Preparing for the Next Crisis:
A Guide to Building Operational Resilience

A joint study by NelsonHall & Swiss Post Solutions

July 2020
1. The Role of Operational Resilience

The purpose of this study is to assist executives in getting prepared for the next crisis. It is based on discussions with 50 executives in the banking, insurance, and healthcare sectors across Germany, Switzerland, U.K., U.S., and covers:

- Identification of the major operational challenges that emerged in the recent crisis
- The change in the importance of operational resilience as a result of the recent crisis
- Current levels of operational resilience preparedness
- Key measures in improving operational resilience before the next crisis.

The recent crisis has led to a massive increase in awareness of the need for operational resilience with 98% of organizations now increasingly aware of the need for operational resilience and organizations concerned about the potential for future outbreaks of disease and environmental risks, as well as geographic-specific risks and the ever-present threat of cyberattacks.

This document aims to assist organizations in identifying and preparing for any operational challenges that are likely to emerge.

A. Challenges from the Recent Crisis

The major operational challenges that organizations faced in the recent crisis were:

- Transitioning to home working while meeting regulatory obligations
- Increased deployment of mobile workplaces
- Health and safety of staff and controlling affected parameters, such as space separation and team isolation within centers, together with enhanced cleaning of centers and access control
- Meeting the steep increase in demand for customer communication
- Compliance with local regulations and dynamic regulatory changes
- Resourcing, maintaining workforce efficiency and keeping productivity high
- Issues with available physical space or buildings.

Overall, in the first month of the crisis, organizations were faced with an increase in transactional demand accompanied by a shortfall in operating capacity, leading to an overall average delta of 22%. In some areas, particularly customer care, the gap between demand and supply was even greater, in this case, 30%.

This increase in e-commerce activity has been largely maintained throughout the crisis and beyond as consumers switched to online buying both to maintain social distancing for essential purchases such as food and with the closing non-essential retail establishments in areas such as garments. At the same time, there were considerable falls in transactional activity elsewhere, e.g., mortgage applications, as home-buying came to a halt, and health insurance claims as non-urgent clinical procedures were put on hold. These dramatic changes in demand led to unprecedented operational challenges in terms of flexibility and agility, in addition to cost and productivity management.

This gap between demand and supply led to organizations missing their SLAs, with only 10% of executives perceiving that their SLAs were highly met overall. The worst impacted areas in terms of unmet SLAs were customer communications, and onboarding, as well as order fulfillment and sales support.
The major factors that led to shortfalls in supply capacity and ability to meet SLAs were:

- The combination of rapid office closures and slower transition to home working
- Staff shortages and employee absence, including due to illness and self-isolation
- Inability to implement home working at all for some roles
- Inability to move and/or adopt employee capacity within and between delivery centers
- Complying with rapidly changing rules and regulations for safe working and speed of change
- The need to ensure the safety of data and to expand VPN capability to accommodate the increase in demand for home working.

The principal volume-related factors that caused a delivery shortfall were:

While the combination of reduced staff capacity and with increased transaction volumes was the major source of delivery shortfalls, the speed of transitioning staff to work-from-home was further compounded by the limitations of business continuity plans, which are typically location-centric rather than enterprise-centric, and by security and compliance constraints.

### Infrastructure-Related Factors Causing Delivery Shortfalls

<table>
<thead>
<tr>
<th>Factor</th>
<th>High Extent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limitations of business continuity plans</td>
<td>96%</td>
</tr>
<tr>
<td>Security constraints</td>
<td>94%</td>
</tr>
<tr>
<td>Limited ability to switch delivery personnel to work-from-home</td>
<td>86%</td>
</tr>
<tr>
<td>Compliance constraints</td>
<td>78%</td>
</tr>
<tr>
<td>Limited ability to switch work between delivery centers</td>
<td>70%</td>
</tr>
<tr>
<td>Lack of business continuity infrastructure</td>
<td>70%</td>
</tr>
<tr>
<td>Concentration of delivery in a single center</td>
<td>68%</td>
</tr>
<tr>
<td>Lack of digital ways of working</td>
<td>46%</td>
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<tr>
<td>Operational flexibility</td>
<td>34%</td>
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</tbody>
</table>
At the onset of the crisis, the majority of business continuity plans were center and city specific rather than enterprise wide. These plans typically catered for the closure of a single center or those centers within a specific locality and the transfer of work from those specific centers to alternative or back-up centers. The plans typically did not cater for factors simultaneously impacting the majority of delivery centers and the need to transfer the overwhelming majority of personnel across centers to work-from-home environments.

This meant that there were typically limited or no plans in place to mobilize equipment to homeworking personnel rapidly, expand VPN capability, and ensure data privacy in the work-from-home environment.

In particular, in ensuring the ability to transition rapidly to a work-from-home environment, it is critical to have reporting and dashboarding in support of work-from-home delivery and secure and compliant access to documents.

### Factors Impeding Work Switching between Centers or to Work-from-Home Environments

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>98%</td>
<td>Speed of service transfer to a work-from-home environment</td>
</tr>
<tr>
<td>90%</td>
<td>Lack of reporting &amp; dashboarding for work-from-home delivery</td>
</tr>
<tr>
<td>72%</td>
<td>Lack of secure &amp; compliant access to documents</td>
</tr>
<tr>
<td>64%</td>
<td>Lack of business continuity capabilities</td>
</tr>
</tbody>
</table>

### B. Steps Taken in Recent Crisis

Following the recent lockdown, every organization interviewed undertook steps to move to work-from-home and for physical segregation within their offices and delivery centers, where these remained open for critical activities that could not be performed in home environments. Time segregation and additional shifts within centers were also widely practiced, as was increased leveraging of outsourcing partners. Some load balancing across centers was also undertaken where possible, but typically, the key step taken was a massive transfer of service to work-from-home.

Nonetheless, the majority of organizations still found it necessary to relax their SLAs, with a significant minority of organizations also canceling and deprioritizing certain services.
Nonetheless, probably due to the inadequacy of existing center-based business continuity plans, organizations expressed very moderate levels of satisfaction with their ability to leverage work-from-home, shoring, and outsourcing in response to the recent lockdown.

A high proportion of organizations required staff to sign additional agreements around data protection in support of homeworking, and organizations typically did not relax their restrictions on the use of smartphones and personal laptops.

Doing what was necessary in the short-term to minimize service disruption typically involved particularly close co-operation between clients and service providers frequently involving switching some work from offshore to onshore and/or between onshore delivery locations At the same time, outsourcers were frequently required to increase their number of shifts to maintain social distancing for center-based personnel, and exceptions to lockdown restrictions were frequently required from local government to allow the transfer of equipment for homeworking and continuation of essential center-based services.
The speed and flexibility of the response by outsourcers was a moment of truth. Those outsourcers that reacted promptly, proactively, and flexibly to maintain client service and SLAs have typically strengthened their level of partnership with their clients, whereas those that took a more reactive or commercial stance have damaged their client relationships irreparably.

C. Current Operational Resilience Preparedness

Only 16% of organizations perceive that their overall operations are highly resilient to a future crisis requiring major changes in working location, with customer care operations particularly vulnerable.

To increase their operational resilience to a change in working location, organizations recognize that they need to increase their digital ways of working. Manual onsite transaction processing and processing of physical documents, including physical mailroom operations, have particularly low operational resilience in the face of a change in working location. In contrast, automated transaction processing and electronic document processing have much higher levels of operational resilience.
Level of Operational Resilience in the face of Change in Working Location

High resilience

- Automated transaction processes: 76%
- Document processing of incoming electronic documents: 68%

Medium resilience

- Multi-channel document output: 62%
- Digital mailroom operations: 50%

Low resilience

- Manual transaction processes: 34%
- Document processing of incoming physical documents: 28%
- Physical mailroom operations: 14%

While organizations typically perceive their security infrastructure to be relatively highly resilient to the need for a change in location, key areas where much more work is required including developing business continuity plans suitable for widespread, rather than single geography, changes in working location, improving the ability to move agent knowledge between sites and personnel, and infrastructure readiness.
Resilience of Key Characteristics to a Future Crisis Requiring Major Changes in Working Location

High resilience

78%
Cybersecurity

Medium resilience

64%
Management skills
62%
Security in support of work-from-home environments
46%
Compliance, e.g. GDPR or other regulatory requirements

Low resilience

40%
Readiness of shoring sites
30%
Readiness of outsourcing partners
26%
BCP concepts

14%
Ability to move agent knowledge between sites & personnel
6%
Infrastructure preparedness

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D. Preparing for Operational Resilience Prior to Next Crisis

The steps that organizations will take to enhance their operational resilience in readiness for the next crisis are:

- Increasing their flexibility and preparedness with regards to homeworking and/or moving transactions between different service locations
- Increasing their issue of mobile, distributed worktop-environments rather than fixed desktops
- Moving to an increasing number of smaller, decentralized offices, flexibilization of the usage of office space, e.g., free seating
- Ensuring a cohesive end-to-end approach to operational resilience including outsourcing partners.
- Revisiting outsourcing partner selection criteria, collaboration models, and governance.

The recent crisis has been a make or break time for many outsourcing contracts, with highly proactive vendors gaining increased client loyalty and more contractually-focused vendors likely to lose business. While many organizations will increase their use of outsourcing, they will also look to review their existing providers’ ability to meet their future operational resilience needs, with virtually all organizations looking to strengthen their business continuity plans.

The other major themes accelerated by the recent crisis are digitalization and automation, with organizations typically looking to decouple their headcount from their transaction volumes and digitalize their document handling processes and mailrooms.

Steps to Enhance Operational Resilience in Readiness for the Next Crisis

- 98% Strengthening of BCP plans
- 92% Increased automation of processes
- 86% Reviewing existing service providers
- 80% Digitalization of mailrooms
- 72% Digitalization of document processes (in-/and outbound)
- 42% Increased outsourcing
In order to achieve operational resilience, organizations attach high importance to the ability to switch work to work-from-home environments and between existing centers. In such an environment, it is then critical to be able to monitor, manage, and balance workloads seamlessly across the various locations and environments in a highly secure manner.

The other critical factor in increasing operational resilience is the extent to which operations have been digitally transformed.

Factors Required to Achieve High Levels of Operational Resilience to Withstand Next Crisis

Switching & management of workflows

- 98% Ability to switch work to work-from-home environments
- 94% Ability to monitor & manage operational workflows across offshore, nearshore, onshore and work-from-home environments
- 92% Ability to switch servicing of your operations between centers
- 88% Ability to manage load balancing across offshore, nearshore, onshore and work-from-home environments

Security & digital transformation

- 100% Comparable levels of security across offshore, nearshore, onshore and work-from-home environments
- 88% Extent to which operations have been digitally transformed
- 74% Business continuity certification
Document processing in all its forms, for both electronic and physical documents, is absolutely key in establishing operational resilience.

**Importance of Enterprise Services in Establishing Operational Resilience**

- **88%** Document processing of incoming electronic documents
- **84%** Document processing of incoming physical documents
- **78%** Automated transaction processes
- **74%** Multi-channel document output
- **72%** Digital mailroom operations
- **60%** Manual transaction processes
- **50%** Physical mailroom operations
The ability to switch work seamlessly between centers and work-from-home environments clearly caused significant delays and adverse SLA impact in the initial stages of the recent crisis. Accordingly, the speed of service transfer to work-from-home, together with the ability to manage the homeworking environment, is critical in maintaining high levels of service quality and avoiding service disruptions.

**Key Factors in Enhancing Seamless Work Switching Between Centers or to Work-from-Home Environments**

**Document access**

- Secure & compliant access to documents: 100%
- 24/7 access to incoming documents: 58%

**Work-from-home management**

- Effective management of home-based personnel: 100%
- Reporting & dashboarding for work-from-home delivery: 98%
- Speed of service transfer to a work-from-home environment: 98%

**Center management**

- Load balancing: 88%
- Geographically dispersed delivery centers: 68%
Business continuity plan (BCP) frameworks are critical in establishing operational resilience in the face of a future crisis requiring major changes in working location.

Key factors underlying BCP frameworks to establish operational resilience

- 100% Compliance, e.g. GDPR or other regulatory requirements
- 100% Security in support of work-from-home environments
- 98% Cybersecurity
- 96% Management skills
- 92% Infrastructure preparedness
- 92% Readiness of outsourcing partners
- 84% BCP concepts
- 82% Readiness of shoring sites
- 78% Ability to move agent knowledge between sites & personnel

In addition, every organization interviewed intends to change the delivery location profile of its personnel to enhance its organization’s operational resilience in future crises. The changes planned are minor in terms of changes in shoring, but virtually every organization is aiming to increase the proportion of work-from-home delivery.
2. **Swiss Post Solutions Positioning & Vision**

Swiss Post Solutions is a market leader in document management services and supports key elements required for enterprises to operate successfully in the event of a crisis: document management services that allow secure and compliant location-independent processing to incoming client documents and integrated business continuity management to ensure that enterprises have plans and mechanisms in place to minimize service disruption in the event of a crisis.

### A. Document Management Services

Lack of secure and compliant processing of documents for work-from-home personnel was a major factor in impeding service delivery in the recent crisis.

SPS offers a range of document management services that have a critical role in assisting enterprises to avoid loss of service in the event of a crisis. These include:

- Document processing services, which support the digitalization of business processes and the conversion of paper-based and electronic documents into electronic data by combining leading technologies with specific process expertise, and flexible delivery location strategies, on-/off- and nearshore. Document processing services are key to preparing for the next crisis since they provide increased operational resilience security and compliance while supporting location independence which means the ability to process documents in a compliant and secure manner while work is switched to either alternative centers or work-from-home environments.

- Mailroom management:
  - Physical mailroom management has the potential to be particularly impacted in a crisis, especially one involving center closures and the transfer of a high proportion of staff to work-from-home. Here, SPS services cover inbound mail and parcel receipt, sorting of inbound mail & goods into company-specific categories, distribution, processing and archiving of information.
  - More importantly, in the event of a crisis, SPS is able to dynamically scale-up digital mailroom capacity, including letter digitization, registration of digitized letters, and transfer of the data into a workflow system. Both physical and digital mail, including email, can be categorized, distributed, and archived in a secure and compliant manner.

- Output management services, covering transactional printing services, direct mailing services, and utilizing digital delivery channels. Output management services support multi-channel enterprise-to-customer communication through physical and digital channels, allowing customers to receive documents through their preferred communications channel. In particular, SPS has a network of output centers producing physical outputs of all types and operating on a common processing platform that allows dynamic allocation of volumes across different production sites following consistent compliance and governance procedures.
B. Business Continuity Management

Swiss Post Solutions offers business continuity management (BCM) as an integral part of its service. The company has its own proprietary business continuity management architecture and system, which contains a fully documented business continuity plan for each client. These plans and documents are co-developed and shared with the client organization, with the plans being updated annually and live-exercises taking place at agreed instances.

In the event of a crisis or major incident, SPS undertakes:

- Bridging of service provision
- Management of the operational implications by the emergency/crisis team
- Return to normal operations.

SPS's BCM is part of its wider security package, which encompasses:

- Audits:
  - SPS internal quality and compliance audits
  - External audits by clients and auditors
  - Internal audits by Swiss Post
- Electronic monitoring of each process step
- Compliance:
  - Adherence to legal and regulatory guidelines
  - Control framework
  - Internal control system
- IT security:
  - Hosting in certified data centers
  - Secure data connections
  - Fully operational back-up locations
- Staff:
  - Background check at the start of employment & renewed checks every two years
  - Regular training in processes and security
- Data security:
  - Access rights on a need-to-know basis
  - Responsible data processor (GDPR)
- Governance:
  - Clearly defined communication and escalation processes
  - Close links with the management of SPS/Swiss Post.
  - Close service management and governance alignment with customers
SPS managed services are certified to the following standards:

- ISO 9001:2015 (quality)
- ISO 14001:2015 (environment)
- ISO 27001:2013 (security)
- ISO 22301:2012 (BCM).

SPS’s BCM approach has the advantages of incorporating:

- Location flexibility and independence, with virtualized applications giving employees work-from-home access through protected connections.
- Redundant systems and processing centers to ensure rapid switchover and recovery times.
- Guaranteed processing of prioritized documents up to the entire volume of documents.
3. Operational Resilience Success Factors

Key operational resilience success factors to be taken into account to ensure a high level of preparedness for the next crisis include:

**BCP Planning**
- Ensuring a robust and tested business continuity plan is in place before the next crisis
- Establishing end-to-end BCP plans in conjunction with suppliers and amending contractual terms accordingly
- Undertaking business continuity certification.

**Ensure Document Access and Processing**
- Ensuring location-independent secure and compliant access and processing of documents
- Increase of digitalization in document management.

**Establish Location-Independent Services**
- Enable dynamic move of transaction volumes between different service centers and work-from-home environments
- Ensure mechanisms in place to transfer knowledge between sites and personnel
- Ensure security mechanisms are location-independent.

**Support for Work-from-Home**
- Ability to transition to a work-from-home environment in a compliant and secure manner
- Ability to deploy mobile workplace to personnel rapidly or in advance
- Ensuring system availability and VPN capacity for home-based personnel
- Ensuring that staff protocols are in place around data protection.

**Updating center strategy**
- Leverage supplier capabilities to provide resilient services in document management and information processing
- Build or buy management systems and platforms to plan, assign, monitor, and track digitization of processing of transaction volumes and information workflows.

**Increasing the use of automation in high impact areas**
- Reducing manual processing in favor of automated processes in areas likely to be highly impacted by a crisis such as customer care.
About SPS

*We connect the physical and digital worlds*

Swiss Post Solutions (SPS) is a leading outsourcing provider for business processes solutions and innovative services in document management. A strong international client base relies on SPS’s ability to envision, design and build end-to-end solutions and to be its trusted advisor for the key value drivers in BPO: location strategy, process optimization and technology, such as intelligent automation. Part of the Swiss Post Group headquartered in Bern, Switzerland, SPS’s 7500 employees and specialized partners span the full range of the industry with focus on banking, insurance, telecommunications and healthcare, addressing customer needs in more than 20 countries.

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About NelsonHall

NelsonHall is the leading global analyst firm dedicated to helping organizations understand the 'art of the possible' in digital operations transformation. With analysts in the U.S., U.K., and Continental Europe, NelsonHall provides buy-side organizations with detailed, critical information on markets and vendors (including NEAT assessments) that helps them make fast and highly informed sourcing decisions. And for vendors, NelsonHall provides deep knowledge of market dynamics and user requirements to help them hone their go-to-market strategies.

NelsonHall’s research is based on rigorous, primary research, and is widely respected for the quality, depth, and insight of its analysis.

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