New Findings on How COVID-19 Impacts Businesses, Budgets, and Projects

Brian Lett, Howard Dresner

Introduction

The COVID-19 global pandemic continues to create unprecedented impacts and changes the reality of life and business.

Unsurprisingly with a global pandemic, all businesses, budgets, and projects show significant impact. In these challenging times, more than ever, organizations need to understand data and use them to make informed decisions.

The responses to our survey indicate many organizations have this need, and prioritize business intelligence (BI) and analytics at a high level. BI and analytics budgets show much more stability than overall budgets, and key capabilities and technologies such as cloud computing (SaaS), self-service BI, and collaborative BI rising rapidly in perceived importance.

Executive Summary

1. This pandemic impacts all businesses, regardless of organization size or location. Most see stable or worsening business conditions, and no clear signs of potential improvement of business conditions for many months.
2. Almost all respondents indicate exclusively remote and distributed workforces now. As such, technologies to support these needs, especially self-service BI and collaborative BI, quickly rise in perceived importance.
3. Despite the overall challenging business environment, almost half of respondents (49 percent) report launching new BI and analytics projects, or moving forward without delay on already planned projects. This likely reflects a desire and need to apply data and analytics to help identify potential options and solutions for the current challenging business conditions.
4. Compared to the impact of COVID-19 on budgets overall, respondents indicate much more stability and much less impact to their BI budgets.

Recommendations

1. Continue to invest in business intelligence and analytics as a means of understanding the rapidly changing business landscape and improving planned execution.
2. Reinforce in all business interactions the need for data-driven decision-making.
3. If in place, leverage the BI Competency Center (BICC) to ensure that data and analytics operations are sufficiently robust and connected to meet business users' needs.
4. Evaluate moving BI and analytical applications to third-party cloud solutions to accommodate employees working from home.
5. Consider the pandemic crisis an opportunity to review and update data governance policies and data-access levels to ensure that barriers don't unintentionally limit people's ability to make data-driven decisions.
6. Continue online engagement with diverse research organizations to learn the best practices on how to apply data and analytics to increase organizational resilience. Encourage peer groups to act similarly.

Overall Business Impact

We asked respondents to identify the impact of COVID-19 on overall business operations. Although the significant majority (67 percent) report sustained loss of revenue, customers, or both, a noticeable minority (33 percent) report no such sustained losses. This data reflects that although the majority of businesses and organizations face significant impacts due to COVID-19, a smaller number of certain sectors (such as food and beverages stores, and online retailers) are doing well, largely due to new higher levels of demand.
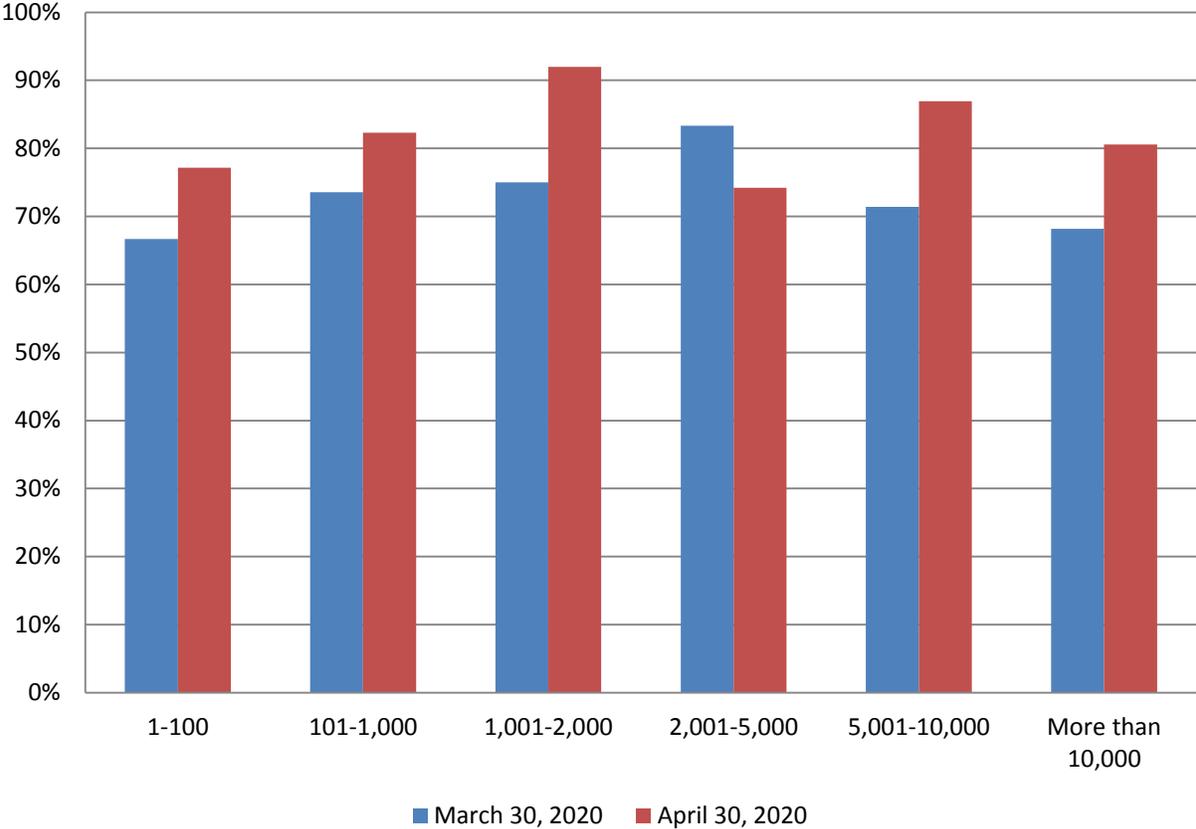
Business Impact of COVID-19
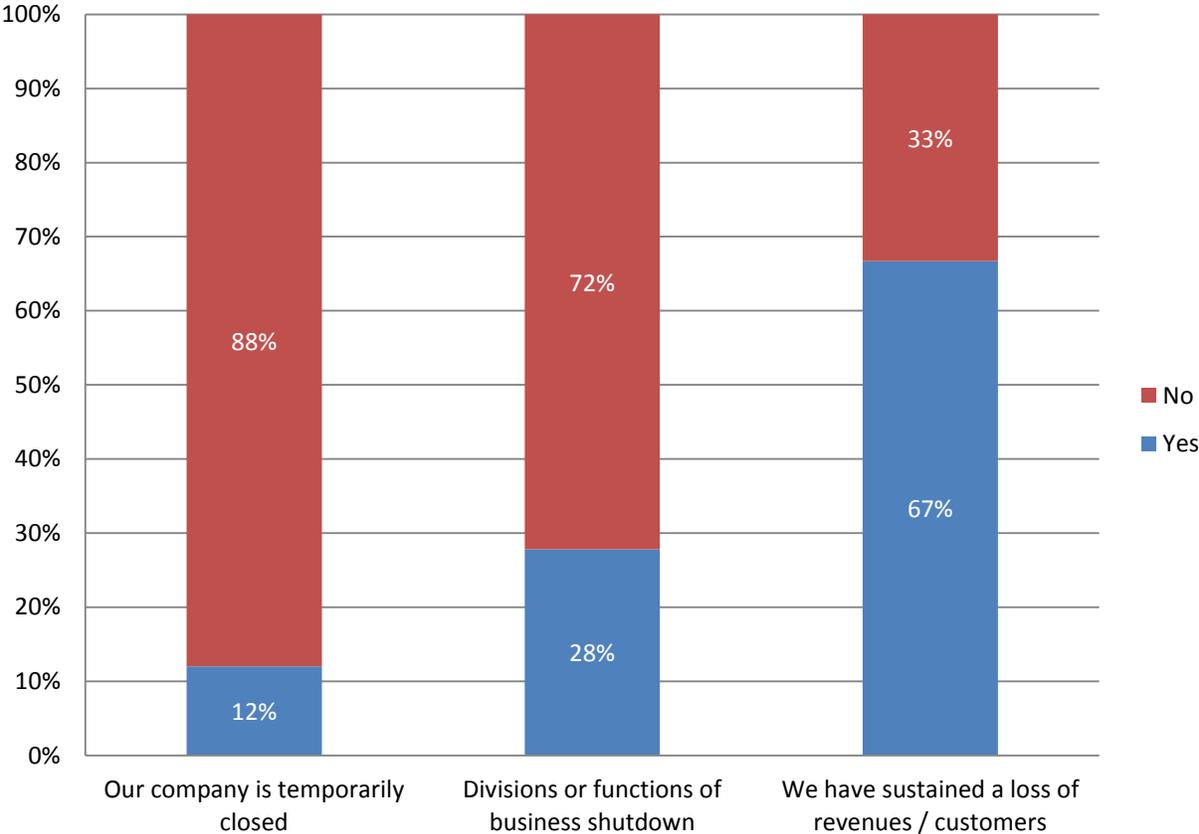
Source: Dresner Advisory Services

Closures represent moderately encouraging business indicators: Only 12 percent of companies report temporary closures due to COVID-19, and 72 percent of respondents report business operations continue without any shutdown of divisions or functions.

COVID-19 Impacted Organizations by Size


Legend: ■ March 30, 2020 ■ April 30, 2020

Source: Dresner Advisory Services

The COVID-19 business impact is consistent, regardless of organization size. Only the largest mid-size organizations (those with 2,001-5,000 employees) show a drop in perceived impact month over month. All other sizes of organizations report higher levels of impact in April vs. March. Equally important, impact is pervasive: The lowest reported level of impact by organization size is 74 percent; the highest is 92 percent.

Initial Dresner Advisory Services research indicated larger organizational size and scale showing some slight benefit in mitigating COVID-19 impacts (see the Research Insight "Preliminary Findings on How COVID-19 Impacts Budgets and Projects"). However, our latest data shows a reversal, with the smallest organizations reporting the lowest levels of impact (even though those percentages are rather high), which suggests that speed and flexibility, rather than size and scale, provide the best (albeit slight) mitigation now.

COVID-19 Impact by Geography
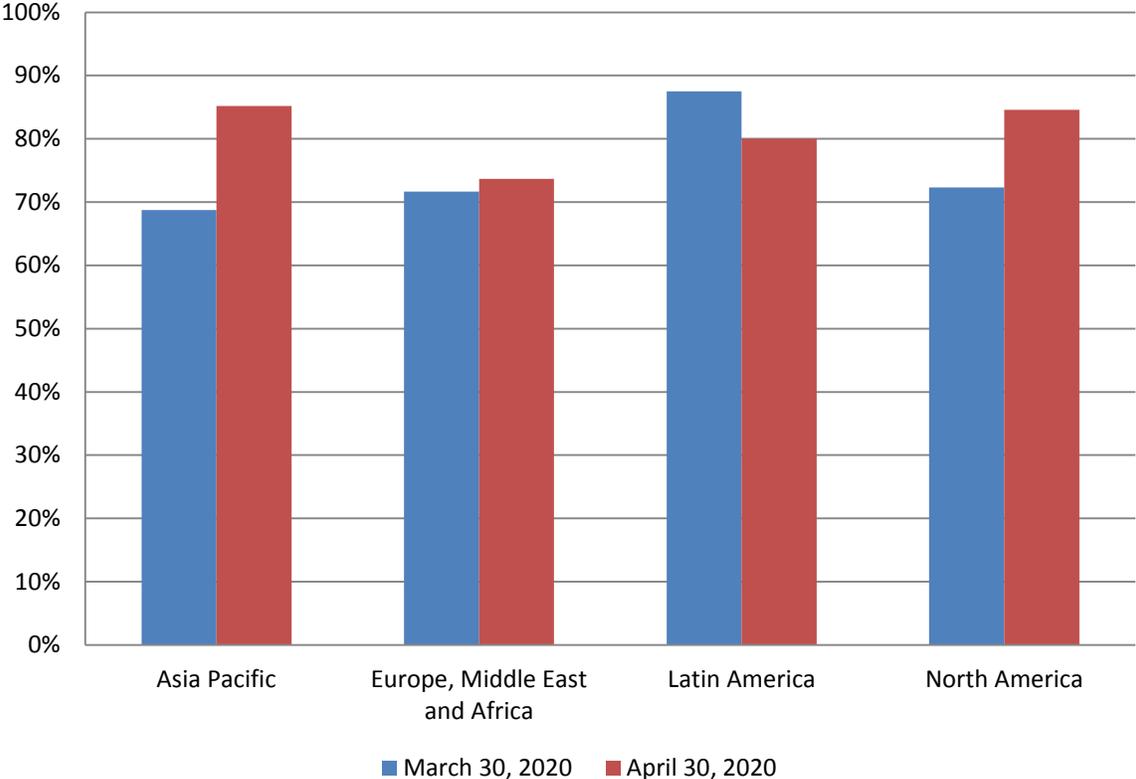
Breaking down responses by geographical region further reinforces the widespread nature of the business impact of COVID-19. Only Latin America reports a month-over-month drop in perceived impact; all other regions continue to report increases in impact. Similar to the view by organizational size, the breakdown by geography shows pervasive levels of impact in April, ranging from a low of 74 percent of organizations to a high of 85 percent.

Across all regions, the distribution of responses seems to align to the spread and shifts in regional severity of COVID-19. Asia Pacific—which enacted stringent containment policies and conducted the most testing to date—reports the highest level of impact and largest month-over-month increase. That latter finding indicates a longer recovery will be likely in all regions, because Asia Pacific was affected first by COVID-19.

## Changes in Conditions in Past 30 Days
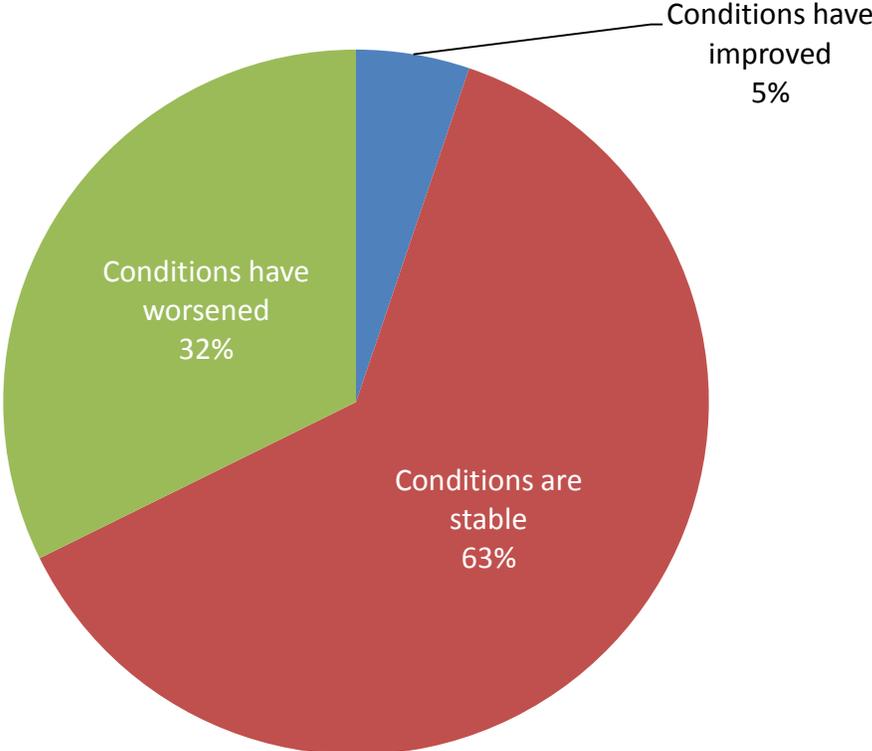
Source: Dresner Advisory Services

When asked about changes in business conditions, the majority of respondents (63 percent) indicate stability in business conditions. A significant percentage of respondents (32 percent) report worsened conditions, while a small minority of respondents (5 percent) indicate improved conditions.

Despite the aforementioned high levels of impact, the high levels of stability indicate strong levels of resiliency and adaptability by companies—stemming mainly from an accelerated burst of digital transformation. Many companies find new ways to conduct operations digitally, and further analysis of data related to these will likely lead to further business and operational improvements.

When Will Things Begin Improving?
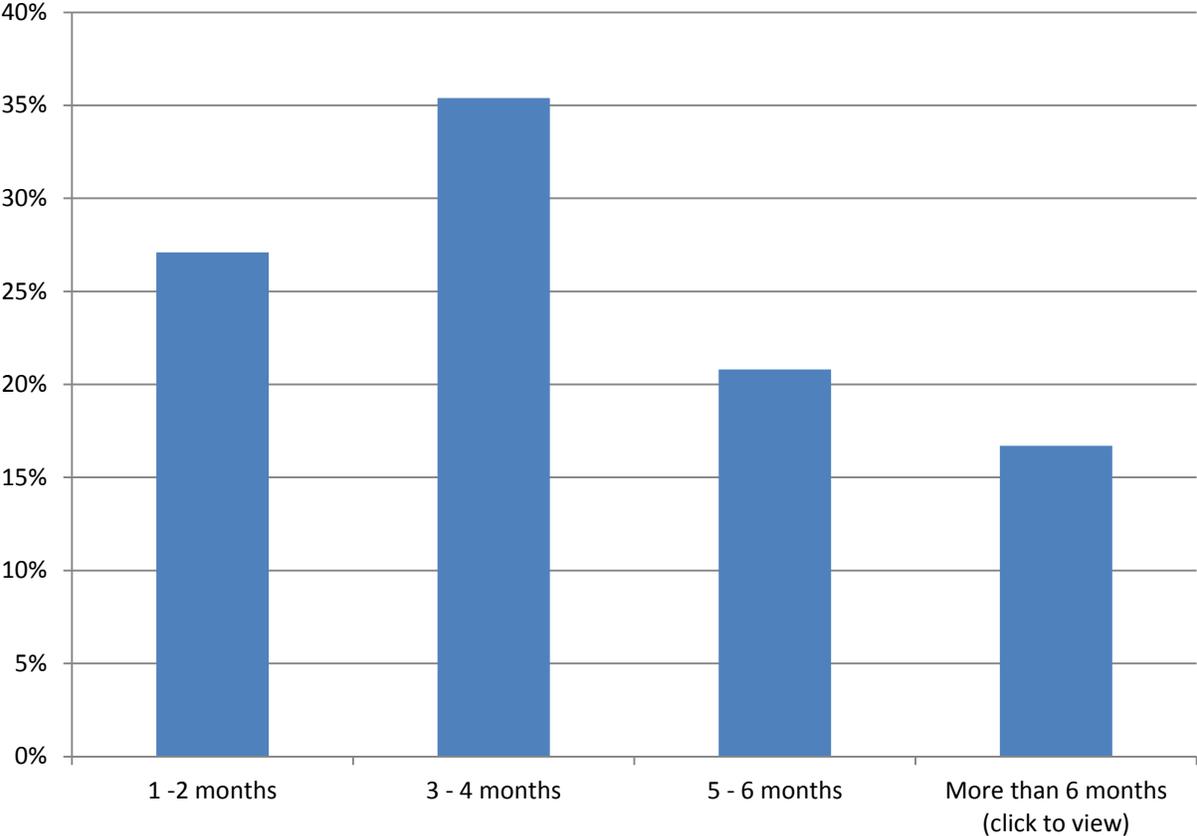
Source: Dresner Advisory Services

Most respondents indicate expectations for improvement in business conditions within six months (83 percent). However, responses show no true consensus, with no majority and the highest level of response (35 percent) coming from those that expect to see improvement in three to four months.

COVID-19 Impact on Employees
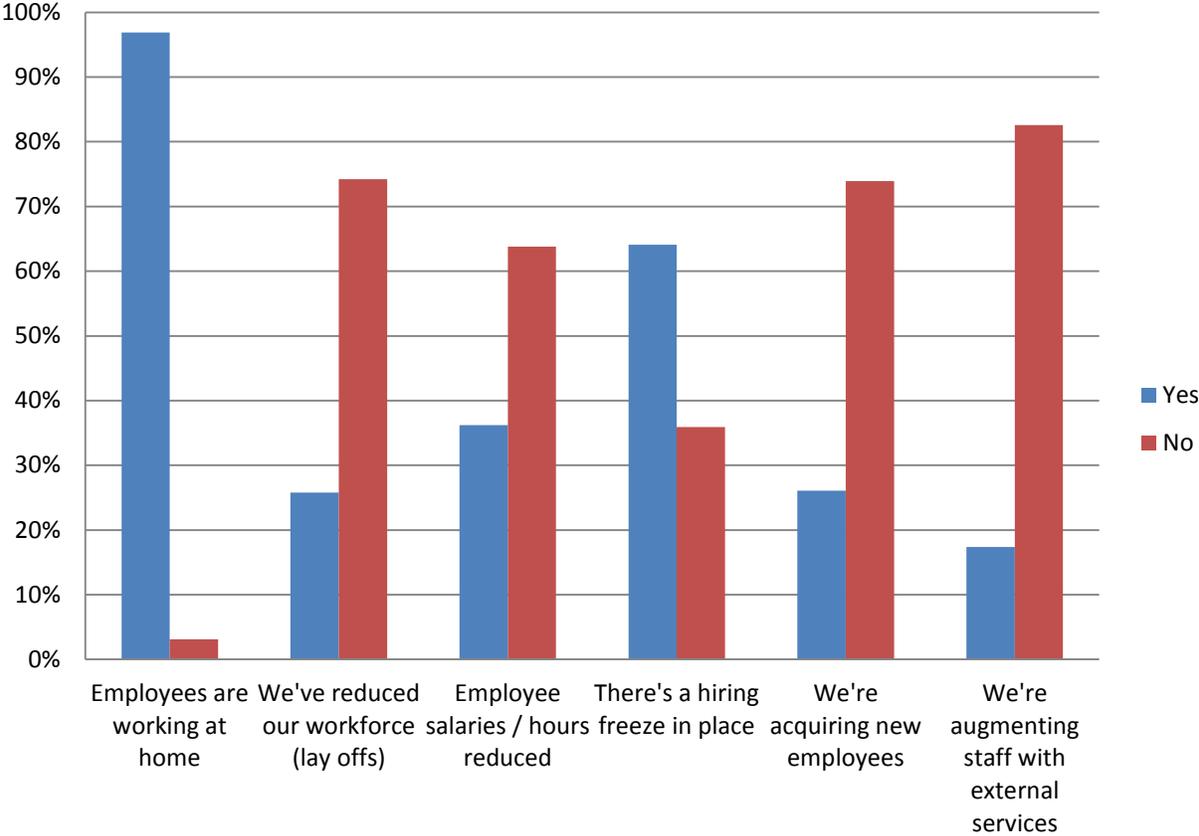
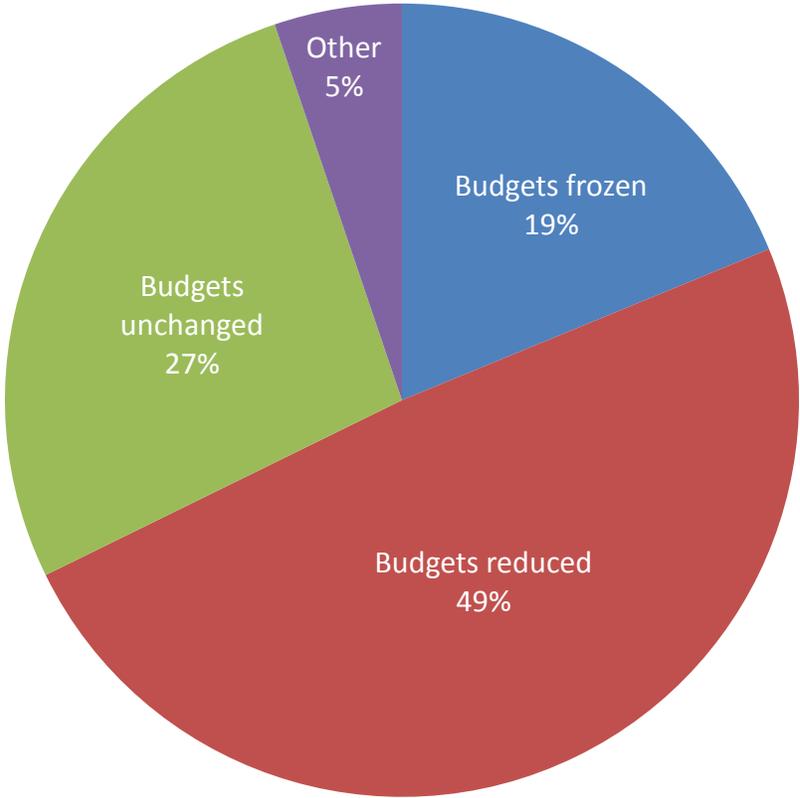**Source: Dresner Advisory Services**

Regarding employee impact, respondents report that almost all employees (97 percent) now work from home. This unprecedented number is also expected, given isolation requirements and forced restrictions on normal operations for non-essential businesses.

In addition, the data show high impacts to staffing. The majority (64 percent) report hiring freezes (a common short-term tactic during declining business conditions). Companies either reduced hours or salaries for significant numbers of employees (36 percent) or eliminated positions (26 percent). These actions reduce impact on cash flow and ongoing expense levels, and also tend to occur in declining business conditions.

A sizeable percentage of respondents (26 percent) also report new hiring by their business, likely reflecting the small but sizeable percentage of businesses not negatively impacted by COVID-19, as well as the need for specific roles and skills.
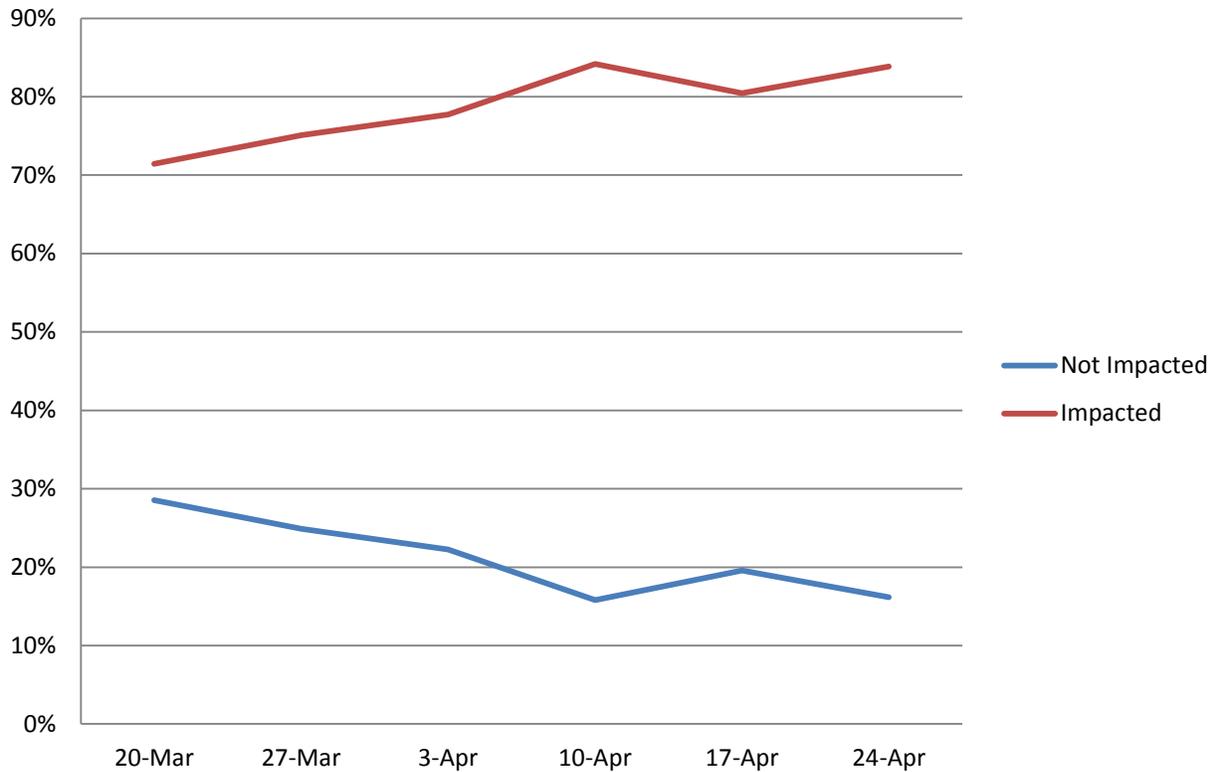
Impact on Budgets and Projects

COVID-19 Impact on Budgets

Although a large number of respondents (68 percent) report overall impact to their budgets, those that had their budgets reduced remain in the minority (albeit barely, at 49 percent).
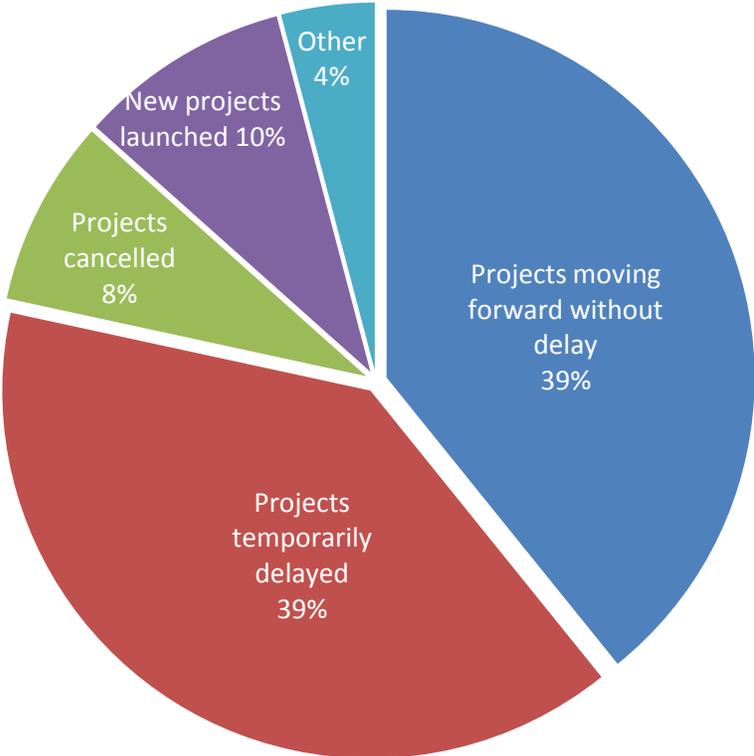
COVID-19 Impact on Budgets and Projects

Source: Dresner Advisory Services

The data show a consistent trend of greater impact to budgets and projects as the COVID-19 crisis continues to unfold.

BI and Analytics Projects

When asked specifically about the impact of COVID-19 on BI and analytics projects, respondents indicate unexpectedly high levels of positive activity, given the overall challenging business environment: Almost half report projects moving forward without delay (49 percent) or report launching new projects (10 percent).

COVID-19 Impact on BI and Analytics Projects

Pie chart segments:
- Other 4%
- New projects launched 10%
- Projects cancelled 8%
- Projects temporarily delayed 39%
- Projects moving forward without delay 39%
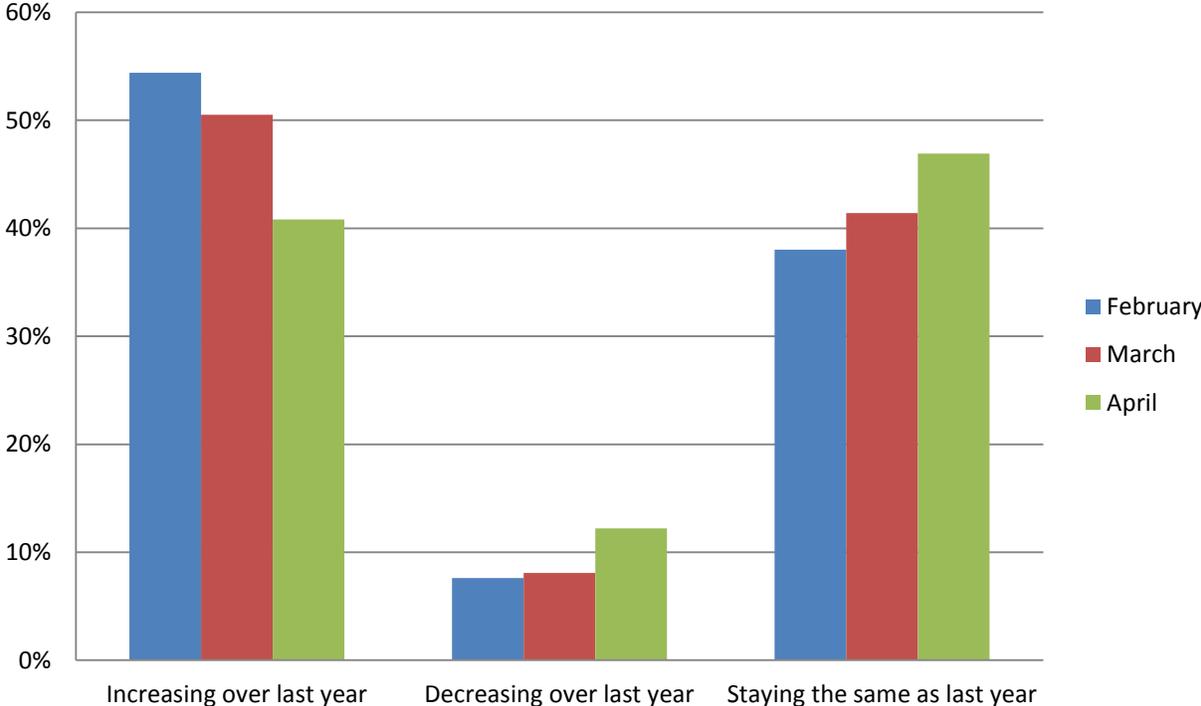
Source: Dresner Advisory Services

Given the current challenging business conditions, these responses likely reflect a greater desire to apply data and analytics to help identify potential options and solutions as well as a need to execute with a high degree of precision and certainty. Companies should continue to look for new potential analytics-related projects that can add more value to the organization and help build more complete perspectives.

The small percentage of cancelled projects (8 percent)—and that number being smaller than the percentage of new projects (10 percent)—represents another positive indicator for the current perceived importance of and need for BI and analytics.

BI Budgets

Compared to the impact of COVID-19 on budgets overall, respondents indicate much more stability and much less impact to their BI budgets.

BI Budgets February-April 2020
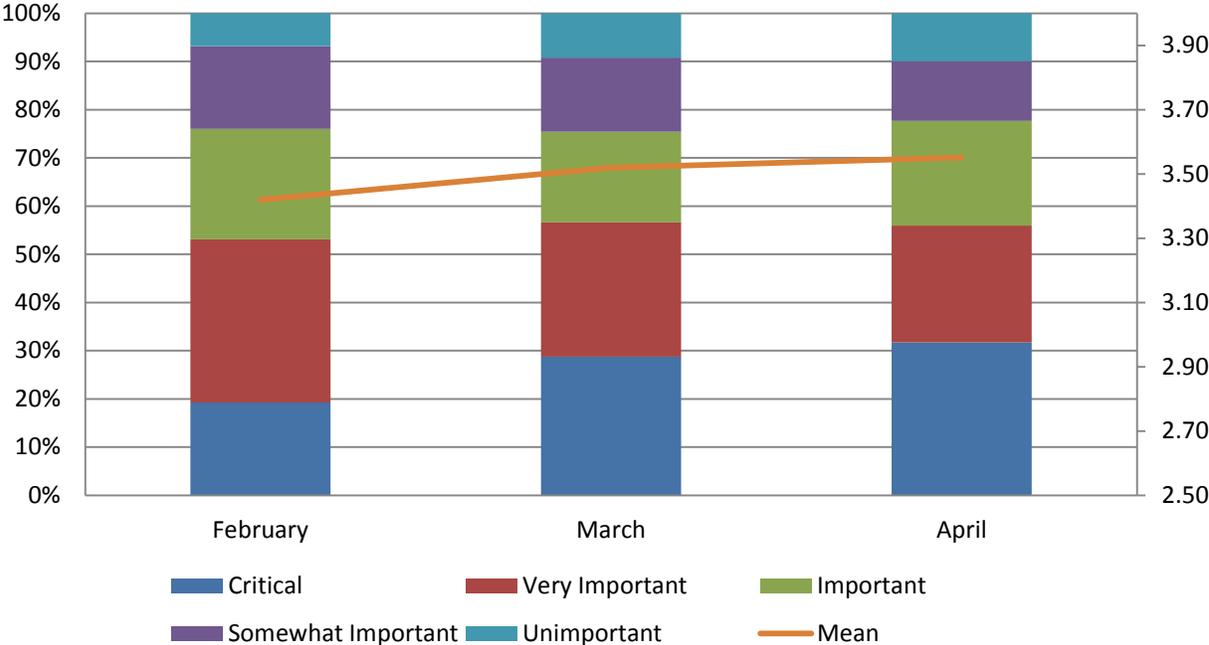

Source: Dresner Advisory Services

The trend of the last three months indicates much more of a "holding pattern" for BI budgets: some budget cuts, much fewer year-over-year increases, and many more static budget levels.

This could impact overall BI success, as Dresner Advisory Services research shows that increasing BI budgets correlates strongly to the highest levels of BI success, while cutting a BI budget doubles the risk of failure and reduces the chance of a completely successful BI initiative by 50 percent (see the Research Insight "Introducing the Business Intelligence Success Index™"). We recommend investing more in BI and analytics at this time.

Specific BI-Related Technologies

Respondents indicate higher importance of cloud computing to BI in the period from February to April 2020.

Cloud Computing and BI Importance
February-April 2020

This increase likely reflects increased need for cloud-based resources and capabilities as a result of the forced shift to almost exclusively remote and distributed workforces.

The largest change in perceptions by respondents relates to those that now consider cloud computing critical—a response-rate increase of 68 percent from February to April. This jump reflects that in the current business environment, most organizations must have viable and resilient cloud-based capabilities to ensure ongoing operations.

Self-Service BI Importance February-April 2020
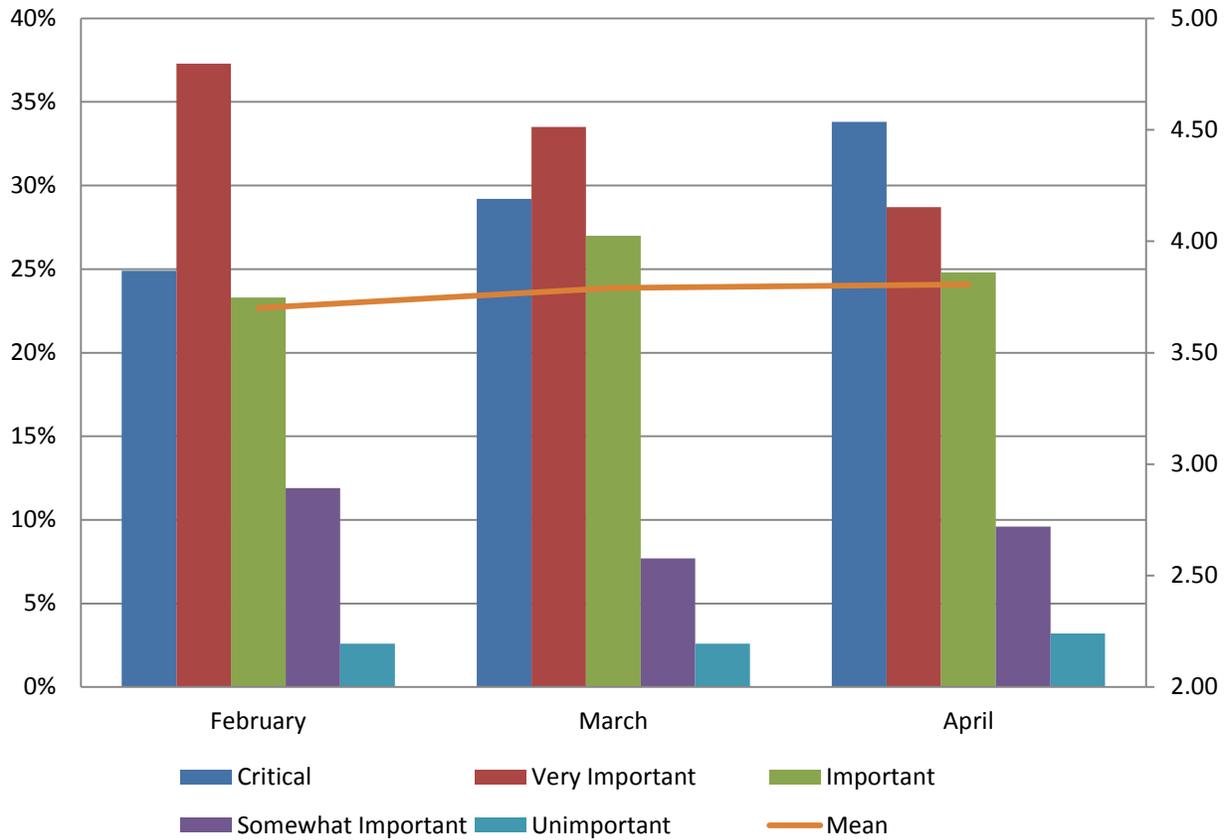
With almost every organization needing to support a remote workforce, the perceived critical importance of self-service BI grows quickly. The percentage of respondents that now consider self-service BI critical grew from 25 percent in February to 34 percent in April. Most of that shift seems to come from those that previously considered self-service BI very important (which dropped from 37 percent in February to 29 percent in April). This jump also could reflect a solution to the issue of deprioritized requests to centralized analytics teams by providing end users enhanced capabilities with which to do their own reporting and analytics.

Mechanisms for Sharing Insights
February-April 2020


● February   ● March   ● April
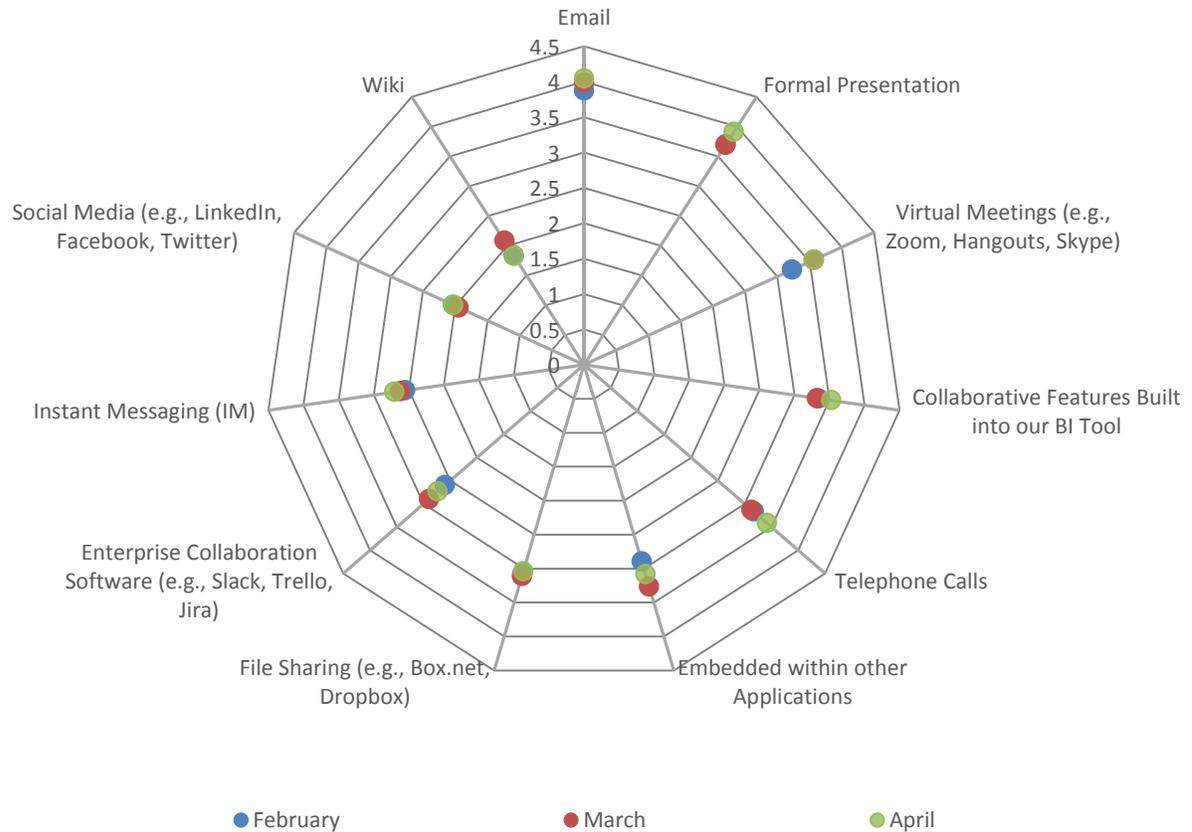
Source: Dresner Advisory Services

Specific technologies used to share analytical insights also reflects the highly distributed, remote workforce.

The technologies organizations most embrace for sharing analytical insights reflect a mix of old and new. "Tried and true" formal presentations, emails, and phone calls rank high—as do virtual meeting platforms, collaborative BI tool features, and analytics features embedded in other applications.

Importance of Collaborative BI
February-April 2020
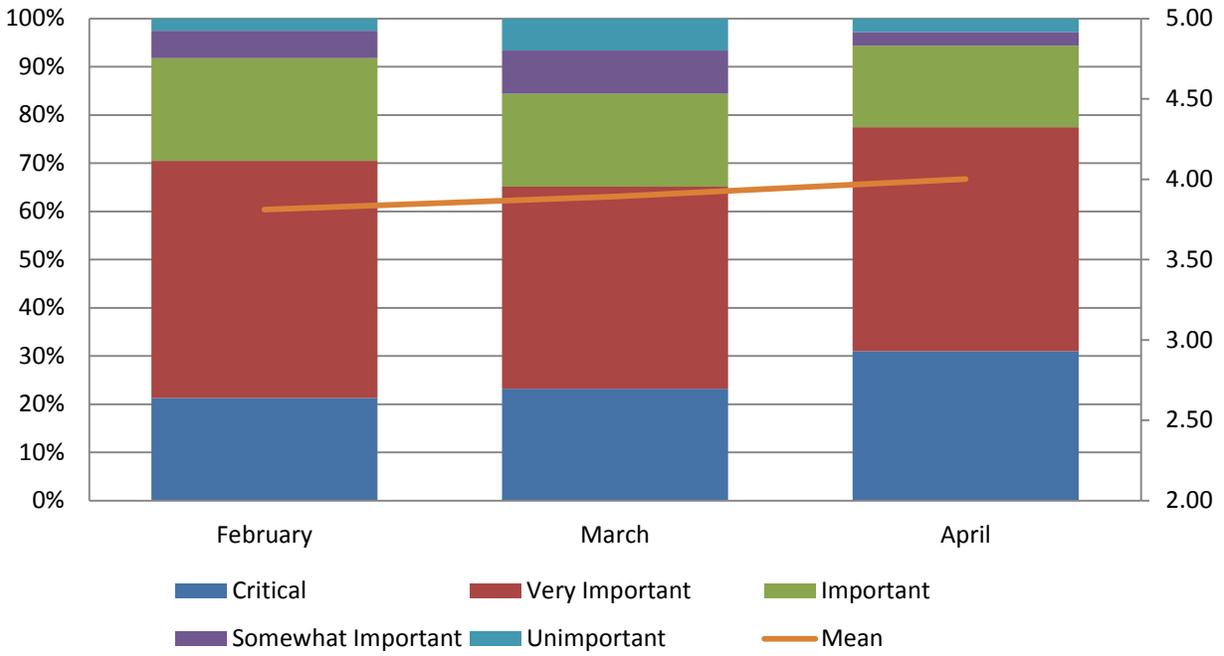
Source: Dresner Advisory Services

Specifically, many more respondents now consider collaborative BI a critical or very important technology. Most of the reported gains in importance come from those that previously considered collaborative BI only "important" or "somewhat important." This increasing importance likely reflects the immediate need for features to support the work needs of now suddenly distributed, remote teams.