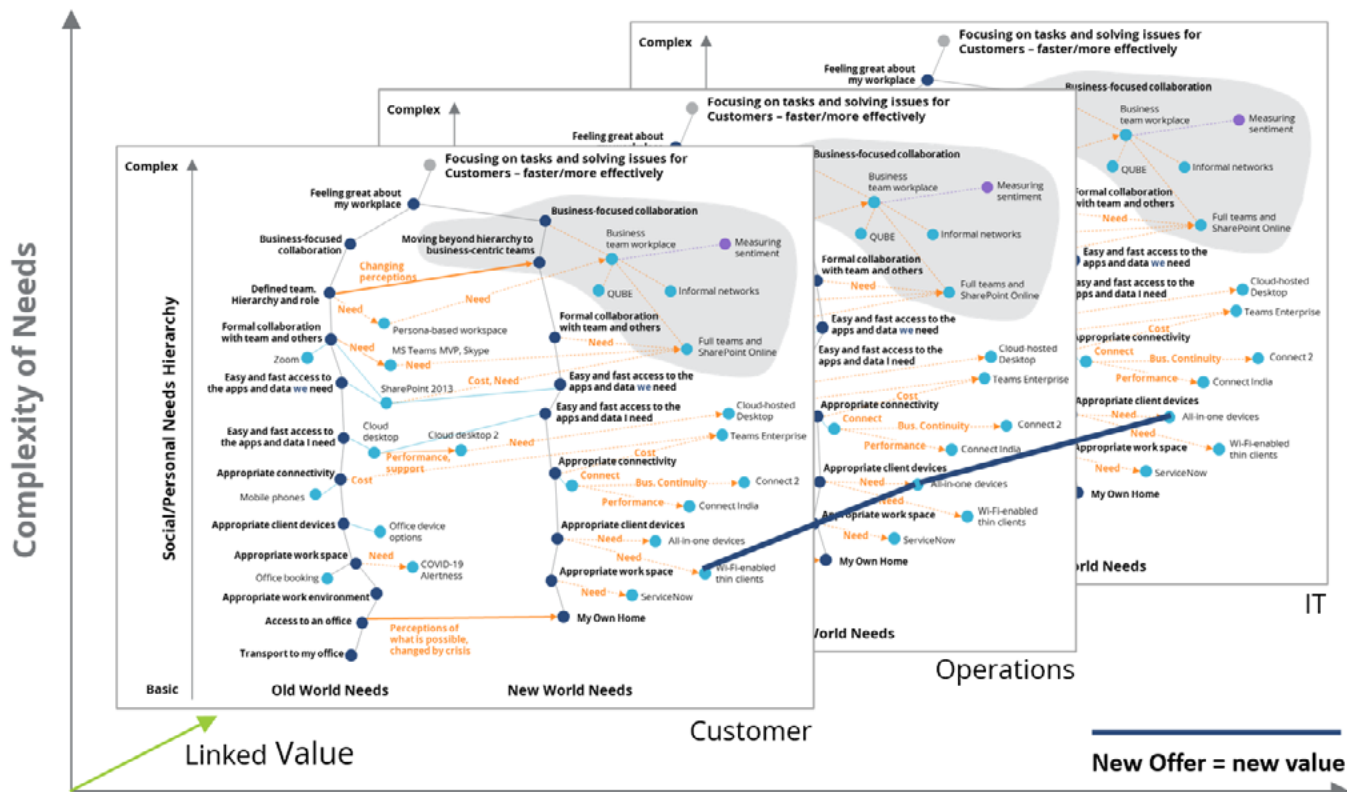
Source: Fujitsu

The Key Steps to Deliver the Future Business Model

From the map above, if we were to make it three-dimensional and add in other functions, we would get a cube of value. The cube is created by sandwiching layers together to form a 3D hierarchy of needs. This cube and its dots of need will, when joined together, clearly show the critical path to solve customer problems from a multipronged view, resulting in a clear future strategy. Fujitsu's Workplace Map is a great way for the organization to see its changing

needs captured. IT can then map technology outcomes onto these changing needs – and link them to existing roadmaps as necessary. This multidimensional approach can productively capture significant nuance – supporting a meaningful planning and prioritization discussion that is relevant to both IT and the wider organization. In this way, workforce transformation planning becomes much richer and more rewarding.

The Cube of Value



Through preparing for future change, organizations who plan out the key steps of that change by understanding the needs of their customer and the business requirements can build in simple updates and changes to operations which they can test before any more major impacts to the business occur. Referring back to how this chapter started, this is the essence of the 7 Ps as only through Planning, Preparation and Practice, will you Prevent Pretty Poor Performance.

CONCLUSIONS

The world economy has shrunk, most likely permanently, by approximately \$7 trillion. This means that there will be an accelerated shift toward cheaper and more digital capabilities to make sure that service is maintained in the future.

Customers who now have smaller disposable incomes will be searching for the most adaptable and user-centric provision of the services they want to

consume. Therefore, as providers of those services, you will need to undertake the analysis and work to have a clear understanding of what you sell, how you sell it and how you make money from it. Only by doing this will you be able to design into new services and products the customer needs and changing purchasing habits or requirements. When customer need meets correctly designed service, expansion and growth occurs.

The world of work has fundamentally changed forever, and the delivery models require new internal delivery models as well as changes to the actual business model of many organizations themselves. As companies continue adapt to the new way of working with ever-changing guidance and government restrictions – set to be around for many more months, if not years – it is important to have a thorough understanding of how you will get fighting fit to continue your survival. ISG has seen in the market ever-increasing requests for Future of Work assistance and benchmarks to understand how to fix what broke in the early days of the pandemic.

The Seven Steps to Success

Organizations should commence the following seven activities immediately if not already doing so:

1. Undertake a cost optimization exercise to stabilize finances and profitability.
2. Complete an end-to-end operational impact assessment to understand the hotspots that need attention within your organization and supply chains. Be aware that these can vary by business unit and by geography, given that the pandemic hit different places at different rates.
3. Assess your current business model to maximize revenue and minimize costs. If you don't know what you sell and how it makes you money – or why the customers buy it over a competitor – you need to understand why.
4. Understand your customer needs through a thorough analysis of their hierarchy of needs and how that impacts your delivery of those needs.
5. Adapt the operating model to meet the demands of external and internal needs.
6. Deploy new customer channels to a more digitally focused set of channels.
7. Plan for growth – otherwise, what is the point?

THREE THINGS YOU CAN DO NOW

If you only do three things after reading this, do the following to ensure you are continually pushing the business in terms of meeting customer need in an age of austerity and economic downturn, so you are read to survive the next challenge.

1. Seek out and identify key trends in the future of work, including the ability to address these, and where the best technologies are to deliver new capabilities that ensure your organization is future-proofed. Make contact with ISG, which can help assess your needs and provide independent market advice to get your organization fighting fit.
2. Undertake a thorough operational impact assessment of your business, end to end, so that the data is available to answer the question, "What do I do now?" This will be vital because it is now impossible to base decisions off the pre-pandemic data, which is now invalid. The change was sudden and most likely permanent.
3. Seek professional advice on understanding your "cube of value," which is the multi-lens approach Fujitsu takes to mapping your Hierarchy of Needs. Arrange time with Andrew Sharpe (contact details at the end in bios). As Maslow once said, "One can choose to go back toward safety or forward toward growth." Until you have seen this solution, you won't know the art of the possible.

Source: Shutterstock



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For more information, please see www.fujitsu.com (<https://www.fujitsu.com/>).

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ENDNOTES

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An ISG Report, with Fujitsu From Firefighting to Fighting Fit

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