



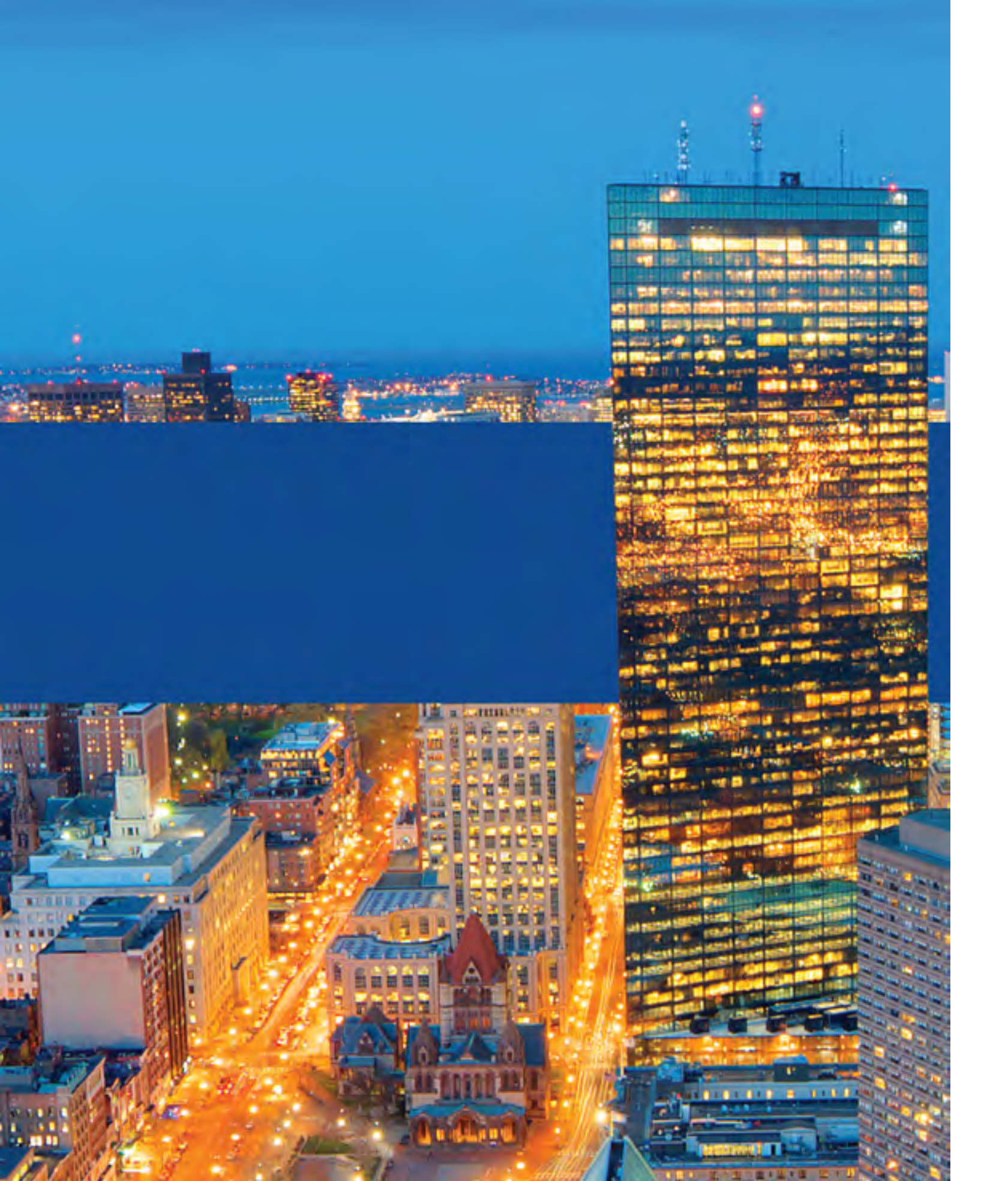
**R.G. Manabat & Co.**

# Shaping the New Reality

**How Philippine Organizations are  
Responding to a New Business  
Environment**











# Shaping the New Reality



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Sharon G. Dayoan

**Chairman and  
Chief Executive Officer**

KPMG in the Philippines  
R.G. Manabat & Co.



# Foreword

2020 is a year that will forever live on in infamy. It can hardly be forgotten that the first quarter of the year concluded with the mass spread of COVID-19, throwing the world into a crisis unlike any in recent memory. It is because of COVID-19 that almost no corner of the world was spared from lockdown measures, confining people to their homes and changing their way of life for the foreseeable future.

As always, businesses had to find ways to cope with the disruption. For some industries, the transition only meant working from home and replacing face-to-face meetings with video calls (although this is no easy feat either). For others, however, the COVID-19 pandemic meant longstanding business practices had to be reevaluated. For example, is it still sensible to insist on an open-office setup when workplaces have been found to be potential hotspots for COVID-19 transmission? After all, various researchers representing the US-based National Institute for Occupational Safety and Health<sup>1</sup> have called for increased caution when returning employees to the workplace. Their research, published in the journal *Aerosol Science and Technology*, casted a light on the role ventilation systems and transparent barriers play in workplace transmission. The researchers also pointed out the possibility of toilets as a source of transmission, pointing out that the lack of exact knowledge on indoor transmission jeopardizes a return-to-office strategy.

Thus, it pays to ask: what will the average office now look like in the age of social distancing? Also, how is employee engagement best accomplished when face-to-face interactions are highly discouraged?

These questions and more are answered in the ensuing chapters, divided into four sections: Reaction, Resilience, Recovery, and the New Reality.

The sections correspond to the phases a business goes through when facing disruptions such as the COVID-19 pandemic. In Reaction, there will be an overview of how a crucial industry such as IT-BPM overcame the initial shock of the spreading virus, and quickly moved to work with various stakeholders in properly recognizing the various risks to their industry. This moves on into Resilience, whose chapter covers what it looks like when pandemic planning becomes a crucial part of overall corporate strategy. Once that is settled, businesses must then look forward to Recovery, where the focus is no longer on survival, but rather on the ability to spot new opportunities amid the crisis. Finally, a business that has successfully managed the aforementioned phases can now complete the transition into the New Reality.

The reason KPMG in the Philippines saw it fit to compile these business insights into a comprehensive publication was the simple realization that no business must remain stagnant, no matter how bad the disruption. The ability to evolve along with the times is the hallmark of an agile organization, something that we have always strived to support our clients in achieving.

We hope that with these insights, businesses will be able to build back better in a way that not only benefits themselves, but also society as a whole. Although the COVID-19 pandemic has certainly been difficult, the fact is that it has given the IT-BPM industry a prime opportunity to reinvent itself.









# Reaction

When COVID-19 cases began to spike in the Philippines in early March 2020, Metro Manila and its surrounding provinces immediately went into lockdown, restricting all non-essential movement for months on end. These measures have had an adverse effect on business, but it is how businesses will respond to the crisis that will define their legacy. While COVID-19 is certainly an unprecedented challenge for every business, the following section will detail how industries such as IT-BPM and even corporate real estate have forged on ahead and are even making plans for a future where they can generate opportunities for Filipinos. Their cases will show how recovery from the COVID-19 pandemic is an effort that will require teamwork, ingenuity, and grit.

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Investments and mergers  
and acquisitions in the  
wake of COVID-19:  
a conversation about  
the future of business  
**By Mono Bhattacharya**



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Before an industry can react to any external factor, it is important to first understand how it has been affected and what the long-term consequences are.

The COVID-19 outbreak has tested the resilience of businesses in the Philippines. Businesses were compelled to adapt to and cope with both the new realities of employees working from home and lower demand for products and services while the country deals with the COVID-19 pandemic.

As industries then face wave after wave of unprecedented challenges, sometimes mergers and acquisitions (M&A) present the only way for a business to survive. After all, M&A represents the best way to easily combine the knowledge, assets, and skills of two different companies.

While vaccines are expected to be available in the Philippines at the end of the first quarter, its rollout and effect on the economic recovery must be carefully thought of in order to successfully manage the pandemic.

We sought insights from RKCA Investment Banking's Mono Bhattacharya on how the pandemic may impact foreign direct investments and M&A in the foreseeable future. Here is an excerpt of our conversation with Mono Bhattacharya.

**Given that the Philippines has had some of the world's longest community lockdowns, how do you see this affecting foreign investment in the country within the next 5-10 years?**

The fundamental thesis for investing in the Philippines has not changed (a relatively young population, high English fluency) and I expect that to continue although there may be a slight decline over the next 12 to 14 months. I expect to see FDI to stabilize by 2022 based upon the current assumption around the availability of vaccines and therapeutics.

**As the Philippines slowly attempts to reopen, do you anticipate a change in the profile of investors investing in the country?**

I do not think that it is unrealistic to expect a short-term pullback by investors. Those who have invested before will have the confidence to move ahead with in-flight or new projects while those entering the country for the first time, may pause and reassess.

**What investment trends do you foresee happening to the BPO industry in the Philippines, given the economic effects of the prolonged lockdown in Metro Manila?**

The pandemic has definitely accelerated trends already underway in the Philippines as far as the BPO industry is concerned. Working from home is far more prevalent today out of necessity than at any time in the past. During these times of lockdown and social distancing, employers are working with their employees to invest more in a digitally-enabled environment supported by stable internet. For example, investments in hardware allow employees to connect to the internet along with investments in tools that track productivity, foster team building, and community are on the rise.



## How can family and founder-owned businesses in the Philippines leverage M&A to thrive despite the pandemic?

While no two industries have been impacted the same way, BPO companies with high exposure to the Travel and Leisure sector have been adversely impacted. Many companies in the industry have pivoted to maintaining a semblance of normalcy or business as usual by shifting employees to work from home. As such, the BPO industry in the Philippines is expected to experience nominal to flat growth this year.

If a family or founder-owned business is contemplating a sale of their business and have fared well through the pandemic, then there are buyers who have the interest and the financial wherewithal to close transactions at pre-COVID-19 valuation multiples. While the threshold to complete transactions within strategics may have shifted, private equity and strategics backed by private equity are active in the M&A market. The most common obstacle for deal flow in 2021 is expected to be the availability of quality acquisition targets.

On the other hand, if a company is looking at acquiring other companies, then the opportunities will continue to present themselves. M&A is the execution arm of strategy and if a company has been deliberate about formulating their company strategy and, by extension, their acquisition strategy, the opportunity to acquire companies that are constructive to the acquirer will definitely be there in 2021. The longer the pandemic lasts, the higher the number of distressed assets across industries to come to market. Time is of the essence in distressed deals and if you are going to participate in distressed transactions, I would recommend lining up necessary advisors and financing sources that would allow you to complete due diligence and fund the transaction in a compressed timeline.



## At a time when everybody is scaling down and the business climate is quite uncertain, what would you say are the benefits of continuing M&A?

Again, I don't believe that all industries have been impacted the same way – hotels and airlines have been impacted far adversely than the BPO or software industries. While the BPO industry in the Philippines may not experience the growth that it has been accustomed to in the past, the growth is expected to return as the vaccines are distributed and administered throughout 2021.

Provided that the acquirer is on a solid operational and financial footing, M&A can accelerate growth – revenue, clients, capabilities – compared to relying solely on organic growth. If you are looking to acquire companies in the near future, start your planning process to highlight your acquisition criteria, process design, ideal deal structure, integration planning. While the process may be complicated and cumbersome, you can de-risk the common pitfalls with planning and deliberate execution.

## How might the practice of M&A itself change in the next few years?

Over the last few quarters, companies have been building war chest of strategic liquidity. By way of example, according to data from the S&P Dow Jones Indices<sup>2</sup>, the cash holdings of companies in the S&P 500 were able to hit a record \$1.8 trillion (USD). I expect to see some of the cash reserves being deployed towards strategic M&A in the future and as a result, more strategic companies participating in acquisitions than before relative financial buyers.

## What types of M&A can we expect to see in the near future?

We have definitely observed an impact to the debt markets as a result of the pandemic, as a result, the equity checks as a proportion to debt in deals has increased. Also, as we saw in the 2008 financial crisis, a lot of companies – both public and private – reassessed their core business and divested non-core assets. As a result, I expect to see corporate carve-outs on the rise again.

The long-term impact of the crisis to businesses is evolving and will continue to do so until a large part of the country has been vaccinated and therapeutics developed and available to combat what is hopefully a once-in-a-lifetime event.



# The IT-BPM Industry at the forefront of the Philippines' economic recovery

**By the IT & Business Process Association of the Philippines (IBPAP)**

The rapid spread of COVID-19 pushed governments to implement stringent lockdown measures that curtailed economic activity and increased unemployment, which had immediate and devastating effects on global economies.

According to the International Monetary Fund (IMF),<sup>3</sup> the world's Gross Domestic Product (GDP) grew by 2.8% in 2019 and that it was anticipated to reach 3.3% in 2020. With the outbreak continuing to fuel uncertainties, global economic growth is now expected to have a deficit of 4.4% by the end of this year.



Similarly, the Philippine economy is also projected to experience a contraction because of the unprecedented events following the pandemic. Based on data gathered by the National Economic Development Authority (NEDA),<sup>4</sup> GDP fell by 9% in H1 2020—triggering the first recession in the country since 1998 when the Asian financial crisis happened.







## A Demonstration of Resilience and Tenacity

Though nobody was spared from the onslaught of the health crisis, the Philippine IT-BPM industry was able to gain some early leverage when it was declared an essential service by the national government's Inter-Agency Task Force on Emerging Infectious Diseases (IATF-EID) very soon after the lockdown began in March.

It was also during this period that the sector was able to secure concessions to mobilize an on-site skeleton workforce and enable work-from-home operations.

Over the course of the lockdown, the industry was also able to increase operational capacity in addition to maintaining strict health protocols and providing extraordinary assistance to employees through accommodations, shuttle services, and office equipment.

From 50% at the beginning of the lockdown, the sector was able to improve its productive capacity to 73% as restrictions started to ease. This figure gradually went up to 90% once lockdown guidelines became more flexible and less rigid.

With the unceasing support of the national government, the astounding determination shown by industry leaders and the unparalleled resilience and tenacity of the workforce, the sector is now performing close to pre-COVID levels through a blended service delivery model.

### Productive Capacity

As community quarantine guidelines gradually eased, the rate of productivity across the IT-BPM industry noticeably increased.



Source: IT & Business Process Association of the Philippines. (2020). The Philippine IT-BPM Industry's Reaction to the COVID-19 Pandemic.



## Driving Investments and Employment

The ability of the Philippine IT-BPM industry to render essential services to both domestic and international clients is indeed a welcome sign of its recovery. This is further reinforced by insights from the government and allied sectors.

As stated by the Philippine Economic Zone Authority (PEZA), the industry logged -P-14.146 billion in investments from January to September 2020—43% higher than the -P-9.9 billion documented for the same period in 2019.<sup>5</sup>

Many organizations also continue to recognize the sector to be a prime driver of real estate. In fact, data gathered by Leechiu Property Consultants (LPC) projects that 49% of the live office requirements for H2 2020 will come from the industry. In parallel, CBRE Philippines is anticipating that 63% of transactions in the same period will be from the sector.

A survey by Jobstreet likewise points to the industry as one of the top hirers at the height of the lockdown as it accounted for 41% of the total job postings on their employment portal.





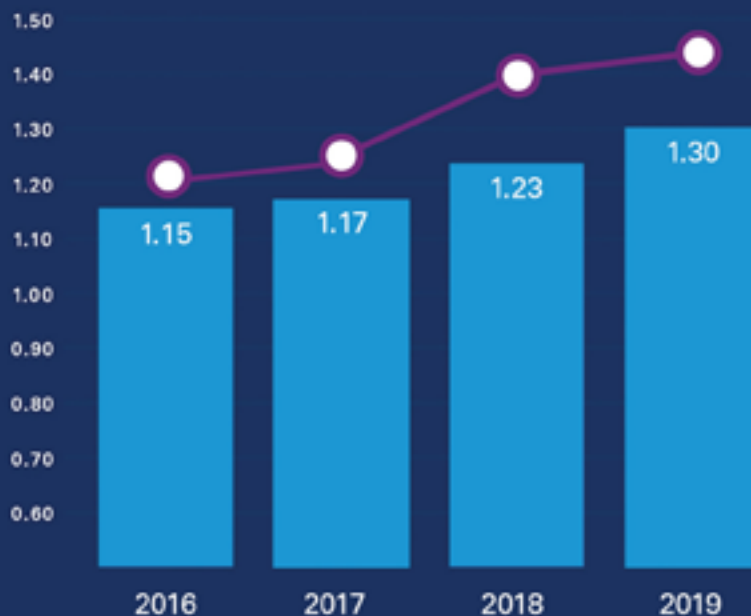
## Strategic Imperatives to Achieve Growth Potential

Prior to the outbreak, the Philippine IT-BPM sector had always shown that it was capable of navigating uncertainties and weathering disruption.

In 2019, despite challenges brought about by geo-political developments, changes in government policies and widespread digitalization, the industry recorded revenues amounting to \$26.3 billion or a 7.1% jump from the previous year. Meanwhile, the number of full-time employees (FTEs) in the country registered a 5.8% growth compared to 2018. This brought the sector's total headcount to 1.3 million Filipinos.

### Headcount, 2016-2019

In 2016, the IT-BPM industry headcount numbered at 1.15 million people. This grew to 1.17 million in 2017, 1.23 million in 2018, and then 1.30 million in 2019.



The above infographic shows that the IT-BPM industry has been steadily growing in the past few years. In fact, last year saw the highest growth rate for the industry with the year 2019 closing with 1.30 million people employed full-time by the IT-BPM industry.

In line with this, the IT and Business Process Association of the Philippines (IBPAP) continues to see sustained growth for the industry. A recent study conducted by the Everest Group, a global consulting and research firm, shows that the sector has the potential to achieve revenue growth of 5.5% and headcount growth of 5% per annum from 2021 to 2022.



Accelerate investment in talent development initiatives, especially for next-generation skills.



Stronger pivot to digitally supplemented services by fast-tracking investments in digital and cyber security programs.



Tap countryside potential by hastening talent and infrastructure developments outside of the National Capital Region (NCR) and other metro cities.



Enhance focus on resilience, increased commitment from players and government, and ability to deliver complex services.



Strengthen telecom infrastructure to better support long-term remote work.



This means that the Philippine IT-BPM industry can achieve earnings of \$29 billion by 2022 and add more than 130,000 FTEs within two years.

Moving forward, this growth will be enabled by accelerated digital transformation, a robust IT-BPM ecosystem, a skilled workforce, and strong support from the government. These are the strategic imperatives cited in the same report by the Everest Group:

Improve ease of doing business by strengthening government partnerships and pursuing more collaborations.





# Future-Proofing the Philippines

IBPAP has already embarked on several initiatives to make certain that these projections become reality.

## 1. Digital Cities 2025

Launched in June 2020, Digital Cities 2025 aims to drive inclusive growth in the countryside. It is a collaboration with the Department of Information and Communications Technology (DICT) wherein 25 high-potential areas throughout the country are transformed into bustling technology hubs through the following interventions:

Institutional  
Development

Talent Attraction  
and Development

Infrastructure  
Development

Marketing  
and Promotion.



By 2025, the goal is to add these locations to the country's expanding portfolio of thriving business districts that support the IT-BPM ecosystem, create jobs, spur the development of other sectors, de-risk Metro Manila concentration, and boost the local economy.



## 2. National Upskilling and Reskilling Framework

Fortifying the workforce has always been a priority for the IT-BPM industry, so it follows that one of its key focus areas is a national upskilling and reskilling framework that, when fully funded, will strive towards skills development for one million Filipinos over a period of five years.

**Currently, it has three learning tracks:**

### Domain Skills

Concentrates on specialized and subsector-defined skills that are based on existing and emerging job roles within the industry, which comprises animation, game development, global in-house centers, contact centers, healthcare information management, and IT and software services.

### Digital Skills

Puts the spotlight on cross-sectoral skills based on digital jobs of the future. A recently launched program under this learning track is IT-BPM SKOOL (Skills and Knowledge Optimization through Online Learning), which optimizes digital upskilling and reskilling for the industry by providing access to relevant courses and certifications.

### Leadership Skills

Works on leadership-building skills that expand the capacity of future and incumbent leaders for the digital age. For this learning track, IBPAP will be partnering with leadership development institutions to conduct leadership-building sessions.





**There are also a number of subsector-specific programs that IBPAP's partner associations are currently implementing to contribute to this endeavor:**

#### **Icon Manila**

An annual event spearheaded by the Animation Council of the Philippines, Inc. (ACPI) for animation professionals and students in entertainment design. It gathers creative minds in animation, film, games, illustration, and visual effects.

#### **Data Protection Webinar Series**

Organized by the Contact Center Association of the Philippines (CCAP) and its BCP and Security Council to provide a venue for experts to share their views on pressing BCP and cyber security issues.

#### **CG Creator Certification Localization**

The Game Developers Association of the Philippines (GDAP) is localizing a Japanese Computer Graphics Certification that will improve the skills and quality of work of Filipino digital artists to help them compete better internationally.

#### **Trade Missions**

The Healthcare Information Management Association of the Philippines (HIMAP) continuously supports its member companies through networking opportunities with potential customers where they can promote their services and gain new clients.

#### **Industry-Academe Research Partnership**

A research partnership led by the Philippine Software Industry Association (PSIA) that will produce data and analytics with the goal of providing clearer, scientific, and useful insights for the Philippine software startup community.

"The impact of the pandemic has undeniably placed the Philippine IT-BPM sector in uncharted territories. So far, we've been able to navigate it fairly well, but this doesn't mean that we can sit back, relax, and leave things up to chance," said Rey E. Untal, IBPAP President and CEO.

"There are millions of Filipinos that rely on the continued success of the industry. We need to be deliberate and proactive with our efforts with the government, academe, and the private sector so that growth potential can be translated into tangible job opportunities. It is imperative for the Philippines to strengthen its position as a top investment destination."











# Resilience

It has always been imperative for organizations to form business continuity plans to stay afloat in the event of disruption. However, the gravity of the COVID-19 pandemic showed how it is no longer that simple to sustain operations during a crisis. In order to remain resilient in times of uncertainty, businesses must now be quick to identify trends and strategies that can resolve issues related to the pandemic and even those that will occur in the future.





# Business continuity management in the New Reality

By **Emmanuel P. Bonoan**



Emmanuel P. Bonoan is the Vice Chairman, Chief Operating Officer and Head of Advisory of KPMG in the Philippines. He is a member of the Board of Governors of the Management Association of the Philippines (MAP) and is MAP Vice-President. At KPMG, he leads the firm's business continuity as Head of the Executive Crisis Response and Digital Committees. He is a former undersecretary of the Philippine Department of Finance and exercised oversight functions over the Bureau of Internal Revenue and the customs authority.



Reinventing business operations during a crisis is undeniably a difficult feat to achieve; people are striving to land sustainable jobs and governments are working hard to keep their systems and economies afloat.

In order to prepare for any crises that may occur in the future, organizations and their employees must create an overall resilience strategy and develop and equip themselves with the appropriate skills and tools to survive.

Businesses can build their strategy based on three enterprise resilience pillars: financial, operational and commercial.

## The three pillars under enterprise resilience

### Financial Resilience



- 1) Financial stress testing and forecasting
- 2) Liquidity and financing
- 3) Financial crisis response and contingency planning

### Operational Resilience



- 1) Operational crisis management
- 2) People
- 3) Supply chain
- 4) Technology and Data
- 5) Premises and property
- 6) Cyber and fraud risk

### Commercial Resilience



- 1) Markets, products, and services
- 2) Customer experience and behaviors
- 3) Supply chain



## Financial Resilience

There is no doubt that the pandemic brought on economic uncertainties across the globe. The lockdown measures and the disruption brought by the pandemic<sup>6</sup>, thereby causing delays in the production and distribution of products and services. Even the healthiest businesses experienced strains in their operations.

To sustain their businesses while keeping costs like salaries and maintenance fixed, many companies prioritized business-critical payments, laid off workers and shrunk their operations. In the Philippines, 4.6 million Filipinos were reportedly unemployed four months into the pandemic.<sup>7</sup> In Metro Manila alone, 929,000 people were recorded to be out of work. The earlier months saw more unemployed Filipinos but as quarantine restrictions eased, several businesses resumed operations, allowing employees to return to work.

However, others that could no longer survive the effects of the pandemic have permanently shut down.

In a broader perspective, the pandemic caused a country-wide recession for the first time in 29 years, with its gross domestic product shrinking by 16.5% on-year in the second quarter of 2020 and the Philippine government predicting that the economy will return to its pre-pandemic state by 2021 and 2022.<sup>8</sup>

Essentially, businesses today are facing several financial challenges in three major aspects: financial stress testing and forecasting, liquidity and forecasting and financial crisis response and contingency planning.

Under the financial stress testing and forecasting umbrella, businesses are initially recommended to create robust short-term cash flow (STCF) forecasts for 13-17 weeks at business unit and group level, as well as assess enterprise-wide cash flow risks to spot potential downsides to the STCF and analyze them by timing, quantum and probability. They can also identify achievable ways to reduce costs, preserve cash and classify them with impact and risk gradings, among other things.

When it comes to business liquidity and financing, firms can draw down all existing funding lines to maximize available cash, identify and risk grade those levers, assess baskets and triggers under existing

financing documentation and evaluate funding strategies, options, markets, lenders and other sources of capital in order to meet funding needs in the timescale available.

Lastly, when conducting financial crisis response and contingency planning, businesses are recommended to take legal advice on mothballing and insolvency options; model mothball options; consider directorial duties in a financially distressed situation; look into the impacts of financial restructuring, compromises, insolvency options, reduced or altered trading structures on the tax profile; and, rationalize the group to focus on substantial simplification opportunities.



## Operational Resilience

Financial strains are only the tip of the iceberg. As businesses continue to navigate the harsh effects of the pandemic, they must be able to pivot and rethink many operational aspects such as their employees and supply chains to remain resilient and prepare for possible crises.<sup>9</sup>

One of the most essential and most affected elements of a business is its people. Employees are not only strained at work but are also being pulled down by burdens in their personal life such as family problems, debts and more. Businesses that are employing work-from-home arrangements are seeing problems with their manpower.



To keep their employees engaged during unprecedented times, business leaders must check in with their employees about their personal circumstances and actively communicate with them through various web and video conferencing applications, email, intranet, chat rooms and other online platforms. Businesses are also recommended to rethink their human resource policies to respond to changing regulation and government guidelines, as well as reskill their employees to equip them to adapt to these changes<sup>10</sup>.

Considering that many employees are grateful for whatever they could get, companies should very well avoid any short-term decisions when it comes to resourcing and costs that may affect employee well-being and longer-term protection of jobs.

Of course, businesses should also focus on the upkeep of their workplace. Companies must acknowledge challenges that have risen since the start of the pandemic such as safeguarding buildings during periods of low occupancy, securing sites and assets against crime, sanitation of occupied properties and supporting ongoing operations with skeletal staff, among other practices.

With these problems at hand, businesses are now recommended to implement robust and regular deep cleaning plans in public areas of their occupied sites, ensure sufficient supplies to protect their staff and visitors and test and implement remote monitoring and management of their premises. Companies can also check their insurance cover to minimize disruption in the event of loss or damage to an asset. For those

who are planning to resume office work from a remote work setting, they should create thorough and scenario-based plans for reopening workplaces.

Apart from the workforce and workplace, changes in the supply chain are apparent and should also be addressed as soon as possible. According to a survey by the Asian Development Bank, 39.1% of respondents in the Philippines faced severe bottlenecks in the product supply chain due to lockdown measures.<sup>11</sup> Additionally, 1,109 firms said that factors that led to these bottlenecks include slow clearance from the Bureau of Customs on goods and raw material exports, contract termination or reduced operations with local suppliers or distributors and delayed logistics due to limited delivery vehicles and drivers.

With these restrictions in the supply chain, many businesses experienced low revenue and offered poor customer service. They also experienced excess demand due to changes in behaviors, increased expenditures on premium freight to expedite parts and materials and more. To remedy these issues, businesses must undertake end-to-end supply chain mapping and supplier risk profiling, determine business exposure by identifying current and buffer inventory and communicate with critical suppliers.

They should also consider if they have the means to establish a dedicated team to focus on supply chain assessment and risk management, as well as invest in digital supply chain transformation.





## Commercial Resilience

Businesses must look into commercial resiliency after mitigating the financial and operational risks of their organizations<sup>12</sup>. As mentioned, the pandemic caused a change in customer and demand behavior. This phenomenon will most likely continue in the future as purchasing patterns regularly change even before the outbreak.

One of the most evident changes in customer behavior is the shift to digital. Data from Statista as of May 2020 showed that 44% of Filipino consumers aged 35 to 44 increased their online purchase behavior during the COVID-19 pandemic.<sup>13</sup> Lazada Philippines, saw that essentials were being purchased on a click of 15 times versus a pre-pandemic period.<sup>14</sup>

Consumers will most likely continue using digital channels to purchase products and services in the New Reality.

To respond to rapidly changing customer behaviors, businesses need to identify and segment their new consumers and determine the self-serve and digital channels that are creating positive experiences. They must then embed these channels for the long-term to meet new customer preferences and drive potential cost savings.

Companies should also consider reallocating resources and capabilities towards tailored customer communications, sales and service models, as well as include employees in their commercial plans so that they can properly inform and respond to customers.

Businesses should also look into developing new digital marketing and communications platforms to directly engage new customers, assess the potential impact of short-term disruption on longer-term patterns of customer demand and behavior, and modify customer journeys and processes to address the changes.

As we continue to navigate towards a New Reality, we must continuously shape and enhance business operations to remain competitive and resilient. With the current pandemic, it is now more important than ever to create responsive and agile business processes to survive and thrive.





A person wearing a full-body white protective suit, including a hood and mask, is using a spray nozzle to clean a green tufted chair. The person is carrying a red and black sprayer tank on their back. The setting appears to be an indoor office or lounge area with a wooden floor and a stone wall in the background.

# The importance of rapidly executing business continuity plans in the BPO industry

By Ivic Mueco



Ivic Mueco is Optum Global Solutions' President and Managing Director for the Philippines, Puerto Rico, and Colombia. Previously, she served as the President of Concentrix for the Asia-Pacific region, overseeing 40 operating sites with 67,000 team members across the Philippines, India, Malaysia and China.

Named one of the 100 Most Influential Filipino Women in the World (Builders Category) in 2014, Ivic is a founding member of the Philippine Business Coalition for Women Empowerment. She is likewise a strong advocate of diversity and inclusion and believes that gender equality is a fundamental human right.



The COVID-19 pandemic forever changed many elements of the workplace – and the workforce, the measurement of output and collaboration, the use of technology, and more – prompting business leaders to make quick decisions on the fly and transition to a New Reality.<sup>15</sup>

In the Philippines, the lockdown and ensuing directives from different government bodies impacted the entire IT-BPM industry greatly – forcing us to modify the way we work while dealing with a pandemic that threatened the health of our people. In a short span of time, through collaboration and much coordination with internal and external partners, we at Optum were able to achieve full compliance with the various mandates from both the national and local government units while staying focused on the well-being of our employees and meeting the needs of the customers we serve.

## Commercial Resilience

Much like every company in the country, we experienced a number of challenges as the lockdown measures took effect. First and foremost, we had to transition 100% of our operations teams to a work-at-home setup in record time. Due to the immediate suspension of public transportation and checkpoints that were hastily set up all over the metropolis, we had to find ways to transport all the needed equipment – such as desktops and other peripherals – to the homes of our employees by ourselves. This herculean effort involved not just the support of our transport partners, but also a lot of volunteerism by our own employees to bring equipment to their colleagues.

We also had to provide temporary accommodations for our skeleton staff who were performing critical functions onsite during the enhanced community quarantine (ECQ). Aside from the dormitories that we normally activate during inclement weather, we were able to accommodate more people while still complying with government directives by converting some of our conference facilities into temporary sleeping quarters.

To ensure the productivity of employees working at home, we ordered thousands of additional pocket Wi-Fi units which had to be activated quickly. We had to negotiate short-term, usage-based contracts with internet service providers so that employees performing vital functions have internet connectivity. On top of that, the suspension of cargo flights adversely impacted the supply chain because of the huge and sudden demand for these devices. We were glad we acted early.

In addition, as most of our processes – including recruitment and training – are now being done virtually, we implemented further policies on conduct and productivity to anchor employee compliance.

Even as we are now allowed to move employees back to our sites (at 50% capacity due to the one-meter physical distancing requirement), we ensure that every individual undergoes daily health checks – either manually or online, before entering our premises.

Our transport teams are busier than ever. Managing vehicle capacity as part of our daily operation now involves ferrying employees (and other contracted staff) to and from the office.

### Optum's immediate responses to the COVID-19 pandemic



Transitioned 100% of operations teams to a work-from-home setup



Transported needed equipment to the homes of employees



Conducted talent recruitment and training online



Scheduled daily health checks for employees going back to work when lockdown measures eased



Provided temporary accommodation to skeleton staff working onsite during the enhanced community quarantine (ECQ)



## Responding to changes through teamwork

Much of our effective response to the challenges of the pandemic and the lockdown measures in the Philippines were the result of great teamwork and the agility of our enterprise. Everybody pitched in to ensure that we transitioned quickly and kept disruption to a minimum. While we had every possible situation mapped in our business continuity plan – from natural and man-made disasters to civil unrest – it was hard to imagine a crisis of this magnitude. This was where cohesive leadership became key.

### Optum's specialized teams for the transition to a work-from-home setup



IT Team



Facilities and  
Mobility Teams



Business Continuity  
Management  
Team



Human Capital and  
Communications  
Team



Core Optum  
Team

Specialized teams were able to account for our specific needs during this rapid transition. We had groups responsible for the technical and logistical needs as we shifted to a remote working model. Our IT team went for days without sleep to ensure all equipment were inventoried, packed, and ready for transport. Our Facilities and Mobility teams worked with every available logistics partner in the city, even as our Procurement team frantically sourced for masks and Personal Protective Equipment, soap, alcohol, vitamins, and other medicines to help maintain a COVID-free workplace.

We became dependent on our Business Continuity Management (BCM) team who had to consistently stay on top of the news and other announcements to help our sites implement, communicate, and comply with new measures. We worked with industry associations such as IBPAP and Contact Center Association of the Philippines (CCAP) to clarify directives with government agencies such as the Department of Trade and Industry (DTI), Philippine National Police (PNP), and the IATF.

Our core team worked tirelessly to listen to the concerns of employees and made sure that our Human Capital and Communications teams promptly addressed them. We crafted and cascaded clear and concise communication on steps that the company was taking to ensure employee welfare, including accurate information relative to prevailing health and safety protocols, global initiatives to help in the fight against COVID-19, employee health benefits in case of infection, and more.

While the interaction with our customers has not changed significantly, the ways we interact and support our teams have. It is a new dynamic for a lot of us and, while most of our staff enjoy being able to work from home, it also creates new opportunities to connect: communication, coaching, engagement, and performance management are just some of the dynamics that are now changing with our new setup.

**It is a new dynamic for a lot of us and, while most of our staff enjoy being able to work from home, it also creates new opportunities to connect: communication, coaching, engagement, and performance management are just some of the dynamics that are now changing with our new setup.**

With this in mind, we delivered online training to help our leaders engage their teams in their new virtual environments.



## Leading from the top-down

COVID-19 has made a lot of companies reassess their current BCP to ensure it can be effective when tested by yet another crisis. It is of utmost importance that the chain of command is clear, the communication channels are effective and robust, and that those responsible have clear roles. It is crucial to ensure partner readiness as well as to identify a set of suppliers and partners who are prepared to support your operation if and when the need arises.



I was barely two months into the job when the lockdown and the subsequent quarantine measures were implemented. I was just starting to understand the capabilities of our team when the bulk of my responsibilities shifted to leading the enterprise through a pandemic. Talk about a baptism of fire! I knew that in order to enable our teams to be nimble in the middle of such turbulent change, I had to empower our people to lead and act. My most important role, at that point in time, was to align everyone to our shared objective and enable leaders to decide what was best for their teams – and they didn't let me down. It was great to see people step up and deal with the challenges head-on

I have spoken extensively about the effort it took to transition to work-at-home, but equally challenging was the decision to gradually open up our centers and ask some of our employees to report back to the sites once NCR moved to GCQ status.

On the one hand, we had staff who just could not work from home no matter how we tried to enable them. They did not have the appropriate infrastructure to work remotely and yet they were essential to our operations. At the same time, we also understood the fears they had about going out, as well as the difficulties some of them will encounter when they do. It was important for us to find an effective way to bring some people back to the office without compromising their safety, or that of their families and colleagues. We did not take this decision lightly.

Weeks before asking the first employee to return, our senior leaders and I were already working onsite. We walked every corner of our buildings and played numerous scenarios to test our processes from screening, to detection, reporting, isolation, treatment, and support. While it was important for us to understand what our employees will experience when they come back, it was more crucial that our employees knew we were in it together with them. We tried to be as visible as possible.

We had several townhall meetings with leaders and staff to talk about our gradual return to the office. We educated them on what has changed and encouraged them to ask questions. We were very selective about employees who were chosen to come back – only those who could not be productive were asked to return. And when they did, our leaders and managers were there to work alongside them – with appropriate physical distancing, of course.



With the long lockdown, another concern that gradually surfaced was making sure we were addressing the mental wellness of our employees. Some of our colleagues were unable to go home to their families for months due to the tight checkpoints, or go out with friends or teammates, or even go to church. These were the usual channels our people tap into for emotional support and balance, and all these became unavailable for extended periods. During the first few months, we released several mindfulness webinars, podcasts, and articles. Aside from equipping our people with these resources, Optum also launched the Sarvello app, a mental health resource to help address stress, anxiety, and possible depression among employees. When needed, there is also an Employee Assistance line where staff can talk to a live person.

Our leaders at Optum and UHG have not only been effective in responding to the pandemic, but they have leveraged on our size and scale to cast a larger leadership shadow as corporate citizens. In fact, our very own President and Optum CEO, Andrew Witty, has taken leave earlier this year and is on loan to the World Health Organization (WHO) to coordinate and speed up efforts towards the development of a COVID-19 vaccine. This reinforces my belief that, as an enterprise, we were truly made for this moment.

I am confident that this team will weather through our New Reality. Our ability to quickly come together, be responsive, embrace change, and support our fellow co-workers, coupled by a commitment to our customers and compassion towards people, are just some of our internal qualities that are only strengthened by crises. We also recognize that we have a unique opportunity – given our capabilities in services, technology, data and analytics, and research and development – to really help make the healthcare system better for everyone. Not just for those who live thousands of miles away, but hopefully, even for those who are much closer to home.

Certainly, that is something worth aspiring for.





A purple background featuring various medical supplies: a pair of white gloves, a blue surgical mask, a stethoscope, and a blood pressure cuff. A large white circle is overlaid on the right side of the page, containing the title and author information.

# Moving forward in healthcare

**By Anshum Sinha**



A decisive and focused business leader, Shearwater Health Chief Operating Officer Anshum Sinha brings entrepreneurial spirit to pursue top-line and bottom-line growth for new businesses. He has been with Shearwater Health since 2014 and has strengthened the operations through leadership development, sustainable service delivery, and enhanced cost management. Anshum previously served as executive at EXL (a NASDAQ listed BPO), primarily focused on running operations in India, Czech Republic, and the Philippines. He has 20 years of experience as an Operations Executive, including general management of mid and large size organizations, P&L management, product development, business operations, and strategy.



While the IT-BPM industry has had its fair share of changes amidst the COVID-19 pandemic, we cannot discount the fact that the healthcare industry had it worse. With hospitals filled with both COVID-19 and non-COVID-19 patients, healthcare professionals are collapsing from exhaustion and lack of rest. The devastating effects of the pandemic are even more apparent in smaller hospitals and clinics with limited resources.

Organizations and governments were forced to come up with new solutions or revive what used to be less popular methods of bringing healthcare closer to patients. The pandemic became an avenue for the healthcare industry to improve its resilience in order to adapt better should another health crisis occur.

Some of these solutions include telehealth and home care services. With social distancing measures in place, these solutions will not only protect ordinary individuals, but healthcare professionals as well in the future.



## The value of telehealth



Telehealth has become an effective way for healthcare providers to remotely deliver their services to patients in need during the pandemic. While it is not new, telehealth has definitely become more important as hospitals and other healthcare organizations strive to protect their workers from COVID-19 exposure and preserve resources.

Just in the United States, consumer adoption of telehealth increased from 11% in 2019 to 46% in 2020 due to the pandemic.<sup>16</sup> Due to the increase in demand, healthcare providers boosted their offerings and are now seeing up to 175 times the number of patients via telehealth. The Centers for Medicare & Medicaid Services even approved more than 80 new services for telehealth to meet the continuously rising demand in remote healthcare.

In the Philippines, telehealth service providers such as KonsultaMD also saw a 450% surge in contactless consultations in April, a month after the Philippine government imposed lockdown measures in Metro Manila, which was the only COVID-19 hotspot at the time.<sup>17</sup> Telehealth has been available in the country long before the pandemic, but it became more crucial in an environment restricted by quarantine measures.



Thanks to the power of technology with already 3.2 billion smartphone users worldwide as of 2019 it is now easier to remotely connect with doctors, nurses and other healthcare professionals through web chat and other digital channels.<sup>18</sup>

Apart from the usual use cases, telehealth services have been instrumental in many COVID-19-related processes such as screening and monitoring patients for COVID-19 symptoms, contact tracing, providing specialized care for COVID-19 patients, opening access to essential healthcare for non-COVID-19 patients and observing recovering COVID-19 patients.<sup>19</sup>

With telehealth's flexibility in addressing various healthcare concerns, it will surely stay and thrive even after the pandemic.

## From hospitals to homes

Another pandemic-related trend that will likely remain in the coming years is home healthcare.

Like telehealth, home healthcare has been around before the pandemic as it mainly serves patients who have little to no means or capabilities to go to hospitals or clinics themselves such as the elderly and physically disabled people.<sup>20</sup> In the midst of the pandemic, ordinary and abled patients now prefer to book home services to lessen their exposure and risk of contracting COVID-19. Today, more hospitals and healthcare organizations have started offering home services to patients.

COVID-19 testing can now be done at patients' homes as well. In the Philippines, the Department of Health allows "remote collection" of specimens from the homes of individuals suspected to have COVID-19 under certain conditions.<sup>21</sup> Like in hospitals and labs, healthcare workers are required to wear their PPEs when conducting home services.

In some way, home services serve as extensions to telehealth as patients no longer have to travel to a hospital or private care clinic to get a diagnosis from a doctor and make subsequent visits to report their well-being. Traditional practices are now moving towards a model where care would be delivered to the patient's home. For example, a nurse can get the patient's vital signs or check the effect of medicine prescribed to the patient.

Home services have become a combination of all healthcare and telehealth services. Because of its convenience, there is no doubt that home services will remain and continue to grow.





## Resiliency through and through

For the most part, many pandemic-related problems have been resolved through technology. Many systems and devices have become instrumental in several used cases, such as implementing a track–trace–test quarantine cycle, enabling surges in healthcare capacity and communicating transparent, timely information to the public, among other things.<sup>22</sup>

Apart from giving direct solutions to healthcare professionals, technology has also aided back end services that support the healthcare industry. For example, China, Spain and South Korea are using drones to monitor people during lockdown campaigns, disinfect areas, and receive medical samples and quarantine materials.<sup>23</sup> Several countries in Asia have also used something as simple as smartphone apps as tools for contact tracing and sending alerts for locations visited by infected patients.<sup>24</sup>

In Shearwater Health, thanks to our mostly digital operations, we were able to quickly pivot by sending our employees home and allowing them to work remotely. Much like other businesses, we also expedited our adoption of digital transformation so that we could continue delivering clinical solutions to many of our clients in the U.S. However, we were also no exception to the effects of the pandemic on business as our normal healthcare solutions were deferred to give way for hospitals to prioritize COVID-19 matters.

We were all challenged to respond to that situation overnight, but it showed us that resiliency is truly inherent in all of us as business leaders quickly stepped up and made decisions and drove values to address problems brought on by the pandemic. This level of resiliency is evident in many of the solutions and trends that arose recently such as telehealth and home healthcare.

The need for businesses to be agile and to accelerate their digital transformation have become as critical for organizations to adopt. If companies and organizations remain static, they may cease to exist 10 years down the line.

When it comes to the leadership side, business leaders need to continue looking at driving behaviors and values in their companies and teams to bring in more resiliency. Business continuity plans should still be developed, in preparation for future unprecedented times.





# Building business contingency and continuity plans in the age of a pandemic

As mentioned by the other thought leaders before this piece, having a BCP is essential in every organization. While it is already innate in every business to be prepared, many still were not able to anticipate the gravity that the COVID-19 pandemic brought. A Gartner survey shows that only 12% of organizations believe their businesses are highly prepared for the impact of COVID-19.<sup>25</sup> As Matt Shinkman, Gartner's Practice Vice President, put it, "This lack of confidence shows that many organizations approach risk management in an outdated and ineffective manner."

Establishing a comprehensive business continuity plan or better, a team that can solely focus on this task is as important as who knows when the next global crisis will occur.

Organizations should incorporate four aspects when creating a business continuity management strategy: contingency plans for affected work sites, effective, transparent and responsive communication channels, clarity in the role that HR plays, and steps to safeguard information security.<sup>26</sup>

When it comes to protecting affected work sites, organizations must decentralize some of their functions, such as operations and finance, to avoid concentrating manpower and capacity in certain locations that can fall vulnerable to unforeseen circumstances. Centralizing these roles often leads to businesses experiencing heavy disruption as employees will lose access to that location.



Organizations must also establish clear communication channels among their departments to ensure that all their employees remain well-informed and protected. Considering how the pandemic required people to work remotely, communication is now an even more crucial element in the new reality.

With social media becoming an avenue for the spread of fake news, it is highly important that businesses properly inform their employees about how the organization is responding to current events.

Human resources leaders have also become critical in ensuring business continuity. Even before the pandemic, HR leaders were instrumental in ensuring business continuity through various initiatives related to employee engagement, collaboration, and more. In the age of COVID-19, HR leaders' top concern is to protect employees and their health to ensure that businesses can continue to operate and generate revenue.

Lastly, considering that the internet plays a big role in remote work today, phishing scams and cyber attacks can increase. This poses a threat to the data security of both the employees and the organization. Businesses must make data security and cyber security controls a priority, as well as incorporate a cyber risk communication strategy into their BCP.



## Reaping the benefits of a BCP

At TeleTech Customer Care Management Philippines, we established our Business Contingency Team (BCT) as early as 2008 as a response to Metro Manila's flooding problems.



They are responsible for the governance of four main functions, the first of which is Contact Center Preparedness and Business Contingency Protocol Execution.

Under this umbrella, our BCT maintains site operation equipment, technology and supplies, provides essential resources to employees, prepares backup or redundancy sites, educates all departments on emergency response plans, issues risk or emergency warnings, and computes financial impacts.

The second function is observing HR preparedness, which includes ensuring remote work access to essential personnel, implementing alternative work arrangements, and adjusting and monitoring employee compensation.

When it comes to the third function, employee organizational communication, our BCT also performs a number of roles such as executing advisories, orientation, training, and other communication methodologies to increase employee awareness, outlining procedures for communication with internal and external business partners, and providing real-time employee and client communication, among other things.

Lastly, our BCT executes business continuity and disaster recovery protocol quality control and continuous improvement. This includes conducting tests through simulations and emergency protocol drills, as well as post-mortem or event assessment for the continuous improvement of BCP Protocols.

Our BCT proved to be highly efficient during the pandemic as it presented commendable results. Majority (99%) of TeleTech's business is operational, and more than 20,000 of our employees in the Philippines remain continuously employed with no layoffs.

Our employee engagement rate also increased from 87% in 2019 to 89% this year, as well as our employee Net Promoter Score (eNPS) from 64 points in 2019 to 69 points this year.

We deployed 15,533 front-line employees to work from home. They comprise 66% of TeleTech's total Philippine employee body. Other employees were provided company shuttles to transport them to and from our workplaces.

Lastly, we applied additional disaster response measures to the welfare of our employees such as the provision of hotel accommodations, in-site accommodations, technology provisions, transportation services, and food, hygiene, medical, laundry and cleaning.

Aside from the organizational benefits, our BCT's efforts led to measurable impacts on the company's financial performance and client satisfaction. The company was able to outperform their 2019 results even amidst the pandemic. In the first quarter of 2020, our generally accepted accounting principle (GAAP) revenue increased by 9.6% to \$432.2 million compared to \$394.4 million in the prior year period. By the second quarter, our GAAP revenue increased by 15.4% to \$453.1 million compared to \$392.5 million in the prior year period.



## Providing continuous service

Despite the challenges brought by the pandemic, we were able to continuously help our clients shift to a remote model while maintaining or exceeding operational performance standards.

Our BCT played a big role in how we deliver our services today. They were supported by the company's executive committee, client services, operations, IT, employee communications, human resources and solutions team in meeting new challenges and introducing some of our contact center solutions suites, including those for virtual contact centers, business continuity and resilience, and cloud-based contact center capabilities.

Having a comprehensive plan certainly builds more confidence in sustaining business operations. Now that the impacts, response and lessons learned from the COVID-19 pandemic have been realized, this can be used as a turning point for organizations to improve their BCPs to ensure strong response plans for any future potential similar crises in the future.

**By TeleTech**









# Recovery

The COVID-19 pandemic has undeniably changed the way we conduct business. Many organizations have even concluded that some of their operations will no longer be applicable in a post-pandemic world. Following the disruption that the crisis caused, it is now time for businesses to identify opportunities and rethink strategies that can be applied today and in the future.






# Enabling a virtual work environment

By **Imelda H. Corros**



Imelda H. Corros is the Head of Management Consulting Advisory Services and the BPO Sector of KPMG in the Philippines. She has more than 10 years of experience in delivering business process improvement or business transformation projects covering finance, human resources, supply chain and logistics and other key operational processes across various organizations and sectors. As an Accountant by profession, she has over 12 years of domestic and international experience in external audit.



A close-up photograph of a person's hands holding a white smartphone. The phone's screen displays a health-related application with a blue background and a white silhouette of a human figure. The person has dark nail polish. In the background, a laptop keyboard is visible on a wooden desk, and the scene is lit with warm, ambient light from a lamp, creating a bokeh effect with soft, out-of-focus lights.

While remaining resilient is imperative in every organization, it is not the most sustainable option in the long run. In every crisis, organizations must learn to recover and rethink their operations in a modified business environment. Among many aspects of the business, they must learn from changes that the COVID-19 pandemic made in the workplace.

Amidst the outbreak, many organizations shifted their operations to a virtual setting. Even with lockdown measures being eased, some companies still choose to continue meeting and collaborating online and accept the fact that the pandemic has changed the workplace for good.

To some companies especially those that can mostly operate online, remote work is already embedded in their operations. Prior to the pandemic, the Philippine government passed Republic Act 11165, or the Telecommuting Act, that allows employees to work remotely with the use of telecommunications and/or other computer technologies. This mandate is said to be especially helpful to the country's rising gig economy, which mainly consists of freelancers.<sup>27</sup>

Today, many organizations with regular employees are also working on enabling a virtual work environment in the long run. In fact, 77% of CEOs have expressed that the pandemic has become an opportunity for them to continue building their use of digital and communication tools.<sup>28</sup>

Rethinking the way we work and communicate today is now more important as influential people, such as American billionaire Bill Gates and World Health Organization Chief Science Officer Dr. Soumya Swaminathan, are saying that the world may not return to a pre-pandemic lifestyle, not until 2022 at least.<sup>29</sup>



## Remote work models and challenges

Many workplaces today are employing the extreme workplace model, with chances of doing it for good moving forward, due to social distancing measures. However, while convenient to some, remote work still presents many challenges. Data shows that 47% of remote workers find at-home distractions as the biggest challenge in a remote work setting.<sup>30</sup> Meanwhile, 35% said they feel isolated and lonely, as well as challenged to collaborate with their colleagues in an online setting.

The other challenges in remote work include lack of motivation (29%), taking adequate time away from work and burnout (28%) and little to no opportunities to network or foster career development (24%).

Evidently, organizations also face the problem of being disadvantaged by technology as not all employees have the same resources that would help them efficiently work in a remote setting.

To enable remote work continuity for employees, organizations should initially ensure availability of the critical infrastructure, network bandwidth and secure remote connections so that employees can work from anywhere and access enterprise applications securely and seamlessly.

Organizations should also enable a remote working set-up for the IT support team to help users address any technical issues with timely resolution. Lastly, they should revisit their digital agenda, look at investments on digitization and review what is necessary from a business continuity lens or core activities.

While the increased use of new technologies such as Microsoft Teams and Zoom enhanced employees' ability to work remotely, they have also blurred the line between work and home, creating a sense of always having to be available among employees. The key to engage with employees and keep them connected and productive in this virtual environment is to focus on the employee experience.<sup>31</sup>

Organizations can develop personas for mission critical resources to better understand how employees want to work and their capability needs. This would entail identifying work habits and behavioral patterns to help prioritize unique and emerging needs. They also need to look at the associated journey maps that highlight critical business touch points throughout the employee experience to determine where the relationship with the organization is breaking down and will require extra interaction.

By considering and applying these elements while employees work in a virtual environment, organizations will most likely be able to empower their workforce to be fully productive.

There are five different workplace models: traditional, pop-up, mixed, professional, and extreme.

### The Workplace of the Future

#### Traditional



Offices that are almost 100% desk-based and flexible to let some employees work from home on occasion or pattern.

#### Pop-Up



Offices that are temporary and have features similar to the traditional model.

#### Mixed



Offices with reduced desk ratios to encourage more offsite or home working.

#### Professional



Offices with lower desk ratios and employees that are expected to work elsewhere most of the time.

#### Extreme



Offices that take a hyper virtualization model and have employees work remotely.



## Establishing a head office as a base

Even as the rest of the workforce do their jobs online, companies are recommended to still have a physical head office that should serve as a "base" for all operations to complement their virtual workplace. This base then needs to support four core purposes, which are maintaining organizational culture, ensuring collaboration for innovation, initiating collective learning within the organization, and executing key work securely.

One of the ways that organizations can recover from the pandemic and adjust to the New Reality with a mixed workplace is by creating priority groups. These groups will be deployed to the office in different phases according to the nature of their work and their capability to go to a physical office.

The first phase is the immediate return to the office. Employees who are eligible for this phase are those who lack essential technology or work equipment or those whose roles center around a physical location or require a controlled environment as the job is highly sensitive.

The second phase is meant for employees who have some immunity to COVID-19 or believe that they are more productive in the office. This phase is also fit for people whose work is impaired in some way by remote work.

The third phase is for employees with longer term plans for remote work. Employees who are appropriate for this phase include knowledge workers who have essential technology in place and parents or caregivers of children doing online classes as schools remain closed.

Lastly, the fourth phase is for employees who will remain in a remote work setting. These employees pertain to senior citizens (who have a high risk of contracting the virus), those who has or has had cancer or a respiratory illness, anyone currently testing positive for the virus, those in known contact with a carrier, or showing symptoms, and anyone who recently returned from a high-risk destination.

With all of these phases and groupings, organizations should create them in consideration of a balance of government guidelines, the health and wellbeing of employees, reputational risk, operational effectiveness and financial performance.



## Creating effective work measures

For companies with a mixed workplace model, they need to design an effective working environment that is beneficial to all employees. With remote work changing the way operations are done, now more than ever, it is important to scale up internal processes and ensure that productivity either remains the same or improves in the long run.

First, organizations must consider the shape, capabilities, and available sourcing options of the overall workforce. At KPMG, our approach addresses the full range of underpinnings that enable sustainable, permanent and successful virtual work to support the enterprise's workforce and growth objectives. Working shoulder to shoulder with our clients, we lead with a human centric approach to redesign the way work gets done.

Some of our capabilities include the following: human-centered design approach including persona analysis, capability gap assessment and journey and road mapping; virtual work COE strategy and optimization; workforce and employee experience design; work placement strategy, design and tax considerations; technology ecosystem design including collaboration, automation, digital enablement, security, and technology support model; and, cost optimization strategy and integration.





Organizations can then give all meetings the option of remote joining to cater to employees who choose or are required to remain at home. With many collaboration tools already out in the market today, there is no limit to how these virtual meetings can be done.

However, with these virtual meetings in place as an alternative to physical meetings, organizations must find a common time for everyone to meet and collaborate. For example, they can restrict meetings to core hours such as 10:00 am to 4:00 pm to allow for different working patterns and shifted commutes.

Organizations should also review work processes to cater to new working schedules, including handover protocols. This process should include giving remote workers ambitious targets so that the company would not fall static in the midst of economic uncertainty. Upon establishing these stretch goals, organizations must then measure outcomes and output rather than input.

To some organizations, productivity increases when more work output is produced without increasing the work input. Sometimes, more output is produced even with less input or work hours. For example, an experiment by Jarrod Haar, professor of Human Resource Management at Auckland University of Technology, showed that employees from New Zealand-based company Perpetual Guardian became 20% more productive and much happier when their work hours were reduced but still allowing them to receive the same pay and employment conditions.<sup>32</sup>

Lastly, organizations must use real-time analytics to identify teams that are productive. One cannot assume that employees will immediately become more productive once they go back to the office as work attitude still differs per person.

We understand that organizations must have an empowered workforce and sound operating model to reach their recovery and growth goals. Creating a sustainable and resilient operating model requires a holistic, enterprise-wide approach and a reimagined view on the way the teams work together and serve the customers. We describe this transformation as "Work anywhere, together".

For this case, we offer two solutions. First is our Evaluation Methodology for Virtualization of Roles framework, which diagnoses the possibility of virtualization of specific roles by quantifying the frequency of requirement in the office premises against the amount of effort essential to efficiently transform the role to the virtual medium.

Second, we have the Learning Academy, which essentially helps organizations provide a training curriculum in a virtual classroom format.

As the world continues to face the consequence of the pandemic, companies must now work harder to adjust to a virtual work environment or implement a mixed workplace model. These steps will prove to be beneficial should the world experience another crisis. Companies must be agile and flexible to remain on top.



## Leading in a new work environment



Business leaders must understand how critical it is that they spearhead efforts that are adjusted to this new work environment. They must focus on and enact four main points: communications, environment, culture and behaviors, and leadership.

When it comes to communications, business leaders must provide regular updates on the company's status and projections, where helpful, and regularly remind and communicate to their workforce of relevant policies.

They are also recommended to conduct pulse surveys to establish two-way communication among their employees and ensure leadership communications demonstrate that the results are being acted on. Lastly, they must create and maintain a set of updated frequently asked questions in an accessible location and ensure that helpines continue to run.

When navigating a new work environment, business leaders must make sure that team leaders consistently bolster a virtual team community independent of location, considering the given limits on physical gatherings. They must also allow flexible working hours, location, and commute and re-examine employee recognition initiatives with meaningful rewards.

Evidently, work culture is still possible in a mixed work environment. In order to cultivate culture and manage behaviors, business leaders should reinforce organizational values to combat misconduct at a time of negative psychology. Additionally, they must ensure performance management does not fall by the wayside by encouraging line managers and appraisers to continue holding open, honest career conversations.

These executives must also encourage innovation within teams even as individuals become more risk-averse.

Real change must begin within the leaders themselves. In order to efficiently lead an organization moving forward, they must be both operations managers and change advocates. They should provide people leaders with the information they need to reassure and support their colleagues, as well as cascade leadership discussions as appropriate, and relate individual experiences.

Finally, business leaders must remind the workforce of the things which remain constant, as a way to offset the turmoil that so much change can cause.





# Making a digital recovery

**By Jallain Marcel S. Manrique**



Jallain Marcel S. Manrique is the CIO and Head of IT Advisory at KPMG in the Philippines. A certified public accountant by profession, he has 14 years of experience in information technology, audit, cybersecurity, digital transformation and project management. He also has an impressive track record on IT advisory services in the field of financial services, manufacturing, TMT, pharmaceuticals and BPO or shared services, among others.



It is undeniable how digital technologies have made things easier for individuals and organizations to work and function every day. As mentioned in the previous article, businesses must have the proper bandwidth and connections to enable remote work continuity for their employees. This technological change that the COVID-19 pandemic brought to light has prompted companies to speed up their digital transformation.

In fact, 47% of organizations have reported that the pandemic has permanently accelerated their digital transformation and the adoption of emergent technologies.<sup>33</sup> We have arranged reactionary solutions which are mostly anchored on technology to existing problems. In the recovery phase, these solutions are enhanced and are becoming embedded into various business operations.

In the Philippines, various government agencies are working to speed up digital transformation initiatives for the country. The Department of Information and Communications Technology, for example, has developed a government digital transformation plan that aims to generally enhance public service delivery and improve internet access under the new normal.<sup>34</sup> The Department of Trade and Industry also approved the launch of a financial inclusion app designed for unserved and underserved Filipinos to help them earn in the midst of the pandemic.<sup>35</sup>

The pandemic has especially become a massive driver in accelerating the adoption of automation especially now that people are working and interacting in virtual and contactless environments. The crisis has also opened opportunities for organizations to use data and analytics and other technologies to better resolve issues in many aspects of society today.

By bringing humans and machines together in a productive environment, we can expect to see future-ready organizations to not only survive and thrive with advanced technologies, but also to shape a future where we can be better suited to handle the level of disruption that we find ourselves in today.

Additionally, integrating these technologies in our lives does not only mean automating current work tasks within our existing processes, nor forcing them into legacy systems. It also means reinventing the organization of our work reorganizing how and where it is done to also prompt leaders to be more decisive of the kind of future-focused workplace that they want to create.<sup>36</sup>

## Pushing for digital transformation through automation

Robots, machines, and artificial intelligence—these technologies have been around in the past few decades. Organizations have learned to improve their work using Robotic Process Automation (RPA), speeding up their processes and ensuring that there is less room for errors. When the COVID-19 pandemic occurred, it prompted more companies and groups to boost their digital transformation, automating what used to be manual operations with the help of software and hardware systems. For some, these technologies have helped fill the roles of employees who were unfortunately laid off as an economic effect of the pandemic.



Some of these now automated tasks include open item customer emailing, organizing invoices for purchase orders and contracts, tracking and sending of consolidated attendance files, reconciling ledgers from the auditors, and creating and maintaining fixed assets, among other things.

Market research company Forrester explained in a report that since the start of the pandemic, more companies have considered investing more in automation than rehiring people as they resume their operations amid lockdowns and social distancing. They added that automation may even help companies survive a COVID-19 recession.<sup>37</sup>

Moreover, a study by the Federal Reserve Bank of San Francisco noted that automation brings more benefits since robots are not susceptible to the virus unlike humans. They found that job uncertainty brought by the pandemic stimulated the demand for automation, and that increased automation helps mitigate the negative impact of uncertainty on aggregate demand.<sup>38</sup>



On a different note, along with digital transformation comes a change in demand as well. There will be a major shift in demand towards a more intense cost-cutting program, which business leaders in the Global Business Services (GBS) world should prepare for.

One way they can arrange this is by implementing process standardization and, of course, automation. By having iterative processes, business owners can also apply RPA helping employees create more valuable work for their companies.<sup>39</sup>

Apart from RPA, the pandemic has also prompted more companies and organizations to look into and adopt other enabling technologies such as cloud, data, and artificial intelligence. Due to social distancing measures, even the most brick-and-mortar organizations have been forced to move online and take advantage of their digital channels.



Some companies have already launched and integrated data and analytics and AI initiatives into their operations, with their IT teams working more rapidly now than before. The Johan Cruyff ArenA in the Netherlands is an example of an organization that has adopted these new technologies to create a unique and outstanding product. In partnership with KPMG, Microsoft and other organizations, the arena was able to strengthen its innovation ecosystem and develop applications that enhance the experience for stadium visitors. It used Microsoft technology such as Microsoft Azure cloud, Microsoft 365, and Azure Data Lake to create a state-of-the-art stadium.<sup>40</sup>

While many businesses are already at the forefront of technology, traditional companies are still experiencing the first phase of necessary changes in their system.

Not only can data analytics help companies better observe their target customers, but it can also enhance their internal operations. According to McKinsey & Company, one automotive parts provider

was able to develop a forecasting model that incorporated previously unused third-party data to spot potential issues with its own suppliers' ability to deliver their orders.<sup>41</sup> This new model helped the parts provider to address possible logistics issues beforehand.

Based on this example, chief analytics officers or equivalent executives are recommended to quickly gather core models that support business operations, as well as collaborate with other business leaders to prioritize them based on their impact on key operations and their efficiency drift. In turn, the other business leaders can push their data and analytics teams to develop next-generation models that leverage new data sets and modeling techniques for fast-changing environments.

During unprecedented times like this, having an agile system supported by enabling technologies such as data analytics and AI are now more important than ever.

## Identifying recovery patterns

As Steve Bates, Global Lead at KPMG's CIO Center of Excellence, puts it, IT in the New Reality will be shaped by four economic recovery patterns that are unique to each sector, country and company. The patterns are Hard Reset, Transform to Re-emerge, Modified Business-as-Usual, and Surge.<sup>42</sup>

As the name implies, companies that fall under the Hard Reset category such as those that belong in the real estate, leisure, hospitality and transport and travel sectors will have a difficult time recovering from the pandemic due to low demand for their offerings, insufficient capital to ride out an extended recession, or poor execution of previous digital transformation attempts. Data also shows that 35% of employers are looking to transform learning and upskill the workforce accordingly so that they can better prepare for the future.

To survive in the new reality, organizations are recommended to cut costs and remove fixed capacity, which would also include modifying business operating models. They are also urged to develop a feasible plan for sustained cost optimization.

Meanwhile, most companies and industries fall under the Transform to Re-emerge pattern. These organizations have survived the negative impacts of the pandemic but have also seen a change



in customer behavior. To satisfy new demands, business leaders are recommended to improve their operating models and invest more in AI, payments, integrated platforms, and obviously automation.

They must also prioritize initiatives according to critical business and customer outcomes, as well as take advantage of cloud and emerging technologies to create a modern digital backbone and technical capabilities.

Essential businesses and organizations such as government units and utility or financial services are considered part of the Modified Business-as-Usual pattern. Given their purpose, these organizations were able to operate normally during the pandemic but they experienced some change in operations nonetheless. They have also experienced a change in customer behavior and their task now is to maintain the pace of their businesses and ensure that they do not stumble.

Lastly, there are companies and organizations that not only survived the pandemic, but were able to grow consumer demand for their offerings. These groups fall under the Surge pattern.

Like organizations under the Modified Business-as-Usual pattern, Surge groups are recommended to maintain the momentum of their businesses by further investing in technology. Today, about 70% of CEOs are already involved in making quick technology investment decisions.

In the IT industry, in particular, business leaders should look into consumer preferences and patterns using advanced analytics, enhance the supply chain and large portions of both IT and the business through automation, and industrialize modern operations.

## Responding to policies

Increased automation and digitization, as well as investments in the internet of things and data analytics are just some of the things that business leaders are anticipating and planning for, according to a survey by the World Economic Forum.<sup>43</sup> However, while investing in these technologies and processes may seem easy, they will require policy response and coordination between industry and policy makers in a post-COVID-19 world.

These policies are especially crucial in supplier countries as they adjust to changes in the supply chain brought on by the pandemic. The Philippines was initially on track in achieving the Philippine Export

Development Plan's goals to export at least \$122 billion worth of goods and services by 2022. However, the virus outbreak caused merchandise exports to decrease by 17.8 percent to \$28.4 billion from January to June 2020 compared to \$34.6 billion in the same period in 2019.<sup>44</sup>

To remedy this, the Department of Trade and Industry (DTI)-Export Marketing Bureau, Export Development Council, and Philippine Exporters Confederation convened to create possible solutions such as giving financial assistance to micro and small businesses, streamlining regulatory requirements for exporters, and improving logistics.<sup>45</sup>

The World Economic Forum additionally pointed out that companies that had a flexible and agile setup with their manufacturing and supply systems, which are enabled by advanced technology, were able to have a clear advantage during the pandemic.

Technologies such as automation and advanced robotics are particularly helpful, at present, for companies to become more flexible with their production lines, as well as to simplify the transport of products across manufacturing locations.

## Moving forward in the New Reality

New technologies such as robotics, automation, IoT, and data analytics may have been around for the past couple of decades, but businesses are now seeing them as even more crucial factors to their success in a post-COVID-19 world.

As we continue to adjust to the New Reality, it is only timely that we learn to pivot and adapt to these advanced technologies. For a smoother transition, we should also look at recovery patterns and assess how our organizations can change to cater to new operating models and consumer demands.





# Enhancing and rolling out 5G technology and other connectivity services





The internet has become every individual's saving grace amid the COVID-19 pandemic. While robotics, automation, IoT and data analytics have been essential for many businesses (as emphasized by other thought leaders featured in this publication), digital technologies that enable seamless communication between employees have been largely instrumental amidst the pandemic as well. Due to social distancing measures, individuals and organizations now mostly work and interact with each other online. Even the most rural communities are now getting connected and ensuring that no one will be left behind.

The Philippines, in particular, has been naturally showing an increase in internet and social media use, being the country that is widely known for spending more time online than others. PLDT—the country's largest integrated telecommunications company—saw a rise in network traffic of up to 25% in the early days of the lockdown in the country. From April to June 30, we also experienced a 14.30% quarter-over-quarter increase in total broadband subscribers.<sup>46</sup>

These data alone show that Filipinos are keeping up with the demands brought on by the pandemic. Internet service providers are continuously working to expand their network capacity and offer affordable broadband packages to connect the unconnected. One could say that internet connection has become so important that it can now be included in the same level of food, water and shelter in Maslow's hierarchy of needs.

Along with the rise of internet usage, matters regarding 5G technology have been floating around as well.

## The power of 5G

5G is not a novel concept. Prior to the pandemic, telecommunication companies were already upgrading their network infrastructure and investing in equipment and spectrum licenses to deploy 5G to the mainstream.<sup>47</sup> The reason behind this is because 5G offers greater speed in the transmissions and low latency, which are crucial in improving many business processes and lives in general.

Because of these, it comes as no surprise that the general public are looking to adopt 5G faster as well. A global consumer research study by Blancco Technology Group before the pandemic showed that 68% of global consumers would trade-in their used device to upgrade to a 5G-powered one.<sup>48</sup>



68% (3,400) of 5,000 global consumers would trade-in their used device at the point of 5G upgrade

Now in the age of COVID-19, 5G is seen not only as an instrumental tool to fast track many processes remotely, but, according to Qualcomm President Cristiano Amon and Motorola President Sergio Buniac, 5G can also be used in telemedicine, which has been a growing trend in the medical industry today.<sup>49</sup> The technology will also be beneficial in the retail and e-commerce industry, given that online shopping behavior has also increased during the pandemic.<sup>50</sup> 5G technology has the power to enable virtual and augmented reality experiences, allowing consumers to possibly try on clothes and select furniture without touching them in person.



PLDT and Smart Communications have been investing in 5G technology in the past few years to provide faster internet speed to Filipinos and generally enable the Philippines to join the ranks of countries utilizing the next generation of mobile technology. As PLDT Chief Revenue Officer Alfredo S. Panlilio put it, “Our initial Smart 5G rollout lays the foundation of our vision to turn the Philippines into a Smart 5G country that is at par with the world’s technologically-advanced nations.”

Since 2018, the group has been firing up 5G sites across the country, starting with areas in Metro Manila such as the Makati Central Business District (CBD), Bonifacio Global City CBD, Araneta City, SM Megamall and Mall of Asia bay area. These areas are now instrumental in the rollout of the Smart 5G mobile phone network.<sup>51</sup> In the initial phase of the project, Smart Signature, Infinity and other Smart postpaid subscribers were able to experience super-fast data service using Smart-certified handsets with 5G-activated SIMs.

A year later, its business-to-business arm PLDT Enterprise, formed the Smart 5G Alliance to accelerate 5G innovations in the country.<sup>52</sup> The initiative aligns with our entire organization’s 5G strategy. The alliance is composed of various technology companies and organizations that are working to offer better connectivity services to Filipinos, such as Cisco, Ericsson, Fujitsu, Huawei, Microsoft, Nokia, Palo Alto, and SMS Global Technologies.

Even amidst the pandemic, PLDT Group continued to work towards our 5G goals for the Philippines. In September 2020, it extended its 5G commercial rollout in key cities in Visayas and Mindanao such as Boracay, Cebu, Iloilo, and Davao.<sup>53</sup> Our continuous rollout of 5G will complement the deployment of our 4G/LTE network, which partly serves 95% of the Philippine population.

PLDT plans to further boost its investments in 5G to improve services and customer experience in 2021.<sup>54</sup>

Considering that the country may not be able to return to its pre-pandemic state until 2022, it is important to reset, adjust to the new reality, and continue to empower Filipinos at home with faster internet connection and 5G might just be able to help with that.

## Meeting connectivity needs in the New Reality

Telecommunications and connectivity have always played a big role in everyone’s lives before the pandemic. However, now in the New Reality, they contribute to the growth of the modern economy and the development of a strong digital ecosystem. Citizens rely heavily on connectivity to conduct their affairs every day and communicate with their family, friends and loved ones. Fast and resilient connectivity is likewise instrumental as students and teachers go online and as more people work from home as well. It is evidently key to the country’s strong and sustained economic recovery.

For these reasons, PLDT is continuously improving its fixed and wireless networks. As we continue to operate in the new reality, PLDT believes it is crucial that enterprises invest in digital technologies and reinvent their business models to strengthen their resilience and enable them to mitigate disruption in the future.

Despite the challenges of the pandemic, the results on one hand have been greatly inspiring. Organizations are rediscovering their optimism and drive, reinventing their business models, shifting to online platforms, and speeding up their digital transformation.

In this uncertain time, changes to the future of work are coming. For PLDT Enterprise, the future of work is up to us to shape—and one way to do that is through technology.

### PLDT’s 5G-Related Initiatives

2018

Established 5G sites in Metro Manila (Makati Central Business District, Bonifacio Global City, Araneta City, SM Megamall, SM Mall of Asia Bay Area)

2019

PLDT Enterprise formed the Smart 5G Alliance to accelerate 5G innovations in the Philippines

2020

Extended 5G rollout in Visayas and Mindanao (Boracay, Cebu, Iloilo, Davao)





# Redefining human resources for the New Reality

**By Renato Jiao**



Renato Manuel Jiao is the Chief Human Resource Officer of Globe Telecom. Prior to joining the telecommunications company, he worked at IBM as its HR Delivery Executive and IBM Business Services President. Jiao also held an HR role at Procter & Gamble Asia for nearly 25 years, focusing on various aspects of HR for the company's operations in Southeast Asia, Australasia and India.



Aside from its impact in the healthcare industry, the COVID-19 pandemic has also forever changed the way we live and work. But as it droned on, many companies started to realize that it is not enough to just stay afloat, considering that studies also show that the crisis will not end until 60% to 70% of the human population is immune to the virus, which would probably happen around 2022.<sup>56</sup> There is now a pressing need for business leaders to explore options for the New Reality.

However, these options should not only focus on the external business landscape. While serving clients amidst uncertain times is still a top priority, business leaders must also put attention towards their internal operations. This is where human resources come in.

As the future demands a flexible workforce, it is highly important that both business and HR leaders embrace constant learning and upskilling. These points are further discussed below and in the succeeding pieces in this publication.

## Recovering business operations and employee well-being

HR has always been a core component of every organization, but its role was further amplified at the wake of the pandemic as HR leaders needed to develop and implement major organizational changes to adjust to the New Reality.

Some of these changes cover communication, engagement, collaboration, and the overall well being of employees. With a physical office being subtracted from the equation, many organizations have opted to send their employees home and resume operations digitally. This remote work arrangement has prompted HR leaders to better engage employees while boosting their morale as the pandemic has put a strain on everyone's overall health as well.

In the Philippines, the National Center for Mental Health's (NCMH) hotline saw an increase in mental health-related calls from April to July with a monthly average of 53 suicide-related concerns.<sup>56</sup> From May 2019 to February 2020, NCMH received an average of 300 to 400 calls, but it increased to 1,000 calls during the peak of the pandemic in the country.

What is even more alarming is that mental health service providers can only do so much as well. A survey by the World Health Organization revealed that the pandemic has disrupted or halted critical mental health services in 93% of countries worldwide.<sup>57</sup> From June to August 2020, 67% of the surveyed countries saw disruptions to counseling and psychotherapy, while 65% saw disruptions to critical harm reduction services. Additionally, 75% said they found partial disruptions in workplace mental health services as well.

These data alone show that the pandemic has truly taken a toll on everyone's physical and mental health, making it more important for HR leaders to show compassion and empathy during these trying times.

At Globe, we responded to the pandemic by affirming our corporate values and taking care of our people. We chose to focus on three cultural pillars as part of our Sustainable Engagement Initiative: keeping employees "Engaged", "Enabling" them with the tools that they need, and "Energizing" them with a holistic wellness plan.

## Globe Telecom's Mental Health Tools and Initiatives for Remote Employees

Digital Usher for Disasters and Emergencies (DUDE) chatbot



HopeChat



The Good Vibes Club



Wanda Digital Recognition Bot



Sagot Kita (I Got You) Program





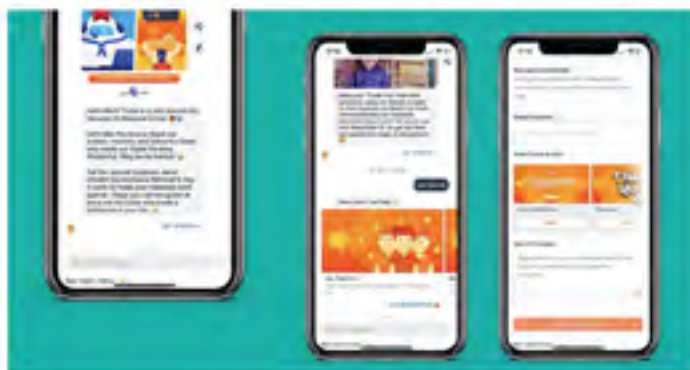
One of our mental health-related initiatives is the creation of our Digital Usher for Disasters and Emergencies or DUDE chatbot, which is designed to automatically check on the health status of our more than 8,000 employees every day.<sup>58</sup> It also provides the necessary information and hotline numbers that Globe employees may need if they are feeling distressed about work or if they are experiencing any symptoms of COVID-19.



Additionally, we partnered with Australia-based company HopeChat and launched a 24/7 mental health consultation platform. HopeChat joins our existing mental health programs with KonsultaMD and MindNation.<sup>59</sup>

To sustain our employees' wellness journey, we regularly organize virtual fitness sessions such as yoga, pilates, zumba, and meditation through Zoom and Workplace by Facebook. We also host The Good Vibes Club, an in-house podcast channel that covers various topics from mental health and wellness to movies and games. The podcast serves as an information and entertainment channel for our employees, allowing them to be with the community whether as an audience or even as part of the show.

We likewise gave our employees an avenue to express their appreciation better, through our Wanda Digital Recognition Bot. They can send personalized e-Cards to their fellow Ka-Globe who exhibited our Globe Way Values.



Finally, we launched our Sagot Kita (I Got You) Program. This is a program that is very close to our hearts as it enabled us to rally our employees to respond to our business needs, and more importantly, respond to the increasing demands for internet connectivity of our customers. The entire Globe workforce has been empowered to become Globe Ambassadors and have been equipped to support our subscribers for mobile, broadband, and even GCash with the help of our Army of Tomorrow or ATOMS Bot, where they can raise customer needs and concerns to our subject matter experts and provide immediate assistance to customers.

### Globe Telecom's Productivity Tools and Initiatives for Remote Employees



When it comes to enabling our employees for work, we have launched a couple of tools and programs for them as well. We launched Newton, an e-learning platform created through Skillsoft where employees can improve their skills and achieve their individual development plans to better support the business. The amount of hours that employees spent stuck in traffic or traveling to work is now being used for upskilling.

This program will be largely beneficial in the long run, considering that many HR leaders today are making critical skills and competency development their top priority in 2021 as a way of moving from crisis management. This priority is followed by organizational design and change management, current and future leadership bench, the future of work and employee experience.<sup>60</sup>



Additionally, we launched the WOW From Home program, which provides employees with access to discounted laptops, iPads, ergonomic chairs, and more for them and their families. We also gave an option to convert their unused vacation leaves into cash and use that for their remote work needs.

Globe employees can consult the Device ANomaly Investigator or DANI Bot for basic troubleshooting and any device-related questions that they may have regarding their equipment.

Lastly, given that the entire organization's top priority is to remain connected, we upgraded our employees' 5GB monthly data allocation to 10GB. We also offered discounted rates for their home broadband connections of up to 25% of their monthly bills and put up a priority lane for new connections.

These initiatives have proven effective as they collectively helped us resume operations amidst the pandemic. With telecommunications becoming an even more important service today, we found it crucial to organize our internal operations first so that we can effectively deliver our offerings to our customers as well.

## New priorities in the New Reality

As we slowly recover from this crisis, we will continue giving our employees the work flexibility to work from anywhere. We have seen that allowing our people to work from the safety of their homes has delivered the same or even better results. It has also provided a better work-life balance given that our people are able to convert their travel time to more productive and even personal activities.

While we see that the above setup is bringing in the results, we will also need to address the potential risks of totally eliminating the personal and human interactions among our employees. We are known to have built a strong culture of collaboration where we have delivered excellently as an organization based on fortified relationships and interactions across different groups and keeping people apart may be a potential concern in the long-run.

Moving forward, it is important that we redefine human resources in three areas: capability building, HR processes and policies and culture and community.

When it comes to capability building, HR leaders must eliminate capability gaps while developing new skills relevant to the new normal. This can be done through e-courses for self-paced learning, which are reinforced

by business-aligned learning pathways. HR leaders must prioritize the development of the workforce and its leaders, identify new skills and capabilities and create a bigger learning environment to establish resiliency, mobility, and flexibility.



When redefining HR processes and policies, technology will be every HR leaders' ally. Processes such as recruitment, learning and development, and program executions can now be automated to alleviate some burden off of the workforce's shoulders.

HR leaders must also look at wellness as a key driver of engagement and therefore prioritize the development of an enhanced medical benefit plan, which should include stronger mental health counseling for employees. Non-essential benefits must nonetheless be updated and made more flexible.

Lastly, creating a community within the organization is important in keeping employee morale high. Our engagement programs at Globe have helped our employees create relationships beyond work. They now treat their colleagues as family, which assures us that our efforts are paying off and helping the business in an extraordinary way.

The business landscape may have changed, but our DNA remains the same. As we adjust to the New Reality, HR will continue with its transformation journey and emerge as a strong business partner of the organization. More importantly, the HR role will remain a disruptor and innovator that will continue empowering employees through relevant and impactful programs, initiatives, and process improvements, enabling each employee to stay focused and true to their company's vision and purpose.









# New Reality



Several months have now passed since the first official COVID-19 case emerged. Businesses across almost all industries now acknowledge that the pandemic and its ramifications are here to stay indefinitely. Thus, survival wholly depends on an organization's ability to recalibrate their strategies and reshape their own workforce. For example, do employees have the skills to comfortably work remotely? With regards to sensitive company information stored online, are there cybersecurity measures in place? What skills will be in demand in the near future? Though complex, these questions hold the answers that will pave the way for future success.







# Workforce shaping

By Imelda H. Corros



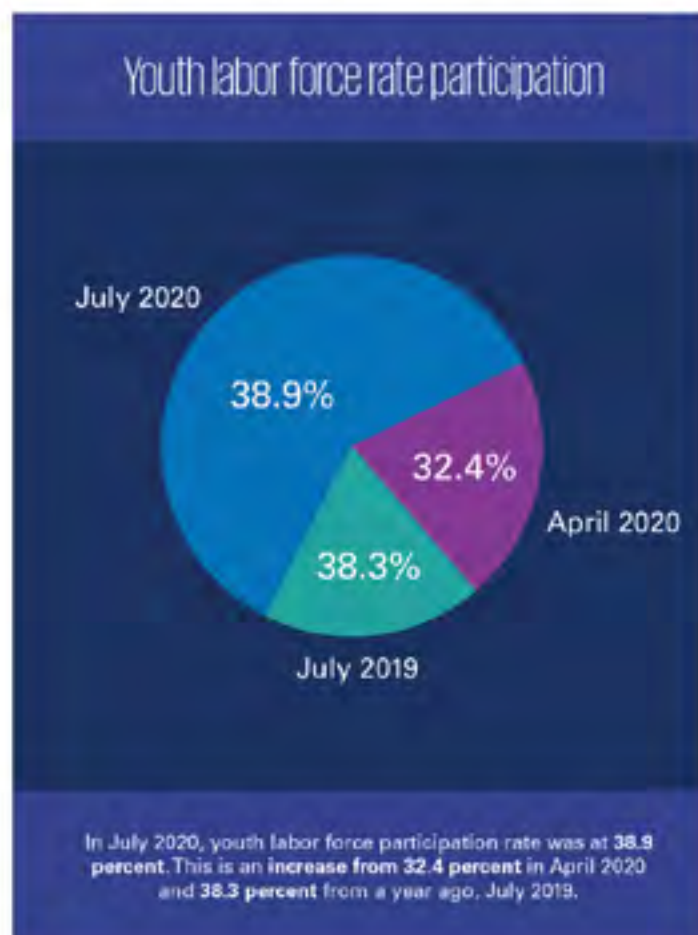
Imelda H. Corros is the Head of Management Consulting Advisory Services and the BPO Sector of KPMG in the Philippines. She has more than 10 years of experience in delivering business process improvement or business transformation projects covering finance, human resources, supply chain and logistics and other key operational processes across various organizations and sectors. As an Accountant by profession, she has over 12 years of domestic and international experience in external audit.



An important part of recovering under the New Reality is businesses recognizing that 'business as usual' is no longer a feasible option. Insisting otherwise is not only fatal to the survival of the business, but may even force employees to risk their well-being.

In order to succeed in this New Reality, recalibrating business strategies and reshaping the workforce is a must. Workforce shaping means articulating an intelligent and strategic understanding of the kind of workforce organizations require in the next 10 years, a task that will require imagination, cooperation and hard work.

In the Philippines, the chart below gives a picture of what the nation's current workforce looks like. An overview of the country's employment situation in mid-2020 from the Philippine Statistics Authority<sup>61</sup> shows that although the pandemic has worsened the country's unemployment rate, younger people are increasingly entering the workforce.



The increasing reliance on a remote setup will also mean necessary investment in IT/tech headcount, with some regions expecting an increase in these fields more than others.

## Expecting an Increase in IT/tech headcount

Region	Percentage
Asia	57%
South America	52%
Global average	45%
North America	44%
Australia	43%
Europe	42%

On average, companies around the world can expect a 45% increase in headcount for their IT/tech workers. The Philippines and the rest of Asia surpass this average, with an expected increase of as much as 57%. Europe registers the least with 42%.

In the KPMG post-COVID-19 CIO survey (conducted in June and July 2020),<sup>62</sup> 62% of respondents reported that skills shortages prevented their organization from keeping up with the pace of change. For 53% of respondents, the top priority for their organization's data strategy was scaling data analytics skills. Yet, as little as 19% of respondents felt their organization was very effective or extremely effective at equipping non-IT staff with relevant technological skills.

Aside from a growing demand for roles that help businesses compete in the digital arena, there was also an increase in vacancies for health-related roles.<sup>63</sup> As far back as 2018 in fact, about 20 countries already reported a shortage in professional health occupations.

It will help to establish a 'Go Forward' team, a multi-disciplinary team in charge of planning for, initiating and addressing the workforce needs to move to recovery and onwards to the New Reality. 'Go Forward' teams should be leveraged to foresee possible scenarios, what positions it hopes to find itself in and what the organization can react to.



## Transforming the workforce

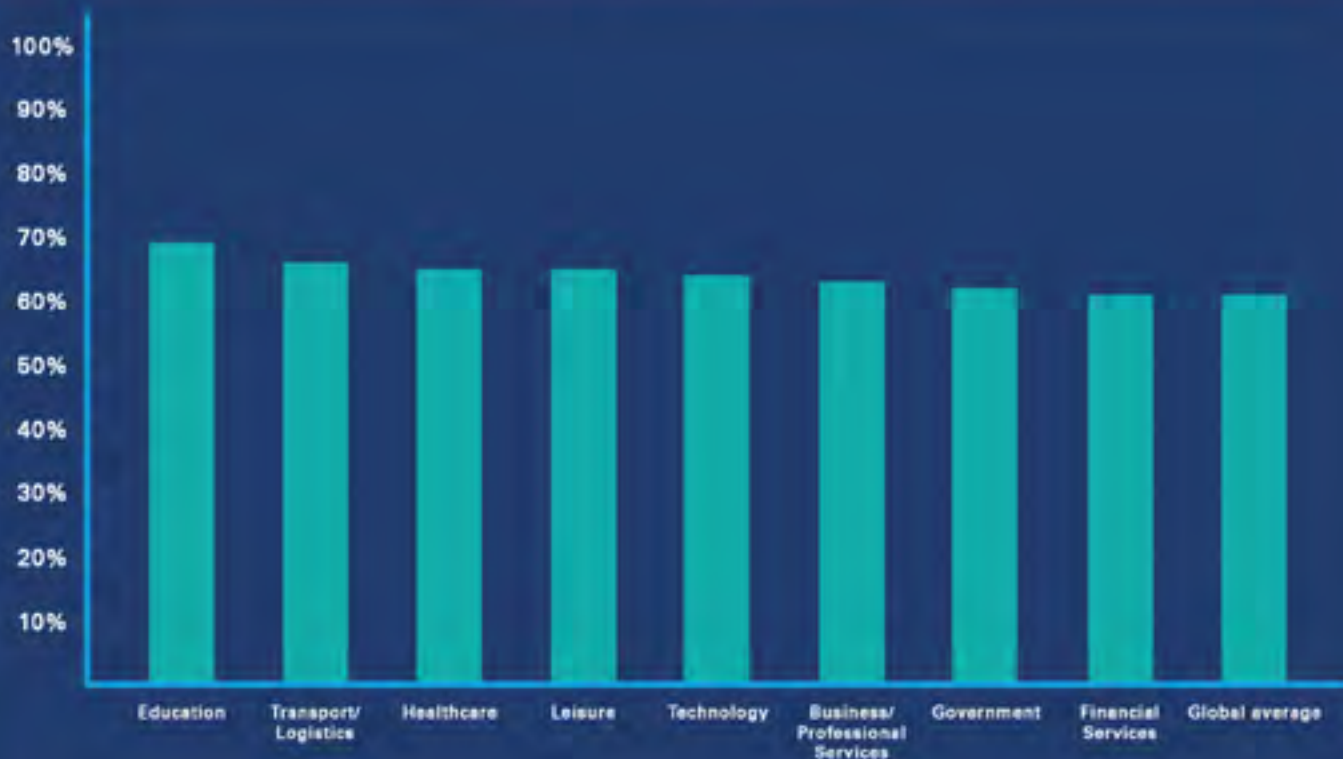
Core to enabling a cohesive crisis response is ensuring employees have the right skills, at the right time, in the right place to constantly answer to unexpected external trends, agile operating models and fluctuating customer demands. This means companies will have to help employees quickly upskill and even change skill sets as needed, source from channels they have never used before; and remobilize people and capabilities no matter the function.

However, organizations must first gain a thorough knowledge of their current workforce's capabilities. A clear understanding of what the current talent can and cannot do helps decide in which direction to move in the middle of a crisis (whether it is time to scale up or down, for instance). When possible, re-skilling and re-deploying the current workforce should be considered as an alternative to the costly and timely process of recruiting. Thus, investing in trainings and workshops will also become an integral part of an organization's operations.

In fact, "talent-risk" was near the bottom of CEO concerns prior COVID-19. Yet, the KPMG 2020 CEO Outlook<sup>64</sup> research shows that since the pandemic began, it has jumped 11 places and became the top threat to long-term growth. LinkedIn's 2020 Workplace Learning Report<sup>65</sup> also shows that 51% of companies around the world plan to implement an upskilling program and 47% will have programs meant for reskilling.

## Industries that will feel the increasing impact of technology as a result of COVID-19

The following is a table showing industries according to the impact technology is likely to have on its day-to-day operations.



Source: <https://assets.kpmg/content/dam/kpmg/xx/pdf/2020/10/hervey-nash-kpmg-cio-survey-2020.pdf>





Relocation is also a very real possibility, even for companies who stayed put in the same place for years. Businesses in areas such as Silicon Valley have started to examine the costs of property tax, rent and moving in response to COVID-19. The fact that moving is easier with less employees having to be physically present makes it easier to relocate<sup>66</sup> to countries such as the Philippines, where the cost of doing business may be much lower.

Tech-focused upskilling programs are helping build a more agile workforce and address critical skill shortages around artificial intelligence, data analytics, and cyber security. The 2019 CIO survey found these skills were among the hardest to find in the current talent pool.<sup>67</sup>

The external workforce is also set to play a bigger role in the transformation of the workforce. Though we have seen a rise in the number of external employees in a typical business in recent years, COVID-19 looks likely to accelerate this trend even further. As per the Intuit Contingent Workforce Forecast 2020,<sup>68</sup> some organizations are expected to be made up of as much as 60% external employees.

Finally, there will be a bigger emphasis on roles dedicated to business resilience and this will influence the overall organizational structure. Additionally, there will have to be more roles focused on cyber security and supporting remote work set-ups.

As the pandemic plays out, there is a long list of things that need to be done. From listing the critical skills of the current and pre COVID-19 workforce and checking it against current resource availability, to recalibrating the current recruitment strategy. These actions can decide how well a business weathers the pandemic.

## Enabling employees to thrive in a digital and remote workplace

Under the pandemic, remote work has gone from a nifty perk to becoming the only way for many businesses to continue operations. Unfortunately for most, there was no time to make a proper transition resulting to businesses struggling to handle the sudden change.

The change in employee experience requires a closer look at how employees' working life has been impacted. With staff now unable to get together in person, employers should maintain their connection by establishing new norms in remote working. For example, employees could have a weekly catch-up session over videocall.

In fact, a total adjustment to the New Reality is not possible without putting a spotlight on employees' mental health and well-being. Both work-life boundaries and relationships between co-workers have to be prioritized, to counteract any feelings of burnout or isolation. Even the performance review process can be revisited to put a greater emphasis on talent development or upskilling while also considering the challenges of a remote work transition.

Employee engagement then plays an even bigger role under the New Reality. Regular updates on projects and policy changes should be given to employees whenever helpful and pulse surveys should be handled as a way to ensure that communication remains two-way.

It will also pay to respond to the needs of a multi-generational workforce. Millennials and Gen Z employees have long advocated for agile work environments—and now that the pandemic has brought us closer to what they want, managers need to have the leadership and soft skills to keep up. Managers will have to maintain good working relationships, ensure productivity and understand emergencies all while working remotely.



## Authentic leadership at the core

A crisis like the COVID-19 pandemic means employees will be taking their cues from their leaders more than ever. Leaders who want to be respected and effective in the long run need to cultivate a sense of empathy and a willingness to really listen.

With the pandemic in mind, more leaders than ever recognize the importance of leading with purpose.<sup>69</sup> Up to 79% of CEOs report feeling a stronger emotional connection to their purpose since the beginning of the crisis, while 77% say having a purpose has made it much easier to understand the needs of various stakeholders and create a clearer decision-making framework for COVID-19 related decisions.

One thing leaders can do to become closer to their team is to first share their values with them. In these uncertain times, doing so lets employees know what a leader's priorities will be, which in turn cultivates a better sense of familiarity. Another important thing is to be transparent about difficult topics if the organization is undergoing a financial challenge, such as for instance, tackling it head-on can go a long way in displaying transparency. Finally, it is crucial that leaders follow up their words with action, to show an emphasis on concrete action in a time when many industries are paralyzed.

As employees settle into a world disrupted by the pandemic, leaders must become a source of reassurance and confidence. It is from their leaders that they will get the courage to go on working and develop a sense of purpose. COVID-19 has made things more difficult, but with the right leadership at the helm, it is possible to turn things around and use it as an opportunity to attract and retain better talent.

The future will demand a workforce that is much more flexible and adept at responding to unexpected change. Both employees and their leaders will find that constant learning and upskilling will become an unavoidable part of their careers, and they should embrace it wholeheartedly.

In the New Reality, workforces must be ready to change like they never have before.







# Staying cyber secure in the New Reality

**By Jallain Marcel S. Manrique**



Jallain Marcel S. Manrique is the CIO and Head of IT Advisory at KPMG in the Philippines. A certified public accountant by profession, he has 13 years of experience in information technology, audit, cybersecurity, digital transformation and project management. He also has an impressive track record on IT advisory services in the field of financial services, manufacturing, TMT, pharmaceuticals and BPO or shared services, among others.



# Public cloud security incidents in the Philippines



Source: <https://mb.com.ph/2020/07/10/82-of-philippine-organizations-fall-victim-to-public-cloud-cybersecurity-incidents/>

As the COVID-19 pandemic disrupts the world of business, companies must quickly learn to adapt to new ways of working, including the necessary reshaping of the workforce and the shift towards remote work. As the digitization of operations becomes an absolute necessity, organizations are exposed not only to greater risk and regulatory compliance but also to new pathways for value creation and opportunity investment.

Through a holistic operational risk framework, which includes cyber security risk as a foundational component, institutions can achieve competitive advantage while securing their most valued assets against cyber-attacks and threats.

With employees working from home more than ever, an increase in online presence has given cybercriminals around the world a wider surface area for their attacks. Globally, KPMG's CIO Survey 2020 found that about 41% of organizations have experienced security issues anywhere from phishing to malware attacks.<sup>70</sup>

There is also the fact that because of contact-tracing efforts and other similar initiatives, companies are collecting more personal data than ever. Although data



protection authorities around the world such as the European Data Protection Board and the Singaporean Personal Data Protection Commission have issued guidelines on processing sensitive data under the current circumstances, additional effort for protection is still needed.

Like other countries, the Philippines is vulnerable: the previous year, a Microsoft-commissioned study<sup>71</sup> shows that potential economic losses due to cybersecurity incidents can reach \$3.5 billion or 1.1 percent of the Philippines' total GDP.

About 82% of organizations in the Philippines experienced a public cloud security incident within the last year.<sup>72</sup> Data leaks and ransomware are among just some of the biggest problems plaguing Filipino companies when it comes to cyber security.

Managing cyber security risks starts with three basic propositions. The first is that businesses must establish an effective Three Lines of Defense Model where key personnel will have a hand in ensuring cyber security. The second is to define cyber risk appetite and thresholds throughout the enterprise which help decide components such as the company's cyber security policy and key metrics. Finally, data analytics and other risk tools must be leveraged to measure potential risks being taken in relation to an enterprise's capacity for risk and advise appropriate actions to be taken accordingly.

All three of these propositions go hand in hand in ensuring that not only will an enterprise be capable of keeping their heads above water amidst the pandemic, but even opening up the possibility that they will thrive during this time.



## Basic guidelines in handling and protecting data

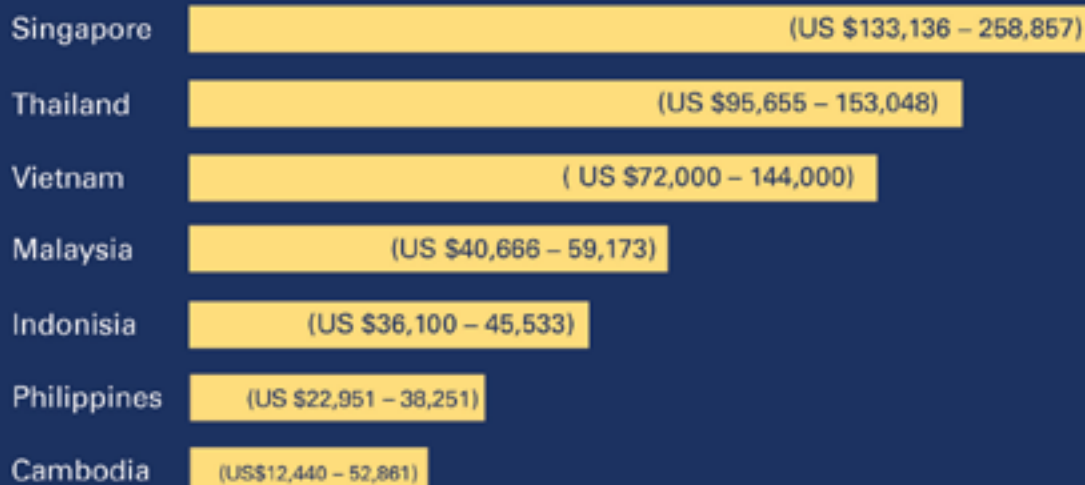
Before anything else, there are a number of basic steps organizations can take to handle the spike in data they will have to handle during the pandemic.

It can be as simple as keeping confidential information (such as contact tracing details) segregated away from other files, then restricting access to a select few officials in order to establish accountability and lessen the chances of a leak. Another step that can be taken is to assess the safety and reliability of the tools that will be prominently used in remote work—for example, does the internal communications platform that the company use being used elsewhere for marketing purposes? Will the company's data be monetized without the subject's knowledge? Where will data from users be stored? All of these are critical questions to ask.

It is also important to take heed of some of the tale-tell signs of a phishing attempt. Many phishing emails attach malware-infused Microsoft documents meant to trigger malware, and purport to be from the World Health Organization or some other higher authority. Other typical giveaways an email is suspect include: poor grammar, punctuation, and spelling, a veiled threat/sense of urgency, and a generic address such as "Dear friend" or "Dear colleague".



## The average per annum earnings of CISOs in 7 countries where data was available



Source: <https://www.cio.com/article/3337525/cisos-in-southeast-asia-salary-expectations-and-job-description.html>

### The CISO and Cyber Risk Management as the first lines of defense

Once the basics of cybersecurity are mastered, it is time to delegate more complex security measures to the right people. Although cyber security is certainly a major component of business that requires the cooperation of all types of employees, it is all too often that cyber security risk management is thought of as the sole responsibility of technology leadership. Unfortunately, this perception meant that there would be times that Chief Information Security Officers (CISOs) would be perceived as hurdles when pointing out the cyber security risks concerning a new business opportunity or service product launch.

The truth is that cyber security risk is just one of the many essential components of an operational risk framework. This framework must be formed with clearly defined ownership and oversight roles, better governance and utilization of key metrics.

The CISO and the Cyber Risk Management Lead must be at the forefront of cyber risk management and ownership roles for cyber security. Ideally, the CISO will embody the first line of defense in reporting to the Senior Management and the board of directors,

and it will be their job to monitor the proper implementation of technology in a company and monitor metrics relevant to cyber security.

According to a study from the Ponemon Institute, appointing a CISO can reduce the cost of data breaches by about \$5 (roughly P250) per stolen record.<sup>73</sup> It is worth noting however that in Southeast Asia, the Philippines ranks nearly last in average per annum earnings for a CISO.

However, it is important to emphasize that the CISO should not have a monopoly on the overall cyber risk governance and cyber security policy. Keeping the job of the CISO strictly to the monitoring of technology and relevant metrics allows them to truly focus on protecting the enterprise while ensuring they are not a barrier to innovation. Meanwhile, the Cyber Risk Management Lead should act as the second line of defense, reporting to the Operational Risk Management Lead or to the Chief Risk Officer (CRO). It is their responsibility to oversee operational and cyber security risk management throughout.

This division of duties allows cyber security to remain a business-led strategy rather than a technology-led decision. When businesses have a better idea of their own risk appetite and can decide new policies accordingly, they will be able to move into new revenue streams at a much more efficient pace.



## Defining cyber risk appetite

Risk has long been a given in the world of business, but it is the ability to take calculated risks that can make or break an enterprise.

Today's regulatory environment demands that businesses be conscious of the risks they take. In the Philippines, government bodies such as the Securities and Exchange Commission<sup>74</sup> have pushed for organizations to increase their cyber security measures in the midst of the COVID-19 pandemic.

Organizations must adhere to these regulations not just for the sake of complying but also as a means of defining their appetite for risk. To create a framework that balances compliance with taking risks and advancing business interests, the first layers of cyber security defense need to leverage the appropriate data in deciding the metrics that the board of directors and regulators will look at.

As the first line of defense, the CISO should concentrate on three things: first is to maintain both process and asset inventories that tie business processes to technology assets and data classifications, alongside its ownership. Second, there must be a framework that bands together policies, standards and control implementations considering possible risks. The CISO and board of directors should also assess the operational metrics that come from the said framework. Finally, periodic scenario testing whether vulnerability scanning, resiliency testing, penetration testing, or others must be done.

An independent risk management function should also be created, to be managed by the risk committee and the Chief Risk Officer (CRO). They will be able to concentrate on creating risk frameworks and perform risk assessments not influenced by business interests, and better use data to develop Key Risk Indicators (KRI). Independent risk management will also provide unfettered key insights to the risk committees, allowing them to step back and take an objective view of any situation that goes their way.

Setting up a proper governance framework for risk makes it easier for cyber risk management and technology risk to align together under one umbrella. As a result, business and executive leadership can execute their business decisions with a clearer understanding of the risks ahead of them.



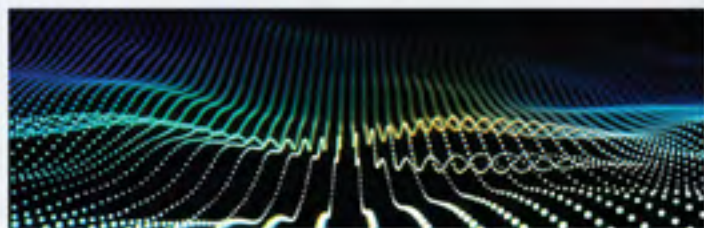


## Leveraging automation for cyber risk management

Technologies such as predictive data, business intelligence, and artificial intelligence already play a crucial role in business decision-making, so it only makes sense for them to play a role in measuring operational risk. After all, data and analytics allow the Operational Risk and Cyber Management Risk leads to frame organizational strategy around risk.

With the appropriate operational metrics available, data models that can leverage and augment these can be made for application to their risk statements. The result will be measurable KRIs that translate risk into business terms applicable to the day-to-day of the board of directors. This takes the discussion around from a mainly technical nature (vulnerabilities closed over a period) to one that considers deeper questions such as whether these vulnerabilities were taken seriously enough from the onset.

The CRO can use the necessary risk tools to gain a bird's-eye view of any potential future risks and even plot out how revenue-generating or productivity actions can better align to the current structure.



## Towards an operationally resilient enterprise

The key to surviving in unpredictable environments is to build resilient enterprises that consider financial, operational, regulatory, and commercial resilience. Cyber security is just one aspect here.

There are 6 main pillars to building an operationally resilient enterprise: workforce management, technological platforms, supply-chain resilience, cyber security, robust crisis communication, and facilities management.

Together, these pillars will ensure companies remain agile and resilient no matter what comes their way. Not only will they work to address issues in the short-term (such as the sudden shift to remote work or the breakdowns in supply chain borne from travel restrictions), but they are a crucial part of long-term continuity planning.

Operating under the New Reality requires a new way of looking at risk. By clearly establishing new roles for the CISO and the Cyber Risk lead, companies will not only make it easier for themselves to comply with regulatory directives but also formulate new initiatives that satisfy their own risk appetite.

As these directives move organizations towards a better understanding of cyber security, the process can definitely open the possibility of rapid expansion and growth, even during a time of unprecedented change.



# Sustainability as the way forward

By Kristine I. Aguirre



Kristine I. Aguirre is an Advisory Partner of KPMG in the Philippines. She is the designated champion of KPMG IMPACT, a cross-sector initiative of KPMG Global that integrates the knowledge and experience regarding global issues such as environmental, social and governance (ESG) performance and sustainability.





It is now a given that businesses hoping to thrive in the next few years will have to work hard to reskill employees, successfully and securely digitize operations, leverage the best of technology, and so much more. Yet, it is also critical for businesses to reexamine the sustainability of their practices.

The pandemic has emphasized the need for a society that is both responsible and productive. Businesses need to rethink their role in supporting employees and how they can further shape the future of sustainable development. In the post-COVID-19 era, businesses must move from figuring out the best ways to cope with disruption to focusing on building a resilient, purpose-driven workforce that benefits society as a whole.

In the case of SSCs and BPOs, a commitment to sustainable practices can help solidify client and supplier relationships. After all, sustainability at work underpins resilience from this pandemic.

Businesses will need to focus on three main themes when moving towards the new reality. First is the purpose, which drives initiatives built on sustainability. Second is a necessary focus on people and prioritizing their physical health while also supporting their mental health. Lastly, embedding climate-related risks is a must in drawing corporate strategies.

## Purpose

These days, consumers are increasingly focused on purpose-driven brands and services or products that understand how much they can contribute to the betterment of society. Investors are also increasingly looking at a company's performance with regards to Environmental, Social, and Governance (ESG) criteria, particularly with regards to the E, keeping in mind the issues of climate change.

To move closer to their purpose, businesses like SSCs and BPOs must take a step back and ask themselves why they do what they do. This emphasizes the point that businesses exist primarily to serve society and not the other way around.

Often, leaders are reminded of the company's purpose by interacting with employees on the frontlines. Doing so helps leaders understand the everyday challenges their employees and their customers face, enabling them to better respond to their needs. The IT-BPM industry, for example, occupies a special place in the Philippine economy as one of the best-performing and employment-generating sectors<sup>75</sup> in recent years.

Afterwards, concrete sustainability goals can be defined by asking questions such as: where could company growth come from post-COVID-19? What do stakeholders expect from our business? What trends will impact our products/services and supply line? These questions will provide purpose and allow companies to contribute to solving societal problems.

There are three main criteria investors now looking at when assessing a company's performance.



The first is Environment which looks at how a company acts in its role as a steward of nature. This includes the measures made by the Company to protect and reduce the risks to the environment and conserve its resources.



The second is Social, which looks at how the company manages its relationships with its employees, suppliers, customers and the community around them. It looks at employee engagement, the company's working practices in terms of safety and health which underpin the company values.



Finally, there is Governance. This pertains to the company's leadership, diversity of its Board, internal controls, policies and procedures including measures to prevent corruption.

Of course, no one company can tackle global challenges alone. Partnerships and collaborations among key players in the industry are a must, even if it means working with traditional competitors. Working together helps create systemic changes that the planet, people and businesses need to succeed.



COVID-19 has opened the world's eyes to just how interconnected everything really is. The United Nations even points out<sup>76</sup> that the world's healthcare system is as strong as its weakest country, calling for nations to recognize the importance of cooperation. In the Philippine context, this also means that the entire country's healthcare system is just as good as its weakest point.

Much as it is important for the world's governments to cast aside interests for the common good, the same can be said for businesses. When this purpose-centric thinking is applied throughout different industries, the world moves closer to a society where challenges can be more easily met.

## People

In order to pursue a company's purpose, a resilient workforce must also be in place.

For many organizations, the practice of remote work kicked in almost overnight and left them grappling with the sudden transition. Even then, some may be adjusting better than others. In short, the pandemic affects everyone differently despite some calling it "the big equalizer".<sup>77</sup>

Businesses need to protect both the physical and mental health of their employees. As more companies gradually attempt to blend remote work and on-site work, it is up to the company to strictly enforce the highest safety standards: mask-wearing, social distancing and constant disinfection are practices that must now become almost second nature to them. After all, the pandemic has caused people to become more conscious about their health, and in turn demand higher safety and hygiene standards.

With regards to mental health, some companies have begun offering free sessions with well-being coaches as an additional employee benefit. Others opt to give employees a more flexible schedule, doing away with the traditional 9-5 structure or even shifting to a 4-day work week entirely.

Infusing sustainability into the employee experience can also be a huge help. When employees are constantly reminded of the bigger picture beyond their day-to-day work, they will understand that what they do goes a long way in making society a better place and become more engaged. This will also improve retention, as employees will look to stay in an organization that gives them meaningful work.

Engaged employees also give better customer service, being more emotionally invested in the outcome of their work. By building programs that focus on

employee longevity (preventing burnout, creating a safe environment for employees to express themselves, etc.), the benefits will also spill over into markedly improved company output.

## Priorities

Businesses can no longer pretend that they live in a bubble. As much as they concentrate on reaching sales goals and financial targets, climate-related risks must be embedded in the corporate strategy: from the inner workings of the supply chain to supporting reskilling in industries affected by initiatives to go green.

One of the biggest emerging ESG trends is a consumer shift towards cleaner transport given that greenhouse gases from the mobility sector are one of the key drivers of global warming. Concerns over COVID-19 infections via air travel have also played a part. Rising acceptance of alternatives to traditional transport should contribute to the growth of electronic vehicles, bicycles, etc. Companies must realize that their people on the ground may be increasingly shifting to more sustainable modes of transport and recalibrate accordingly.

In the Philippines, the pandemic has already been proven to produce a boom in the demand for bicycles. Service delivery apps have also long integrated bicycles<sup>78</sup> into its business model, a practice that has only ramped up in the midst of the pandemic.<sup>79</sup> Thus, there is also the possibility that these alternative modes of transport can be integrated into the supply chain, making them more environmentally-friendly and efficient. Shortening the supply chain is one of the biggest ways a company can reduce their carbon footprint and this necessitates that suppliers be included as key partners in future scenario planning and transformation.

According to market intelligence firm IHMS Markit,<sup>80</sup> the Philippines and the rest of Southeast Asia could definitely benefit from reshaped supply chains stemming from the effects of the pandemic. Companies are now aware of the need to diversify their supply chains, and are thus looking to shift China-centric operations to a wider range of countries. The decision comes off the back of calls by nations such as India and Japan for more resilient and sustainable supply chains in the region.

Policies, strategies, and initiatives backed by sustainability are undoubtedly the way forward. When sustainability is at the core, thinking shifts to the long-term and a bird's-eye view of each and every situation. Not only will this strategy strengthen the resiliency of organizations in time for the next disruption, but it also enables them to play a better role in shaping the future.





# What we can learn from IBM in moving to the New Reality

**By Sanjiv Gupta**



Sanjiv Gupta holds nearly two decades of experience working with technology and consulting company IBM, in various roles ranging from Account Executive to Country Leader. Prior to joining IBM, Gupta also worked in the professional services industry supervising various projects. Today, he is the President & Country Leader at the IBM Client Innovation Center based in the Philippines.



Aside from workforce shaping and increased investment into cyber security, the disruptions brought on by COVID-19 have made it necessary for many businesses to reexamine even the oldest of business models. For many, it is a necessary first step in transitioning to the pandemic-ridden world.

Often, the conclusion is that past business models need heavy tweaking or even replacing entirely, especially since disruptions and local lockdowns have quickly become the norm.

In the case of multinational technology company IBM, the company chose to introduce Dynamic Delivery as a means of enabling business operations to continue despite disruption. This is a new model that leverages technology foundations with virtualized, agile methods and practices, enhanced with AI and automation.

Dynamic Delivery is built on three building blocks: technology is used to automate processes for contactless delivery, enable deep thinking about how humans function as a network, and the latest delivery foundation. The result is a delivery process that can quickly enhance delivery speed and scale, boost business resiliency and security, and improve timeline confidence—all crucial benefits for many businesses who put delivery at the heart of their operations.







## The building blocks of Dynamic Delivery

The three building blocks of the new Dynamic Delivery model each require a shift in thinking in all levels of operations.

First must be the building of the latest delivery foundation, which rests on the ability to shift operations to the cloud. Shifting to the cloud enables organizational infrastructure to become resilient and easily scalable, and makes collaborating on digital platforms efficient. In addition, being backed by the cloud embeds updated security and privacy practices to protect proprietary data and reduce risk exposure—especially critical as more work takes place online.

To understand how humans function as a network, thinking needs to emphasize “personal accountability.” In a business operating during the pandemic, the responsibility therefore falls to the leadership to keep engaging employees even remotely. The enterprise should also remain flexible and ready to respond to disruption, which can be enabled by standardized practices that are tailored to the post-pandemic world. Digital knowledge platforms are also best if interconnected, making it easier to share knowledge within the organization, especially as teams seek expertise on knowledge management and operational issues.

The final building block, contactless delivery, a shift to virtual collaboration is a must and this means automating methods (for example, making payment contactless) when possible, enabling digitally-backed contracts, and using digital dashboards to encourage transparent governance.





## Challenges and successful use cases

There were, of course, challenges in cascading contactless delivery protocols to rank-and-file employees at IBM. Though IBM has promoted flexible working options even in the pre-pandemic era, it was challenging to make resilient and scalable infrastructure available to each and every employee in order to successfully deliver the commitments in our client contracts. Thus, IBM teams in charge of employee devices worked round the clock in the initial few days to make the necessary arrangements for each employee who was challenged on this front. In some cases, clients who would earlier allow operations only from designated IBM sites, made exceptions for employees to connect from their homes.

Another challenge was leading, engaging, and enabling the humans in the network to productively work from wherever they are. This meant placing an emphasis on teaching soft skills such as adaptability and time management.

In the end however, numerous IBM Services clients have reported noticeable benefits stemming from the new Dynamic Delivery model, even in just the first few months of its implementation.

For instance, a client in the insurance industry reported that Dynamic Delivery made it easier for them to meet government requirements. This is because they were able to process claims for COVID-19 testing at a much faster rate thanks to automation, a solution designed and implemented within just three weeks with a virtual team.

In the oil and gas industry, the creation of a multi-channel help desk and automating processes let a client increase their order processing and cut down on downtime. This assured their own customers of fuel availability and prevented supply-chain problems that might be caused by a wave of panic-buying. Thus, the Dynamic Delivery model proved to be an investment that saved not only money but also valuable amounts of time as well.





## Moving past lockdowns

IBM's history of innovation has helped it put together a vision of what the world of work will look like as businesses resume operations under the New Reality. In the near future, IBM anticipates that there are a number of key imperatives businesses must adhere to.

For example, strengthening the organization's capabilities to work remotely touches several of these imperatives. Under the New Reality, empowering a remote workforce gives the organization the power to engage customers virtually and control their operations from anywhere in the world.

Leaders looking to strengthen remote working capabilities must anticipate that the New Reality will radically alter organizational, social, and cultural norms. They should ready themselves for a slew of trainings and acknowledge it will take time for everybody to adapt to new business models (with Dynamic Delivery being just one of the possible many) and remain open to integrating new technology such as AI, blockchain, and more. Keeping technology at the forefront this way can make an organization incredibly agile, with the benefits being that they'll be able to generate better insights on-demand, better monitor productivity, and drive greater collaborations within the team.

An emphasis on accelerating agility and efficiency is actually another of the key imperatives pointed out by IBM. Alongside this is protecting against new cybersecurity risks, a process that entails putting together a crisis command center and creating new guidelines around security protocols and incident response. Cybersecurity protocols have become especially important, considering that from March 11 until May 8, 2020, IBM X-Force observed a greater than 6,000 percent increase in coronavirus-themed spam.<sup>61</sup> New threats now include virus-related discount codes laden with malware, an uptick in phishing scams related to COVID-19, and so much more.

Prior preparation can greatly reduce operational costs and enhance supply chain continuity by enabling the organization to allot more resources towards weathering any potential future crises. This frees up the organization to focus on the last imperative, which is supporting health providers and government services. Doing so assists citizens to engage one another and raise awareness for help in a time of crisis, even making it easier to track public health cases and allowing a safer, easier return to the workplace.

## Innovation is constant

According to IBM's executives, it would be wrong to think that challenges are only a temporary thing. It is the view of IBM Services Cloud Advisory GM and Managing Partner Varun Bijlani that the world will be working in a pandemic context for some time,<sup>62</sup> and rather than waiting for a return back to old ways, the ultimate goal must be flexibility. This is why aside from implementing a new service delivery model, IBM immediately launched a set of offerings to address the needs of their clients, ranging from initiatives like enhancing IT resiliency to supporting health and human services. IBM has even stepped up the emotional support it extends to its employees, such as launching an Employee Assistance Program focused on remote work and ensuring online learning platforms are available to employees at home.

In addition to the imperatives listed above, IBM's Dynamic Delivery promises to give companies the ability to better withstand the shock of unforeseen circumstances and get the most out of improved ways of working that lend themselves to further innovation. This is why there is a large possibility that the Dynamic Delivery model will remain even after that the pandemic subsides, with it being a holistic model that is designed to absorb the shock from future disruptions. After all, the extent of the damage brought on by COVID-19 has created an awareness that the pandemic may not be the last disruption in our lifetimes.

The sentiment of valuing further innovation was echoed by John Granger, Senior Vice President Cloud Application Innovation at IBM Global Business Services. He said that although the beginning of the crisis necessitated that businesses focus on keeping their most critical operations alive, now is the time to create new models and ways of working that will last well beyond the pandemic.







# The future of real estate and office demand given the pandemic

**By Rick Santos**  
Chairman and CEO  
of Santos Knight Frank

Rick Santos holds decades of experience working in the real estate sector, something that has also enabled him to realize the impact of global outsourcing. He is currently the Chairman, CEO and owner of Santos Knight Frank, which he established in Manila in 1994 as the first fully integrated real estate service provider in the Philippines. Since then, he and his team have become an integral part of enabling the growth of the nation's Business Process Outsourcing (BPO) sector, enabling many BPOs and offshoring companies to gain a foothold in the Philippines and create countless opportunities. Today, he leads over 1,200 staff operating all over the country and looks forward to the future of both the real estate and BPO industries.

Of all the changes emerging out in the New Reality, the mass shift to remote work has been one of the most noticeable.

With offices emerging as potential hotspots for infection, many organizations across a variety of industries have deemed it more prudent to shut down offices and mandate employees to work from home instead. This further accelerates the increasing popularity of remote work that was already underway even before the pandemic—according to Paypal's 2018 Global Freelancer Insights Report,<sup>83</sup> about 2% of the Philippine population were freelancers, with the majority already working from home.

Even the BPO industry, which has been responsible for mass job creation in the Philippines,<sup>84</sup> is starting to realize that not all employees should work on-site.

The increasing popularity and necessity of remote work schemes has called into question the role of offices and real estate in the future of work. Amidst the pandemic, on-site work has been seen as impractical for some, and, at worst, wholly unsafe.<sup>85</sup> Up to 68% of CEOs are already planning to downsize on office space.<sup>86</sup>

However, this does not necessarily mean offices will disappear entirely. On the contrary, companies with traditional offices will continue to evolve, absorbing remote work schemes as part of their daily operations.



## The new value of a brick-and-mortar office

According to Rick Santos, Chairman & CEO of real estate services firm Santos Knight Frank, the physical office still has many benefits that will be difficult to replicate on a virtual platform. The office is where innovation, collaboration, social interaction, and productivity best happens, as offices can provide an energized, focused space free from distraction. The office also helps create an organization's culture and is an important part of the employee experience. Practices such as coaching, training, and mentoring are also best done in-person, an important point in the Philippine market where talent is especially an advantage.

Thus, Santos encourages BPOs (citing how the sector has been vital to shaping the Filipino middle class) to already consider what their return to the office will look like. Santos even reveals that from the BPO leaders he has talked to, he learned that there are still productivity concerns under work-from-home schemes with many BPO leaders trying to bring a majority of their workforce back into the office.

## Best practices in returning to the office

The best way to go about implementing a blended remote work model is to first assess the readiness of each individual employee to continue working remotely or return on-site. Santos detailed how some clients have looked into the personalities and work preferences of their employees by using a special assessment frameworks. Beyond behavior, it is also necessary to note external challenges employees may face when working remotely: insufficient internet infrastructure, noisy surroundings, uncomfortable working spaces, etc. These challenges will inevitably affect employee mental health, and then employee productivity.

At Santos Knight Frank, their Workplace Advisory Group acknowledges that offices must make up for the difficulties of working under the current reality. This goes beyond simply favoring a specific workplace design, but on understanding how a company's real estate strategy can support optimum productivity and drive profitability.

Organizations looking to inject change into their daily operations should institute a Change Management Program. Its presence allows staff to be prepared and ready to face the new realities in the workspace. A Change Management Program can cover anything<sup>67</sup> from furthering employee engagement to ensuring smooth transition during a change in leadership.

## Future trends

The move towards greener, healthier office spaces is another trend that the COVID-19 pandemic is accelerating.

For the outsourcing industry, the pandemic could further accelerate the move towards more Tier-1 types of outsourcing, in which tasks like data entry will be automated. In their place will be the entry of high-touch services such as a medical and legal helpdesk, media production, tech support, etc. In the Philippines, more tasks can be expected to be outsourced from Metro Manila to cities like Iloilo, Davao, Cebu, and Clark.

Landlords leasing out property will also have to become more flexible than they were pre-pandemic. Tenants will negotiate for terms that are better in step with their organization's goals, such as shorter lease terms that allow for more flexibility. This is especially true as businesses focus on their core strengths and outsource non-core activities, such as facilities management. Landlords must understand that now more than ever, businesses will want to wholly focus on what enables profitability.

In the future, offices will change but they will certainly not disappear. Whether demand for office space/real estate can go back to pre-pandemic levels remains to be seen, but it must be acknowledged that the office still has a place in the world of work.







Rey E. Untal

**President and CEO**  
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# Afterword

The COVID-19 pandemic has evidently become a great disruptor in many aspects of the organization. While some companies had an advantage in the shift to digital as they have already started their digital transformation journey long before the pandemic, the more traditional organizations found it harder to pivot and execute their digital transformation programs.

Now, while the world is continuing to learn how to adapt to a world changed by a global crisis, we must likewise work towards accelerating recovery and embracing the New Reality. To reiterate, based on the previous discussions by different thought leaders, companies must first learn to prioritize employee well-being above everything else. This idea has circulated especially within the IT-BPM industry, as covered by the companies featured in this publication. The pandemic became a wake-up call for them to further value the health and safety of their employees. Companies must also be able to create a conducive workplace whether it is remote or not that can satisfy the needs of employees.

This is where the role of the human resource leader comes in. Data shows that 88% of respondents to a recent survey agree that HR played a leading role in their organization's response to the impacts of COVID-19.<sup>88</sup> In consideration of many other aspects, seven in ten HR executives believe that the HR function needs to "completely reinvent and transform itself" to respond more effectively to future disruption.

Second, companies must accelerate their digital transformation. As mentioned before, organizations that have not integrated technology into their system are at risk of falling behind not just in innovation but their business goals as well. IDC Chief Research Officer Meredith Whalen even pointed out long before the pandemic that 80% of a business' revenue growth will depend on digital offerings and operations by 2022.<sup>89</sup> This then should prompt leaders to transform their operating models and invest in key enablers such as integrated cloud, automation, and blockchain technology.<sup>90</sup>

Lastly, organizations must rethink their business continuity plans to anticipate any crises with the magnitude of the pandemic or worse. They must be able to formulate strategies in a short amount of time and simulate how they can be done as fast as possible. We at IBPAP have also been prompted to revisit our industry strategy and growth outlook due to the effects of the pandemic. Despite this, we are cautiously optimistic to see signs of sustained recovery in the IT-BPM industry amidst the crisis.

As we continue to adjust in the New Reality and move towards a world post-COVID, we must remember to always look beyond our existing ways and progressively improve on our methods and processes. Growth is no longer just about business efficiency or maintaining status quos. Rather, it will be defined and enabled by the organization's ability to (1) adapt to emerging trends with agility; (2) answer to shifting client demands; and (3) fortify business resilience amidst this evolving and unexplored reality.



# About IBPAP

The Information Technology and Business Process Association of the Philippines (IBPAP) is the enabling association for the information technology and business process management (IT-BPM) industry in the Philippines and serves as the one-stop information and advocacy gateway for the industry.

With over 300 industry and support-industry members, and six associations—the Animation Council of the Philippines, Inc., Global In-House Center Council, Contact Center Association of the Philippines, Game Developers Association of the Philippines, Healthcare Information Management Association of the Philippines, and Philippine Software Industry Association—IBPAP plays a pivotal role in sustaining the rapid growth of the IT-BPM industry by working to ensure an enduring supply of high-quality labor, supporting service innovation, and providing country visibility.

IBPAP also assists investors in setting up operations easily and quickly in the Philippines. Relevant research, introductions to key government and industry officials, and a series of briefings at each step of the investment process guarantee a seamless development process. Ongoing support is provided through a wide variety of initiatives, including programs for HR development, business development, knowledge sharing, and networking opportunities.





# About KPMG

Through helping other organizations mitigate risks and grasp opportunities, we can drive positive, sustainable change for clients, our people and society at large.

KPMG is a global organization of independent professional services firms providing Audit, Tax and Advisory services. We operate in 146 countries and territories and in FY20 had close to 227,000 people working in member firms around the world. We serve the needs of business, governments, public-sector agencies, not-for-profits and through member firms' audit and assurance practices, the capital markets. KPMG is committed to quality and service excellence in all that we do, bringing our best to clients and earning the public's trust through our actions and behaviours both professionally and personally.

We lead with a commitment to quality and consistency across our global network, bringing a passion for client success and a purpose to serve and improve the communities in which member firms operate. In a world where rapid change and unprecedented disruption are the new normal, we inspire confidence and empower change in all we do.

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# KPMG Online Tax Calendar

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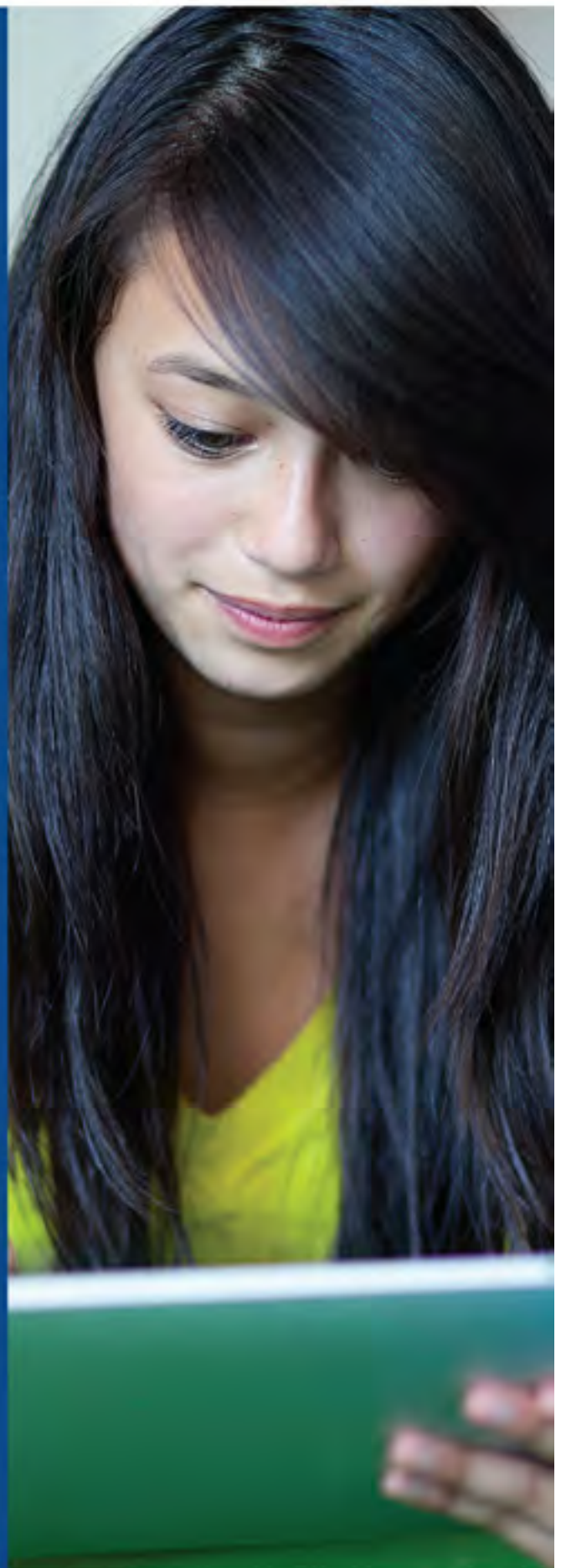
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# Shaping the New Reality

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