

Digital strategy for born-digital companies: during and after the pandemic

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Key takeaways:

- An **agile digital strategy** will be imperative to address dynamic business outlook
- Born-digital companies:
 - will expect **modular yet resilient technology stack**
 - are expected to enhance their investment in shaping the **workforce of the future** equipped with emerging digital skills.
- Businesses will pivot around **technology-led innovation** to churn out new winning strategies.

COVID-19 pandemic has disrupted the business activities in an unprecedented way. In this second year of the pandemic, the business priorities have started to become clearer. While 2020 was the year for companies to respond to the disruption, 2021 is going to be about defining the future course of strategy in the post-pandemic world.

So far, born-digital companies, powered by their inherent digital DNA and operational agility have managed to sail through this disruption relatively well. However, they have also clearly witnessed certain challenges in the past few months:

- **Exceptional surge in demand** - The pandemic accelerated the demand for digital platforms, aggregators, and digital service providers. Demand for digitisation and subscription-based models climbed sharply. Shifts in the consumption of digital services has led to wider acceptability of digital channels in general. The digital first companies scrambled to meet this sudden surge, which stretched the operating models, resources, and tech platforms that they used.
- **Working at scale** - Along with surge in demand, rapid scale up became a challenge. This tested companies' ability to scale while maintaining the quality of service. While majority of the born-digital companies were able to respond to the rapidly changing market signals, few cases of services being unable to bear the surge were also witnessed. This exposed certain chinks in the armor, so as to say.
- **Co-optation with physical world** - The pandemic saw practical challenges/bottlenecks in the physical world (for example, disrupted logistics, resource availability, etc.). Digital first organisations started innovating and closely collaborating with the physical world stakeholders

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for finding solutions. This resulted in many co-option models, wherein there is a value creation for both the digital platform as well as the physical world organizations. These trends are expected to strengthen in near future.

- **Widening the digital skill gap** - As companies fast-tracked their digital transition, the demand for skilled resources surged. With their rich technology talent pool, born digital companies increasingly became the go-to place to scout for these resources. The industry witnessed a huge churn in digital talent and widespread movement across organizations. This has caused a short-term resource challenges, while sending out useful signals to the skill market about the digital skills of the future.
- **Supportive regulatory stance** - With digital emerging as a key business enabler during the pandemic, policy reforms were introduced enabling businesses to work in a digitally defined way. Regulators has been supportive of the innovation in many fields, and the pace of change has accelerated. Many of the digital first companies in e-health, e-pharmacy, telemedicine, e-commerce, fintech and payments, products manufacturing, etc. were able to showcase strong value during the pandemic, and the regulators are considering significant push to the innovation agenda.
- **Business Model Innovation** – While the pandemic greatly disrupted the regular demand cycles, born digital companies innovated to add new complimentary business models and started to look at adjunct opportunities. Case in example: Few food and cab aggregators in India ventured into adding hyperlocal delivery to capitalise on the new customer demands during the lockdown.
- **Rise of co-creation** – As workplace collaboration and ideation moved to digital platforms, companies amalgamated co-creation in remote way of working to continue finding solutions to the business problems. As there was a common challenge to be solved, we witnessed ecosystem partners (digital first companies, suppliers/customers, tech players etc.) working together to create new solutions.

While the pandemic negatively affected the businesses at large and projected a recessionary outlook, a record 11 Indian companies entered the Unicorn Club last year. These included a few from EdTech, Fintech, market-place sectors which were able to offer differentiated services during COVID-19. The overall venture capital (VC) funding in India reached USD10 bn, which is the highest since 2019. Investors are optimistic on digital solutions with Software as a Service (SaaS), Fintech and consumer-tech emerging as the most funded sectors during the pandemic.¹

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Role of digital in future business strategy is unquestionable yet identifying a winning approach will be a differentiator. In the post-pandemic era, as born-digital companies rethink their approach to digital strategy, the following trends are expected to emerge prominently:

- An **agile digital strategy** will be imperative to address dynamic business outlook. Businesses may not look at long planning or execution cycles. Agile innovation and speed to market would be of utmost importance.
- Born digital companies will expect **modular yet resilient technology stack** which can ably support business model pivots/branch outs and also provide rapid scalability. Companies are also expected to follow a technology architecture that can allow easy integration capability, expansion, and adequate cybersecurity coverage.
- As the existing business roles and skills undergo a cyclic shift, born digital companies are expected to enhance their investment in shaping the **workforce of the future** equipped with emerging digital skills and look to strengthen their skill pools. These skills will drive the next big innovations for businesses from within.
- As existing business models in these companies will face the test of changing consumer behaviour, businesses will pivot around **technology-led innovation** to churn out new winning strategies.

COVID-19 pandemic may result in long-term implications in the business environment. Any crisis like this provides businesses an opportunity to rethink their strategy and innovate. COVID-19 has [accelerated digitisation](#) in business at large. Digital-first companies will also go through the same cycle and the ones who succeed on seizing the new opportunities may emerge as winners.

Suggested read: [Agile Globalization](#) – How GCCs will transform to combat the need for change during the pandemic and successfully deliver on rising expectations through resources of the future, enabled by a highly flexible enterprise architecture supported by robust business resilience

¹ Indian startups see USD10 bn in VC funding in 2020, FORTUNE India, 17 March 2021