Ready for anything: what it means to be a modern business

Cognizant commissioned Economist Impact to define what it takes to be future-ready—and how close businesses are to getting there. Our analysis reveals the foundational elements of a modern business that’s prepared for whatever happens next.
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Ready for anything

How future-ready is your business? After 10 years of relentless digital transformation, wrenching industry change and, more recently, an onslaught of external shocks, it’s difficult to envision what “future-ready” even means. How can one be ready for a future that’s increasingly difficult to perceive, not to mention apt to change without notice?

But the very existence of unpredictable and even unfathomable change makes it all the more important for senior executives in any business or industry to define—and become—future-ready. Here’s the catch: It’s no longer just about structured planning. To prepare for what could happen next, businesses need a way to operate as if everything is (and will continue to be) in an infinite state of flux.

In other words, the call-to-action isn’t to prepare for a specific scenario with a Plan A, B or Z but to be ready for any shift, change or shock, at any time. That means being able to read the early warning signs, predict what’s ahead and act in time to emerge with relevancy.

So how to do that? In our work to define what it takes to be future-ready—and how close businesses are to reaching a future-ready state—Cognizant commissioned Economist Impact to conduct a survey of 2,000 senior executives from across industries and geographies, as well as create a future-ready benchmarking tool (see methodology, page 22). Our own analysis of this data underscores what executives need to do now to prepare.

To reiterate, the views and opinions expressed in this report are those of Cognizant and do not necessarily reflect the view and policies of Economist Impact. Data presented is from an Economist Impact executive survey, commissioned by Cognizant, conducted in early 2022.

From the research, we’ve identified three critical and interrelated areas that are essential for any business to feel confident about being prepared for the future:

1. Get the full value from rapid technology acceleration and data-intensive ways of working
2. Prepare the workforce for the new types of work brought on by a digital mindset
3. Take real, sustained action to become resilient in the face of the urgent environmental, social and governance (ESG) challenges ahead

But our analysis also reveals that few businesses have put all these pieces in place.
The following key insights from Cognizant’s analysis of the Economist Impact research will support businesses on their journey to being ready for whatever the future may bring:

**Executive overview**

The following key insights from Cognizant’s analysis of the Economist Impact research will support businesses on their journey to being ready for whatever the future may bring:

**Strategic clarity is muddled as priorities proliferate.**

Over 90% of business leaders say it’s a strategic priority to adopt a data-driven approach and create a digital-first business model. For over one-third of that group, both of these imperatives are business-critical. The trouble is, these priorities are accompanied by a host of other strategic objectives that encompass the entirety of the business trinity: process, people and technology. The risk, of course, is that competing priorities will paralyze any of these initiatives from moving forward.

**Technology foundations are rising to a new level.**

The move to digital is accelerating beyond the now standard shopping list of cloud, Internet of Things (IoT) and advanced analytics. In addition to these foundational building blocks, respondents reveal a growing appetite for advanced capabilities, such as artificial intelligence/machine learning (AI/ML) and 5G, and even emerging technologies, with over 50% of respondents planning or already adopting blockchain, virtual/augmented reality and others.

**Businesses need to persevere to fully realize tech value.**

A value challenge looms, however, with almost half of respondents still not achieving significant value from their technology investments. Especially when it comes to complex initiatives involving emerging technologies, more understanding and practice will be needed before full value is attained.

**Workforce strategies need a major overhaul.**

The appetite for new technology also belies a longstanding issue that can no longer go unaddressed: the lack of focus on talent management. Even with respondents naming a lack of knowledgeable staff as a top hurdle to meeting business goals, our analysis of the data uncovers a chronic lack of focus on preparing workers for the new ways of work. For example, just over one-third of respondents are using data to understand employee satisfaction or performance. Companies that over-index on technology with little focus on people will not achieve the full value of their tech investment.

**Resilience demands putting ESG strategy into action**

Nine in 10 decision-makers recognize that attending to environmental, social and governance (ESG) issues is a critical aspect of being a modern business. However, there’s a massive disconnect between recognition and action, as few organizations report having dedicated staff and resources devoted to environmental or social sustainability. This gap needs to close as customers, employees, investors and regulators increasingly scrutinize ESG credentials, and the lack of action could thwart future resiliency.
Strategic clarity is muddled as priorities proliferate
Strategic clarity is muddled as priorities proliferate

When it comes to ascertaining businesses’ appetite for future preparedness, it’s revealing to look at their strategic priorities. But when Economist Impact asked respondents about which activities and goals were most critical to pursue, we were taken aback by the results. Rather than one or two choices in the study rising to the top, respondents’ priorities crossed every vector, with no fewer than 90% of respondents naming each option as either business-critical or medium/high-priority (see Figure 1A).

In truth, we anticipated the strong emphasis on data-driven ways of working and digital-first business models, as well as the attendant need to align operations with these new modes of work. For each of these imperatives, 37% of respondents named them as business-critical, and an additional 57%, 56% and 58% of respondents, respectively, named each as medium or high priority.

We didn’t, however, expect the lack of distinction among each of these strategic areas, not to mention the emphasis on a succession of additional goals. The long list of strategic priorities threatens to compete for executive mindshare—and muddle the pressing realities of building a foundation for the future.

FIGURE 1A: Tackling an array of strategic priorities
To what extent does your company’s corporate strategy prioritize the following?

<table>
<thead>
<tr>
<th>Activity</th>
<th>Business-critical priority</th>
<th>Medium/high priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational alignment between business lines and functions</td>
<td>37%</td>
<td>58%</td>
</tr>
<tr>
<td>Strategic alignment across the organization</td>
<td>29%</td>
<td>61%</td>
</tr>
<tr>
<td>Effective feedback and improvement loops</td>
<td>31%</td>
<td>61%</td>
</tr>
<tr>
<td>Well-defined performance and/or results metrics</td>
<td>33%</td>
<td>61%</td>
</tr>
<tr>
<td>Automated and effective end-to-end business processes</td>
<td>37%</td>
<td>57%</td>
</tr>
<tr>
<td>Digital-first business model</td>
<td>37%</td>
<td>56%</td>
</tr>
<tr>
<td>Data-driven operations and mindset</td>
<td>37%</td>
<td>57%</td>
</tr>
</tbody>
</table>

% of respondents

Response base: 2,000 senior executives
Source: Economist Impact Survey 2022

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6
One explanation is that as the old-guard ways of doing business lose relevance in the face of emerging and digital-first ways of working, a great reshuffling is occurring across business functions and processes. As a result, a raft of corporate issues has ensued—from organizational conflicts and generational divides, to disagreements over which practices to retain and evolve. As a result, everything seems to be a priority until the path forward becomes clear.

While many of the strategic objectives noted by respondents are, indeed, interrelated, it’s incumbent on leaders to disentangle which initiatives (or pieces of initiatives) will be most successful in gaining ground toward their goals. These gains could, then, smooth the way forward for further wins. By starting with the operational alignment of business functions, for instance, they could ensure that cross-company data-driven approaches are embedded into every decision, interaction and process, elevating the performance of the company in multiple ways.

The fact that a higher percentage of respondents find it more business-critical to plan for the long term vs. the short to medium term (41% vs. 37%) deepens the context (see Figure 1B). The preference for longer term planning could reflect the uncertainties of the next business cycle bearing down, with recessionary pressure, inflation, regulation and energy shocks all part of the mix. Now, it seems, is not the time to overly focus on quick wins but on building the foundation that can help them anticipate and make the necessary shifts to be ready for what’s to come.

FIGURE 1B: Taking the long view
To what extent does your company’s corporate strategy prioritize the following?

<table>
<thead>
<tr>
<th>Response base: 2,000 senior executives</th>
<th>Source: Economist Impact Survey 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business-critical priority</td>
<td>Medium/high priority</td>
</tr>
<tr>
<td>Long-term future planning (10+ years) that incorporates scenario planning, expected impact, and likelihood</td>
<td>41%</td>
</tr>
<tr>
<td>Short-to-medium-term future planning (2-5 years) that emphasizes processes for re-evaluation</td>
<td>36%</td>
</tr>
</tbody>
</table>

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Ready for anything: what it means to be a modern business
Technology foundations are rising to a new level
Leaders are enthusiastically embracing technology adoption, and the process of technology enablement continues to accelerate. Every single technology system or tool listed in our study has been adopted—or is in the planning stages—by more than 50% of respondents (see Figure 2). And it’s not slowing down, looking at the emerging technologies now clearly in sight.

The truth is, digital technologies and platforms, which in their infancy were seen as supporting existing business norms, have supplanted legacy ways of doing things and are de facto ways of building and running a modern business.

Consider car dealerships that went virtual during the pandemic, completely reimagining and reengineering the buyer/driver experience. Consumers could also take advantage of the new sites and apps that helped them explore and arrange related services, such as financing and insurance, remotely and virtually, as part of the car-buying process. Now, both online and offline experiences co-exist, complementing (and even competing with) one another.

At the other end of the automotive value chain, manufacturing components such as semiconductor chips are now routinely tracked across a global supply chain, accelerating trends in transparency and material provenance, with the potential to identify shortages before they become an existential problem. Such transparency will increasingly be needed, given the many supply chain disruptions continuing post-pandemic.

These changes at the customer interface and throughout the value chain are happening in every single industry included in our commissioned study (and will be explored in our follow-up industry studies).

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**FIGURE 2: Tech adoption shows no sign of slowing down**

Which of the following technologies has your business adopted, or is planning to adopt?

<table>
<thead>
<tr>
<th>Technology foundations</th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cloud computing</td>
<td>89%</td>
</tr>
<tr>
<td>Internet of things (IoT)</td>
<td>83%</td>
</tr>
<tr>
<td>Big data analytics</td>
<td>80%</td>
</tr>
<tr>
<td>Blockchain</td>
<td>74%</td>
</tr>
<tr>
<td>Quantum computing</td>
<td>69%</td>
</tr>
<tr>
<td>Low-code/No-code applications or development platforms</td>
<td>68%</td>
</tr>
<tr>
<td>Robotics</td>
<td>68%</td>
</tr>
<tr>
<td>Advanced cloud computing (e.g. hybrid, containers, serverless)</td>
<td>66%</td>
</tr>
<tr>
<td>Integrated workspace technologies (e.g. to enable hybrid or remote working)</td>
<td>66%</td>
</tr>
<tr>
<td>Robotics</td>
<td>64%</td>
</tr>
<tr>
<td>Low-code/No-code applications or development platforms</td>
<td>62%</td>
</tr>
<tr>
<td>Quantum computing</td>
<td>58%</td>
</tr>
<tr>
<td>Blockchain</td>
<td>53%</td>
</tr>
<tr>
<td>Virtual/Augmented reality</td>
<td>53%</td>
</tr>
</tbody>
</table>

Response base: 2,000 senior executives

Source: Economist Impact Survey 2022
Going beyond the building blocks of cloud, AI and IoT

Our analysis of the data shows that technology investment is accelerating beyond what has become the standard shopping list of cloud, advanced analytics and IoT, all of which the vast majority (80% or more) said they’ve adopted or planned to adopt. Over 60% named advanced technologies such as artificial intelligence/machine learning (AI/ML), robotics, 5G and others, as technologies they’d adopted or planned to adopt. In addition, we also found an appetite for an emerging set of technologies, with over half of respondents naming blockchain (a current or planned adoption rate of 53%) and quantum computing (surprisingly high at 58%, but perhaps a reflection of a broader willingness to investigate and experiment).

Alone and in combination, innovations in AI/ML, blockchain, quantum computing, natural language processing and 5G are set to usher in decades of change. 5G and IoT will trigger more data-oriented technology investments as intelligent sensors generate growing amounts of data and are used to reconfigure, control and de-risk a variety of physical systems and products.

For example, Cognizant is working with Aston Martin’s F1 team to evolve its production facilities into smart factories that leverage 5G and IoT to drive critical decision-making. Planned projects include building a digital twin of the F1 car, leveraging AI and machine learning to run simulations against future F1 requirements, and using real-time analysis of data from on-track and off-track sources so the team can intuit in-race predictions and fine-tune adjustments instantly. 1

Moreover, IoT-driven initiatives will increasingly safeguard against future risks as the cloud service providers (AWS, Google Cloud, Microsoft Azure, etc.) get even better at connecting disparate hardware and software solutions, with better interoperability, forecasting capabilities and operational resilience. For some industries, the combination of these technologies will fuel significant disruption; for instance, telecom companies are now leveraging connectivity, speed, data-gathering, edge processing and advanced analytics capabilities to deliver healthcare to their customers: Australia’s largest e-health company is now Telstra Health, with a common platform, ecosystem framework and, through a string of acquisitions, specialized healthcare capabilities. The company’s digital health initiatives power capacity on its networks and are shaping the future of connected healthcare services to a broad range of private and public healthcare providers in the country. 2

Businesses need to persevere to fully realize tech value
Businesses will need to persevere to fully realize tech value

Despite the fervor in technology adoption, our analysis on respondents’ reported return on value of these initiatives reveals there is still work to do. Of those respondents that had implemented each of the technologies in the study, almost half say they are not achieving significant value from their technology investments (see Figure 3). Moving from mediocre value attainment toward game-changing impact is still a work in progress for many companies.

In the study, advanced and emerging technologies such as blockchain, AI/ML and virtual reality were less apt to be perceived as delivering significant value than more mature technology categories such as analytics and cloud. As respondents move further into their implementations of new and emerging technologies, they appear to be signaling that none are “silver bullets” that can be easily deployed and produce magical results. Rather, they are sophisticated, complex tools that need detailed understanding, practice and perfecting—just as sophisticated, complex tools always have.

Developing this more mature appreciation for what technology can do is an important step of the journey from inflated expectations to real productivity.

This value gap could also be manifesting through what looks like an emerging disconnect between executives and the managers who report to them when it comes to tech adoption priorities. Take low-/no-code technologies, which enable business users with little to no coding experience to create their own apps using a visual development environment. While one third (33%) of C-suite executives plan to invest in this type of tool, a higher percent of respondents at the management level (40%) have it on their agenda—a 7-point gap. This disconnect could threaten full value attainment if left unchecked, as it could lead to rogue procurement and haphazard governance.

As we will establish in the next section of this report, workforce talent could be the missing puzzle piece when it comes to realizing the full return on value from technology. And with most enterprises acknowledging that they lack the talent to get the most value from new technology investments, the pain is starting to show.

FIGURE 3: Businesses struggle to unlock the full potential of their tech
To what extent are the technologies/methodologies already adopted by your business department delivering strategic value to your operations?

- Tech is perceived to add significant value
- Tech is not perceived to add significant value

<table>
<thead>
<tr>
<th>Technology</th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Big data analytics</td>
<td>56%</td>
</tr>
<tr>
<td>Robotics</td>
<td>56%</td>
</tr>
<tr>
<td>Cloud computing</td>
<td>56%</td>
</tr>
<tr>
<td>Internet of things (IoT)</td>
<td>50%</td>
</tr>
<tr>
<td>Advanced cloud computing (e.g. hybrid, containers, serverless)</td>
<td>49%</td>
</tr>
<tr>
<td>Robotics</td>
<td>52%</td>
</tr>
<tr>
<td>5G</td>
<td>47%</td>
</tr>
<tr>
<td>Integrated workspace technologies (e.g. to enable hybrid or remote working)</td>
<td>46%</td>
</tr>
<tr>
<td>Crowdsourcing</td>
<td>46%</td>
</tr>
<tr>
<td>Quantum computing</td>
<td>44%</td>
</tr>
<tr>
<td>Low-code/No-code applications or development platforms</td>
<td>44%</td>
</tr>
<tr>
<td>Virtual/Augmented reality</td>
<td>43%</td>
</tr>
<tr>
<td>Robotic process automation (software robotics)</td>
<td>42%</td>
</tr>
<tr>
<td>AI/Machine learning</td>
<td>39%</td>
</tr>
<tr>
<td>Blockchain</td>
<td>38%</td>
</tr>
<tr>
<td>6G</td>
<td>47%</td>
</tr>
<tr>
<td>5G</td>
<td>47%</td>
</tr>
<tr>
<td>Internet of things (IoT)</td>
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<td>56%</td>
</tr>
<tr>
<td>6G</td>
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<tr>
<td>5G</td>
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<td>50%</td>
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<td>52%</td>
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<td>Cloud computing</td>
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<td>Big data analytics</td>
<td>56%</td>
</tr>
<tr>
<td>6G</td>
<td>47%</td>
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<tr>
<td>5G</td>
<td>47%</td>
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<tr>
<td>Internet of things (IoT)</td>
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<tr>
<td>Robotics</td>
<td>52%</td>
</tr>
<tr>
<td>Cloud computing</td>
<td>56%</td>
</tr>
<tr>
<td>Big data analytics</td>
<td>56%</td>
</tr>
</tbody>
</table>

Response base: 2,000 senior executives
Source: Economist Impact Survey 2022
Workforce strategies need a major overhaul
Workforce strategies need a major overhaul

It seems a foregone conclusion that workforce talent will play a critical role in constructing a future-ready enterprise. But these skills aren’t easy to acquire. Businesses are either left to pay exorbitant amounts to hire highly skilled candidates from a scarce talent pool, or invest in developing the required skills in-house.

However, our analysis of the data underlines a huge gap between technology and the people who use it. Nearly half of respondents (46%) recognize they lack the talent necessary to implement and utilize advanced technologies. Moreover, when asked about the biggest hurdles to implementing new processes, products, services and technologies over the last 12 months, the two most significant challenges that respondents named were workforce-related: a lack of human resources and knowledgeable staff.

Unfortunately, boosting talent retention and upskilling existing staff do not seem high on the agenda, according to our analysis of the data. Only half of the respondents polled in the survey rank skills readiness (51%) and employee engagement (50%) as very important to their success.

These findings demonstrate a significant gap in understanding the value of employees when it comes to building a modern business—particularly when compared with respondents’ bullish investment practices tied to technology. One way businesses can close this gap would be to anticipate and act through stronger data insights into their current workforce needs, including measuring employee satisfaction and aligning skill development and training with corporate needs—something that, currently, just one-third of respondents do.

Microsoft, for example, has used human resources analytics to build statistical profiles of people most likely to quit. The company uses different interventions for retention, including assigning mentors and opening conversations about opportunities for professional growth and earning potential. The result: almost a halving of the attrition rate.

Businesses have a wide array of workforce best practices to choose from; however, the average firm is implementing between three and four out of the 10 talent management best practices identified in the study (see Figure 4). These findings reflect a chronic lack of focus—but also a vast opportunity—for preparing workers for the new ways of work that businesses, themselves, know they need to put in place.

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Economist Impact identified 10 best practices for cultivating talent, and only about two-fifths of companies report using any of them.

<table>
<thead>
<tr>
<th>Practice</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actively tracking employee skills/gaps</td>
<td>1</td>
</tr>
<tr>
<td>Integrating training into employee schedules/workflow</td>
<td>2</td>
</tr>
<tr>
<td>Inclusion of training/learning requirements into employee evaluations</td>
<td>3</td>
</tr>
<tr>
<td>Shifting top talent to high-value roles or initiatives</td>
<td>4</td>
</tr>
<tr>
<td>Explicit assessment of collaborative ability in performance evaluation</td>
<td>5</td>
</tr>
<tr>
<td>Explicit incorporation of company core values into goal-setting and performance evaluation</td>
<td>6</td>
</tr>
<tr>
<td>Using acquisitions to obtain hard-to-find talent</td>
<td>7</td>
</tr>
<tr>
<td>Leveraging data to align skill development/training with organisational needs</td>
<td>8</td>
</tr>
<tr>
<td>Coaching, mentorship or shadowing programs</td>
<td>9</td>
</tr>
<tr>
<td>Advancement pathways based on measurable key performance indicators</td>
<td>10</td>
</tr>
</tbody>
</table>
It will take the right interplay of technology-enabled capabilities and people-driven skills to enable businesses to build the intuitive business model needed to respond to a newly volatile world. And while technology continues to enjoy significant focus, the fundamental transformation will begin when the more challenging but rewarding realm of bringing people into the equation is addressed, as well as preparing them for the modern business era.

To get there requires a clear vision of what the modern business should be—one that everyone in the organization can recognize from executive leadership through the management layer and all the way out to the talented graduate weighing their options and thinking, “Yes, that’s the company I want to work for.”

Profile of a modern business

It might seem improbable—in an $85 trillion global economy encompassing thousands of markets and millions of niches—to come up with a single universal definition of “a modern business.”

But it’s worth doing so, even to just pinpoint the capabilities needed to thrive in a tumultuous future. By stating what a modern business is, in simple and immediately recognizable terms, companies can spur everyone within the organization to play a part in building one.

At Cognizant, we consider a modern business to be a place where processes and decisions flex at a moment’s notice to accommodate and take advantage of subtle signals of change in the market or operating environment.

Imagine, for instance, a business that:

- Offers a service or product experience that analyzes data streams to fulfill and exceed shifting customer expectations
- Runs processes that intelligently unite resources—data, technologies and talent—across a value chain
- Channels awareness and intelligence into every stakeholder experience with precisely the right decision across millions and millions of interactions.

And we’re beginning to see this happen. Witness the smart factory, where intelligent workflows synchronize tasks and activities between people and machines, arming businesses with the ability to combine data, analytics or machine learning software with human insight, dexterity and flair.

Building a modern business is the work you should be focused on today and tomorrow—anything else is a waste of time. Don’t call it digital transformation if that term rubs you the wrong way: Call it being modern. Call it being relevant. But recognize that most businesses are not modern enough even after a decade of accelerated technological transformation, and soon, there will be no choice but to be one.

Start the journey to being a modern business by using our benchmark tool, designed to help business leaders understand how their enterprise compares to peers across industries, countries, company sizes and at a global level, allowing them to identify and prioritize their investments, backed by data.

F. Michael Valocchi, SVP Americas Consulting, Strategy and Client Centricity
Resilience demands putting ESG strategy into action
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No discussion about being a fully modern business can ignore the clarion call for sustainability. The last few years saw an inflection point in the adoption of ESG. Customers, employees, regulators and investors now scrutinize the ESG credentials of businesses, piling pressure on executives to make decisions that positively impact all stakeholders—not just shareholders. Not to mention, it’s increasingly clear that environmentally and socially responsible business is “good” business, in the form of resilience to any shift or shock that comes along.

The good news is, business leaders have more tools, technologies and approaches than ever before to make a difference. But, according to our analysis of the data there is much progress to be made in putting those tools to use.

Encouragingly, most respondents in the survey agree that each constituent part of ESG is vitally important. Nine in 10 decision-makers recognize environmental sustainability and diversity and inclusion as important aspects of being a modern business today. However, what respondents also have in common is a lack of considerable or measurable progress on all fronts. When it comes to implementing an array of specific environmental targets, no more than 54% report doing so, and the percent drops to 44% when it comes to measuring social impact (see Figure 5).

Those that have implemented specific environmental targets are doing so because the risk of doing nothing cannot be ignored, especially when you factor in increased taxation, resource costs, business risk, regulatory compliance mandates and fines. Not to mention, today’s employees no longer approach work as only a means of earning a steady paycheck. They now

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FIGURE 5: Measuring up on ESG
What measures has your company taken to promote environmental sustainability and social impact?

- Measures taken to promote environmental sustainability
- Measures taken to promote social impact

<table>
<thead>
<tr>
<th>Measures taken to promote environmental sustainability</th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specific, measurable internal targets at least as ambitious as our external targets</td>
<td>54%</td>
</tr>
<tr>
<td>Transparent reporting on performance</td>
<td>48%</td>
</tr>
<tr>
<td>Periodic external auditing</td>
<td>48%</td>
</tr>
<tr>
<td>Incorporation into company strategy</td>
<td>47%</td>
</tr>
<tr>
<td>Specific, measurable external commitments</td>
<td>47%</td>
</tr>
<tr>
<td>A plan to address existing gaps</td>
<td>46%</td>
</tr>
<tr>
<td>Professional development activities</td>
<td>45%</td>
</tr>
<tr>
<td>Dedicated staff and resources</td>
<td>36%</td>
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Response base: 2,000 senior executives
Source: Economist Impact Survey 2022
also want to feel a sense of purpose and that their work is positively impacting the world around them. (For more on this topic, see our report “The Purpose Gap.”)

This means top talent will increasingly look for companies that take ESG seriously, and that have governance structures in place for an array of social issues, including diversity and inclusion. In short, they look for companies they’re proud to work for. While talent is a greenfield opportunity today, ESG is the next great business opportunity closely tied to the fates of companies across all industries.

Yet our read of the survey data indicates many companies are still in the early stages of forming ESG strategies, despite growing focus from governments, regulators and consumers. Take measuring social impact targets: only 44% of respondents have set internal social targets that are specific, measurable and at least as ambitious as their external targets—just 37% plan to address existing gaps. Similarly, 54% of companies set internal targets to promote environmental sustainability—which continues to draw considerable focus from a wide range of stakeholders. Just 46% plan to address gaps.”

How does your firm compare on the sustainability frontier?

We can see evidence of these lackluster efforts elsewhere—for example, few organizations have dedicated ESG staff and resources. For an area that is swiftly becoming a critical battleground, in which leaders are expected to drive tangible impact, more investment is needed into meaningful ESG action to realize results.

Sweeping business-wide activities like improving sustainability or becoming a more diverse organization are not easy tasks. Digital technologies can enable sustainability initiatives at the more granular level—for example, collecting, measuring and analyzing data unique to sustainability and biting off small sections with specific initiatives.

But there is a real need for more holistic change, especially as businesses focus on becoming more resilient, using technology to anticipate and act on systemic signals of change in a volatile and uncertain world. Leaders can then make informed decisions on how to embed sustainability into strategy and operations and build resilience beyond risk mitigation.
Recommendations:
Five ways to engineer a modern business that’s ready for anything
Modern business

Recommendations: Five ways to engineer a modern business that’s ready for anything

The simple truth is, there is no end-state to being future-ready; it will always be a work in progress. But it’s also the most important work businesses face today. While digital transformation is clearly embraced by nearly all business leaders today, it’s essential now to close the gaps between the technology foundations being built, the workforce talent needed to optimize the value of these digital-first endeavors, and the ESG efforts necessary for resilience.

The following guidelines can offer businesses an on-ramp to solving the challenges ahead.

- **Figure out what matters most.**
  When everything is a priority, nothing is a priority. Identify the strategic and operational gaps in your journey to becoming a business that can adapt on the fly to disruptive change, reading the signals ahead of time. Consider running a future-ready benchmark to reveal where your resources should be applied, from being a data-driven enterprise to closing the growing gaps in workforce strategy. (Contact us for the benchmark tool, which reveals how ready-for-anything your business is).

- **Recognize that the frontier of modern technology is moving forward.**
  Future value lies in the combination of new and advanced technologies which are rapidly evolving. If you have indigestion from the last 10 years of endless digital change then steel yourself for the next wave of technologies (5G, AI/ML, blockchain, quantum computing) that will radically reshape how your business works.

- **Persevere to fully realize the value from tech.**
  Investing in new technology is the easy part, but success requires avoiding the pitfalls of assuming technology alone is a silver bullet. Full return on value will only be achieved when you enable your people to use these sophisticated tools to reach new levels of productivity, creativity and resilience.

- **Close talent gaps with a skills renaissance.**
  New levels of employee engagement and a raft of new skills need building out urgently to prepare for the profound changes in how your people will work. Get crystal clear on how your business will operate as intelligent workflows and data-led intelligence increasingly embed themselves into every decision, interaction and process touchpoint. Take stock now and then look ahead to what skills you are going to need, not just next year, but in three to five years’ time, as well.

- **Lean-in with powerful ESG tactics.**
  Technology enables ESG goal attainment at a granular level, so use it to build a picture of what needs doing now as you begin embedding sustainability into the business’s core strategy and operations. Doing so builds resilience beyond risk mitigation and prepares the organization for the opportunities and uncertainties ahead.

**Bottom line**

To build a business that is ready for anything, leaders need to unify people and technology with a fully resourced approach to meeting ESG needs. These are the foundational elements of a modern business that’s ready for any change.

Becoming future-ready is a constantly evolving effort to respond to customers, markets, societies, global events and the planet’s needs. Businesses that continually assess and fortify their future preparedness will reap the rewards by becoming perpetually relevant, no matter what eventuality or externality comes along.

Recommended actions to engineer a modern business that’s ready for anything:

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To better understand the state of the modern enterprise and how leaders are preparing for long-term success, we commissioned Economist Impact to conduct a survey of 2,000 senior business leaders across North America, Europe and Asia-Pacific. The study assesses and compares businesses across ten countries [Australia, Canada, France, Germany, The Netherlands, Norway, Singapore, Sweden, UK, US], in eight critical industries [Banking and Capital Markets, Healthcare, Insurance, Manufacturing and Industrials, Retail & Consumer Goods, Life Sciences, Entertainment & Media, Utilities] using a range of metrics that characterize what it means to be a "modern business," including vision, talent strategy, technological readiness, environmental sustainability and social responsibility.

This survey formed the core data set for a future-ready business index, based on multiple data feeds, that helps leaders understand what they need to do now. There are lots of data sets out there, but not a single engine (an index) that allows business leaders to utilize all the information to evaluate their enterprise and make decisions.

Contact Cognizant for more details. For a more detailed methodology from Economist Impact, visit the program site at Modern Business. The views and opinions expressed in this report are those of Cognizant and do not necessarily reflect the view and policies of Economist Impact. Data presented is from an Economist Impact executive survey, commissioned by Cognizant, conducted in early 2022.
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Associate Vice President

Euan Davis leads thought leadership worldwide at Cognizant. He determines the strategic thought leadership themes for the company, from shifting customer dynamics and accelerated digitization to sustainability and corporate resilience. He leads a team of thinkers and writers. Euan is a sought-after advisor and keynote presenter on issues, trends and emerging opportunities.

Euan joined Cognizant in 2013 to set up a think-tank called the Center for the Future of Work (Europe). He now assumes leadership of Cognizant Research globally.

Before joining Cognizant, Euan served as a Principal Analyst for Forrester Research based in London. He holds a BA degree from Portsmouth University and resides in Cambridge, UK.

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About Cognizant
Cognizant (Nasdaq-100: CTSH) engineers modern businesses. We help our clients modernize technology, reimagine processes and transform experiences so they can stay ahead in our fast-changing world. Together, we’re improving everyday life. See how at www.cognizant.com or @Cognizant.

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