

Risk Management Challenges for Finance Leaders in H2 2020.

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Headquartered in Hyderabad, India, Cigniti is a global leader in Independent Quality Engineering and software testing services with operations in 13 countries. It offers wide variety of QA testing services including Testing Advisory & consulting leveraging IP (BlueSwan) for Digital transformation.

World's first Independent Quality Engineering Services Company to be appraised at CMMI-SVC v1.3, Maturity Level 5, and we also are ISO 9001:2015 & ISO 27001:2013 certified



300+
Active
Customers



2300+
Employees
Globally



50+
Fortune
500
Customers



80+
Global
2000
Customers



Global pandemic has re written Human
Destiny world-wide.



Impact on India is distinct – On many Counts



Recovery time and Challenges are many.

Challenges are many folds.



Broken Supply Chain



Availability of migrant workers affecting production/ services



Shortage of Raw material



In adequate Working capital flow

Results in paranoid effect in various sectors for prolonged period of time



Over half of CFOs expect it to take their company at least three months to recover once the virus recedes.
- PwC Survey



While planning business recovery, three priority areas to keep in mind:



Safety of the stakeholders



Operations stability



Customer focus for cash generation

- Review SLA of existing customers
- Perform Risk assessment and control testing
- Manage business response and prepare to deal with both short term and long-term financial changes.
- Review alternate business strategy especially with focus to manage people.
- Embrace digital technologies (WFH)
- Keep an eye on government stimulus to leverage the same.
- Overall to restructure the business & build a resilience model.

The risk mitigation for the business can be grouped under four categories as below:

- ACCEPT-** Tolerance to accept the right business.
- REDUCE-** Cost optimization / reduction.
- TRANSFER-** Insurance coverage on appropriate business areas.
- ELIMINATE-** Let go business beyond acceptable levels.

Have an established leadership team to work on different areas such as the follows:

- Business Continuity
- Cost reduction & Cost Optimization.
- Risk Management- including Insurance planning.
- Business Response & Liquidity Planning
- Work from home & people management.
- IT recovery-Cyber security
- Alternate Business Strategy

- Cost reduction/optimization shall not impact business continuity.
- Cost reduction/optimization shall be applied on non-critical areas.
- Investments shall need to be made necessarily in new & emerging technologies.
- Customer retention and sustenance shall be key.
- Planning for a sustainable revenue with immediate cash conversion should be the top priority.
- Effective communication to key Stake holders on cost reduction/ optimization measures

External stakeholders

- Reviewed the SLAs of all the customers which are most affected – downsized or partial billing.
- Increased the credit limit to the affected industries.
- Insurance coverage for receivable made adequately.
- Reviewed SLAs of all the vendors and renegotiated;
- Paused the activity with few non-critical vendors.
- Communicating with all the stakeholders & shareholders

Internal stakeholders

- Effective monitoring and management of bench resources.
- Continuous optimization of Sales and General Administration expenses.
- Freeze on new hires and committed hires for the FY 20-21.
- Compensation optimization as lever was deployed to increase positive cash flow.
- Natural cost optimization on account of travel & hospitality expenditure freeze.
- Centralized the spends-for monitoring and approving.

Responding to crisis @ Cigniti- Business Strategy

- Focusing on key industries /new emerging technologies -to enhance the revenue stream.
- Laid a road map to deliver offerings in the new technology areas including through strategic partnerships

Industry Impact –Post Covid-19 as per research

TSP Industry Impacts on Technology Investment Due to COVID-19

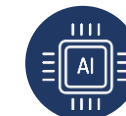
Industry	Short-Term Impact on Tech Investment	Long-Term Impact on Tech investment
Banking and Securities	Negative ↓	Uncertain ↔
Communications	Positive ↑	Positive ↑
Education	Positive ↑	Positive ↑
Public Sector	Positive ↑	Positive ↑
Healthcare	Positive ↑	Positive ↑
Insurance	Negative ↓	Uncertain ↔
Manufacturing	Negative ↓	Uncertain ↔
Retail	Negative ↓	Uncertain ↔
Transportation	Negative ↓	Negative ↓

Source: Gartner

Emerging technologies that shall be in demand due to new normal- as per research



Zero-touch technology



Artificial Intelligence



Virtualization



Security



User experience



Cloud Migration

By failing to Prepare –You are preparing to fail

- Benjamin Franklin

THANK YOU