New Research Reveals Risk Factors to Business Success in a Post-Pandemic World

Economist Impact survey of 2,000 business leaders, sponsored by Cognizant, shows key challenges include competing priorities, deriving value from technology investments, addressing a talent and skills gap, and sustaining action on ESG

- Approximately 90% of respondents cited competing strategic imperatives, including data-driven ways of working, digital business models, and aligning operations with these new ways to work.
- Over 60% of respondents are planning for or have already begun adopting advanced technology such as quantum computing, blockchain, and robotics. Yet nearly 50% claim they are not achieving significant value from existing technology investments.
- Nearly half of respondents, approximately 46%, recognize they lack the internal talent necessary to implement and utilize advanced technologies.
- An overwhelming nine out of 10 respondents recognize attention to Environmental, Social and Governance (ESG) issues is an essential aspect of being a modern business; only 35% are currently incorporating ESG into company strategy.

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Cognizant today introduced The Future-Ready Business Benchmark, research from Economist Impact, commissioned by Cognizant. This comprehensive survey of business leaders across eight industries and 10 countries is aimed at understanding the state of the modern business and how leaders are preparing for long-term success in a post-pandemic world. The research identifies three essential interrelated areas that leaders must prioritize to create a resilient, future-ready enterprise: 1) Realizing full value from accelerated technology adoption, 2) overhauling workforce strategies, and 3) closing the gap on thought and action in the face of growing environmental, social, and governance (ESG) challenges.

"Resilience is the new must-have capability for every organization that expects to thrive in this time of intensifying competition, ever-accelerating digital technology, and unpredictable global events," said Euan Davis, Head of Cognizant Research. "To succeed as a modern business, leaders must be ready for anything, and prioritization is key when everything seems equally critical. We've shown that savvy technology investment, attention on developing talent with new and expanded skillsets, and embedding and acting on an ESG agenda are core elements of focus on which leaders can build. The successful CxOs will build future-ready, resilient businesses by ensuring their organizations learn, adapt, and continually evolve."

Economist Impact surveyed 2,000 senior executives in 10 countries across North America, Europe, and Asia-Pacific to assess and compare their businesses across a range of metrics.

Survey highlights include these insights:

- **Strategic clarity is muddled.** Over 90% of business leaders surveyed say it is a strategic priority to adopt a data-driven approach and create a digital-first business model, with 37% citing *both* imperatives, along with the need to align operations with these new modes of working, as "business critical."
- **Technology investment is accelerating beyond what has become the standard shopping list of cloud, advanced analytics, IoT and artificial intelligence/machine learning (AI/ML) even while respondents say they are not yet realizing full value of existing investments.** In addition to these foundational technologies, of which the vast majority of respondents, 80%, say they have adopted or plan to adopt, there is a growing appetite for an emerging set of technologies; over 60% of respondents say they plan to or are already adopting quantum computing, blockchain, and robotics.
- **Workforce and talent management strategies need a major overhaul to prepare workers for new ways of work.** Nearly half of respondents, at 46%, recognize they lack the skilled talent necessary to make productive use of advanced technologies. When asked about the biggest hurdles to implementing new processes, products, services and technologies over the last 12 months, the two most significant challenges were workforce-related: a lack of knowledgeable staff and a chronic lack of focus on preparing workers for the new ways of work. For example, just one-third, or 33%, of respondents are using data to identify and understand training needs and cultivate talent.
- **Business resilience is at risk for companies that recognize ESG as a critical consideration but fail to take action to integrate ESG throughout the organization.** Nine in 10 decision-makers, or 90%, recognize attending to ESG issues is an important aspect of being a modern business. However, there is a massive disconnect between recognition and action, with only 31% having dedicated staff and resources devoted to ESG, and only 35% incorporating ESG into company strategy. A slight majority, 54%, report setting and taking action on specific environmental targets, while only 44% currently measure social impact.

"Many businesses today are struggling to prepare for next month, let alone years from now," noted Vaibhav Sahgal, Principal at Economist Impact. "Firms genuinely embedding principles of future-readiness from our Future-Ready Business Benchmark into their operational realities will maintain and grow their competitive advantage. Our data validated the fact that it is particularly challenging to make progress on the matter when juggling a vast array of often competing priorities. Our guidance is to start where the gaps are most significant and dial up the focus on people; the benchmark offers tangible calls to action for

businesses across countries and industries. A failure to embrace the volatility that is here to stay, and prioritize business plans and investments accordingly, puts your business at the risk of losing relevance."

Study Methodology
The Future-Ready Business Benchmark, research from Economist Impact, supported by Cognizant, examines the state of businesses today in light of the needs of tomorrow. It was developed through a rigorous process of research, expert consultations, data collection and analysis. The benchmark reflects a range of key considerations and measures of future-readiness for multi-national firms from 10 developed economies and eight industries, spanning the external environment, business preparedness factors and current performance, and focused on cross-cutting themes including firm fundamentals, talent, technology and innovative ability, and ESG.

Read more about what it takes to be a future-ready business here.

About Cognizant
Cognizant (Nasdaq: 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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