



Center for  
The Future of Work

# COVID-19: The View From the C-Suite

As senior managers assess the fallout of the pandemic, top priorities range from accelerating digital initiatives amid cost-cutting pressures, to ensuring health and well-being, according to our recent study.

June 2020

Cognizant



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failings in the way they  
operate.**

## Contents

Click a link below to jump to that section.

- 3     A Stress Test that Will Accelerate  
the Future**
- 4     Operating in Turbulent Times**
- 13   The Pandemic Will Permanently  
Change Business**
- 22   The Road Ahead**



# A Stress Test that Will Accelerate the Future

The COVID-19 pandemic has not only upended society and inflicted tragic losses; it has also been a defining moment for business. The crisis has accelerated the use of modern technology, radically altered customer behavior, short-circuited business operations and revised how employees get things done. Many of the practices that have become commonplace during this time — from online commerce and banking, to remote working and healthcare, to digital learning and entertainment — will continue to be our new normal long after the crisis subsides.

To get a sense of how senior executives are responding to the crisis, we commissioned ESI ThoughtLab to conduct a survey of 500 senior executives at U.S.-based companies (see Methodology, page 23).

For most businesses, the pandemic has been a stress test, exposing failings in the way they operate. Management teams had to rush to close facilities and offices, rethink supply chains, defuse rising cyber threats and preserve their bottom lines as the world economy tanked. Business continuity planning, scenario analysis and corporate cultures strained to meet this unprecedented challenge.

The resulting fallout has impacted companies and industries in different ways, our research reveals. Healthcare and life sciences plunged into the heart of the storm first and are still working to come out the other side. Manufacturers have been hardest hit in the short term and, given their inextricable ties to economic

conditions, will suffer longer. Education, financial services and retail are readying themselves for wholesale change.

Management teams across industries are reconsidering how to do business in today's interdependent world, in which market shocks can cascade quickly and unpredictably. Although most companies believe that business will eventually recover — after a wrenching period of lost business and job cuts — C-suites recognize the imperative for longer-term business reinvention.

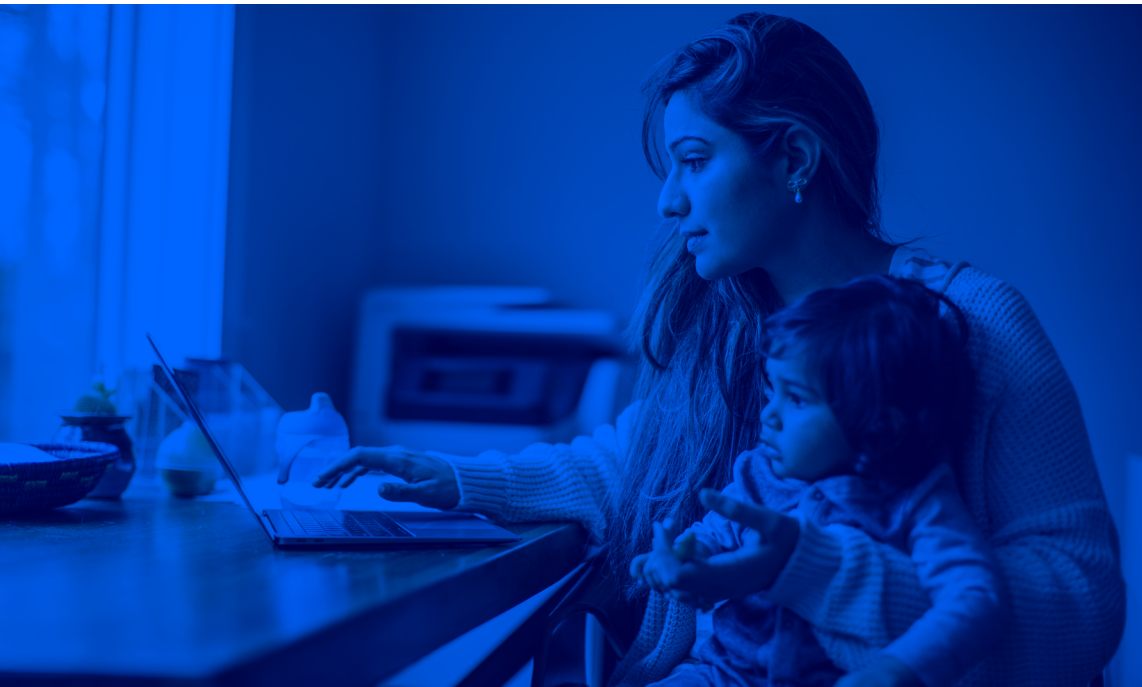
One big shift will be a rapid acceleration of digital initiatives to keep pace with fast-changing expectations and behaviors among customers and employees. But perhaps most important, the health and well-being of people and the world has become a shared business mission, as companies expand their thinking from shareholder to stakeholder value.

# Operating in Turbulent Times

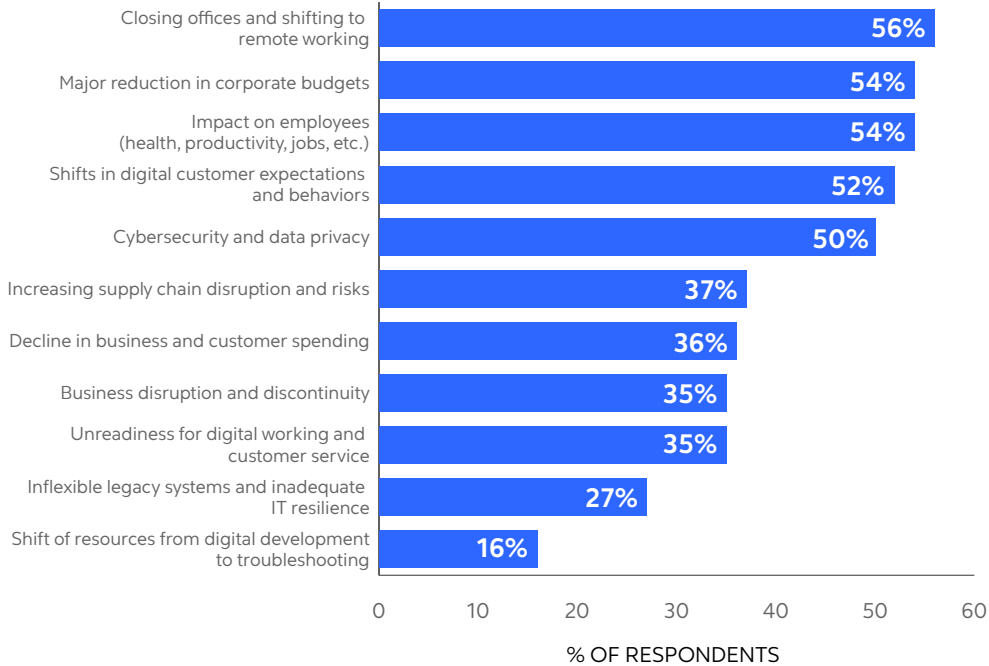
The background of the slide is a high-contrast, dark blue-toned photograph of a city skyline at night. Two bright, jagged lightning bolts are visible, striking down from a dark, stormy sky. The city lights are visible in the foreground and middle ground, reflecting on the water.



In the first quarter of 2020, companies found themselves buffeted on all sides by the sudden onset of the COVID-19 crisis. They experienced a mix of challenges — from office shutdowns and shifts to remote working, to budget and job cuts, to rising worries about employee health and cyber risks (see Figure 1). More than one-third saw supply chain disruption and a major loss of business, with manufacturing, retail and life sciences particularly hard hit.



Biggest pandemic pain points over next 3–6 months



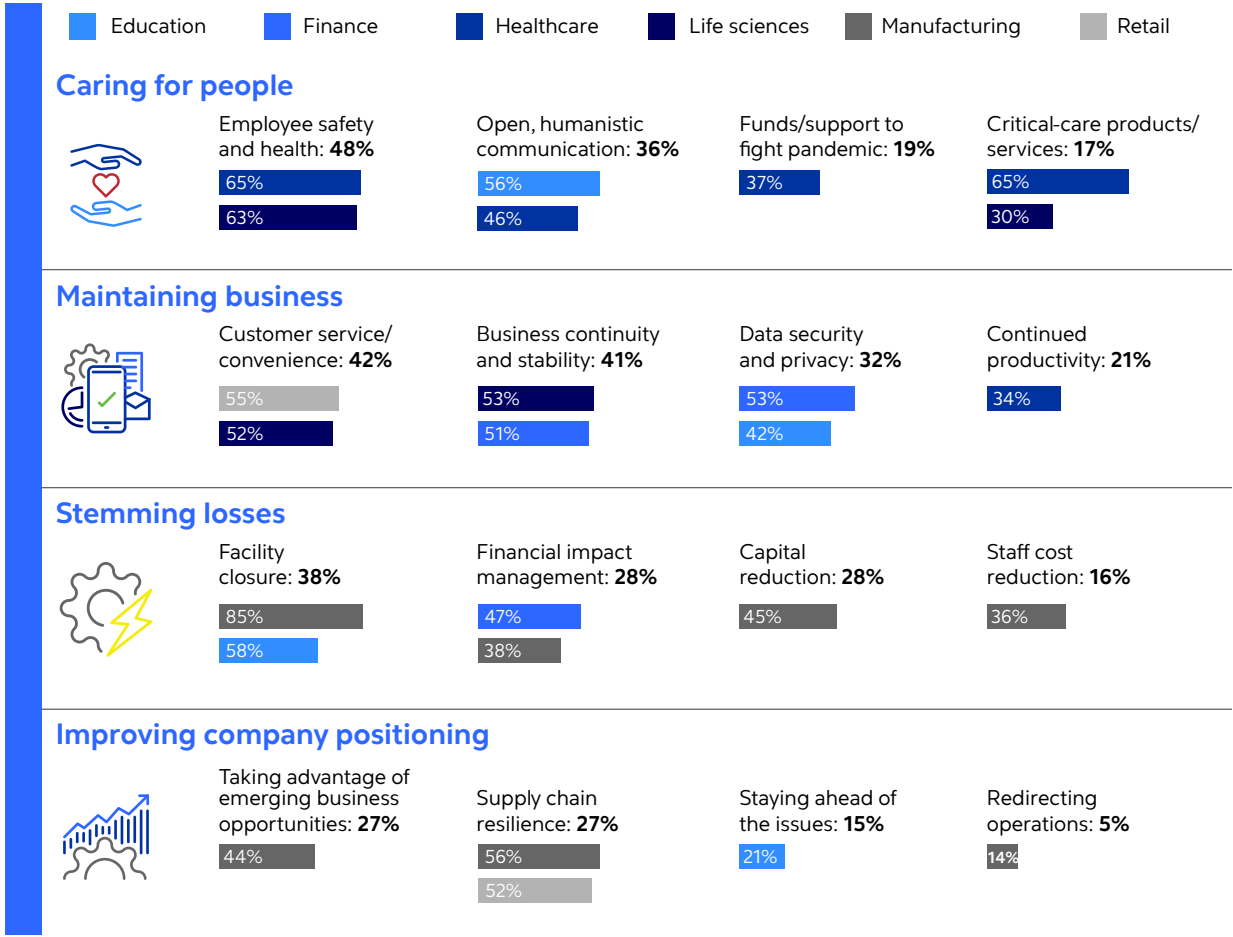
**Note:** Multiple responses permitted.  
**Response base:** 500  
**Source:** Cognizant Center for the Future of Work  
Figure 1

Many companies showed greater social consciousness during this time, taking steps to preserve employee safety and communicate humanistic messages, while a smaller percentage donated funds and provided care to those affected.



# How businesses responded to the pandemic

Cross-industry averages vs. industries with highest percent of respondents.



**Note:** Multiple responses permitted.

**Response base:** 500




**Source:** Cognizant Center for the Future of Work

Figure 2

During the height of the pandemic, manufacturers had to close many facilities, while universities and schools shifted almost entirely to online education. Companies in healthcare and life sciences had to shift and expand resources to cope with the influx of COVID-19 patients and meet exploding needs for testing, research and medical equipment. To cope with these pressures, companies took four major courses of action: caring for people, maintaining business, stemming losses and improving company positioning (see Figure 2).

Many companies showed greater social consciousness during this time, taking steps to preserve employee safety and communicate humanistic messages, while a smaller percentage donated funds and provided care to those affected. Healthcare and life sciences organizations were particular standouts when it came to keeping employees safe. At the same time, companies worked to maintain business operations by finding new modes of serving customers, ensuring cybersecurity and, to a lesser extent, helping staff remain productive.

What the pandemic taught us

	We need to improve our business continuity and scenario planning	65%
	We need to improve our digital systems and workflows	51%
	We need to strengthen our culture and management practices	48%

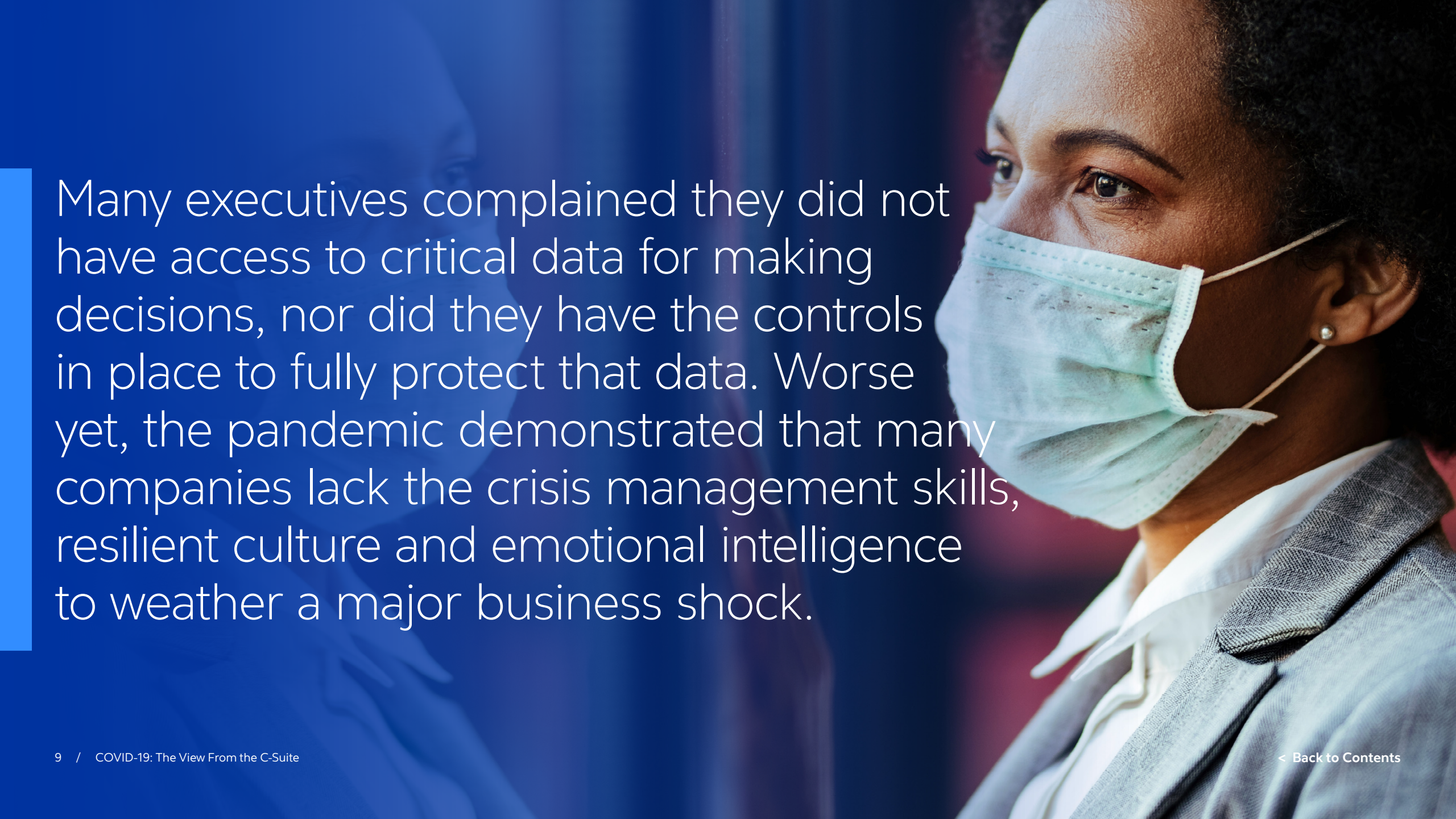
**Note:** Multiple responses permitted.  
**Response base:** 500  
**Source:** Cognizant Center for the Future of Work  
Figure 3

Manufacturers, retailers and educational institutions absorbed some of the biggest financial blows. Many acted to mitigate the damage; for example, manufacturers and retailers reinforced supply chain resilience, while educational institutions looked to capitalize on emerging business opportunities, such as offering new courses relating to the pandemic or leveraging higher-education networks.

Where companies need to do better

Most companies were caught off-guard, and the sudden turn of events exposed glaring gaps in their business strategies and systems. Nearly two-thirds of executives said the crisis necessitated improvements in business continuity and scenario planning to better prepare for future black swan events (see Figure 3). Over half saw inadequacies in digital platforms and workflows, which often could not cope with the huge influx of remote workers. Many executives complained they did not have access to critical data for making decisions, nor did they have the controls in place to fully protect that data. Worse yet, the pandemic demonstrated that many companies lack the crisis management skills, resilient culture and emotional intelligence to weather a major business shock.



A close-up, profile view of a Black woman wearing a light blue surgical face mask. She is looking towards the left of the frame. She has short, dark hair and is wearing a grey blazer over a white collared shirt. The background is blurred, showing other people in a similar setting. The overall tone is professional and serious.

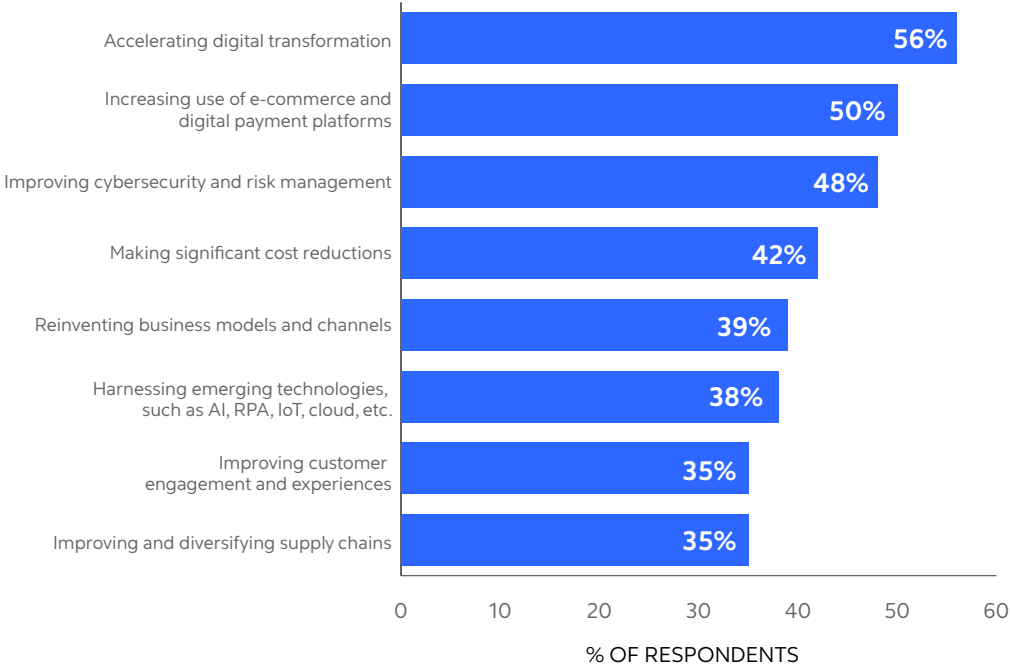
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# Short-term steps to address business impact

With the pandemic far from over, companies are taking a variety of actions to cope with its wide-ranging business implications. The top priority for most is speeding up digital change to operate in a world of social distancing. Businesses are scrambling to put e-commerce and digital payment platforms at the center of their go-to-market plans. They are also harnessing emerging technologies, such as cloud, artificial intelligence (AI), robotic process automation (RPA) and Internet of Things (IoT) to provide a stronger foundation for a digital-first strategy (see Figure 4).

As more processes and interactions move online, companies are rightly giving greater attention to cybersecurity and risk management. CISOs are moving swiftly to secure devices and networks outside corporate perimeters to keep opportunistic cyber attackers at bay. Companies are also improving overall risk management, with special attention given to continuity planning and scenario analysis to prepare for future shocks.

Most important business focus over next 3-6 months



**Note:** Multiple responses permitted.  
**Response base:** 500  
**Source:** Cognizant Center for the Future of Work  
Figure 4





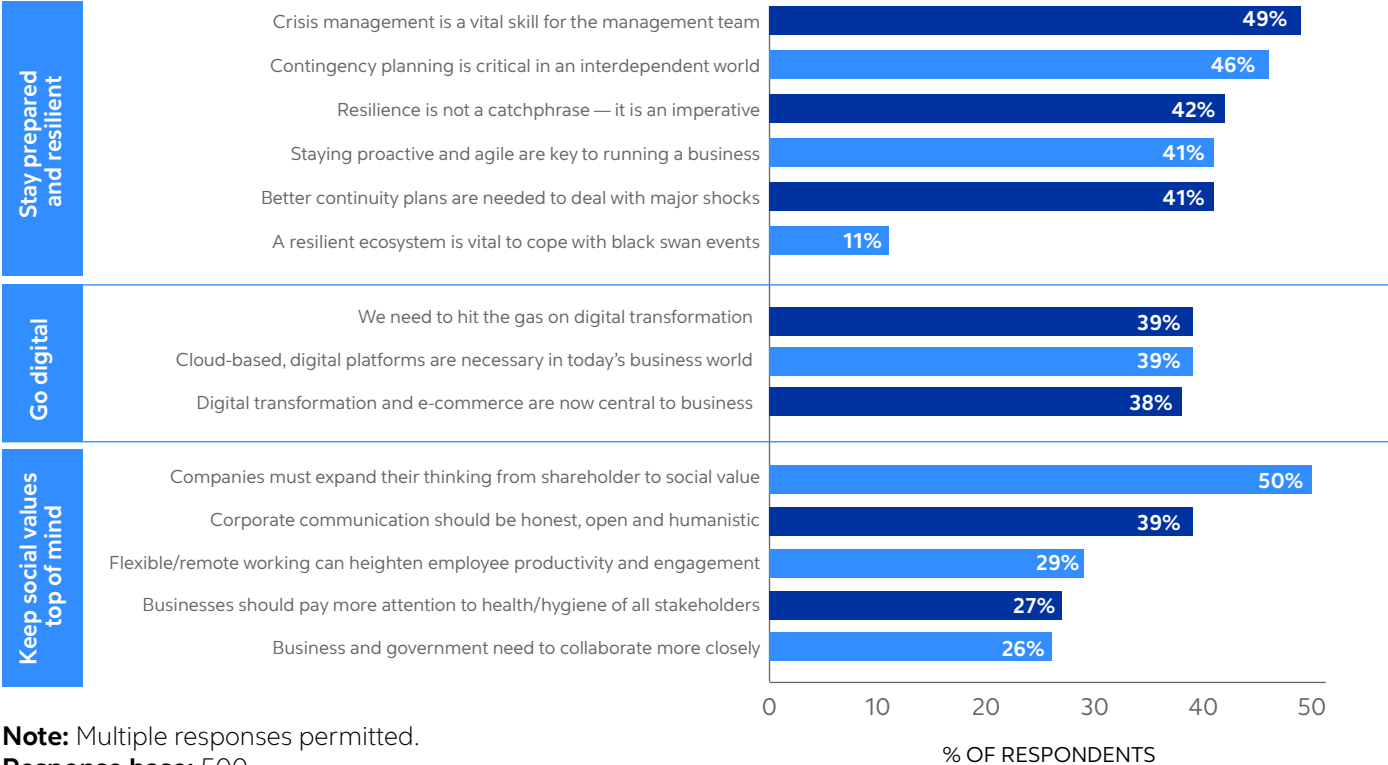
## Coping with recession

One of the quandaries for top management teams is how to finance these initiatives in the face of a looming recession. Over half of respondents expect a continued downturn in the economy and their business performance this year and next. Executives in industries such as financial services (58%) and manufacturing (65%) strongly agree with this sentiment, while only a small minority (17%) disagree.

Roughly 40% of companies — but 58% of manufacturers — say they'll need to pause their long-term strategic plans. An even higher number have already shifted their investment from strategy to business continuity to cope with the effects of the crisis.

Worse yet, about four out of 10 companies say they will need to carry out a major cost-cutting program, dampening their growth plans and the chances for economic recovery. For the largest companies in our survey — key business bellwethers — the numbers are even higher, at five out of 10. A similar number plan to significantly reduce costs over the next three to six months and over the next one to two years.

Most important lessons learned



**Note:** Multiple responses permitted.  
**Response base:** 500  
**Source:** Cognizant Center for the Future of Work  
Figure 5

Lessons from the frontlines


The pandemic has been a learning experience for working in today’s interdependent and digitally-connected business world. It has shown how the impact of unexpected events can cause widespread disruption as they ripple through worldwide supply chains and spread across markets and economies. The lessons learned fall into three main categories: stay prepared and resilient, go digital and keep social values top-of-mind (see Figure 5).



# The Pandemic Will Permanently Change Business







Roughly four out of 10 companies will make significant cost cuts; almost as many will massively reduce their budgets.

Like a Category 5 hurricane, the COVID-19 crisis is not just leaving destruction in its wake; it is also redefining the future business terrain. Almost half of companies believe the pandemic is a watershed event that will alter how business operates. These numbers are even higher for companies in the eye of the storm. About six out of 10 global companies with revenues over \$10 billion see the crisis as a turning point. More than half of retailers and manufacturers agree. Even more telling is that 40% of CEOs believe that COVID-19 will completely transform their industry.

Over the next few years, the pain will continue as companies repair the damage done. Roughly four out of 10 companies will make significant cost cuts over that period; almost as many will massively reduce their budgets. Hard-hit industries, such as education, will continue to find the right balance between on-site and remote learning.



As companies emerge from the crisis, they will find themselves in a business environment profoundly changed in five ways:



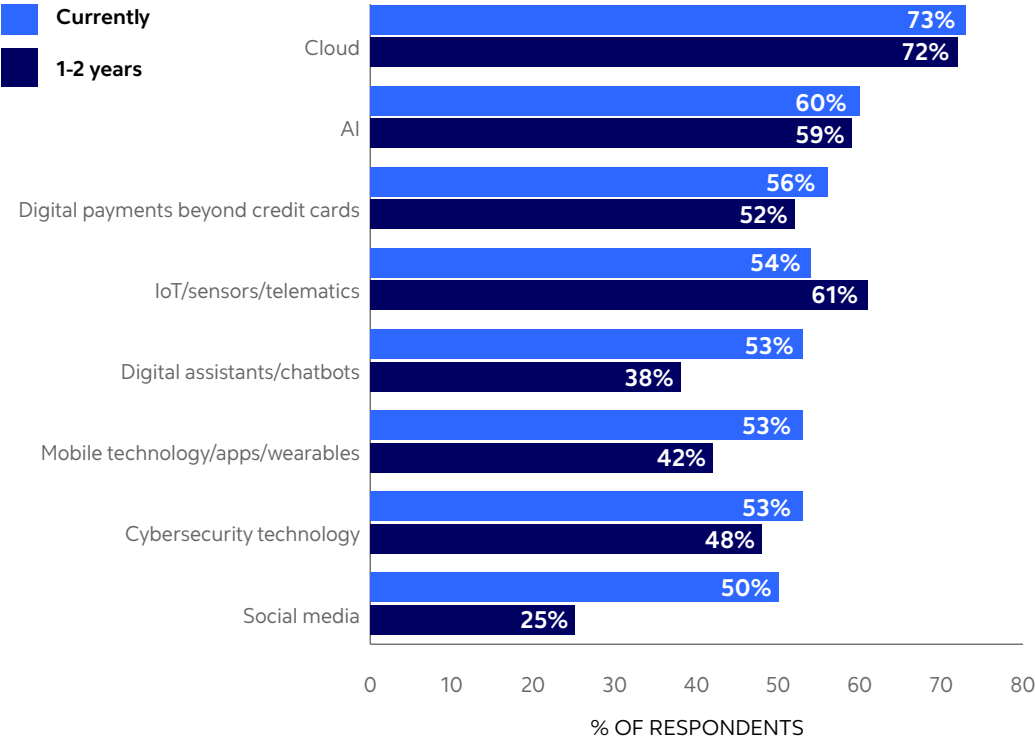
# 1 Digital-first replaces brick-and-mortar

The migration of commerce, entertainment, education and socializing to online channels — as well as the move to remote working — has turbocharged interest in shifting processes, interactions and workflows to digital mechanisms and making better use of the intelligence that can be gleaned by the resulting data. Almost two-thirds of companies (and even larger percentages of financial services, education and retail businesses) plan to focus on accelerating digital initiatives over the next year or two.

Similarly, just under half (and more than 50% of retailers) will focus on increasing use of e-commerce over the next one to two years. In fact, more than one-quarter of companies — and more than one-third of retailers — say the crisis will cause them to replace their brick-and-mortar business with digital business.


If it were not for digital ways of doing business, most companies would have been paralyzed during the crisis. So, it’s not surprising that they plan to invest more in these technologies, particularly cloud, IoT, AI and e-payments (see Figure 6). In fact, half plan to increase their advanced-technology budgets this year, and nearly two-thirds plan to do so next year.

Most important business focus over next 3-6 months



**Note:** Multiple responses permitted.  
**Response base:** 500  
**Source:** Cognizant Center for the Future of Work  
Figure 6



A woman with her hair in a bun is sitting on a tall stack of books. She is holding a laptop and looking at the screen. The entire image has a blue overlay.

# More than one in four companies say they need to recast their digital value proposition and implementation plans. This is the case for more than one in three education organizations, where the switch to online learning has caused many to reconsider the industry's future.

Overall, respondents said COVID-19 would alter their digital plans in three fundamental ways. First, companies will look to build a stronger foundation for becoming a digital-first company. Over half say they need to improve their ability to gather and analyze data and create a culture of innovation — particularly those in life sciences (64%), education (60%) and financial services (54%).

Second, they will need to upgrade customer and employee digital experiences. Some 38% say they need to realign and move faster on both experience and workforce transformation. These figures are higher in healthcare and in retail, where experience is increasingly the industry's lifeblood.

Third, more than one in four companies say they need to recast their digital value proposition and implementation plans. This is the case for more than one in three education organizations, where the switch to online learning has caused many to reconsider the industry's future.

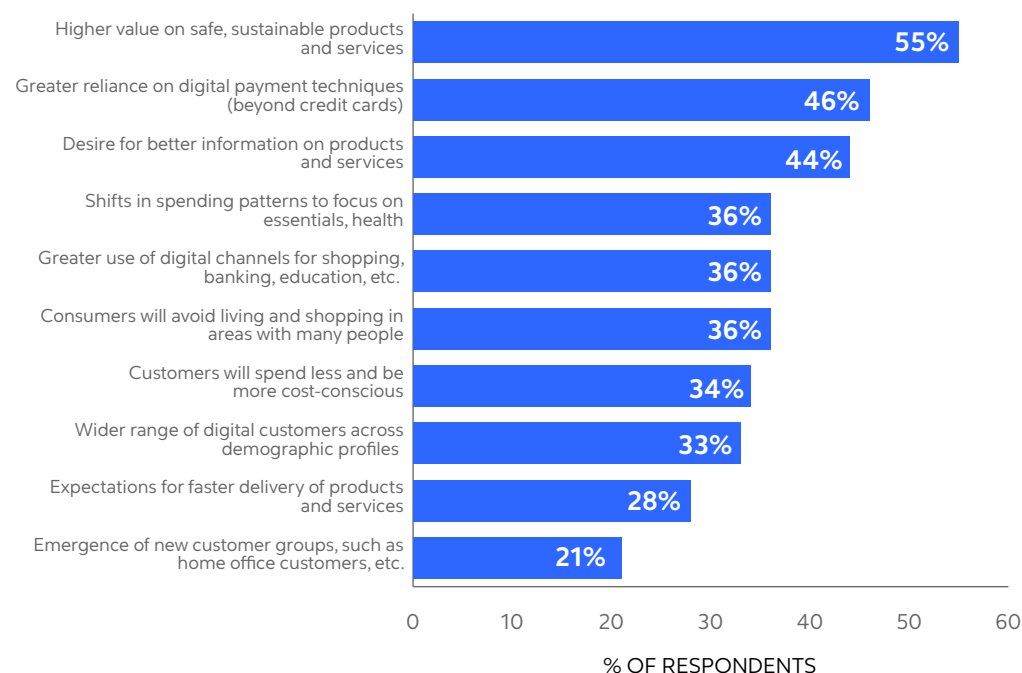


## 2 Digital solutions are not just for millennials anymore

The pandemic has moved daily living, shopping and working to online, not just for younger consumers but also for seniors, who were advised to stay home during the crisis. It also has placed a higher value on safe and sustainable products, which most companies think will continue over the next one to two years (see Figure 7). At the same time, the crisis has fanned demand for better information on products and increased expectations for faster delivery.

Companies see the use of digital channels and payments continuing to widen to a cross-generational customer base, with new segments emerging, such as home offices. Yet more than one-third expect customers to rein in their spending, particularly on discretionary items, while allotting more to health and essentials. The same number believe consumers will avoid living and shopping in areas with many people.

### The long-term impact of the pandemic on customer needs



**Note:** Multiple responses permitted.

**Response base:** 500

**Source:** Cognizant Center for the Future of Work

Figure 7



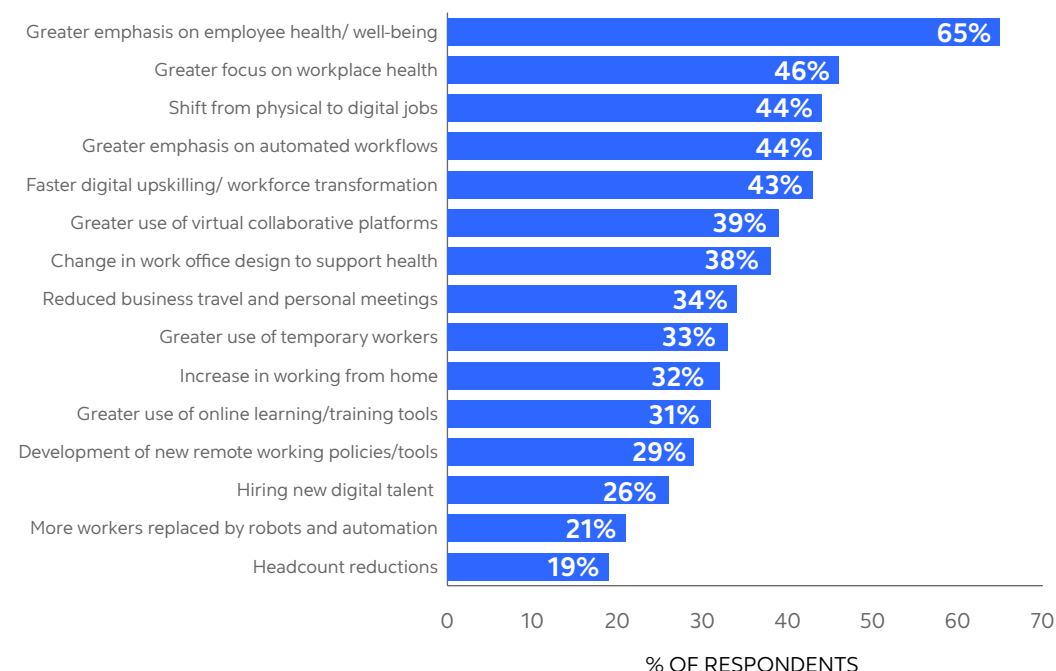


### 3 Working becomes virtual and healthier

The trend toward increasing the ranks of remote-working employees will become permanent for one-third of businesses surveyed, including half of the financial firms and educational institutions in our study (see Figure 8). About two-thirds expect to place greater emphasis on employee health and well-being, while under half will focus on workplace health and hygiene, including changes in office design.

Within the workplace itself, over 40% anticipate shifts from physical to digital jobs, more automated workflows and increased emphasis on training workers on digital skills. Slightly fewer expect business travel to decline, even while seeing an uptick in virtual collaboration. One in three also expect growth in the gig economy, particularly among education and healthcare respondents. And one in five see headcount reductions and increasing use of automation to replace workers; this number rises to more than three in 10 for companies with over \$10B in revenue.

#### The longer-term impact of the pandemic on the workplace



**Note:** Multiple responses permitted.

**Response base:** 500

**Source:** Cognizant Center for the Future of Work

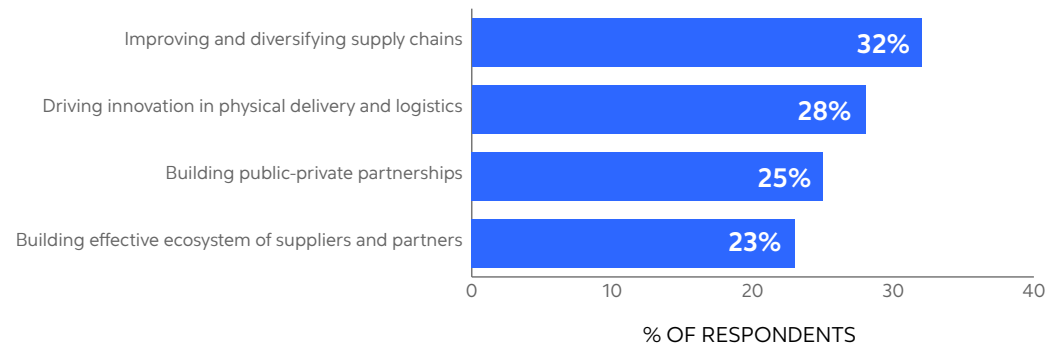
Figure 8



## 4 The rise of on-demand supply chains

Another important long-term consequence of the pandemic will be a [global rethink of supply chains and ecosystems](#), which were severely disrupted during the crisis. Over the next couple of years, many companies — particularly in manufacturing, retail and life sciences — plan to focus on improving and diversifying supply chains, driving innovation in logistics, and building more effective partnerships and ecosystems (see Figure 9). The goal is to create more agile, demand-sensing supply chains that can deliver products to customers when and where they need them.

### Most important business focus over next 1-2 years



**Note:** Multiple responses permitted.

**Response base:** 500

**Source:** Cognizant Center for the Future of Work  
Figure 9

Over the next couple of years, many companies — particularly in manufacturing, retail and life sciences — plan to focus on improving and diversifying supply chains, driving innovation in logistics, and building more effective partnerships and ecosystems.





## 5 Industries change course

The pandemic is affecting industries differently. Manufacturers are not only enduring acute short-term disruption, but they also expect it to last at least another few years. Businesses in this sector are the most likely to make significant cost reductions and the least likely to accelerate digital transformation (37% vs. 60% on average). With six out of 10 manufacturers pausing their strategic plans because of the pandemic, these companies face a rocky road ahead.

Education organizations have had a wake-up call, as they've borne the brunt of a complete shutdown of facilities and shift to remote learning. Education institutions expect the digitization of learning to continue: 41% say closure and remote

working will remain pain points over the next one to two years; 42% foresee an acceleration in remote working; and half forecast an increase in working from home. As a result, education organizations are also more focused than other industries on accelerating digital business over the next one to two years, with 85% saying it's a top priority and over half also citing improving customer engagement and experience.

With the shutdown of all but the most essential outlets, retailers experienced an acceleration in e-commerce. Those that suffered before the crisis — such as JC Penney, J Crew and Neiman Marcus — filed for bankruptcy. It is no surprise that retailers are more focused than other industries on

fast-tracking their e-commerce strategies over the longer term, with almost three-quarters expecting to increase their digital spending next year.

Financial services firms see the pandemic as a call to action. More than any other industry surveyed, financial organizations believe the pandemic will be transformative: 42% say it will be, and only 13% disagree. Seven out of 10 financial services firms are making digital and cybersecurity long-term priorities. They will need to build up their cyber defenses, since they are more likely than other industries to continue working remotely after the pandemic ends and the most likely target of cybercriminals.

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# The Road Ahead

The pandemic will make business change a greater imperative but also more difficult to accomplish because of budget cuts and related capital constraints.

To stay successful in a post-pandemic world, CEOs and their teams will need to rethink their strategies, business models and missions. While business will undoubtedly become more digital, they will also become more socially responsible as they strive to meet the morphing attitudes and increasing desire of customers and employees for a healthier, safer world.



# Methodology

In April and May of 2020, ESI ThoughtLab conducted a short “pulse” survey for Cognizant of senior executives at 500 U.S.-based companies.

The companies ranged in size from \$500 million in revenue to over \$50 billion, and comprise six industries: education, financial services, healthcare, life sciences, manufacturing and retail.





## About the author

### Ben Pring

#### **Vice President, Head of Thought Leadership and Managing Director of Cognizant's Center for the Future of Work**

Ben Pring is the Head of Thought Leadership at Cognizant, and co-founded and leads Cognizant's Center for the Future of Work. He is a co-author of the best-selling and award-winning books *What To Do When Machines Do Everything* (2017) and *Code Halos; How the Digital Lives of People, Things, and Organizations are Changing the Rules of Business* (2014).

Ben sits on the advisory board of the Labor and Work Life program at Harvard Law School. In 2018, he was a Bilderberg Meeting participant.

Ben joined Cognizant in 2011 from Gartner, where he spent 15 years researching and advising on areas such as cloud computing and global sourcing. Prior to Gartner, Ben worked for a number of consulting companies, including Coopers and Lybrand. In 2007, Ben won Gartner's prestigious annual Thought Leader Award.

Ben's expertise in helping clients see around corners, think the unthinkable and calculate the compound annual growth rate of unintended consequences has made him an internationally recognized authority on leading-edge technology and its intersection with business and society. His work has been featured in *The Wall Street Journal*, *Financial Times*, *The London Times*, *Forbes*, *Fortune*, *MIT Technology Review*, *The Daily Telegraph*, *Quartz, Inc.*, *Axios*, *The Australian* and *The Economic Times*. Based in Boston since 2000, Ben graduated with a degree in philosophy from Manchester University in the UK, where he grew up. Ben can be reached at [Benjamin.Pring@cognizant.com](mailto:Benjamin.Pring@cognizant.com) LinkedIn: [linkedin.com/in/benpring/](https://www.linkedin.com/in/benpring/) Twitter: [@BenjaminPring](https://twitter.com/BenjaminPring)



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## About the Center for the Future of Work

Cognizant's Center for the Future of Work™ is chartered to examine how work is changing, and will change, in response to the emergence of new technologies, new business practices and new workers. The Center provides original research and analysis of work trends and dynamics, and collaborates with a wide range of business, technology and academic thinkers about what the future of work will look like as technology changes so many aspects of our working lives. For more information, visit [www.cognizant.com/futureofwork](http://www.cognizant.com/futureofwork), or contact Ben Pring, Cognizant VP and Managing Director of the Center for the Future of Work, at [Benjamin.Pring@cognizant.com](mailto:Benjamin.Pring@cognizant.com).

# ESI THOUGHTLAB

## About Cognizant

Cognizant (Nasdaq-100: CTSI) is one of the world's leading professional services companies, transforming clients' business, operating and technology models for the digital era. Our unique industry-based, consultative approach helps clients envision, build and run more innovative and efficient businesses. Headquartered in the U.S., Cognizant is ranked 194 on the Fortune 500 and is consistently listed among the most admired companies in the world. Learn how Cognizant helps clients lead with digital at [www.cognizant.com](http://www.cognizant.com) or follow us [@Cognizant](https://twitter.com/Cognizant).

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