



CRISIS MANAGEMENT- CHALLENGES AND ISSUES FACED BY TECHNOLOGY INDUSTRY

Ms.Meena Gandhi Rao, Project Manager, TCS & MBA BITS Pilani

ABSTRACT :

The virus's long-term effects on the nation and our culture will be quite negative. Technology's future will unavoidably be impacted by our current situation and the lessons we've learned from an unprecedented and challenging moment in our history. This is one area where we can expect to see its consequences.

INTRODUCTION

Globally, consumers, businesses, and communities are experiencing great economic hardship due to the coronavirus (COVID-19) outbreak. The following provides broad information on COVID-19's core components of crisis management, supply chain, workforce, tax and trade, and financial reporting:

CRISIS MANAGEMENT

The majority of businesses already have business continuity strategies, but they might not fully account for the unpredictable and quickly changing factors of an epidemic like COVID-19. Typical contingency plans are designed to ensure operational efficacy in the wake of various calamities, including power outages, cyberattacks, and natural disasters. The broad quarantines, prolonged school closures, and increased travel restrictions that would ensue in the event of a global health emergency are typically not taken into account.

CHALLENGES AND ISSUES THAT THE TECHNOLOGY INDUSTRY MIGHT FACE:

- The uncertainty of a developing pandemic is not taken into consideration in business continuity planning.
- Fewer company development opportunities result from industry event cancellations.
- Significantly reduced business travel leads to a decrease in client interactions.

STEPS TO RECTIFY

1. Name a central, responsible leader who will oversee the crisis and be backed by a multidisciplinary team.
2. Establish a framework for analysing data and making decisions.
3. Conduct short-, medium-, and long-term simulation exercises based on realistic scenarios.

WORKFORCE:

- Concerns about staffing increase for both full-time employees and gig workers, such as drivers, delivery personnel, and retail staffers, many of whom are independent contractors.
- The crisis-related delay in hiring could have an impact on the supply of skilled workers in the future.
- As more people work remotely, cybersecurity threats are anticipated to increase.

STEPS TO CONSIDER:

1. Establish which essential tasks may be performed remotely and which must be performed onsite.
2. Clearly, accurately, and frequently communicate with others about health and safety issues.
3. Demonstrate cybersafe platforms that assist remote workers.
4. The office is safer for individuals whose occupations need them to be there when there are less people around.
5. Strengthen workforce modelling.
6. Reconsider perks for contract employees.

OPERATIONS AND SUPPLY CHAIN:

- The interruption of the global supply chain causes a slowdown in production.
- Undercapitalized businesses will be put to the test by cash flow problems, which may necessitate different sourcing strategies and/or the necessity for crisis-related subsidies.

- The need for developers and engineers is set to grow as businesses look for answers to distant work, social isolation, and the necessity for in-store alternatives. It will be crucial to keep the best talent.
- Due to its labor-intensive supply chain, the smartphone industry may expect to be significantly impacted. The first quarter of 2020 is expected to see a 12% YoY fall in smartphone manufacturing and a 16% YoY decline in server revenue.
- On internet channels, false information is widely available.
- Stock in the sharing economy is damaged.
- Some component producers depend on one or possibly two key suppliers.
- Additional shipping and delivery bottlenecks are caused by more confinement zones being established around the world.

Steps to rectify:

- Activate vendor management contingency planning.
- Prepare and anticipate changes to the supply chain in the event that the crisis lasts longer than a quarter.
- Reset operating model(s), putting a focus on the manufacturing footprint and supply chain.
- As soon as misinformation appears, act fast to counter it while keeping employees, clients, and business partners informed.

FINANCIAL REPORTING

Problems that the technology sector might encounter Disruptions to operations, the workforce, and the supply chain will have an impact on financial reporting in the present and in the future.

Companies that are publicly traded will come under increased pressure to publish updated guidance regarding the COVID-19 impact.

Steps to consider:

- Consider the impact of audits and the requirements for financial reporting.
- Review critical suppositions used in financial forecasting.
- Shareholders should be informed of present and potential future effects.

TAX AND TRADE

Workers who are now distant due to the crisis face new state and local tax repercussions.

Because recently remote personnel lack timely access to information, tax compliance procedures may lag. Forecasts will be impacted in the short term by adjustments to income statements, such as short-term losses. Tax implications result from changes in the supply chain.

Steps to consider:

- Create a backup plan so you can fulfil your tax compliance duties on schedule.
- Enhance technology-enabled functionality to ensure prompt access to necessary information.
- Run extra modelling to determine how estimates may be impacted by changes to the income statements.

STRATEGY

- Companies will think about making large budget cuts that reduce discretionary spending in response to a sudden or protracted economic slump.
- Demand for the goods and services provided by the tech sector will increase as a result of remote work, online learning, and social isolation.
- The crisis emphasises the necessity for adaptable, robust business structures, with a particular emphasis on the effects of cash flow forecasts and supply chain and commercial channel partners.
- While keeping targets in mind, company values may become more appealing for acquisitions by cash-rich corporations that have been waiting on the sidelines.

Steps to consider:

- Looking for M&A prospects can help strengthen resilience.
- Reconsider the cost structure.
- Determine which organisational levers to pull in case of a stoppage.
- Strengthen corporate risk management initiatives.

Additional considerations

Additionally, technological organisations could encounter some extra difficulties unique to their field.

Customers Potential problems:

Some companies in the tech sector depend on slowing global demand brought on by the outbreak.

Because the pandemic has made the already unsteady global economy more shaky, customers are deferring purchases.

With rising client demand for applications, IT support may find it difficult to keep up.

Suggestions & Conclusion:

- Reorient limited supply toward the most lucrative markets, clientele, and segments.
- Work with technology channel partners to identify potential short-term demand generators, such as nations that were less severely affected by the virus.
- Examine pricing strategies and other defences to support current and upcoming quarterly demands.
- The next step
- The IT sector has successfully navigated previous crises and come out stronger each time. In reality, internet companies have paved the way for a number of crisis management techniques that other sectors are also adopting, including remote working, a globally dispersed supply chain, and managing through disruption. It's possible that this crisis will inspire more creativity and innovation.