



A REPORT BY **HARVARD BUSINESS REVIEW ANALYTIC SERVICES**

The Reinvention of Business: New Operating Models for the Next-Generation Enterprise

In association with

| **COGNIZANT BUSINESS CONSULTING**



Companies that transform their operating models can achieve both efficiency and growth.

Executive Summary

Companies are caught in a paradox. They have to standardize their business processes and practices — to achieve operational excellence and cost leadership — and they have to be able to adapt those processes and practices easily in order to differentiate and be responsive to customers and the market.

A new generation of technology tools for virtual business operations is enabling some companies to resolve this paradox, helping them achieve their most important goals and change their operating models in ways that drive both efficiency and innovation. This is a key finding of an exclusive new survey of 558 *Harvard Business Review* readers in large organizations around the globe.

Companies that are aggressively deploying these new technologies and integrating them into their operations are realizing greater benefits than are organizations that are just experimenting with the new tools (and that described their use as limited) or using them in an ad hoc fashion (describing their use as moderate). **Figure 1** These leading users are achieving higher levels of innovation, lower costs, faster time to market, and increased productivity/efficiency.

Profile of technology users **Figure 1**

QUESTION: Overall, to what degree would you say your organization is using new-generation of technology tools (e.g., social networking, cloud computing, mobile devices and applications, and virtual meeting tools) for virtual business operations?

% responding; indexed to total

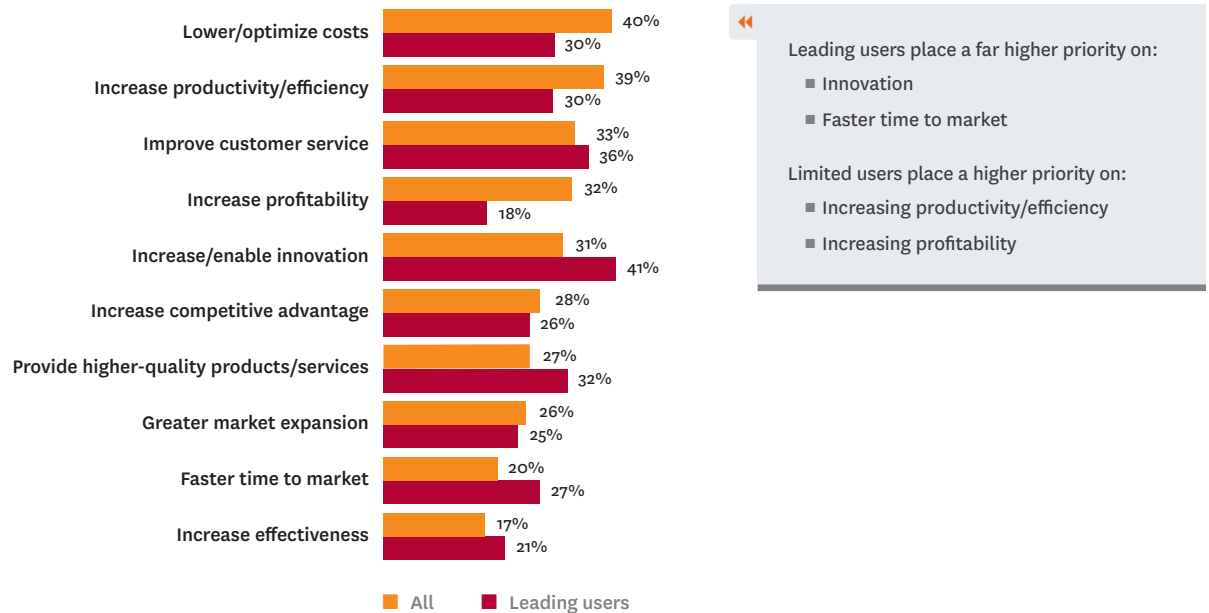
	Limited (30%)		Moderate (48%)		Leading (19%)	
	PERCENTAGE	INDEX	PERCENTAGE	INDEX	PERCENTAGE	INDEX
Financial	43%	143	39%	81	14%	74
Life Science	37%	123	49%	102	13%	68
IT/Telecoms	13%	43	41%	85	41%	216
Manufacturing	39%	130	46%	96	7%	37
Professional/Business Services	23%	77	52%	108	23%	121
Buy Side	38%	127	47%	98	12%	63
Provider	14%	47	49%	102	34%	179
\$1 billion – \$4.99 billion	35%	117	48%	100	11%	58
More than \$10 billion	22%	73	49%	102	27%	142
One country	35%	117	43%	90	19%	100
More than 26 countries	30%	100	48%	100	19%	100

These benefits are derived not simply from the technology; the technology drives new ways of organizing and operating. Leading users, who are taking a more strategic and systematic approach, offer a view into the changes that must take place in order to gain a competitive advantage. These include developing more flexible business processes and technology infrastructures and building stronger, more fluid connections among employees and with customers and suppliers.

However, even companies that understand the benefits of the new technologies struggle with the perceived risks and other barriers to adoption. For many respondents, concerns over data security, the cost of deploying new technologies, the existence of organizational silos, and cultural resistance are slowing things down. Still, given that more than half believe that technology-enabled virtual business operations will provide them with a competitive advantage in the future, determined companies will find a way to address these concerns. Leading users indicate that a commitment to communication, training, and change management are key to success.

Key strategic drivers, all respondents vs. leading users Figure 2

QUESTION: What are the key strategic drivers of your business?
% selecting driver



Reinventing Business

FULL REPORT

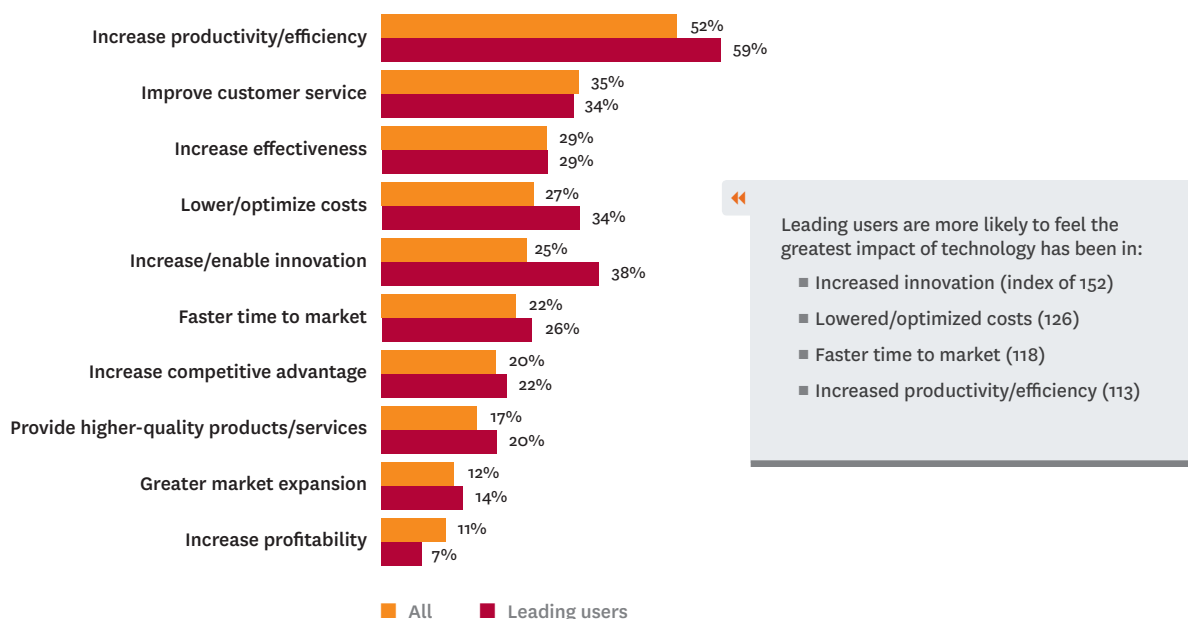
COMPETITIVE ADVANTAGE IN AN UNCERTAIN WORLD

Uncertain economic conditions around the world have forced many organizations to continue to focus on lowering costs (40% of respondents named this as one of their top three business drivers) and increasing productivity (39%). However, companies that are aggressively making use of new technologies have a very different, more growth-oriented set of priorities. *Figure 2* These leading users report their top priorities are innovation (41%), higher product quality (32%), and customer service (36%). Cost containment and productivity come next (30% each), followed by faster time to market (27%).

All respondents report that new technologies for virtual business have helped further their goals — particularly in increasing productivity and efficiency. *Figure 3* This is not surprising — indeed, productivity improvements have long been one of the great promises of information technologies. What’s interesting to note is that leading users of these new tools are seeing even more productivity gains despite the fact that productivity was not as strong a driver for them. This suggests that organizations for which productivity and efficiency are still top priorities should consider better integrating these new technologies into their core operations.

New technology’s impact on business, all respondents v. leading users *Figure 3*

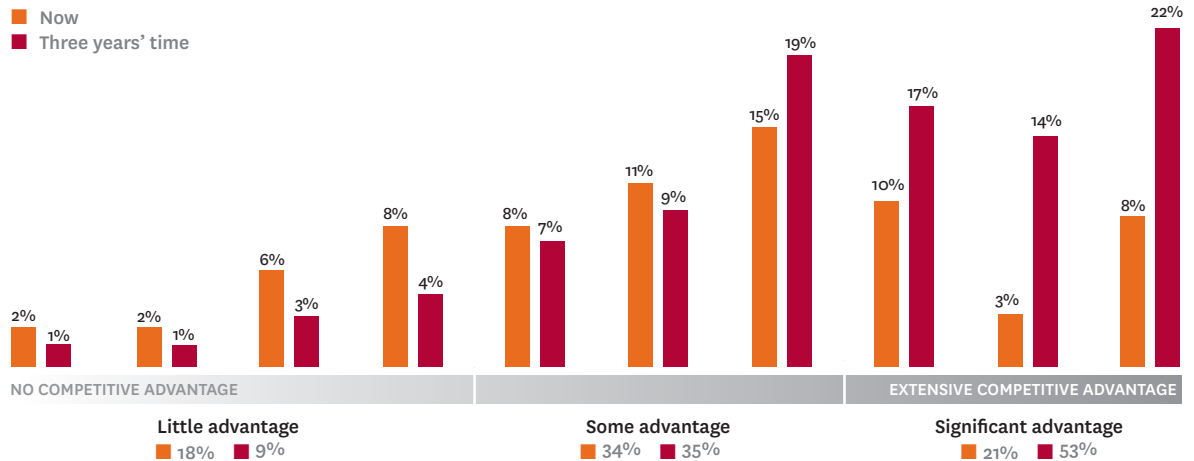
QUESTION: Which of these business drivers has been enabled/furthered in part as a result of the adoption of new technologies?
% selecting driver



New technology and competitive advantage, now and in three years' time Figure 4

QUESTIONS: To what degree do you believe these new technologies can provide you with a competitive advantage today? To what degree do you believe these new technologies can provide you with a competitive advantage three years from now?

% rating



For example, the iPads have changed the way a global energy company services its wind turbines, according to the head of quality for that division. For starters, the tablets eliminate the need for field service technicians to haul 500-page manuals or bulky laptops up 300-foot-high turbines in the blistering heat of a Texas summer. And because they are integrated into the company's core engineering systems, if there is a problem, the technician can snap a photo and enter it, along with his or her checklist and other data, directly into the change system for company engineers in Europe to work on a fix.

Driving more of its business online has dramatically reduced costs for a large travel company in Northern Europe. With 60% of its distribution handled over the Internet, the company now spends half of what it did on distribution when it relied completely on physical travel offices and call centers. But lowering costs is only part of the equation for this company, which is equally driven by the goals of differentiating its products and becoming much more customer directed. "We're moving from 'we make it and you buy it' to 'you make it and we fix it,'" said the head of R&D. "To do that, we need a modular system so you can pick the things you want — for example, a sea view with an all-inclusive offer or a premium flight."

Collaboration tools and improved access to information — anytime, anywhere — make it possible for a global provider of workforce solutions to offer customers more customized, integrated products that cross geographies and brands — even though the company itself is not structured that way. This is leading to

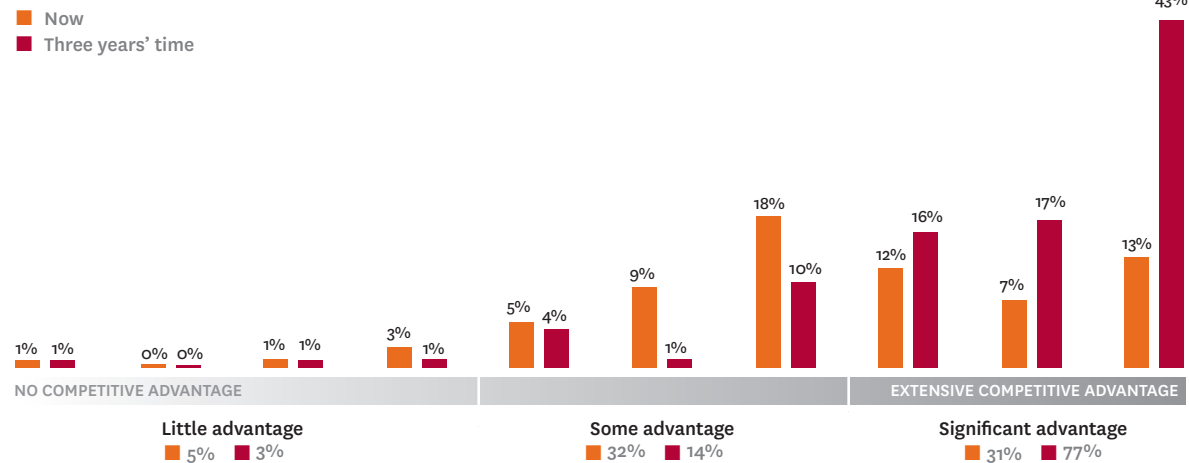
more innovative offerings and fewer sales of packaged, off-the-shelf products. “Salespeople work closely with the client to co-create the right solution” on the spot, according to the head of global sales; this is possible only because they have new visibility into the capabilities that are available across the company’s many different divisions.

More than half of all respondents believe the new technologies will provide them with significant competitive advantage in three years’ time — up from 21% today. [Figure 4](#) Leading users — those with the greatest experience — are even more bullish, with 77% predicting significant competitive advantage in the future and 31% saying they have already achieved it today. [Figure 5](#)

New technology and competitive advantage, now and in three years’ time, leading users [Figure 5](#)

QUESTIONS: To what degree do you believe these new technologies can provide you with a competitive advantage today? To what degree do you believe these new technologies can provide you with a competitive advantage three years from now?

% rating



When you combine operational excellence with being dynamic and having cutting-edge products, there's not a lot you can't do.

CHANGES TO THE OPERATING MODEL: DOING THE RIGHT THINGS THE RIGHT WAY

Competitive advantage doesn't just materialize through the use of new technology; rather, technology makes possible new forms of organization and new ways of operating. Business leaders must harness that potential and direct it by remaking their businesses from the inside out. The research shows this happening today, with 77% of respondents making significant or moderate changes in their technology approaches as a result of the use of these new technologies; 74% changing their business processes; 61% changing the makeup of or relationships with employees, customers, and trading partners; and 50% making changes to their organizational structures. [Figure 6](#)

As remarkable as this finding is, it pales in comparison with what's happening among leading users, who have experienced *major* change in all four facets of the operating model. [Figure 7](#) Today's limited and moderate users can expect more change ahead.

"This manifests itself throughout our whole operating model," said the senior vice president at a global nonprofit. "Our whole emphasis is to share knowledge and relationships across our [thousand-plus individual entities] and the many organizations we work with." Technology is finally catching up to enable and optimize the loose organization this nonprofit has always had.

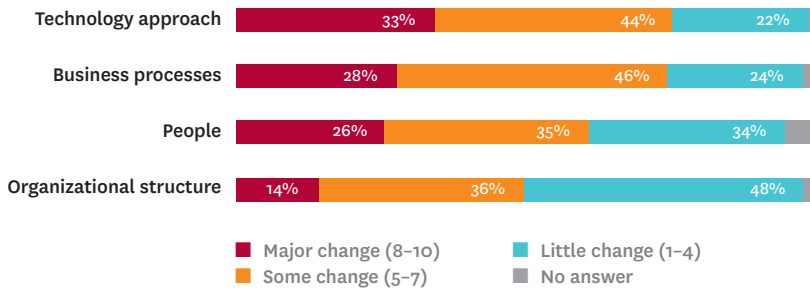
Within the four areas of the operating model, respondents rated a total of 28 particular items that have changed as a result of new technologies. The number-one item by a large margin was the ease with which people collaborate within their organizations — crossing functions, business units, geographies, and time zones in the process. [Figure 8](#)

Effective collaboration requires both access to knowledge and the ability to marshal resources quickly, according to the SVP at the global nonprofit. "From a knowledge-sharing point of view, it's easy to see how that adds value," he said. "If we've solved a problem around homelessness in Nebraska, and that set of strategies can be shared around the network, that helps the group in Australia where they're struggling with a similar problem instead of having to experiment all the time."

Less clear but of high interest now is how different parts of the organization can work together to solve really large problems. "The world is becoming very small," he said. "[When a global company in the United

Changes to the operating model Figure 6

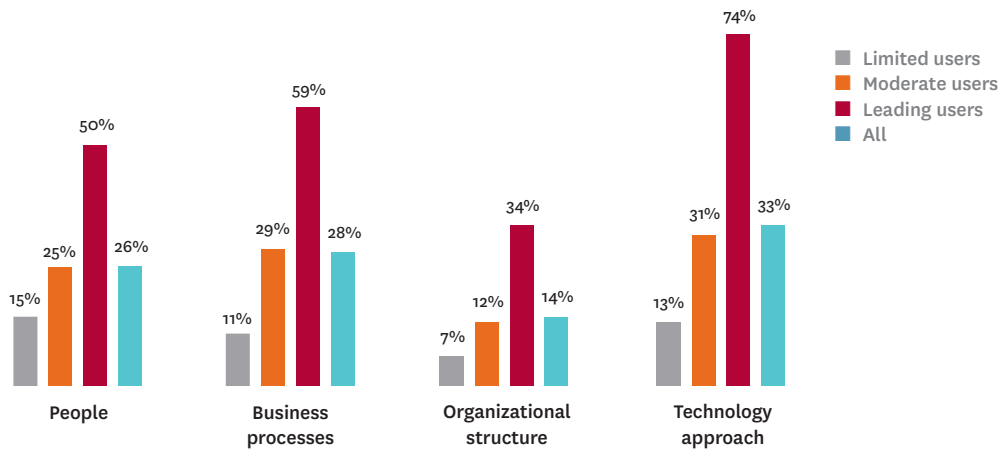
QUESTION: To what degree has the use of new technologies caused you to make changes in the following areas?



Major changes by technology user Figure 7

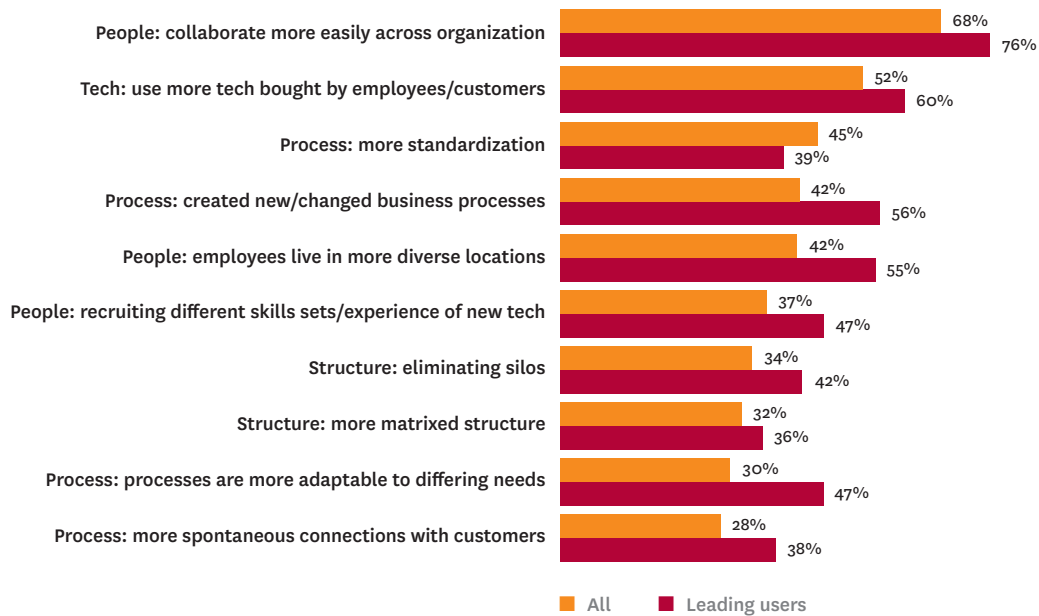
QUESTION: To what degree has the use of new technologies caused you to make changes in the following areas?

% rating 8-10



Top 10 operational changes driven by technology, total base vs. leading users Figure 8

QUESTION: In what ways has the use of new technologies caused you to make changes to the following areas?
% selecting



States] says, ‘We want to solve the education problem around the world; we need to get people around the world to work together with [that company’s] infrastructure to effect that. Whether it’s raising the funds, deploying the funds, bringing people together ... the ability for people to collaborate around the world is increasingly important as more and more organizations are becoming global.’

Knowledge sharing at a large global bank happens in many ways, according to a vice president of new product development in South America. He appreciates the fact that he can tap the expertise of colleagues around the globe whom he may never even meet. Every month, the bank holds conference calls with regional product heads in which they discuss their experiences and learn from each other, whether they’re in India or Chile or Kenya. They use content management, collaboration tools, and blogs to make that knowledge accessible on demand, propagating best practices throughout the company much more quickly than in the past. The bank is currently tapping into the intelligence of its entire global employee base with an innovation contest. Employees post their ideas to a company sharing site where others can vote on them. A global committee will make the final selection of ideas the company will implement.

This kind of large-scale sharing has improved process quality at a large global conglomerate, according to the head of quality for one of its divisions. A companywide system displays a graphic representation of different processes across all the operating companies. Process managers “can go in remotely, see how others do their business model, and easily integrate it into a new assignment,” he said. “You can click on a process to get the rules and responsibilities, operating procedures, training, etc., without having to call 50 people to find the right person.” And if he wants more information on a particular process, he can see who the process owner is and connect with that person directly.

For example, when he first set up a project management office for engineering, he was able to quickly and easily see how other operating units were doing portfolio management, what templates they were using for business cases, and how they were running their projects; he then drew on the pieces that were most pertinent to his situation. The system boosts both quality and productivity, because “from the very beginning the process is digital; from the very beginning it’s online,” he explained. In other words, the information is captured through the process of creating the process — there’s no need for separate write-ups and reports in order to share what’s been done.

Being able to share practices in this way translates directly to the company’s competitiveness, this quality manager believes, because it enables huge conglomerates like his to have both cost leadership and differentiation. “When you combine operational excellence with being dynamic and having cutting-edge products, there’s not a lot you can’t do,” he said.

THE AMBIDEXTROUS ORGANIZATION

The pressure to standardize processes and practices to increase operational excellence and keep costs down was reported by most companies in the survey. But this was not the top priority among the leading users of the new technology; instead, they were much more focused on *improving* processes and making sure they could adapt to new opportunities and circumstances than were companies that are taking a less systematic approach. [Figure 8](#) They also report making more spontaneous connections with customers.

This is evidence of the shift taking place as organizations move beyond a monomaniacal focus on cost control to a more balanced approach to profitable growth in this new technology-enabled world.

The ability to form spontaneous connections with customers is particularly important for a European travel company as it moves to a more customer-driven product offering. In three years, according to the head of R&D, most customers will come to the company through a variety of online channels such as Facebook. The company will be able to understand customers’ needs and present travel options that other people like them have booked and liked. “We will harness the collective intelligence to determine what the product will look like,” he said. This has profound implications for all parts of the operating model — including his own role in the organization. As head of R&D, he said, “Long term, I won’t be that relevant anymore.”

Organizational structure and operations Figure 9

QUESTIONS: How would you describe your organization’s structure and operations today in terms of the following? Overall, to what degree would you say your organization is using new-generation of technology tools (e.g., social networking, cloud computing, mobile devices and applications, virtual meeting tools) for virtual business operations?

% responding

	All	Limited		Moderate		Leading	
	PERCENTAGE	INDEX	PERCENTAGE	INDEX	PERCENTAGE	INDEX	
Diversified business operations portfolio	51%	44%	86	48	94	70	137
Flat organizational structure	20%	19%	95	18	90	22	110
Flexible, ad hoc supplier/partner relationships	37%	29%	78	36	97	55	149
Directly own technology infrastructure	82%	80%	98	85	104	79	96
Outsource business processes	23%	22%	96	20	85	30	130
Flexible working encouraged	57%	44%	77	57	100	85	149

Leading users are also able to form more flexible, ad hoc relationships with suppliers and partners, and they provide more flexible working arrangements for employees. [Figure 9](#) If these leading users are, in fact, harbingers of the future of business, they presage a world built on connections of all kinds among a diverse mix of stakeholders, with the abilities to form and dissolve these connections easily and to provide targeted offerings when new opportunities arise.

Not all parts of the business have been equally affected by the emergence of these new technologies. Not surprisingly, IT has felt the most profound change so far. [Figure 10](#) This includes everything from how IT provisions technology to its own role in the organization as agents of change. Marketing, already transformed by consumer trends in social media and mobile devices, won’t see any letup over the next three years as these things evolve. Customer service and sales will be rocked by change in the years ahead. Indeed, not a single function will be left unscathed. Leading users are driving even more change — particularly in parts of the business that generate topline growth, such as product development, customer service, marketing, and sales. [Figure 11](#)

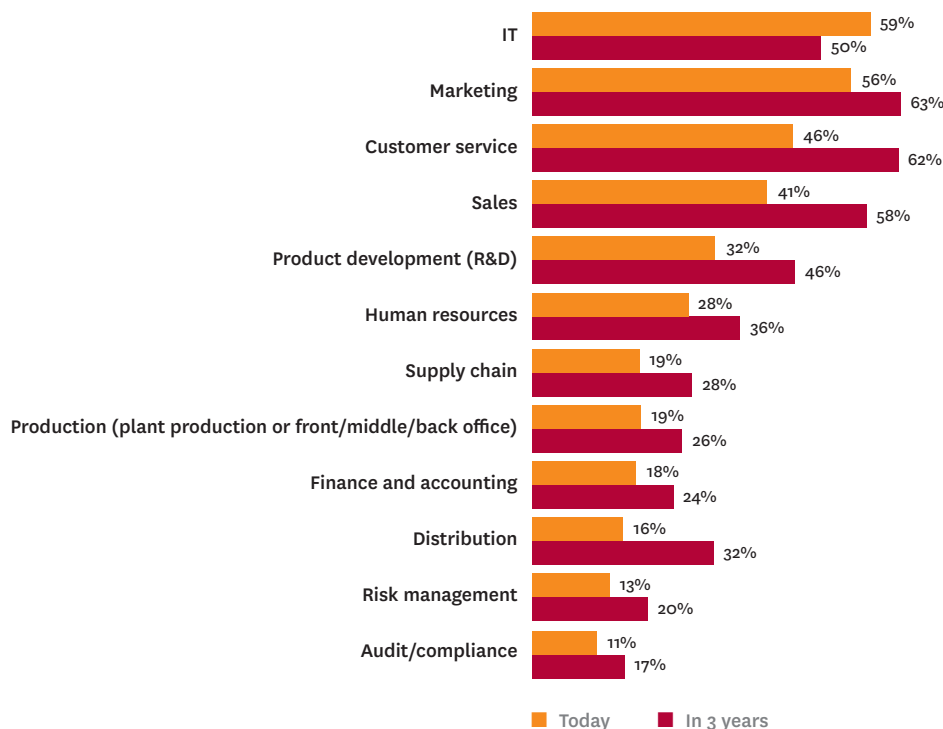
OVERCOMING OBSTACLES

Making sure an organization rides these waves of change and isn’t subsumed by them requires overcoming a variety of obstacles and barriers. More than half of respondents named concerns over data security among the top three obstacles to their organizations’ adoption of new technologies. [Figure 12](#) This is because the more flexible and permeable organizations become, the less effective are traditional approaches to security. Many organizations are moving slowly until they can figure out how to address this — or learn to live with a previously unacceptable degree of openness and risk. IT leaders who responded to the survey were even more concerned about this compared to all respondents (62% versus 53%).

Functions most affected by new technologies today and in three years' time Figure 10

QUESTION: Which functions have been most affected by new technologies to date?

% selecting



Executives interviewed for this report also expressed caution around the use of customer information gathered through social media. The CIO of a \$2 billion specialty retailer said that while customers seem willing to share a lot of private information, the company is careful about what it uses and how. “People are very willing to share their private information [on social networks such as Facebook],” he said. “It makes it possible to collect information that people might not tell us directly... to improve the shopping experience for them and to provide better products.” But the company is careful not to tie data to particular customers, and it will use only that information that customers give the company directly or that they publish publicly, he said: “If you ‘like’ us on Facebook, we assume it’s OK for us to use that data.” The company draws the line at harvesting relationship information — at least for now. “We’re working hard to decide where to push the limit,” said the CIO. “We don’t want to be the company that’s on the front end of that: we don’t want to get out in front of the culture.”

Supporting these shifts from a technology perspective isn’t easy, and it isn’t cheap. The cost of implementing new technologies was the second-highest-ranked obstacle to adoption, after security concerns. Computing demands are greater, requiring a more robust, flexible, and simultaneously secure infrastruc-

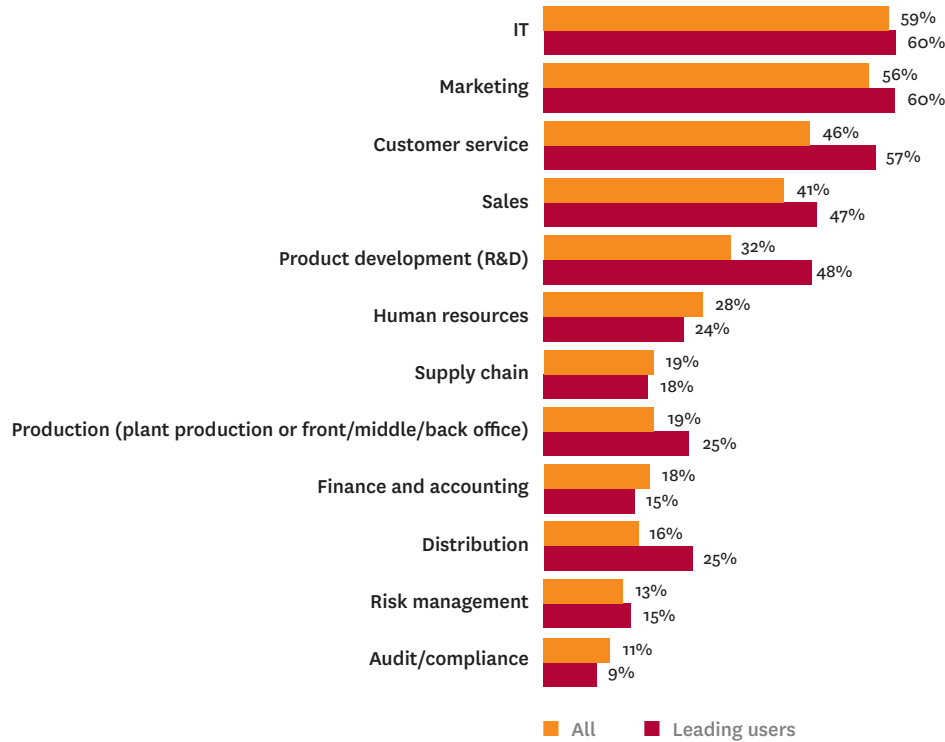
ture. Companies with deeply embedded legacy systems — like the travel company’s COBOL-based booking system — have been wrestling for years with how to replace them and in the meantime are building on modern interfaces for use on the Web.

One of the biggest challenges for the global nonprofit is to get greater integration among the systems of its independent organizations. This requires a lot of persuasion both among the groups and with financial supporters. “People give us money to help the community,” explained the SVP. “We’ve not been able to articulate effectively enough that investments in infrastructure of this nature are critical to creating more impact around the world.”

And while the global conglomerate is getting real value from its project portfolio management system, it comes at a substantial price; organizations that make such investments without a clear idea of their goals and how to reach them are likely to be disappointed.

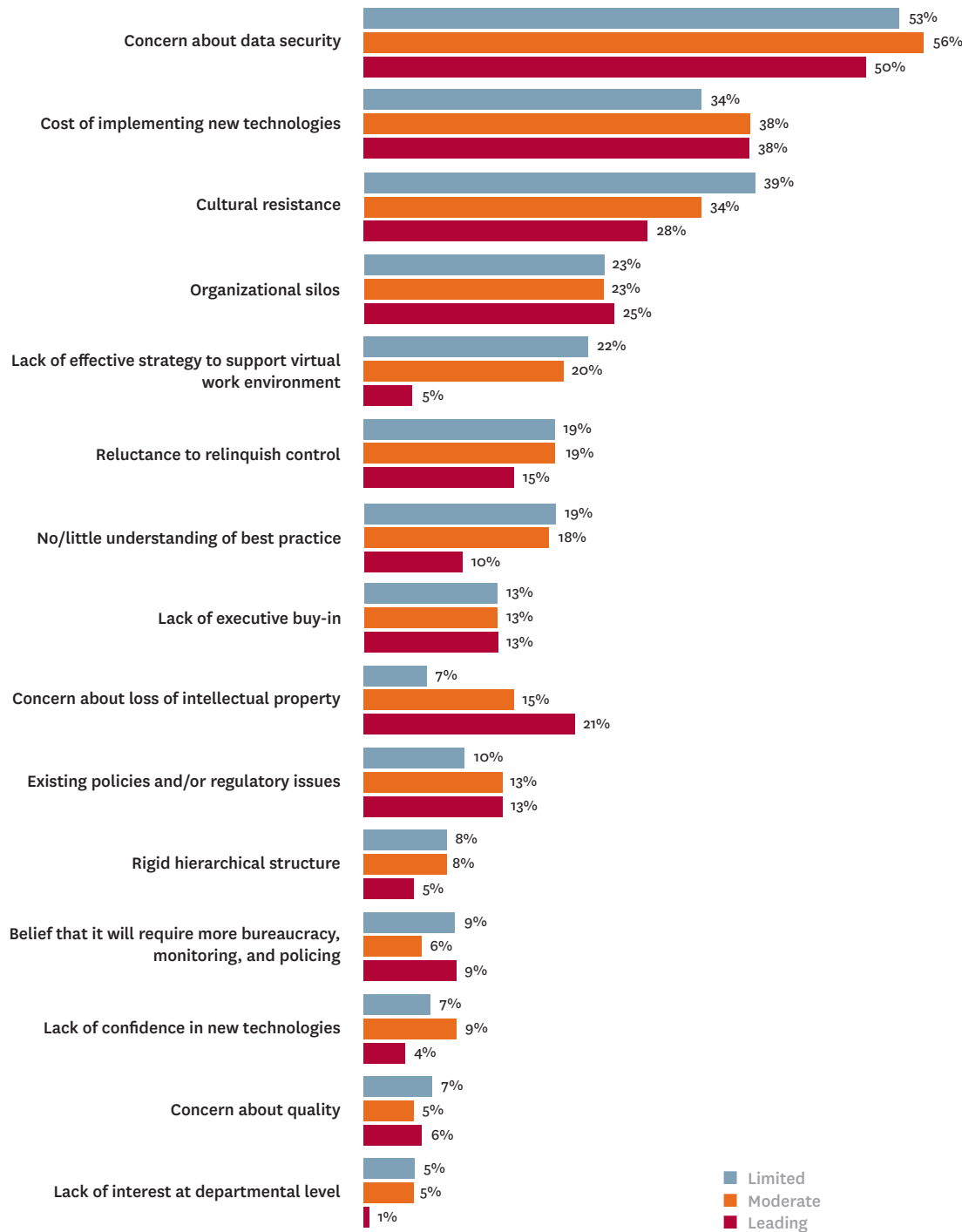
Functions most affected by new technologies, all respondents vs. leading users Figure 11

QUESTION: Which functions have been most affected by these new technologies to date?
% selecting



Primary obstacles to adopting new technologies, by technology user Figure 12

QUESTION: Which of the following are the primary obstacles to adopting these new technologies for your organization?
 % selecting



The ways in which people form ad hoc networks are challenging the organizational hierarchies that institutions have.

Companies that operate globally must also take into account the fact that not all markets are equal when it comes to technology infrastructure and costs. Some parts of Africa and the Middle East don't have reliable Internet connections, and the price of cellular service can vary by 10x from one market to another, said a sales executive for a diversified global company in the Middle East.

One of the biggest shifts from a technology perspective is the need to accommodate a more diverse range of technology brought into the organization by employees — often referred to as the consumerization of IT. Fifty-two percent of respondents (and 60% of leading users) say this is happening in their organizations. [Figure 8](#) While there is little data available on the cost ramifications of this trend, most people agree it is here to stay. IT departments must learn to manage access to company resources and ensure the security of corporate and customer data in an environment where they have less direct control over the devices and applications employees use.

It's interesting to note that IT leaders were considerably less concerned about the cost of implementing new technologies than were respondents overall (17% compared to 37%).

SUPPORTING CHANGE

Given the changes taking place inside respondents' organizations, one thing is clear: People are at the heart of change. Their roles and required skill sets are shifting, the definition of who their colleagues are and how they work with them is expanding, and the very organizational structure that supports them is being challenged by these things.

For example, many aspects of the operating model are affected as technology becomes more integrated into the products and services of the diversified global manufacturer. "People need time to adapt," said the sales executive from the Middle East. One significant change is that the traditional functional areas of engineering, sales, and support are bringing in people with IT skills and backgrounds as part of the team. New hires, ideally, are proficient in both IT and the specific disciplines. The company has a "continuous improvement" organization to support all aspects of change. This helps maintain momentum without getting out ahead of what people can absorb.

In making the shift from selling in brand and geographic silos to providing clients with integrated offerings, the workforce solutions company has rolled out new technology and a new sales process and methodology. A learning and development coach works with the teams to help them come up with appropriate talking points and themes and to find opportunities to participate. “It’s taken a lot of work and training to get people to think in this new way,” said the head of sales. “We have to take away the barriers that currently exist.”

Employees at the national lab not only collaborate internally, they also work on projects with people from many other organizations — some government entities, some educational institutions, and some private companies. “There’s a lot of pressure to find ways to have a more dynamic organizational structure,” said the group leader interviewed for this report, because that has huge benefits — particularly for solving time-sensitive, multidimensional problems. He himself sits on “a dozen project teams, only two of which are sponsored by my organization.” However, he added, “the ways in which people form ad hoc networks are challenging the organizational hierarchies that institutions have [They] also generate tensions within and among the participating organizations — especially when there is collaboration and competition at the same time.”

THE ORGANIZATION OF THE FUTURE

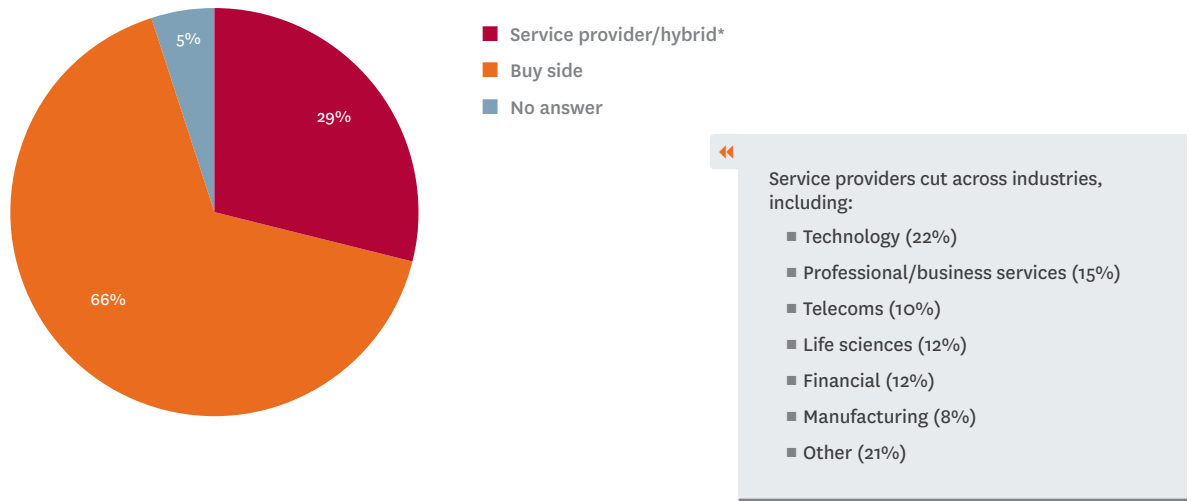
New technologies are driving change that is both profound and far-reaching, affecting all aspects of organizations’ operating models. This comes at a time when organizational priorities are shifting. While cost control and productivity are still high on most people’s lists, there is increasing demand for growth and innovation. Companies that strategically and systematically incorporate new technologies into their operations find they are able to be ambidextrous in this regard. They are not abandoning cost control, but they’re not consumed by it either. Their primary focuses are to increase innovation, improve customer service, and provide higher-quality products and services — all growth-related activities — and new technologies are helping them advance these goals. At the same time, these leading users are even more likely than the average to report that the use of new technologies has, in fact, led to real productivity gains.

Leading users of new technologies are gaining significant operational advantages compared to less advanced organizations — particularly where it comes to flexibility and collaboration. Their technology infrastructures, processes, and approaches to human capital are more flexible, adaptable, and connected.

As the world continues to change, large organizations must find a balance between the benefits of global standards and local autonomy and speed. Indeed, large organizations can now simulate the inherent nimbleness of their smaller competitors while preserving their own strengths of cost leadership and operational excellence. The ability to collapse the world to share best practices and collaborate across geographies and operating units provides them with a unique advantage.

Service providers Figure 13

QUESTION: Does your organization provide IT or consulting services in cloud computing, social networking, or virtual business operations?
*Hybrid organizations are “buy side” (e.g., manufacturing, health care, etc.) that also provide some next-generation technology services.



Based on this research, the organization of the future has the following characteristics: it is highly collaborative; its business processes and technology infrastructure are more adaptable to changing conditions; it is well networked and able to make (and dissolve) spontaneous connections with customers and suppliers; its employees and customers bring their own technology and processes to the relationship and are geographically dispersed; and organizational structures, hierarchies, and reporting relationships are themselves dissolving and reforming in new configurations.

The markets of the future look different as well. As technology becomes increasingly embedded in companies' product offerings and delivery channels, companies find themselves confronting new and sometimes surprising competitors. For example, in some countries, large telecoms are both critical suppliers to and serious competitors of traditional banks when it comes to banking transactions; software companies now compete with existing clients in the electronics and building-controls industries. From their side, the “traditional” players within a given industry are themselves morphing into a kind of hybrid provider of tech-enabled products and services. In fact, 29% of respondents to this survey reported that they provide some form of IT or consulting services in next-generation technologies — and fewer than half of those identified their industry as IT, telecom, or professional or business services. [Figure 13](#) In other words, not only is technology changing organizations' operating models, but it's changing their business models as well.

As these changes evolve, being able to respond to new opportunities and adapt to changing conditions will be key to survival. But such massive changes do not come easily. Successful companies will have clear strategies and goals while remaining open to new developments that inevitably arise through the process of innovation. They will move quickly from experimentation to integrating new capabilities into the core parts of their businesses. They will learn how to secure critical data in a more porous, networked environment. And they will support the many changes taking place, with the right culture and strong communication and change programs in order to sustain momentum — without getting out ahead of what the organization as a whole is ready to absorb.

KEY FINDINGS

- New technologies are driving new ways of organizing and operating, including more collaboration; more flexible business processes and technology infrastructure; the ability to make (and dissolve) spontaneous connections with customers and suppliers; the need to accommodate employee- and customer-owned technology and processes; and new, more fluid, and less hierarchical organizational structures and reporting relationships.
- Companies that aggressively deploy these new technologies achieve higher levels of innovation, lower costs, faster time to market, and increased productivity and efficiency.
- These new technologies make it easier for companies to respond to today's changing business climate — to standardize for operational excellence and cost leadership while also being flexible and adaptable to changing market demands and conditions.
- As technology becomes embedded in more industries' products, services, and delivery channels, the distinction between buyers and sellers of IT is becoming much less distinct.



Sponsor's Perspective



Mark G. Livingston
Senior Vice President
Global Leader
Cognizant Business Consulting

Tomorrow's corporate winners are easy to identify — they are the ones overhauling their operating models to meet the imperatives of the “business without boundaries world.”

As we speak, the future of work is being shaped by four unrelenting forces: globalization of businesses and value chains; virtualization of technology and workforces; effective use of mobile, social, and other consumer-oriented technologies; and the growing influence of the millennial generation or millennial mind-set generations as workers and consumers. To respond to this age of disruption, companies need to make some bold moves across what we call “the three R's” of the enterprise:

- **Reinventing** the business model to be more collaborative and less hierarchical
- **Rethinking** which activities are core to their competitive edge versus which would be better handled by a third-party with deeper and more scalable expertise
- **Rewiring** the technology architecture to be more virtual, agile, and Web 2.0-based

The decisions that business leaders make in each of these areas will ultimately reshape their operating models as they embrace higher levels of community interaction, collaboration, innovation, worker and customer empowerment, asset-

light technology infrastructures, and flexible, digitally enabled value chains.

It's become clear that the time for experimentation and isolated efforts is over. As you have read in this research report by Harvard Business Review Analytic Services in association with Cognizant Business Consulting Services, more than half of the respondents believe that technology-enabled virtual business operations are the key to a successful future. In fact, organizations that are aggressively adopting new technologies to change how they operate are already realizing significant advantages compared to those that are just experimenting with the new tools or using them in an ad hoc fashion. These leaders are now honing their competitive edge by realizing higher levels of innovation, flexibility, productivity, and collaboration across key processes, platforms, and people.

So what does this look like? Picture this: processes that allow businesses to work proactively and respond more quickly to new opportunities and enable spontaneous interactions with customers ... workers empowered with knowledge-sharing tools to drive more effective collaboration and marshal the right resources to drive competitive advantage ... business models that break down barriers that stifle out-of-the-box thinking ... technology infrastructures that encourage customer co-creation of customized products and services.

To embark on an operating model makeover, businesses will need to overcome multiple challenges, including securing data, nurturing an adaptive culture, and developing a strong change management program to sustain momentum. Leadership commitment, strong sponsorship, communication, and training must be in place to encourage change across processes, mind-sets, and behaviors. But these are necessary endeavors; indeed, more than half of the respondents believe that technology-enabled virtual business operations are the key to their successful future.

Rarely has there been a time in the business world when more has been at stake. With the forces of disruptive change only continuing to grow, the business leaders of tomorrow are setting their sights on the new business order and ensuring that they have the operating model in place to get them there.

Mark G. Livingston



Senior Vice President

Global Leader – Cognizant Business Consulting

ABOUT COGNIZANT

Cognizant (NASDAQ: CTSI) is a leading provider of information technology, consulting, and business process outsourcing services, dedicated to helping the world's leading companies build stronger businesses. Headquartered in Teaneck, New Jersey (U.S.), Cognizant combines a passion for client satisfaction, technology innovation, deep industry and business process expertise, and a global, collaborative workforce that embodies the future of work.

Our Cognizant Business Consulting (CBC) services provide high-value-added strategic consulting services that improve IT and business operations, lower operational expenses and enhance overall performance. In our unique service delivery model, senior consultants work with clients onsite, supported by global teams that provide industry expertise, best practices, research, analysis and documentation support.



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METHODOLOGY AND PARTICIPANT PROFILE

Harvard Business Review Analytic Services completed this research in December 2011 with 558 individuals in executive and senior management positions. Respondents were drawn from the list of *Harvard Business Review* magazine and email newsletter subscribers. In addition, 10 in-depth interviews were conducted by telephone with senior business leaders at large companies from a variety of industries and functions, including R&D, IT, sales, engineering, strategic alliances, quality management, and innovation.

Participant Profile

Key industry sector

Seventeen percent of respondents were from the financial sector; 16% were from IT/telecommunications; 15% were from manufacturing, and 14% were from life sciences.

Functional area

Twenty-three percent of respondents were in general management roles. Fifteen percent were in support functions, with 13% working in production/operational areas. Twelve percent worked in finance departments.

Seniority

Heads of departments and other directors accounted for almost half of respondents (23% each). Twenty percent were senior vice presidents or general managers. Twelve percent were heads of a business unit.

Size of organization

Average annual sales for 2010 for respondent companies were \$10.5 billion. Average company size was 9,184 employees.

Region

Just under half of responding organizations were based in North America (43%), with almost one-third in Europe (32%) and 16% in Asia.



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