



JUMP-STARTING A TECHNOLOGY POWERED EVOLUTION IN VIRTUAL WORKING FOR THE ITES INDUSTRY

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THE COVID-19 PANDEMIC HAS KICKSTARTED AN UNPRECEDENTED TRANSFORMATION in the way people work on a global scale. Information technology-enabled services (ITeS) enterprises across the globe have raced to react to this evolving crisis. As radical transformations become the norm, business continuity efforts have led to many ITeS enterprises joining the emerging international fraternity of remote working businesses.

Evidence of the significant global expansion in remote working has become apparent in recent months. BCG analysis revealed up to 300 million office workers globally were working remotely as of March. This transition is reflected in the growth of virtual business capabilities, with an 800 percent increase in usage of collaboration software, and 40 percent increase in remote desktop usage.

This global crisis has accelerated a shift towards remote working and created new priorities for enterprises in addressing work-

from-anywhere (WFA) functionality. As companies look towards the horizon of the COVID-19 pandemic, they must recognize the imperative to deliver a successful remote working operation will persist long beyond the current crisis. In a recent global survey of IT buyers, BCG revealed half of chief information officers (CIOs) expressed a focus on purchases prioritizing remote working over the next 12-24 months. More than 90 percent of companies responding to BCG's Covid-19 Company Survey stated intentions to permanently change WFA policies and plans.

In this new operating environment, it is critical that ITeS enterprises adopt the right practices and technologies to enable a productive, efficient, affiliated and secure remote workforce.

Balancing the Benefits and Challenges

Embracing this remote working transition is of particular importance to the global ITeS industry. This is a sector which employs

millions of white-collar workers, making it acutely vulnerable to the disruptive nature of the work-from-anywhere evolution.

Prior to the COVID-19 crisis, the ITeS working environment had been shaped by physical campuses which defined the culture and ways of working for the sector. Best-in-class physical campuses were built to empower employees to be productive, innovative, and energized across shifts.

These physical locations were designed to be an emblem of success for employees and visitors alike, offering an appealing working environment, and providing on-site facilities that boasted superior training and support with strong physical and cybersecurity features. The impact of the COVID-19 pandemic has disrupted 25 years of established industry focus in a matter of just weeks.

The ITeS sector is not alone in facing the brunt of this disruptive crisis. Just 7 percent of private industry workers in the US had access to remote working options prior to the pandemic according to insight from the World Economic Forum. COVID-19-enforced transitions are challenging established operating procedures across a diverse range of industries.

Scaling up support for this new work-from-anywhere reality is both an obligation and opportunity for enterprises. The transformation imperative for the ITeS sector laid out in this perspective is but a reflection of the need to right size and select the technology solutions to enable and empower an organization's work-from-anywhere potential, irrespective of industry vertical.

Executives and board members must recognize the lost business opportunity if they fail to support and enable the success of this WFA evolution. In turn, managers and operational staff will be unable to deliver on expected productivity or service quality standards if they are not empowered by informed and comprehensive business support.

Companies will undoubtedly face challenges at the start of this transformation. The

unplanned catalyst that spurred this transition has left little room for inaction however. There are already tangible benefits being realized by enterprises which have moved to support an effective remote working operation.

An optimized WFA ecosystem has been shown to increase enterprise productivity by up to 40 percent, enhancing profitability through reduced costs while also unlocking valuable flexibility. These working structures also provide tangible people benefits, reducing absenteeism by 40 percent on average, staff turnover by 15 percent, and supporting positive workplace engagement. Lessened travel and commuting needs add a further environmental benefit to the equation.

This transition is not without its hurdles, as many businesses will have discovered during the recent accelerated period of change. Companies should also face this transition with an acknowledgement of the critical challenges which must be overcome as part of an effective remote working transformation.

Some markets simply lack robust WFA infrastructure or rely on digital tools or platforms which are not conducive to virtual operations. Security requirements are an equally pressing concern, without the robust procedures or software embedded in centralized networks. 53 percent of CIOs in the COVID-19 IT Buyers Sentiment Survey expect to spend more on enhancing security for remote working over the next 12-24 months. Client permissions in ITeS add a procedural hurdle, with service-level agreements potentially prohibiting necessary elements of remote working, particularly around data use or security. Poorly adopted work-from-anywhere operations also risk diluting the all-important work culture and negatively impact productivity through lack of appropriate oversight.

A fitness framework for virtual ITeS champions

BCG's Virtual Fitness Framework (VFF) offers a template which can help guide businesses in managing an effective workforce

transition. A truly virtual organization must embrace transformation across three key pillars of the VFF. Refer Exhibit 1.

- **Business strategy.** Any successful digital transformation must be championed at the highest C-suite and board level, supported by an effective strategy that is committed to driving forward the cause of the virtual working environment. Management should avoid thinking of remote working as a temporary transition, and instead implement a comprehensive strategy for effective remote working practice holistically across an enterprise, embedding it within both culture and governance.
- **Workforce.** Culture will be fundamental to a successful remote workforce transition. In a BCG study of 40 digital transformations, companies that focused on culture were five times more likely to achieve breakthrough performance than those which neglected it. In adopting an effective workforce culture, organization, and skills approach,

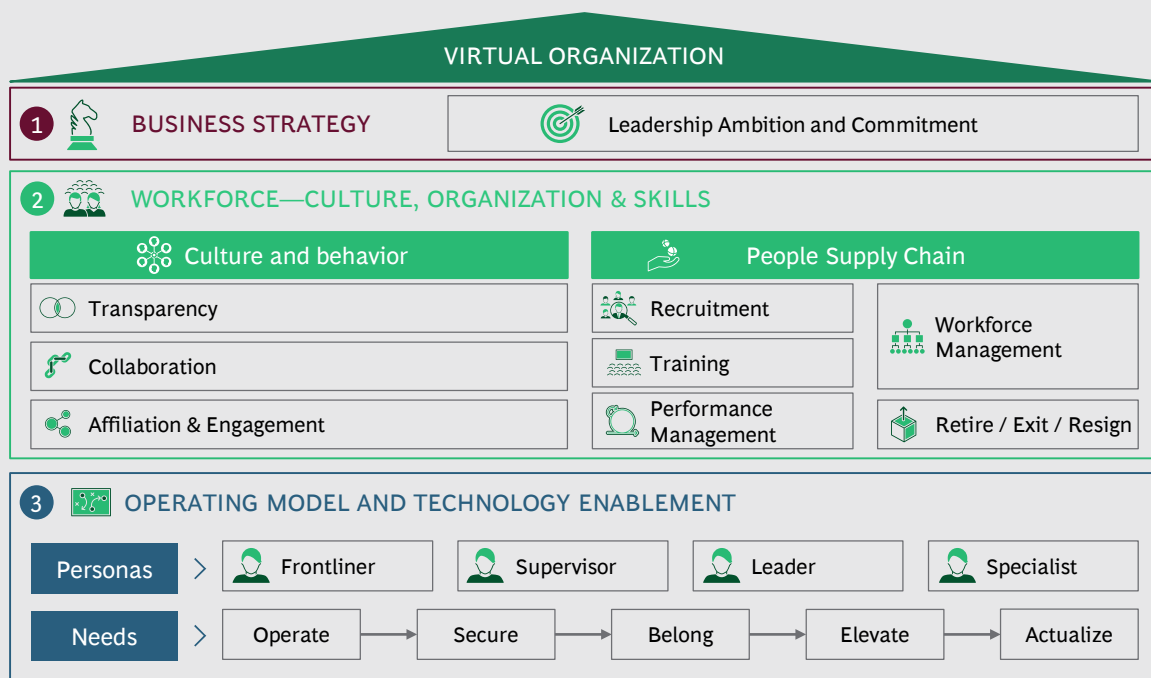
companies should assess both culture and behavior, and people supply chain. Transparency, collaboration, and engagement are the foundations to a positive work-from-anywhere culture within an organization. At the same time, transforming recruitment, training, and workforce management to operate in this virtual environment will require new approaches to interviewing, on-boarding, and skills development.

- **Operating model and technology enablement.** Technology will be the critical enabler of the work-from-anywhere transformation. Without effective platforms and collaboration tools to support a WFA operating model, businesses will be unable to adopt a successful and optimized remote working process. This is the core focus of our perspective.

Understanding Effective Virtual Transformations

Understanding where your enterprise sits

EXHIBIT 1 | BCG's Virtual Fitness Framework (VFF) for ITeS



Source: BCG analysis.

in the Virtual Fitness Framework is an important step to informing an effective transformation.

An analysis of winning virtual organizations reveals clear enabling capabilities that unlock successful remote operations across all elements of the VFF.

Fashion brand Tiffany embraced a work-from-anywhere business strategy by digitizing purchase of engagement rings through an augmented reality (AR) mobile app. Customers can view their engagement ring choices using the AR functionality, then contact and book online or offline appointments with Tiffany sales representatives through the app. This leadership ambition and commitment to a virtual operating model is an important driver of success.

Software development platform GitHub focused on culture as a primary driver of its strategy. It relies on documented processes instead of on-the-job learning, providing clear communication for collaborators and colleagues with open access to information. Work results are measured based on outcomes rather than hours invested in projects, providing both autonomy of action and flexibility for remote working staff. Knowledge is recorded and shared, avoiding the need to rely on verbal explanations and updates that may be subject to delay or confusion. Weaving together these elements is a commitment to asynchronous and formal communication that aligns understanding across the entire organization.

One leading business process management firm leveraged the importance of people supply chain as a core enabler of its transformation. ITeS is inherently a people-centric industry, meaning people processes are particularly important to an effective virtual organization. This business has demonstrated an ability to rapidly repurpose and redeploy workforce talent into evolving client situations, banking on a central clearing house with end-to-end visibility of both demand and supply, in order to manage staffing processes. Adopting this approach has also resulted in benefits for employee experience through platforming areas such as

skills mapping, onboarding, attrition management, and resource rotation. This provides an effective and flexible virtual operating model for engaging remote talent.

We understand that activating all elements of virtual fitness is a challenge, especially during crises. As always, quick-win solutions can be an effective way to kickstart change. Adopt standard operating procedures for virtual interviews and onboarding, at the same time digitizing exit processes. Pilot conducting a virtual training day for all frontline employees to promote shared culture and development. Gamify team awards to encourage participation and adherence to virtual working practices.

Technology Platform Imperatives of Virtual Evolution

Embracing the remote working transition enables ITeS enterprises to transform potential challenges into fresh business opportunities. The case studies noted above reveal how some businesses have already unlocked opportunities. What's critical to recognize is the role technology plays in delivering success. Fundamental to embracing and successfully optimizing a true work-from-anywhere transition will be the technology platforms and tools which enable enterprises to operate as coherent virtual organizations. Refer Exhibit 2.

Before defining technology platforms, ITeS enterprises should recognize their own need hierarchies that reflect the full spectrum of technology choices available to enable WFA opportunities.

- **Operate.** IT infrastructure that enables remote workers to connect to business networks and tools. This includes functionality which extends from virtual desktops through to anytime, anywhere cloud-native solutions.
- **Secure.** Secure network connections to ensure safe, secure information sharing and collaboration. Cybersecurity solutions range from anti-virus software and virtual private network (VPN) connections through to multi-factor authentication.

EXHIBIT 2 | Range of Tech Choices for a Virtual Organization. Where do you want to be?

| | | By tech enablement | | |
|-----------|---|---|--|---|
| | | Capability | Solution Choices | |
| OPERATE | "Plug into" the organization | Desktop/Laptops with Internet Dongles | VR Gear, BYOD with biometric inputs | <ul style="list-style-type: none"> Holones Samsung Gear VR |
| | Ubiquitous Infrastructure | Virtual desktop SDWAN | Anytime anywhere Cloud infra; MDM | <ul style="list-style-type: none"> AWS Azure |
| SECURE | Access relevant resources securely | VPN and Anti-virus solutions | Strong Identity management; Multi-factor authentication & Post auth access controls | <ul style="list-style-type: none"> Okta Zscaler Avatier Interguard |
| BELONG | Work across teams & customers | Communication platform/IM and VC | Virtual workspaces with whiteboarding and strong document management with sharing Task management/ Ticketing platform with Cloud-based co-editing development tools | <ul style="list-style-type: none"> Visual Studio Trello Onedrive Github Slack Zoom Jira Pragli Microsoft Teams |
| | Engage with employees | Town Halls & E-polls | Digital Communities, Virtual workspaces, E-gaming | <ul style="list-style-type: none"> Yammer Workplace |
| ELEVATE | Improve productivity | Project Management/ Workplanning tools | Automated productivity monitoring | <ul style="list-style-type: none"> MyAnalytics Monday.com Sapience Vue Hubstaff |
| ACTUALIZE | Automate & self-serve across employee journey | Self-service IT portal Learning platform—multi platform, on demand | HRMS platform with recruitment, performance mgmt., learning, staffing | <ul style="list-style-type: none"> Workday Cornerstone Zoho Recruit PowerApps |

Source: BCG analysis.

- Belong.** Technological solutions to enable remote workers to better connect across teams, customers, and colleagues. Ubiquitous instant messaging platforms or virtual town halls offer a simple pathway to collaboration and affiliation, while more advanced solutions can be provided through virtual workspaces with shared tools functionality. Positive work culture can be fostered through digital workspaces or even virtual socializing events
- Elevate.** Elevating remote working experience to deliver enhanced productivity improvements. Collaboration and productivity enhancements can be delivered through basic technology tools such as project management or work-planning functions, with automated productivity monitoring offering a more advanced solution.
- Actualize.** Further integrate people processes and human resource (HR) functionality to automate and self-serve

across the employee journey. In simple terms this could mean a self-service IT portal or learning platform. At the more advanced level this could include cloud-based HR management systems with integrated recruitment, performance management, learning, and staffing functionalities.

Enterprises should be careful to avoid a one-size-fits all approach when considering the technology needs of their employees. There should be a focus on fitting the appropriate platform or tools to the unique roles of individual employee cohorts and the needs hierarchy, which could vary by cohorts.

Adopting a persona strategy can help. This allows a business to understand how the core considerations can be tailored to enable employees, without investing in unnecessary or redundant tools that significantly increase the cost of this transformation. Likely personas in the ITES sector could include frontliners, supervisors and specialists.

Understanding a day in the life of a supervisor and frontline worker reveals how technology platforms can make or mar employee productivity or experience across these two key operational personas in the ITes sector. Refer Exhibit 3.

By taking a persona approach, enterprises can design a strategy which best matches the needs hierarchy with the operational demands of an individual role. Enterprises should then work to right-size their technology investment to enable and empower their workers while balancing cost and cash outflows.

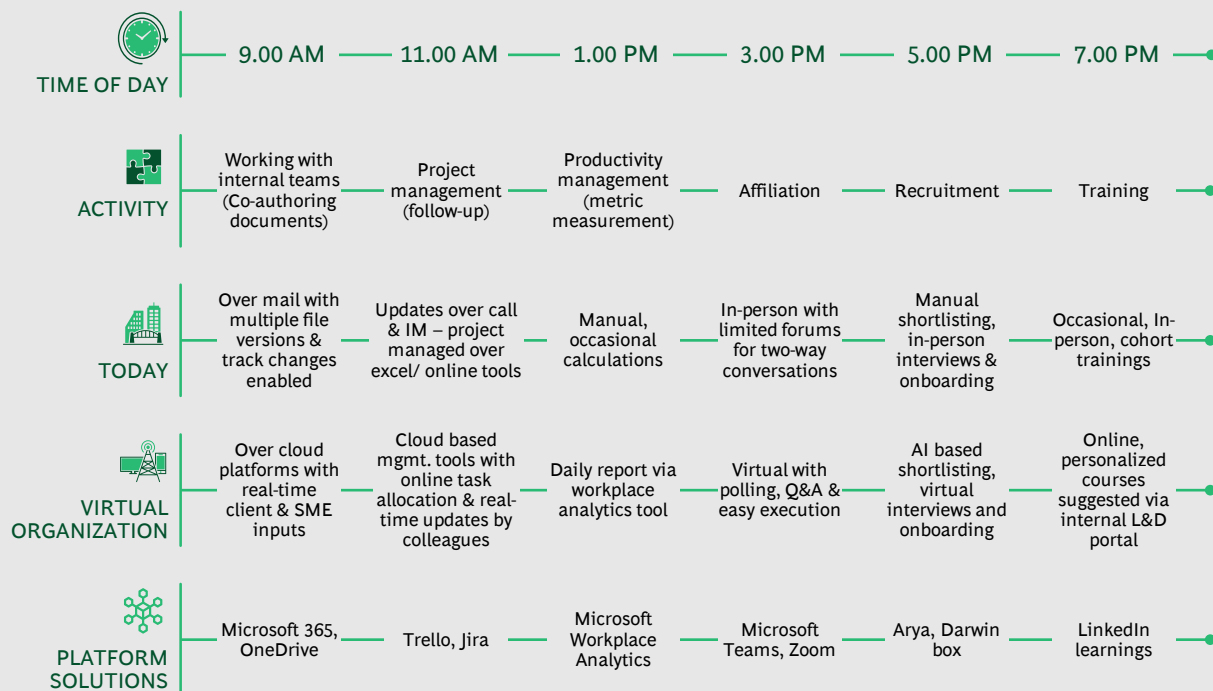
In frontline workers, this could mean a day beginning with a virtual team huddle to align priorities and reinforce collaboration and culture. Virtual assistants and workforce-planning tools provide workflow support throughout the day. WFA toolkits are regularly updated and shared to ensure secure and optimized access to shared networks and resources. Repetitive tasks are automated, leaving the frontline worker free to collaborate on critical tasks (for ex-

ample, code deployments), while also providing capacity for upskilling through virtual learning platforms.

A supervisor could begin their day with prioritized notifications through a mobile app, before linking into a team meeting on a collaborative virtual conferencing platform. Project dashboards provide oversight of workforce KPIs, at the same time providing real-time notifications of critical situations as they emerge. Virtual platforms offer global connections with clients or colleagues, while an integrated teamwork approach enables rapid collaborative cross-team solutions. HR platforms provide a simple virtual pathway onboard new members, as well as staff employees on projects. Workplace analytics tools ensure a clear overview of productivity and workflow successes to end the day.

There are a wide range of technology choices and platforms which enterprises might seek to adopt. It is critical that enterprises transition to right-size their technology requirements, understanding where they

EXHIBIT 3 | Day in the Life of a Supervisor—Before and After



Source: BCG analysis.

aspire to operate within the needs hierarchy, and how they wish to activate their employee personas, hence defining their optimum position on technology platforms. It may not for example be necessary for all frontline workers to be enabled by technology beyond the Secure dimension, while supervisors are empowered by a comprehensive technology approach that extends to and includes elements of Actualize.

Now is the Time To Evolve

THE WORK-FROM-ANYWHERE TRANSFORMATION is not a temporary transition. Remote working is here to stay and is primed to unlock key competitive advantages for committed enterprises in the ITeS vertical and beyond.

BCG's Virtual Fitness Framework provides a template which can enable ITeS compa-

nies to inform an effective transformation. Business strategy, workforce culture and supply chains, and technology-enabled operating models will be fundamental to adopting an optimized remote working policy. These foundations will dictate the strength of any virtual organization going forward.

Equally, plotting an effective transformation will require an informed understanding of the technology needs hierarchy, and how that might apply to the employee cohorts within your own organization. Understanding the fundamental role technology plays in enabling this opportunity will be critical to success. Recognizing how that technology applies to your own workforce needs will be the basis for a right-sized approach that avoids unnecessary business expenditure while optimizing remote employee experience.

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