The Five Stages of Enterprise Recovery: Charting Your Course to the Next Normal

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# Agenda

1. Transformation Interrupted
2. 5 Stages of Recovery
3. Aligning Company Strategies – an Industry View
4. Three Key Considerations and Three Control Planes
5. Summary and Guidance
The Punch in the Face

Source: IDC Worldwide Black Book (April 2020); growth in constant currency; “Core ICT” excludes some emerging technologies and OT Spending; “IT Spending” is a subset of Core ICT which also excludes telecom and business services
Significant differences by region

**Neither Best Nor Worst**
Real GDP Growth, %

**Significant Variation Within The Region**
Real GDP Growth, %

f = forecast Source: Fitch Solutions
GDP Growth – Sub Saharan Africa

GDP (Real) – International Monetary Fund (15 April 2020)
Key sub Saharan African IT Spend

- **South Africa** $13.4B
- **Nigeria** $2.7B
- **Kenya** $1.7B

The 5 Stages to Recovery

ECONOMIC SITUATION
- COVID Crisis
- Economic Slow Down
- Recession
- Return to Growth
- The Next Normal

BUSINESS FOCUS
- Business Continuity
- Cost Optimization
- Business Resiliency
- Targeted Investments
- Future Enterprise

Flatten the Curve
75% of IT Roadmaps Are Changing
Existing Projects that Will Remain

- Projects that will generate a return to the business in 2020/2021: 30%
- Projects that will help reduce costs: 24%
- Projects that can be more easily executed: 23%
- Projects that will help create operational efficiency: 21%

51% of Org. Will Add New Projects to 2020 Roadmap
New Projects that Will be Added

- Projects that address weaknesses during the pandemic: 60%
- Projects that take advantage of our competitors’ weakness and capture market share: 56%
- Projects that introduce innovative new business offerings or models: 54%

Source: COVID-19 IMPACT ON IT SPENDING Survey (Survey conducted during 21st May to 28th May period), IDC, May, 2020
n=694 WW technology decision makers

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As a result of the COVID-19 pandemic, how much will your organization be prioritizing the following initiatives for the rest of 2020 and into 2021?

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Prioritization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Operations Resiliency Programs</td>
<td>3.70</td>
</tr>
<tr>
<td>Customer Experience Programs</td>
<td>3.54</td>
</tr>
<tr>
<td>Data Programs for insights into business</td>
<td>3.47</td>
</tr>
<tr>
<td>Connectivity Programs</td>
<td>3.44</td>
</tr>
<tr>
<td>SW Development Capabilities for product innovation</td>
<td>3.35</td>
</tr>
<tr>
<td>Digital Trust Programs</td>
<td>3.31</td>
</tr>
<tr>
<td>Evaluation of new Ecosystem Partners</td>
<td>3.30</td>
</tr>
<tr>
<td>Digital Infrastructure Resiliency Programs</td>
<td>3.28</td>
</tr>
<tr>
<td>Workplace Transformation Programs</td>
<td>3.24</td>
</tr>
</tbody>
</table>

Source: COVID-19 IMPACT ON IT SPENDING Survey (Survey conducted during 7th May to 14th May period), IDC, May, 2020

N=908 global technology leaders.
Industry Impact and ICT Spending at Risk

Source: Customer Insights and Analysis, May 2020

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Assessing How COVID-19 Accelerates Digital
Digital Maturity vs. Vertical Impact (Financial Services Segment Examples)

- **Lower Impact, High Maturity:** Invest to Accelerate. Use the opportunity to invest in digital to close gaps.
- **Lower Impact, Low Maturity:** Postpone Digital and Conserve Cash. Need to go back to typical economic downturn messages around tighter financial management.
- **Higher Impact, High Maturity:** Leverage Digital and Grab Share. Messaging around how to take advantage of stimulus and beat the competition.
- **Higher Impact, Low Maturity:** Accelerate Digital to Disrupt. Take advantage of the uncertainty to introduce innovative new business models.
Vendor Selection Criteria has Changed

Most Important Buying Criteria for Next Purchase

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Importance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product reliability</td>
<td>46%</td>
</tr>
<tr>
<td>Technology innovation</td>
<td>43%</td>
</tr>
<tr>
<td>Features/Functionality</td>
<td>29%</td>
</tr>
<tr>
<td>Aligns with our security, privacy, &amp; compliance requirements</td>
<td>27%</td>
</tr>
<tr>
<td>Customer service</td>
<td>27%</td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>27%</td>
</tr>
</tbody>
</table>

Organizations reporting buying criteria is now more or significantly more important because of COVID-19

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<thead>
<tr>
<th>Criteria</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Product reliability</td>
<td>62%</td>
</tr>
<tr>
<td>Technology Innovation</td>
<td>59%</td>
</tr>
<tr>
<td>Features/Functionality</td>
<td>57%</td>
</tr>
<tr>
<td>Aligns with our security, privacy, &amp; compliance requirements</td>
<td>57%</td>
</tr>
<tr>
<td>Customer service</td>
<td>61%</td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>65%</td>
</tr>
</tbody>
</table>

Source: COVID-19 IMPACT ON IT SPENDING Survey June 2020, n=880 WW technology decision makers
Q: Which of the following technology buying criteria will be the most important in your next technology purchase decision?
Q: You indicated these will be the most important buying criteria in your next technology purchase decision. Have these become more or less important to your technology purchase decisions as a result of the COVID-19 pandemic?
Three Key Values in Uncertainty

Choice
Organizations are valuing having options, the more flexible a vendor can be in scaling up or down the more you can hedge outcomes.

Control
Much of the uncertainty is tied to things the organization cannot control. As a result, a high value should be put on establishing greater control over things that can be controlled – business and IT operations for example.

Comfort
There is a flight to safety. Organizations will be less likely to experiment with a start up. Vendors and their ecosystems should represent a safe place to innovate.
The Next Normal for IT Investment Across 3 Control Planes

01 WORKLOAD CONTROL PLANE
- Optimize Performance
- Provide flexibility
- IT Resilience

02 ENTERPRISE CONTROL PLANE
- Economies of Intelligence
- Knowledge Productivity
- Business operations resilience

03 ECOSYSTEM CONTROL PLANE
- Visibility for social responsibility
- Trusted virtual joint ventures
- Industry value stream resilience
Summary and Guidance

We are at the end of the beginning

Impact on technology investment will be significant but uneven

Investment strategies must intersect impact and digital maturity

Value should focus on the choice, comfort, and control

New IT management principle of operating control planes