



**ROAD TO
RECOVERY**

A1 NEXT EXIT



Culture of Innovation

Foundation for business resilience and
economic recovery in India

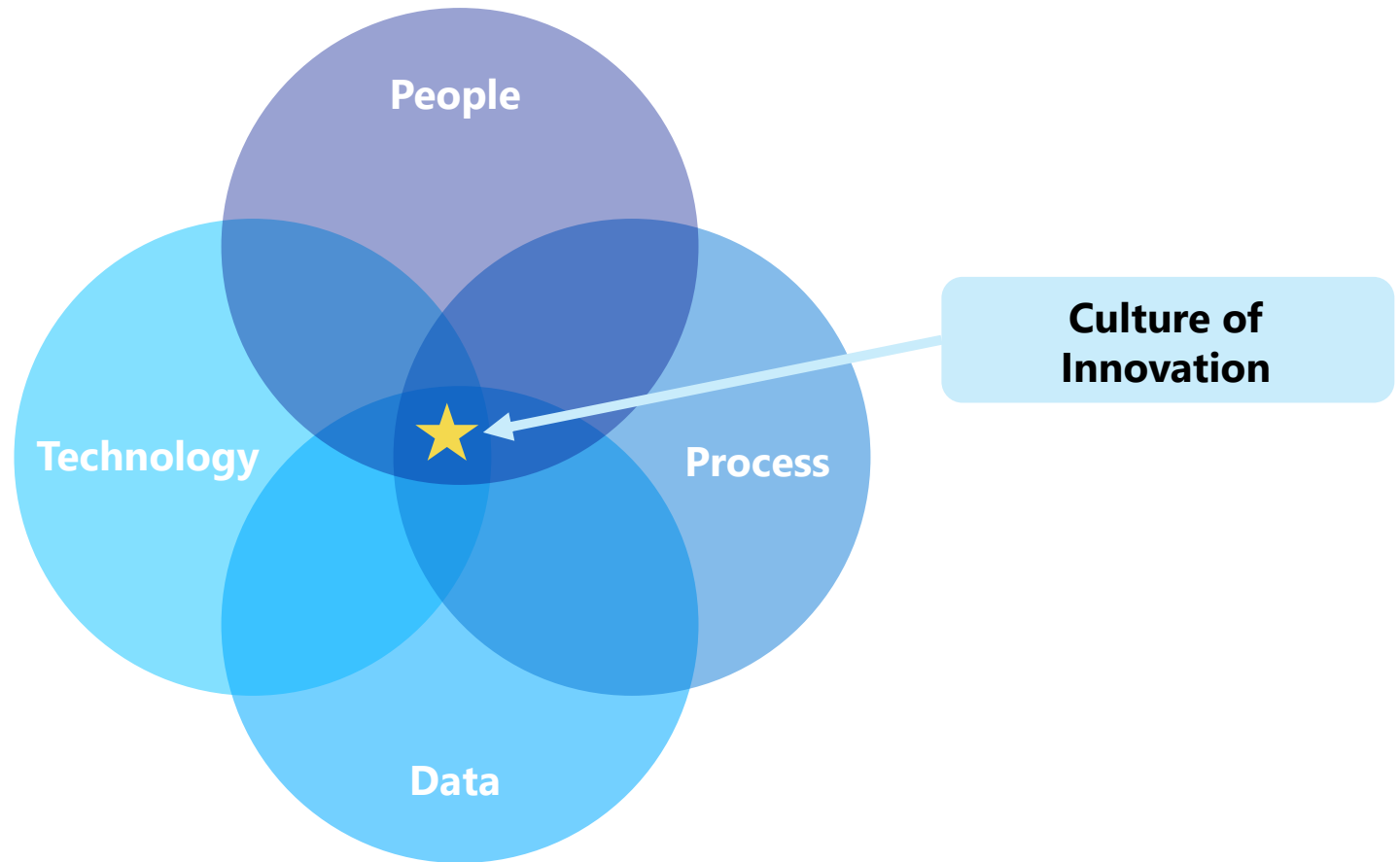


The key differentiator for organizations' business resilience is their **ability to quickly innovate to respond** to the emerging challenges and new market conditions. This allows them to **recover faster** and **reimagine their organizations for the future.**

Commissioned by Microsoft with IDC,

the Culture of Innovation framework was developed by assessing organizations' approach to innovation

Culture of Innovation is the synergy between four dimensions: **Technology, Processes, Data and People**, that allows organizations to drive **sustained innovation**.



Key Research Definitions



Innovation.

An organization's ability to convert an idea or invention into **successfully commercialized new business models, or digital products/services, including driving change to quickly adapt to changing market conditions (e.g. COVID-19)**, or completely redesigning processes and operations for short-term and long-term resiliency and competitive differentiation.

Resilience.

An organizations' **ability to recover quickly** from difficulties, while maintaining its operational integrity and **adapting to new conditions**.

Culture of Innovation is a Richter scale-like journey; becoming a Leader requires mastering the dimensions of People, Processes, Data & Technology

Culture of Innovation Maturity Index	Traditionalist (Stage 1)	Novice (Stage 2)	Adopter (Stage 3)	Leader (Stage 4)
People	Company is very hierarchical and focused on immediate results. Leaders unwilling to take risks, and talent is task-centric.	Incremental innovation is encouraged, and a DT innovation project team is being built. Ad-hoc innovation rewards have been introduced.	Focused on the discovery of innovative ideas and new products creation. Centralized DT innovation office exists. Strong focus on diverse digital talent.	Innovation culture is a corporate value and embedded everywhere. Innovative skills are prioritized, with strong reward system. Leadership drives COI.
Processes	No formal processes for innovation, which is linear. No budget or metrics.	Starting to document innovation processes. Ad-hoc project-driven funding and new metrics being introduced.	Standardized processes for innovation. Dedicated annual budget, and ecosystem feedback captured.	Holistic, fully automated and systematic approach. Innovation budget is a standard component and returns fully tracked.
Data	Data not used to drive innovation. Ad-hoc approaches to using data for Knowledge and collaboration.	Starting to leverage data for innovation. A governance framework for collaborative data sharing is being created.	Products/services being enhanced through data-driven approaches. Continuous enterprise-wide collaboration.	Data-driven approaches are core, and create differentiation, helping realize value and agile business model innovation. Real time internal and external collaboration
Technology	Focused on keeping the lights on. A core IT platform and some siloed digital technologies exist.	Company is focused on leveraging some new digital technologies. Two separate and non-connected tech environments are being used.	Several digital techs. are being used to address DT goals and drive innovation. Two separate tech environments are integrated with APIs and orchestration layer.	Digital tech-centric approach fully aligned with the DT strategy. Integrated tech architecture enables continuous breakthrough innovation.

Overall Research Scope

PHASE 1 – Pre-COVID (December 2019-January 2020)

1,622

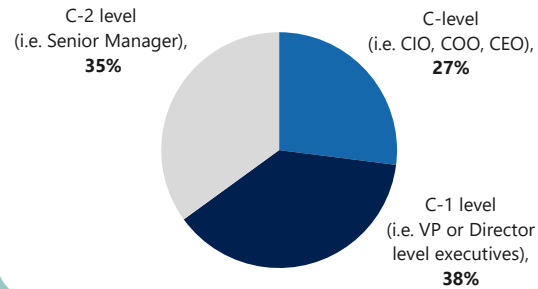
Business Decision
Makers surveyed

1,823

Workers surveyed

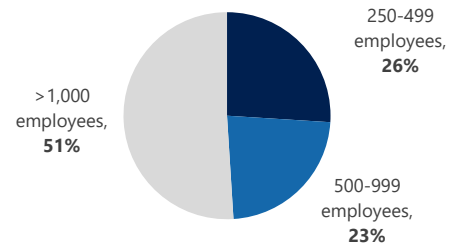
Respondents Profile

65% C & C-1 ; 35% C-2 level



Organization Sizes

49% mid-sized, 51% large-sized



PHASE 2 – Since COVID (July 2020)

1,690

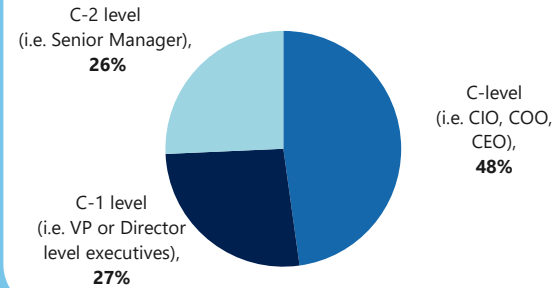
Business Decision
Makers surveyed

1,672

Workers surveyed

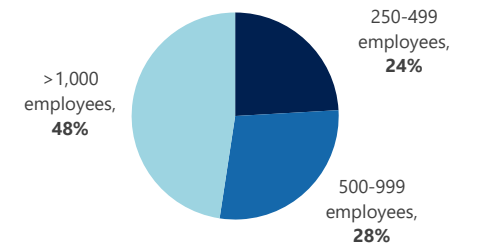
Respondents Profile

74% C & C-1 ; 26% C-2 level



Organization Sizes

52% mid-sized, 48% large-sized



Verticals

Manufacturing
BFSI
Retail
Education
Healthcare

Markets



Research Scope for India

PHASE 1 – Pre-COVID (December 2019-January 2020)

206

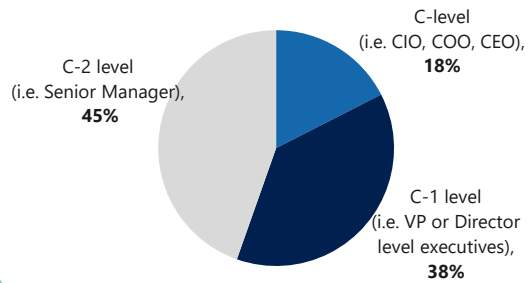
Business Decision
Makers surveyed

224

Workers surveyed

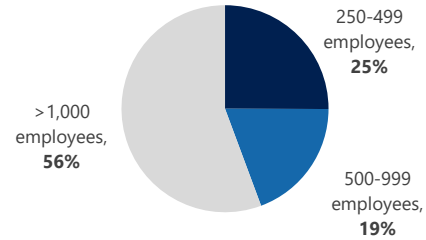
Respondents Profile

55% C & C-1 ; 45% C-2 level



Organization Sizes

44% mid-sized, 56% large-sized



PHASE 2 – Since COVID (July 2020)

233

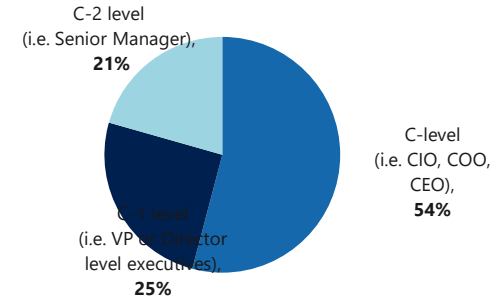
Business Decision
Makers surveyed

214

Workers surveyed

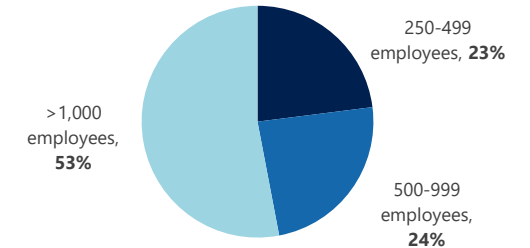
Respondents Profile

79% C & C-1 ; 21% C-2 level



Organization Sizes

47% mid-sized, 53% large-sized



Verticals

Manufacturing

BFSI

Retail

Education

Healthcare

Learnings from Indian organizations



Crisis can be an opportunity for transformation

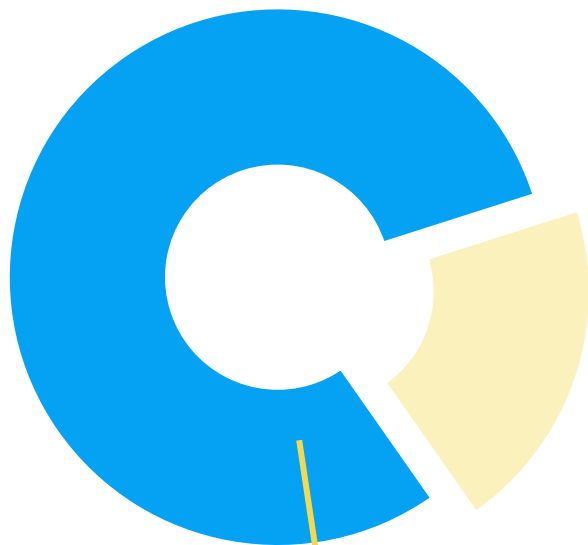
Those who view it as a DT opportunity expect to recover faster and grow their revenues



Q: Which of the following best describes what your organization thinks of COVID-19 pandemic?
 Q: How fast do you think your organization will be able to recover from the impact of COVID-19?
 Q: What impact you think COVID-19 will have on the overall business for 2020?

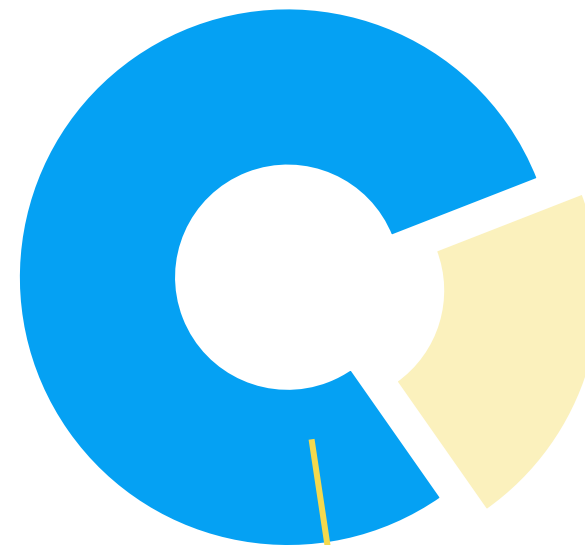
Innovation fuels resilience and performance

8 in 10 of those who view crisis as an opportunity believe innovation is critical and find it easy to innovate



80% of them see the ability to innovate as critical to building resilience

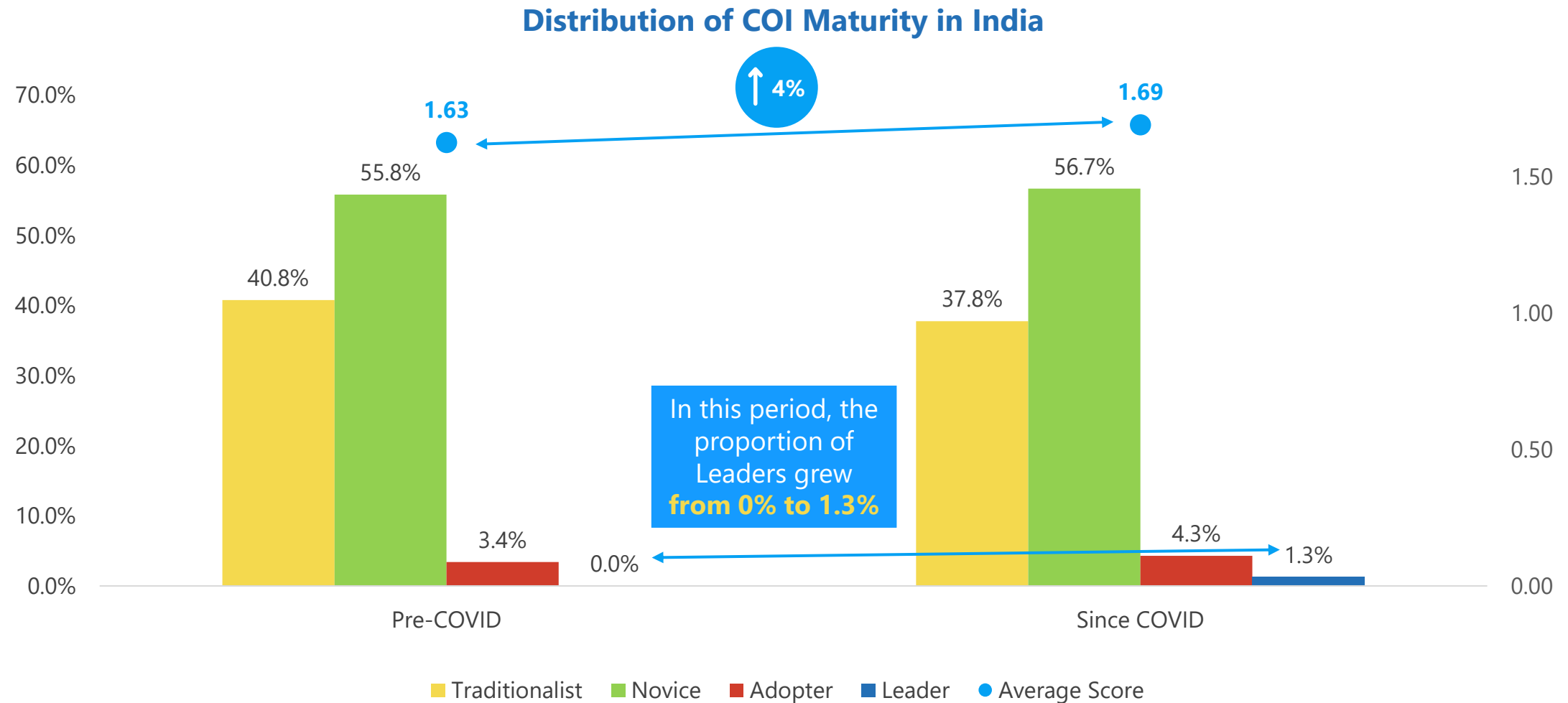
Q: On a scale of 1 to 5, how much does your organization think that the ability to innovate, to quickly respond to market challenges and opportunities is critical to the performance and resiliency of your organization?



79% of them find it easy to drive innovation

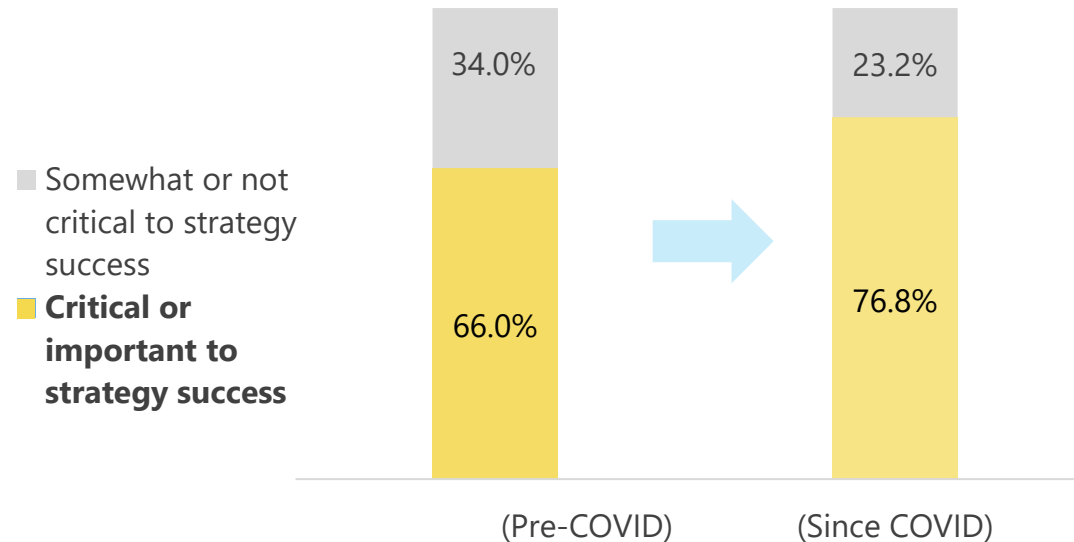
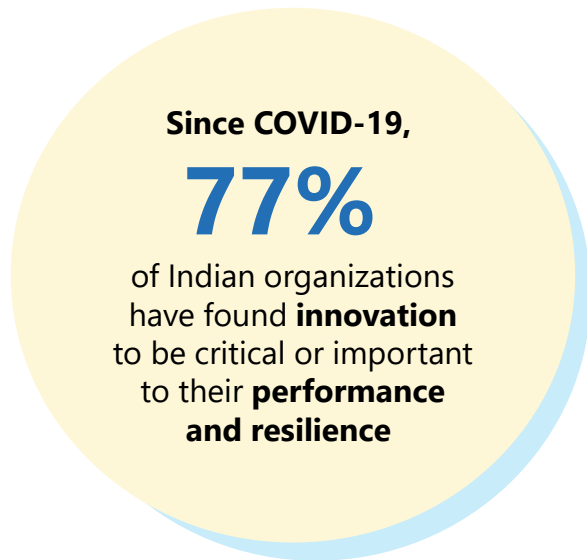
Q: Do you identify with the statement that innovation is easy for your organization?

In the span of 6 months, India organizations have matured in the Culture of Innovation by 4%, increasing their ability to innovate.



Innovation is no longer an option. It has become a necessity.

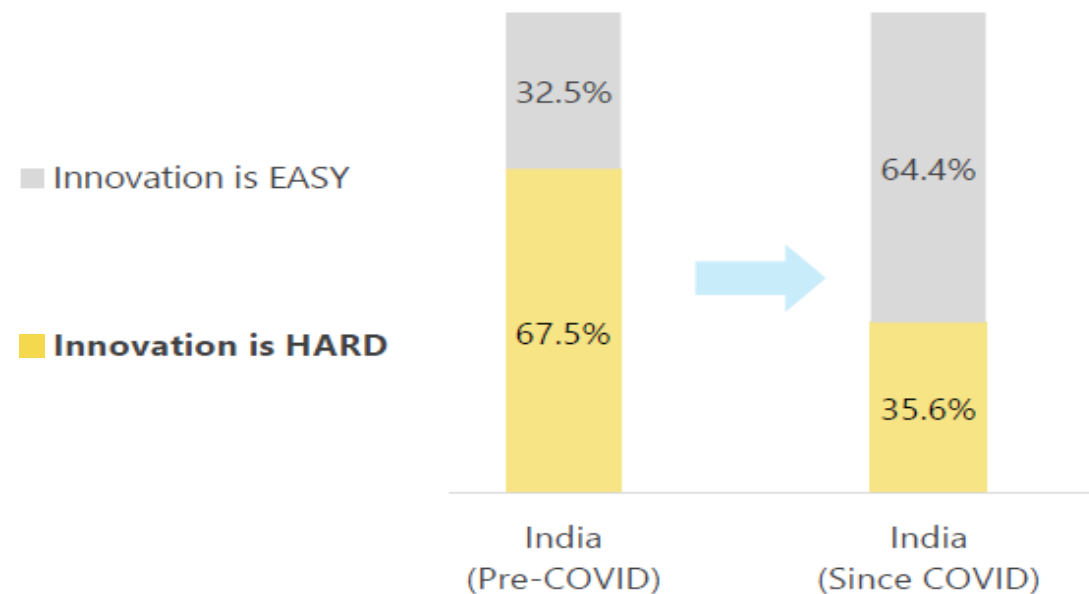
India organizations see ability to innovate key to their performance and resilience



Q: On a scale of 1 to 5, how much does your organization think that the ability to innovate, to quickly respond to market challenges and opportunities is critical to the performance and resiliency of your organization?

Innovation has become easier

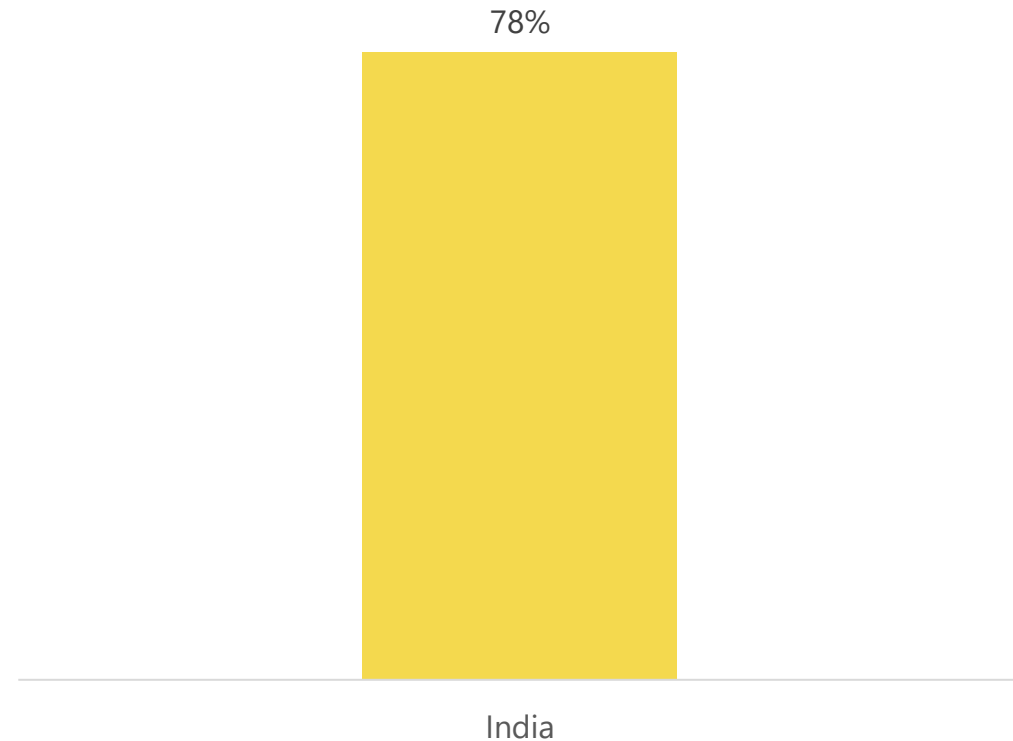
Organizations in India have been forced to innovate, to build resilience.



Q: Which of the statements below do you most identify with for your organization?

Almost 8 in 10 of India organizations are accelerating the pace of digitalization in response to the crisis.

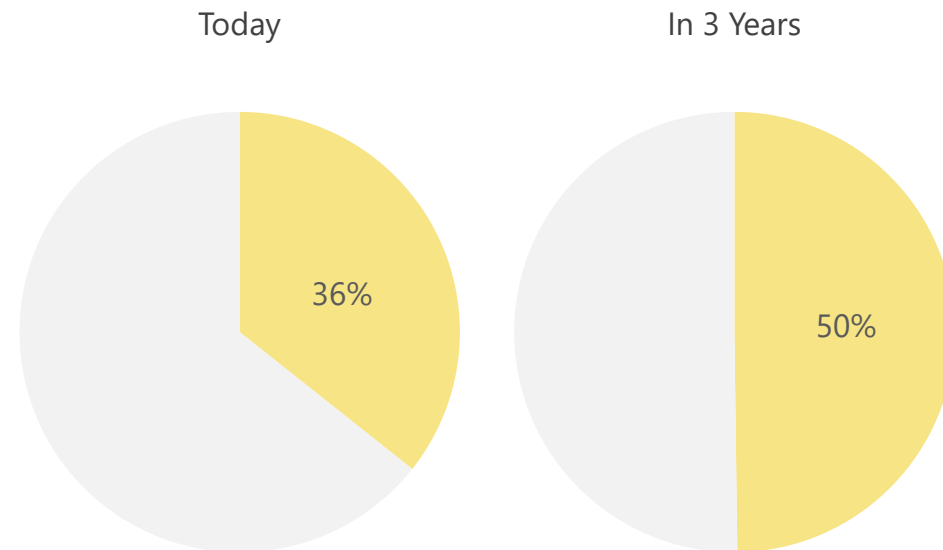
78% of organizations in India will further speed up digitalization in the form of launching digital products, digital payments, ecommerce, automation



Q: Is COVID-19 going to accelerate the digitalization of your business (for example, launching digital products, digital payments, ecommerce, automation)?

India organizations expect to grow their revenue share derived from digital products and services from one-third to half in 3 years

What percentage share of your revenue in 2019/in 3 years is derived from digital products and services or digital business models?



Organizations in India are focused on increasing customer centricity

Top strategies in the last 3 months to be more resilient and recover faster



1

are introducing new ways of working with remote work being the new norm



2

are digitalizing products and services, introducing new digital products



3

are increasing customer centricity to continuously deliver on customer and ecosystem needs

Top strategies in the long-term to future proof business and be more resilient



1

are increasing customer centricity to continuously deliver on customer and ecosystem needs



2

are digitalizing products and services, introducing new digital products



3

are introducing new ways of working with remote work being the new norm

Q: Are you planning to make any changes to your business and operating model to adapt to change and ensure it is futureproof?

Q: In which of the following is your organization going to focus in the next 12 months to become resilient and be able to quickly recover from this crisis?

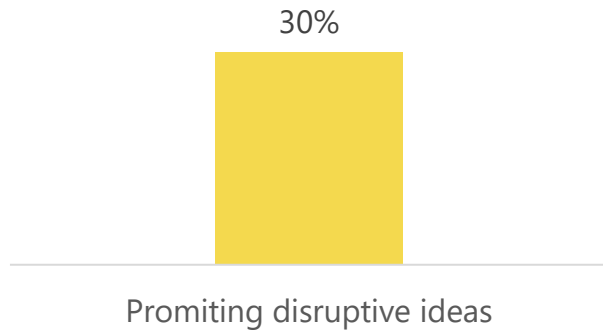
Leaders; N=130 | India Organizations; N=233

How can organizations focus on **People, Process, Data and Technology** to increase their ability to innovate and business resilience?

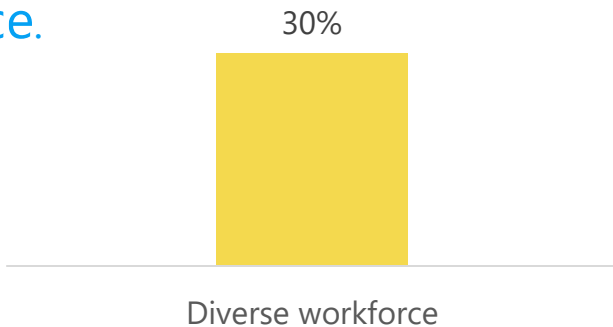


Best practices: People

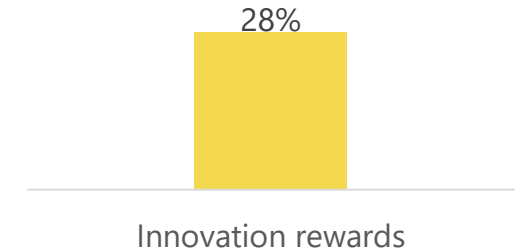
30% Indian organizations have developed a culture promoting disruptive ideas and encouraging innovation as a corporate value.



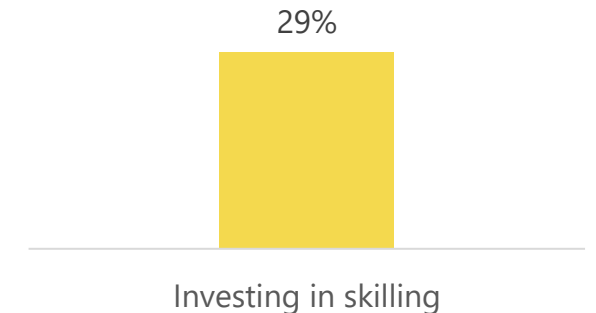
30% Indian organizations hire a diverse cross-industry, multicultural and multigenerational workforce.



28% Indian organizations prioritize and formalize innovation rewards over traditional performance



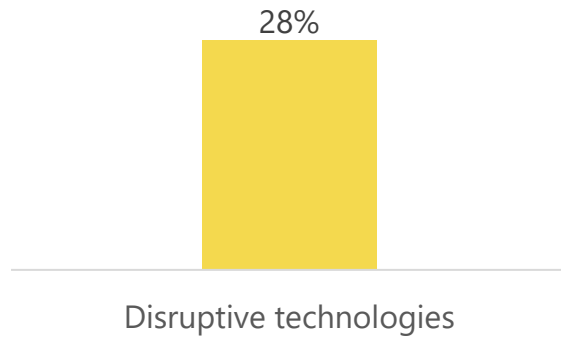
29% Indian organizations invest in growing enterprise-wide capabilities and skilling initiatives.



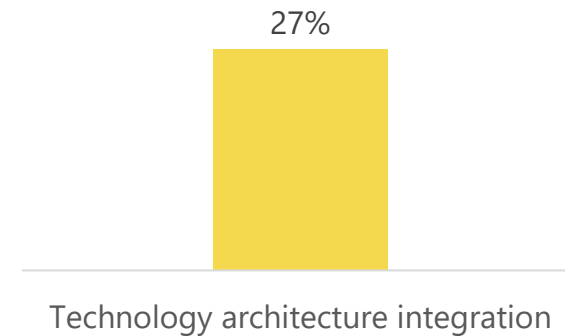


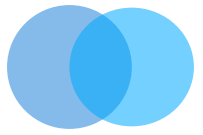
Best practices: Technology

28% invest in disruptive technologies to drive innovation and business transformation.



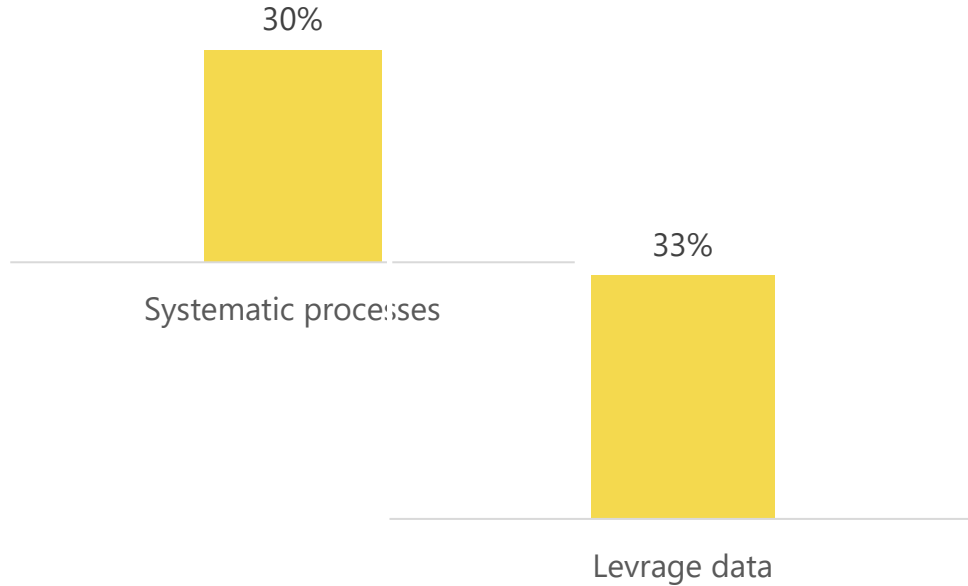
27% Indian organizations integrate their technology architecture to enable digital innovation.





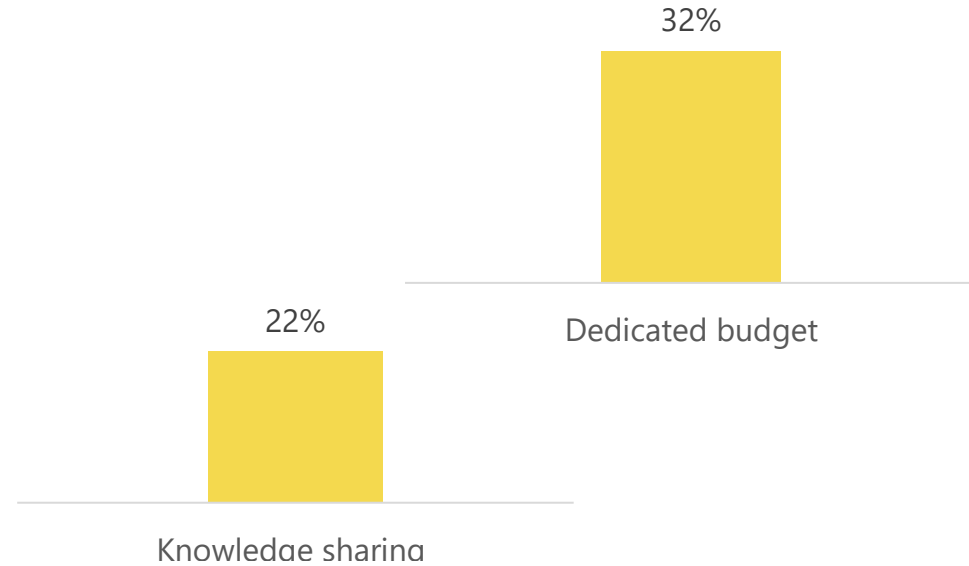
Best practices: Process & Data

30% Indian organizations have a **formal and systematic process** to drive innovation.

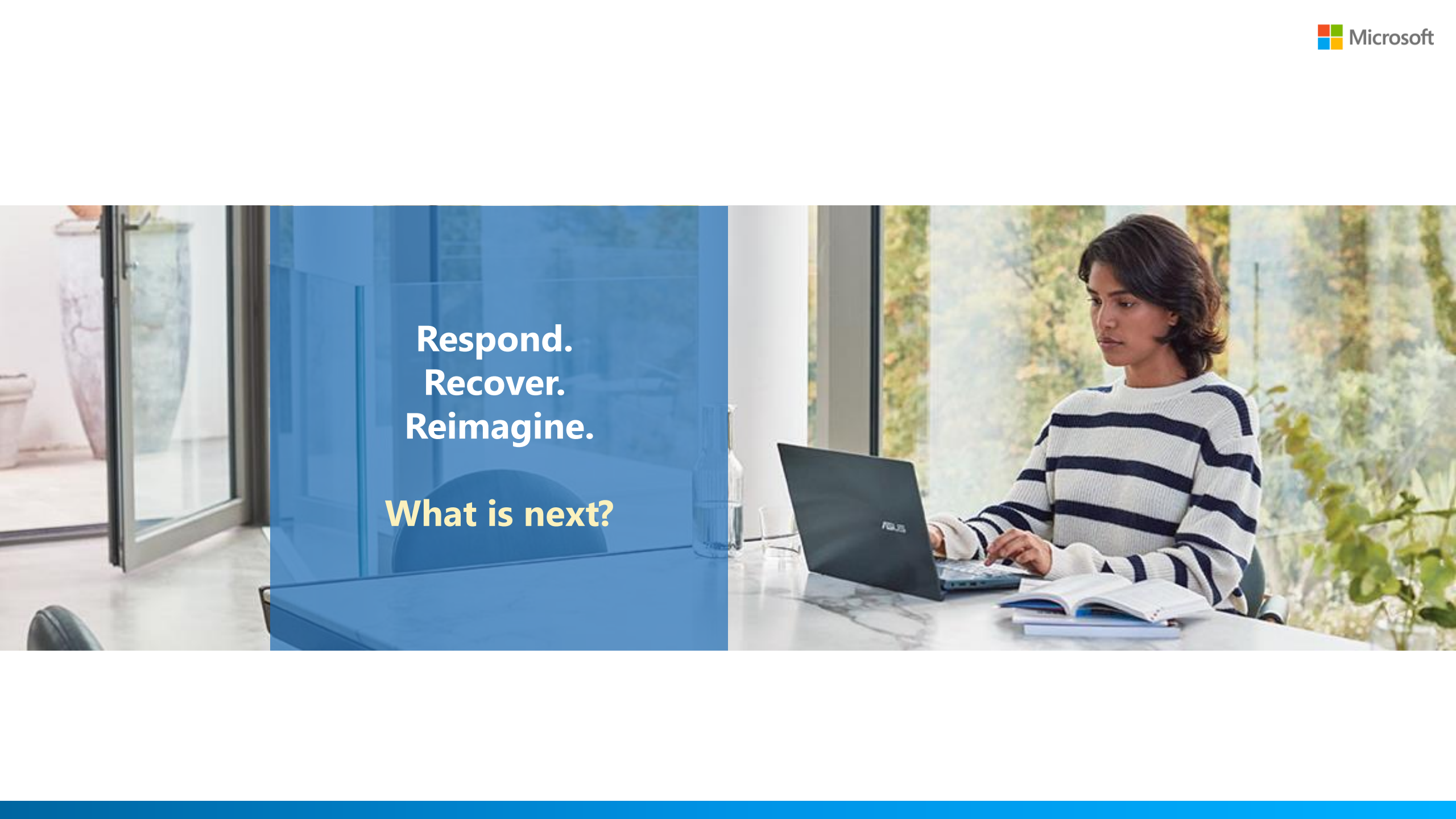


33% Indian organizations **leverage data to differentiate and enhance** their products and services.

32% Indian organizations have **dedicated budget** to drive digital innovation and programs.



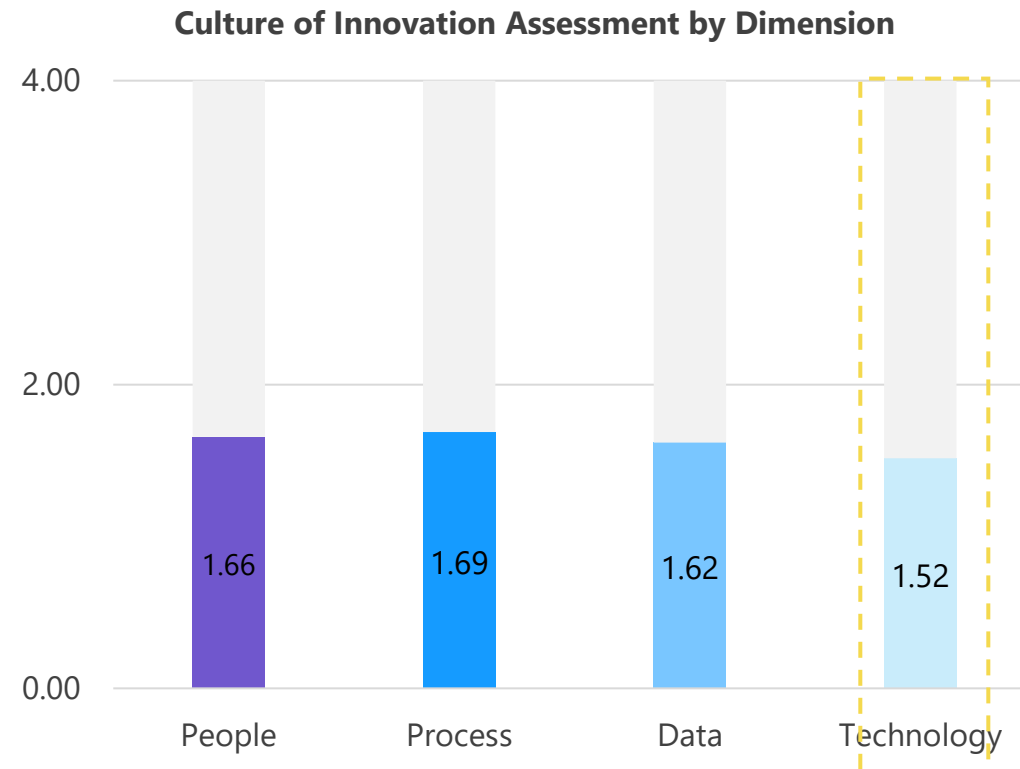
22% Indian organizations enable **enterprise-wide collaboration and knowledge sharing**.



**Respond.
Recover.
Reimagine.**

What is next?

Organizations in India have an opportunity to increase their ability to innovate further by working to progress across all aspects

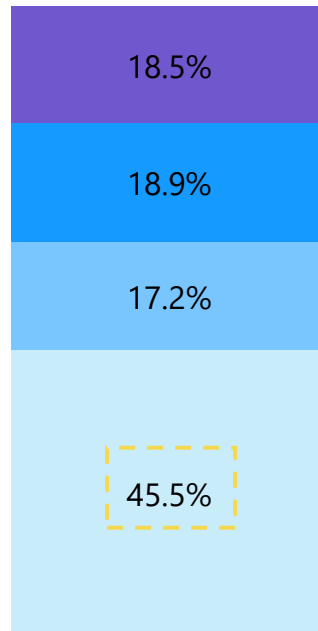


India

The focus is already there

In which of the following is your organization going to focus in the next 12 months to become resilient and be able to quickly recover from this crisis?

- People - Having an organization's culture that embraces risks and is focused on driving innovation through ongoing learning, and the right talent and skills
- Processes – Ensuring processes are automated or digitalized, allowing my organization to be autonomous and less reliant on human intervention
- Data – Having real time access to the data that allows my organization to improve decision making and enhance offerings and introduce new data-driven business models
- Technology - Having the right technology that allows my organization to digitalize, harness the power of cloud to empower employees



India

"While the pandemic has taught us that no business is 100 percent resilient, those fortified by digital technology are more resilient, more capable of transforming when faced with secular structural changes in the marketplace.

We call this **tech intensity**, and every organization and every industry will increasingly need to embrace it in order to be successful and grow."

Satya Nadella, Microsoft CEO

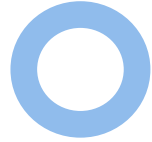
Essential Guidance: Recommendations for Organizations



People

Unlock the potential of people to accelerate transformation

- Embrace failure and **encourage discovery** of new innovative ideas, or business models
- Create a **senior executive role** (C-level) to lead and team to orchestrate the organization's digital transformation initiatives and evangelize on innovation
- Ensure **rewards and incentives** encourage innovation
- **Upskill** your workforce to unlock people's capabilities to drive innovation in a sustained manner



Process

Deploy processes that drive sustained innovation

- Create a **systematic approach** to driving innovation – from ideation to commercialization
- Establish a **centralized digital transformation office** to align, govern across enterprise-wide digital and innovation programs and investments
- Establish a **centralized digital transformation budget** to ensure coordination on all investments, along with **setting digital KPIs**
- Implement **feedback mechanism** to capture learnings and improvements needed on innovation



Data

Capitalize on the value of data to drive innovation

- Redesign **business models** and develop new **revenue streams**, leveraging the value of data
- Ensure existing **products and services** are enhanced through data and insights
- Develop new data-driven **products and services**
- Institute a knowledge sharing culture that constantly leverages data for **enterprise-wide collaboration**



Technology

Use digital technology as the foundation for transformation

- Increase **investments** in digital technologies that can lead to business innovation goals and help reimagine the future
- Accelerate innovation and collaboration efforts through **cloud** (sandbox for innovation)
- Leverage **AI and Machine Learning** for data-driven decisions, process and operations transformation
- **Integrate digital infrastructure**, ensuring digital and non-digital platforms are merged through cloud, APIs and orchestration layer

Culture of Innovation is the key to business resilience and recovery

- 1 Fortify organization's resilience with **Technology**
- 2 Invest in **People**'s capabilities and skills
- 3 Leverage **Data** to increase the competitiveness
- 4 Re-design **Processes** to empower people to continuously drive innovation

$$\text{Tech intensity} = (\text{Tech adoption} \times \text{Tech capability})^{(\text{Trust} \times \text{Inclusivity} \times \text{Sustainability})}$$



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