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# Business Transformation Today and Tomorrow – Pakistan Perspective

PROFESSIONAL ACCOUNTANTS IN BUSINESS (PAIB) COMMITTEE



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This paper is an extract from the ICAP Webinar Series ‘**Business Transformation Today and Tomorrow – Pakistan Perspective**’ held on May 1, 2020, from 3PM to 5PM PST. The panel discussion included industry leaders;



Mr. Muhammad Aurangzeb, Chairman, Pakistan Banks’ Association;  
President & CEO, Habib Bank Limited



Mr. Ehsan Saya, Managing Director, Daraz (Alibaba Group)

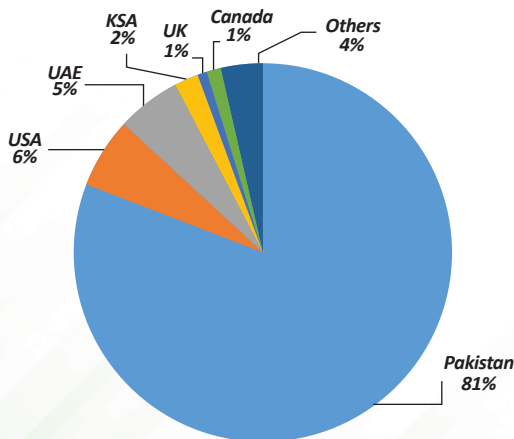


Mr. Saquib Ahmad, Country Managing Director, SAP Pakistan



The webinar was moderated by,  
Mr. Veqar Ul Islam, Director and Chief Executive at  
Jaffer Business Systems; President, Touchpoint Pvt. Ltd.

The webinar was viewed by **8,000** participants locally as well as internationally, a quick snap shot of the reach is as follows:



# Introduction

The fundamental question in the wake of pandemic is whether businesses today will be relevant in 12 to 24 months or 5 years down the road or not? If they have figured out the answer, they are good but if businesses are struggling to know whether they will be relevant later or not then they need to start working on it from today. The need for this realization has accentuated in the wake of the pandemic and this is what business transformation is all about.

Business transformation is categorized into three distinct stages,

1. Day to day transformation

It includes doing daily activities faster, smarter and cheaper resulting in better customer satisfaction, lower cost of doing business and increased efficiency. This kind of transformation makes today better but doesn't secure future.

2. Core transformation

It includes day to day transformation but it is fundamentally different with respect to the future. A great example for this kind of transformation is Netflix which, 5 years ago, was only a distributor of DVDs through courier services, later started delivering content via the web and now through developing their own content based on consumer insights.

3. Strategic transformation

It includes changing the form and substance of the organization. For example, Apple was a computer company earlier and now it is an electronic gadgets company which is the most valued company in the world. Another example is Amazon which converted from an e-commerce company to a completely Cloud company.

## What happens when companies don't transform?

Kodak, in 1975, was the first company ever to come up with the idea of a film-less camera. However, the management was of the view that launching it will cause harm to the life of their existing product, i.e. the film camera. Due to this resistance, the company doesn't exist anymore. Kodak moment lives on but Kodak as a company, doesn't.

Another example is Nokia which had almost 33% global market share in 2005 but today Nokia as a handset company does not exist, simply because they thought hardware is the play whereas it shifted to software.

With the power of business transformation, the company holds the license to the future.

***Mr. Veqar Ul Islam***

## Business transformation insights – Banking Perspective

Companies are dealing with unprecedented, virtual stencil of the world wide economies. This pandemic has a simultaneous slowdown of consumption as well as production; both have been hit hard. Being in the financial services industry, it's difficult not to make comparison with the Great Recession of 2008. However, this time it is different because it started with the health discussion which morphed into an economic situation. The finance and banking sector entered the crisis with healthy balance sheets and comfortable capital ratios. Given where we are, this allows the banks in general to be part of the solution.

At this stage, the clients are in the crisis as well so the question is how do banking institutions bridge clients through this crunch before it becomes a solvency issue and that's why central banks around the world have been very active. State Bank of Pakistan has taken certain steps in the context of policy reintroduction, 425 bps reduction to date, having lengthy capacity, capital buffers, loan loss accounting reliefs that has been given to help the banking industry to play the intimidation role in terms of negotiating this liquidity crunch.

China, is clearly going through a V-shaped recovery and many economies in the world need China to jumpstart its economy. However, in other countries such as Pakistan, restart is not going to be instantaneous as we begin to essentially cope with a world of co-existence, duration of severity is still unknown, and we will need to continue to strike a careful balance between health concerns and the economic imperatives which are both wired very differently. Moreover, the discussions in the press and talk shows about lives and livelihood becomes stark as we go forward.

Over the last six weeks, HBL has moved from the first stage of business transformation which was a crisis response where number of the executive committee members were having regular meetings to deal with the crisis. HBL currently is in the second stage of the business transformation, which is the adoption of the new norm such as new ways of communication, remote work for roughly 40% of the total workforce (22,000 employees in total), developing and implementing new SOPs for the branches that are open. Now the bank is just getting into the third stage where we are planning for the next 12 to 24 months in terms of what features will become part of the permanent landscape for HBL, including investments made over the last 3 to 4 years in technology, database and AI etc.

SBP categorizes HBL as Domestically Systematically Important Bank (DSIB) in the country. As DSIB, HBL is very clear what needs to be done to serve during an extraordinary crisis. The branch network continues to be available with majority of branch operations; roughly 80 to 85% of the branch network is operational at this time. HBL has the largest ATM network in Pakistan and we are closely monitoring the uptimes around that.

As for digital channels, from early March to April, there has been an approximate 42% increase in HBL mobile registrations, 61% in internet banking registrations and 37% increase in call center volumes.

HBL is at the forefront of using the liquidity and funding assistance made available by the government of Pakistan to help our customers negotiate in the next 2 to 4 months while maintaining focused balance sheet. We appreciate that it involves rescheduling, ensuring to provide concessional finance to the corporates and the hospitals who are looking for it, especially in the context of COVID-19 such as import of ventilators,



requiring new wards etc. and the payroll concession finance to ensure that over the next 3 months, the level of unemployment in the country stays at manageable levels.

HBL is a part of the Pakistan's socio-economic fabric and we are humbled to be associated with the Ehsaas Program in which we are disbursing nearly 90 million PKR to approximately 7.5 million beneficiaries who are daily wage earners and supporting their families. More than 70 to 75% work in the Ehsaas Program is complete due to our investment in technology solutions, branch bank 'Connect' and 50,000 agents around the country.

**Mr. Muhammad Aurangzeb**

Amazon is hiring 75000 people and all e-commerce platforms are on a hiring spree and upscaling their employees to deal with the demand.

**Mr. Veqar Ul Islam**

### Business transformation insights – IT Perspective

Before the crisis – every industry was already undergoing digital transformation in their own pace. However, they had no timelines but were working on the basis of the finances available. At this point, different industries are at a different phase of transformation. While some industries were ready for the change, it was difficult for others to transform during this period.

As for working from home, it is another level of technology along with trust. Generally, there is a lack of trust in employees to be able to work efficiently from home which is why remote working has completely different dynamics. It is about trusting people and their outputs while providing them all the tools of transformation and getting results from them.

#### Technology as enabler to go through this crisis

The whole concept of approaching towards transformation is completely changing. The pace at which companies were working on this transformation depending on their financials or the speed of the industry is completely changed. The concept of doing business, approaching customers and employees is changing.

Telecommunications and banking industries are transforming into the second stage. During business transformation, compliance is an issue that has to be managed through technology. In developing countries such as Pakistan, it is good news that technology is not dependent upon the education of people; it is something that people are able to adapt irrespective of qualification. This proves that transformation can be done at a much faster pace and it doesn't need different milestones that were required earlier.

All big IT companies such as IBM, Microsoft, Oracle etc. are providing platforms where people can connect with each other. On the healthcare side, IT companies are focusing on connecting supply with demand all across the world.

On digital alignment, AI can help us get data on the places that have more covid cases and the areas with more doctors, this collection of data/information can help deal with the crisis in a much better way.

Technology comes in the middle of everything. IT companies are trying to help all the companies that are trying to transform at a much faster pace. For instance, automobile and manufacturing industry is at a pause right now but there are ways to continue the automation if we are aligned in a much better way.

**Mr. Saquib Ahmad**

The purpose of businesses is not to make money but to serve and upgrade the people, the community.

Mr. Veqar Ul Islam

## Business transformation insights – E-commerce Perspective

There are certainly some industries that have benefitted from this outbreak. For Daraz, when the foundational business was put together, the idea was to cater to the customers' needs which was based on Alibaba's vision: To make it easy to do business in a digital era. The idea was to expand the universe of the customer so that he is not restricted to only nearby stores.

Daraz has evolved through all the three stages of business transformation and continues to do so. It started as a fashion retailer and evolved into a marketplace. In 2014, Daraz started focusing on building a scale of business that allows the most number of people to do business through bringing the demand of the customers in Pakistan along with the suppliers and sellers all across Pakistan. For example, within one year, Daraz has gone from 3000 sellers to 30,000 sellers on the platform. It has 15 to 16-year-old individuals from cities like Gujranwala who perhaps didn't have the ability to make money otherwise but now have been able to start their businesses through a platform such as Daraz.

All the companies such as Daraz, Careem, Bykea, Foodpanda empower people and what really makes them successful is that they have an innate business nature to help people. What draws people naturally to these platforms is that they adopt their business models because they can benefit from it quickly.

In e-commerce, anywhere between 3 to 5 jobs, one is created by a seller. Due to the increasing number of sellers joining Daraz, between 60,000 to 85,000 jobs have been created since last year. E-commerce has the ability to disrupt the way traditional business is done. Like any other business, COVID-19 took Daraz equally with surprise about how to manage business. Any online business should benefit to some degree from this crisis but in Pakistan we had to work through and figure out what steps are to be taken as policy makers and private entities.

One thing that we are proud of is that we were able to quickly adapt to being able to work from home. We shut down our office on a one-hour notice, a few weeks prior to the lockdown because we wanted to ensure that the three stakeholders of our business; sellers, customers and employees were always safe. When we immediately turned off our operations at the head office, the next day we had the capability technologically to continue working. Some days it was surprising to see the efficiencies gained due to which I can say that we can have a work-from-home policy in the long term. From an HR perspective, work-from-home is beneficial, not only for the technology companies but even traditional businesses, in terms of cost savings and also increased employee efficiency level.

From a business perspective, on the day of lockdown Daraz had the highest engagement in history, including times in history when we spent insane amount of money in events. This was because of the level or element of convenience the customers had, for which we had to convince people earlier, but now suddenly they were valuing it. Then, on the basis of search results, we evolved from our operations to focus on things that people really needed such as hand sanitizers and masks etc. We had to quickly begin focusing on essential items and we formed D-Mart to cater to the grocery needs of the people anywhere in Pakistan. We launched same day delivery between Lahore and Islamabad which was a supply chain challenge and we tried to

expedite the same supply chain across Pakistan. Although Daraz delivers to 500 cities and towns across Pakistan but our presence is in 19 cities across Pakistan.

Then the evolution transformed from health concerns to how the economy can recover. From our perspective, a big chunk of small and medium businesses started getting impacted. From the day of lock down we had to turn off 1000 active sellers which was painful because it stopped the ability of 21,000 homes to earn money so our goal quickly shifted to how to make these sellers come back. It is important to emphasize here that e-commerce and a lot of other technological efforts can allow Pakistan's economy to not only get back on track but also have a faster growth at some period.

As our evolution went towards sellers, we launched stimulus programs that any small and medium business that want to sell through Daraz, will not have to pay any commission or storage fees etc. until June. The idea was to ensure that small and medium businesses can be up and running and also ensure Daraz to participate in this recovery.

Today, the mindset of customers as well as sellers is changing and new brands and sellers are shifting to online operations.

**Mr. Ehsan Saya**

## The second and third stages of transformation

Moving ahead to the 2nd and 3rd stages of business transformation at HBL, it is certain that the operating model will change but to which degree is a question yet unanswered. The digital transformation that HBL has been going through in the past 3 to 4 years, it is amazing how everything has been consolidated into 3 to 4 weeks.

Another significant change lies in the decision making process. Earlier, it took weeks, even months to make decisions, at the expense of client services. To a certain extent, it is now a world of agility and we are able to manage the largest bank virtually and making good decisions. This is certainly one part that we would want to retain in the future.

In client engagement, it is important to understand what kind of interaction tools and travel is going to be required. It is a struggle to understand what is the right balance between accelerating in terms of digital interaction and keeping the heart and soul of the relationship with the clients. The investments HBL has made in the last year and a half where we can process personal loans digitally, do the credit card journey digitally right from application to delivery of card etc. has proved beneficial. This is the time or the window that has allowed to scale this up and further test it and its going quite well. Moreover, HBL is in talks with Daraz in terms of how do we interact with their sellers in extending working capital loan facilities.

From HR perspective, the transformation includes implementing flexi hours and working remotely etc. For instance, within Europe, US and Asia, in some countries 90% of the employees of Citibank are working remotely.

In terms of real estate, considering that many employees will be working remotely so it is a question if it is needed anymore. Another aspect could be that we might end up needing more space due to social distancing requirements.

All this is a part of the strategic shift in the near future and a number of these changes are going to be permanent at HBL.

**Mr. Muhammad Aurangzeb**

Operating models will change with varying extent depending on the industry or organization

Post COVID, three types of individuals, organizations and countries will emerge,

1. Leaders of transformation using the crisis as an opportunity
2. Followers that are adaptive to change
3. Hard-wired individuals and companies wanting to go back to the pre-covid era

**Mr. Veqar Ul Islam**

## Transformation as a lifestyle for organizations

A lot of the transformation that we are going through has been very insightful. Decisions have become faster, bureaucracy has reduced, companies are moving to becoming more customer centric focusing on customers' needs and how to address them.

From the business model perspective, IT companies have been successful because they have been opex-heavy rather than capex-heavy. To venture into new businesses as well as for the existing businesses, it is important to be cognizant of the tradeoff between opex and capex. In times like this, when a company is heavy on opex, it is manageable however heavy capex obligations become very challenging. It is time to restructure businesses to ensure that things that were considered to be detrimental are now need to be looked at. Businesses should start considering that in times like this, how to structurally change the balance sheet, amount of debt, capital structure, and how to manage cash flows. Cash flows and liquidity are most important and anyone would trade liquidity over profitability at this time.

### Anticipating and preparing for the future

In 2003, Alibaba was at the brink of shutdown, they were launching a new platform which was basically Jack Ma's vision to compete with eBay. At that time SARS outbreak happened and Alibaba as a company was put into quarantine because one person was affected due to which all employees started working from home. From the brink of having to shut down in 2003 to this outbreak that pushed forward China up in terms of digitization and internet penetration and today they are worth almost half a trillion dollars – this has all happened in 20 years. How they were able to do this was they saw that at that time they had to transform not only the way they were approaching business but also how government was approaching companies like them.

This is an interesting phenomenon in e-commerce industry because now a lot of companies are wanting to digitize. Whether it is a small seller or a big brand, they need to recognize that they have to be in either of the first two stages of business transformation and they cannot afford to write their company's obituary. It's crucial that we start engaging with that segment so that they can become part of these stages and lead the transformation.

**Mr. Ehsan Saya**

## Technology industry leading the transformation in Pakistan and across the globe

The only way to survive in the crisis is that the IT industry is at the forefront of making the change. It is very important for the leaders who are making decisions at this point, to think about bringing change and making lives of employees, customers and country better. Since it is a country-level challenge, all of us have a responsibility now. It is important to mention that fast decision making, adapting to change etc. should also be done in the public sector along with private sector. Even today, there is big difference in the agility of private sector decision making and public sector decision making. The rules and regulations framed in the public sector are still not good enough to take the speed of decision making needed today. Whereas in the private sector, with all the people with international experiences, a diversified and expert board etc. are adopting to this change rapidly.

At this point in time, IT industry has everything to do with bringing the change and if they are not leading the transformation to help businesses then Pakistan might collapse. We have to ensure that whatever offerings big IT companies are making all across the world, should be available to Pakistan to make sure that we get the best of this opportunity.

As an IT company, it is our responsibility to help each other. It is not about re-inventing the wheel since each IT company is an expert in their domain so all these companies should connect to ensure that each one of them do not spend time in building the same thing. Collective wisdom can develop an output to serve the customer, industry and people.

**Mr. Saquib Ahmad**

## The dynamics of skills and qualities needed for transformation and to be ready for the new normal

Economic well being used to be dependent on manufacturing sector however, in this extraordinary crisis, it is quite reliant on staff and generally on the people feeling safe enough in their houses and coming back to workplaces. Therefore, the relationship of trust and confidence is more important than ever. At this point in time, people want to make sure that they and their families are taken care of from the health perspective.

### Trust & Confidence – A two-way street

In the next 12 months, organizations have commissioned the whole process around the notion of trust and confidence. HR has to think out-of-the-box in terms of working remotely and flexi hours. In working remotely, HR needs to understand how to bring the productivity element as there will be free riders here and there. For this, data privacy comes into the picture because while on one hand, our ability to get to know everything that an employee is doing might help with productivity but at the same time will raise privacy concerns of an individual.

Although working remotely is important but the heart and soul of an institution should be maintained. In future, some jobs will be in high demand and some will become



redundant. The primary focus is keeping the trust and confidence of our team and our colleagues and then moving in the direction of remote working and looking at the new job requirements over next 12 months.

**Mr. Muhammad Aurangzeb**

### The evolution of jobs

The first ingredient in the recipe of transformation is creating and promoting an environment of learning. Only through having a workforce that is keen on learning do they actually start driving business insights that can drive your business into transformation.

The average age of an employee at Daraz is 26 years old and we have several thousand young employees are driven to work for organization's purpose because of solution-oriented culture and they have the ability to make their point through data and insights. This is where jobs will start evolving and where the focus of the people needs to be. The key is to be able to dissect data to provide valuable insights to make significant improvements in the business. Whether we like it or not, cost pressures are currently there and will continue to be there for some time so we need to understand how to ensure that those insights that can be driven through us or our employees can focus on making our business more efficient. The more efficient the business is, the more it will continue to grow our teams and ensure their learning.

**Mr. Ehsan Saya**

### The humanity angle

The crisis has given rise to the humanity factor due to which people and businesses are getting more connected. Every country has their own set of resources and issues to resolve. Organizations should be well connected to its employees while giving them space to be safe.

**Mr. Saquib Ahmad**



# Audience Questions Answered

## Mr. Muhammad Aurangzeb

### Will the interest rate go down further?

The reduction in the petroleum prices and if the interest rate is going to be below 8 per cent as is now expected during May, another policy rate cut cannot be discounted.

### Digital transformation is essential however, given the situation, most of the nation does not have access to technology. How many people will be able to keep the trend of accelerating the digital drive?

Looking at the penetration of mobile phones and smart phones, some of the telecommunication companies are beginning to introduce low priced smartphones as well. So as long as people have a smartphone, they are digitally connected. The Ehsaas Program disbursements through agents would not have been possible if smart phone penetration was not there.

Moreover, due to the crisis, overall regulatory discussion has now come into the picture. Certain changes and actions by SBP such as the payment drive and making regulatory frameworks available for the banks as well as for telecoms PSI, PMIS is facilitating the entire ecosystem go towards digital transformation.

Tania Aidrus joining the Prime Minister's office to run the digital transformation around the government is going to help. It is going to accelerate the digital drive due to the changes in the last 2-3 years.

### How is Pakistan's banking system pushing for introduction and regulation of digital currency in Pakistan for internal and external use?

Digital platforms are being used at this point in time. The whole payment regime is now pushed towards digital side and the new regulations to assist in that effort. Moving forward, there will be a faster, more efficient and cheaper way for transactions.

As far as digital currency is concerned, SBP view is clear they are not in favor of that. The country is still under FATF scrutiny so I don't see Pakistan moving into digital currency anytime soon.

### How do you see the increased loan impairment provisions due to liquidity crisis as the pandemic is adversely affecting the profitability of the banks? What are some of the robust strategies that the banking industry must implement beforehand to insulate themselves of the extreme downsides of the crisis?

The way the crisis has unfolded on the economic front, starting with a supply chain disruption as we stopped getting supplies from China and Korea, then it moved into a demand shock as USA and Europe went into lockdown and then came the real crunch when, due to lockdown, production facilities were closed. At this time, it is a liquidity situation, debt rescheduling – not debt forgiveness – SBP and banking industry is very clear that we are helping companies due to temporary cash flow situation. Secondly, we cannot let our credit standards go low in terms of

the due diligence being done. HBL and Pakistan Banking Association has developed standardized questionnaires for clients to understand their reasons for debt rescheduling so that later it does not become a problem for the industry.

As of now, I don't see insolvencies going up in a big way in Pakistan therefore I don't see any difficult situation developing in the country.

**Do you think that in the next 6-8 months, finance industry intends to provide out-of-the-box solutions to business industry through innovation in their business processes? If there is any such strong plan, please highlight?**

There is a fundamental shift underway in banking. Earlier, those who provided the banking services, e.g. financial institutions, dictated the terms of those services. Digitalization has taken that power away from service providers and given it to the customer. Customer is in the driving seat now i.e. when, where and how they want the service. Digitalization has made banking more democratic. Banks that adapt to this new reality and provide quality offerings to retain and attract the business, will thrive. Moreover, earlier the customer was used to going to a location - the bank branch - for his/her banking needs. In the coming months, the customer will have realized that he/she has more options to choose from.

**Which three important transformation initiatives you foresee in the banking industry in Pakistan as a whole?**

- a. Adoption of technology, at an accelerated pace; both by the banks and the customers, with part of the workforce working remotely (from home).
- b. Cyber security and data protection protocols will be strengthened to allay customers' concern about potential fraud in banking channels, including digital channels.
- c. E-commerce / e-payments will see robust adoption.

**Which skills are necessary for post covid-19 world for CAs and other accounting qualification holders to be the first choice for recruiters?**

For the accounting profession, the post COVID-19 era means that an accountant should be able to forecast more accurately and rapidly to enable the organization to react to these extraordinary times. Further, it is now clear that the past is not always an indicator of the future and hence trend-based forecasting would not work in this rapidly changing environment. The accountant in this changed world should have the ability to look more outwards, rather than inwards. The ability to trace dependency of various business lines to external factors and better understanding of the business itself is now a core skill. Accountant of today must have a deeper understanding of economics in addition to his accounting skills. This is an area which should be deeply covered in the accountancy syllabus and more weightage should be given to this, going forward.

**As a CEO, what financial skills and traits do you look for in the CFO as well as accounts and finance team?**

The CFO is one of the most integral members of the core management team and should be able to guide the CEO to focus on both the positive performances – for reinforcement – and on the negative areas, to manage risks. The CFO must be nimble enough to keep adjusting his input for rapidly evolving environment (even pre-COVID).

The CFO is also expected to represent the organization on many diverse forums, including with investors, government, regulators etc. This requires an ability to communicate clearly and articulate the organization and its strategy as well as the skills to distill complex issues into layman terms.

Another key factor in this role is trust and credibility. Both internal and external stakeholders should have complete trust that the CFO's input is unbiased, accurate and value-adding. He/she should also have strong people skills, to be able to attract, lead and motivate a large team under often challenging deadlines.

**Talking about digital transformation through moving towards branchless banking and mobile banking, many jobs will become redundant such as branch tellers etc. How do you ensure that staff skills remain relevant in the future?**

In the medium term, banks may require fewer of some of the roles that they currently utilize, however, this will be a gradual change; banks will continue to leverage their physical branch infrastructure as well. What is also important for banks is to ensure that their staff members are trained on digital channel migration, which most banks are currently undertaking and giving their employees the digital skills to stay relevant as the customer preferences and behaviors change. At HBL, the percentage of learning interventions that we offer through online digital medium is growing aggressively every year and this allows our employees to continue to develop themselves at their own pace. We have also partnered with external partners that are focused on future skills development, to enable our staff to embrace Digital Banking.

**How is Pakistan banking system pushing for introduction and regulation of digital currency in Pakistan; both for internal and external use?**

We are fully aware and keenly watching the evolution of digital currency. However, given the stage at which Pakistan is in the baking evolutionary cycle, there are no discussions underway at an advanced level around introducing Digital currency in Pakistan in the near future.

**Do you see Islamic Banking having much brighter future being business partners than the conventional interest-rate-based model?**

Islamic Banking is, relatively speaking, more conservative as each transaction is generally structured and the bank would know the purchase price of raw material, and finished goods etc. In the case of Musharaka you are a business partner in the specific transactions. On the equity investment, Islamic banking does better in falling markets while slightly behind conventional in rallying markets primarily because of cap on leverage. On the intangible side, Islamic clients are closer to the banking partner because in addition to the banking relationship, they also share an emotional relationship with the bank because of common interest in Islamic banking and adhering to Shariah principles.

## Rapid fire questions

What would you like to change in education system to cope up with future requirements; change in syllabus to include transformation, extensive use of technology in education, creativity focused group projects in education system? Combination of all three but ultimately it's all about creativity and people who are adaptive and be in a position to get out of their comfort zones.

Which of these things will have more value in future job market; Qualification or degree awarding institute, talent and skills, emotional intelligence, innovative mindset?

Innovation will play the most critical part in future job market.

How would you improve customer experience; improve customer engagement or being agile?

Agility as being customer centric is all about the willingness and ability to be responsive.

How to maintain the momentum within the team leading transformation; maintain continuous communication, learn from competitors, create sense of achievement?

Ownership from the top management.

## Mr. Ehsan Saya

**How will you monitor and judge productivity of employees? How do you see the phenomenon of remote working and remotely getting served in this country?**

At Daraz, we recognized remote working as the new norm. The morale and phase of working from home was very high in the beginning but it started dipping later and as a leader, it is very important to manage that. First, we started focusing on employee engagement through setting up almost 1 to 2 work unrelated interviews per week with different management individuals to understand them at a personal level. Secondly, we started implementing learning sessions where junior managers explain their operations and mechanism to other employees. Next, we introduced physical activities such as yoga classes through Zoom. All these activities brought a sense of community and belonging. Although everyone is apart, the company needs to make sure that all its employees are part of the same fabric. It's important that leaders make sure that everyone feels important.

Monitoring is counter intuitive to trust so if a company trusts its employees, there won't be a need to monitor them to know whether they are in front of their screens or not during working hours. Over time, it becomes evident to the managers who is engaged and who is not. The key is making sure that instead of monitoring, you are engaging your employees so they know where the business is going and how they are part of that story.

**How can small traders and shopkeepers manage their business online during lockdown considering that it is a busy season for them due to Ramadan?**

Daraz has started a program that includes waiving off commission for two months i.e. until June end. Moreover, we have streamlined a process so that sellers can start selling online within less than a week of registration.

**Should the transformation be only prioritized for internal workforce processes or external customers as well?**

Internal processes is driven by external changes in the sense that by the end of the day you have to solve customers' needs and wants. Today, we had to change the processes internally and focus on efficiencies within but at the end of the day if any of these efficiencies that are being created are reducing prospect of customers then the business will not progress. It is driven from the external factors from ensuring that the customer is first and how the customer's behavior is evolving based on which the business has to change internal processes. Companies have to be mindful of how customer behavior is changing and in these times, it is often changing every day. For instance, looking at searches on Daraz website, what customers were looking for 3 weeks ago, they aren't searching for that anymore.

## Rapid fire questions

If you were the CEO of a well-known photographic company such as Kodak and you already knew about the shift to digital photography because in 1975, one of your employees have already developed a digital camera, in a research in 1981 it is shared that the company has 10 years to go digital. What action will you take in this scenario; make a transition from film producing and chemical business into digital although it amounts to some losses initially, explain the situation to the board of directors and shift responsibility to them for making decision; try to maintain the existing business while shifting slowly to digitization?

Make a transition from film producing and chemical business into digital although it amounts to some losses initially while ensuring to have correct leadership to enable the transition.

Which is the most important driver for change; regulatory requirement, technology shifts, change in business demand or personal desire for change?  
Customer demand.

Who will lead the business transformation post COVID-19; big corporates, governments or customers?  
Customers will force the change and government support will be needed.

There are multiple aspects to change such as technology, consumer behavior, regulations and culture. Is it a blessing or curse for,

Larger corporates - Depending on the industry

SMEs - A curse in the short term but beneficial in the long run

Financial institutions - Blessing

Consultants - Blessing



## Mr. Saqib Ahmad

Under current circumstances, how small businesses can transform their business that requires heavy capital investment in technology as well as other resources to re-strategize their business. Further, it takes longer for completing digitization and its benefits may not be realized shortly so what will be the consequences after the crisis?

It is a misconception that technology implementation takes time. Technology is advancing so fast and there are numerous solutions that can be implemented in short time span. The companies of today want the results quick and all IT companies have products that can give results within 4 to 6 weeks and therefore can be implemented in a short time span. For instance, SAP has implemented health solutions in less than 4 weeks in various hospitals.

With technology taking over, do you see increased demand for professionals related to SAP and other technologies?

Absolutely. With technology taking the central position currently, we need people to adapt to the technology at a faster pace particularly, the youth who are very much adaptive. Today, ERP solutions are part of the courses. In January, PM Imran Khan had a meeting with Christian Klien, CEO, SAP in Davos during which one of the discussion points was how to facilitate Pakistani youth in adopting SAP technology and currently SAP is working with the government of Pakistan regarding this. This will result in enabling Pakistani people to adapt to technology and help in current transformation.

There is a need to change the mindset of people who want to continue working with traditional methodologies. How can we convince these people to bring technology into business to facilitate customers, suppliers as well as employees?

- a. The onus is on federal government to help drive a digitization agenda for the whole country, and rest will follow. If we have a national focus on modernizing the way we are interacting with our farmers, small shop owners, entrepreneurs, cottage industry owners who are the backbone of our economy, it can generate the momentum needed for adoption of technology, faster and efficient business models.
- b. People don't need convincing, the innovation which facilitates consumers is adopted immediately, we have our success stories of Pakwheels, Careem and Bikea in front of us.

Pre Covid19, almost 74% of all the transactions of the world passed through SAP ERP systems. So, post Covid19, how do you see the role of SAP ERP systems, transforming businesses across the globe? Will there be an increase in demand of SAP certified professionals or not?

- a. We see businesses reacting to covid-19 with two-pronged approach; one is connecting to people that includes listening to employees and customers on how they are coping in these challenging times, and the other is building resilience in your business models focusing on the supply chain which has been impacted for most of our customers.

- b. This can also help accelerate the digital transformation journeys of our customers, resultantly creating even greater opportunities for technology and line of business experts.

#### Do you think crypto currency has a future?

Crypto currency does have a future as our financial transactions are increasingly converting online and the shakeup of this global economy under COVID will give rise to crypto currency.

#### How do you see the mindset changing with respect to the existing paper system, particularly in the public sector?

The appetite is there for a change, we hope that a comprehensive digitization agenda which is driven from the top level of the government can help accelerate the adoption of more productive and efficient ways of working. Otherwise, the public sector generally will continue to lag behind, in spite of the fact that some of the public sector entities are very forward looking.

#### Rapid fire questions

##### What is the most significant impediment to change?

Perception that change will take away job.

##### What is more important to you when hiring; transferable skills or duration of relevant work experience?

A person who is adaptable to change.

##### Digitalization is the only way forward for Pakistan; true or false?

True.

##### Which is the most important driver for change; regulatory requirement, technology shifts, change in business demand or personal desire for change?

All these three have impact but change in business demand is crucial.

## Rapid fire questions

### Mr. Veqar Ul Islam

What will business transformation do; create job opportunities, create redundancies in existing jobs, both, or neither?

According to World Economic Forum, by the year 2022 75 million jobs will become redundant but at the same time 102 million new jobs will be created.

What do you prefer for your organization; transforming to digital, transforming digitally, there is no difference between the two, you prefer to go digital instead of only using technology?

Bring a digital culture using technology.

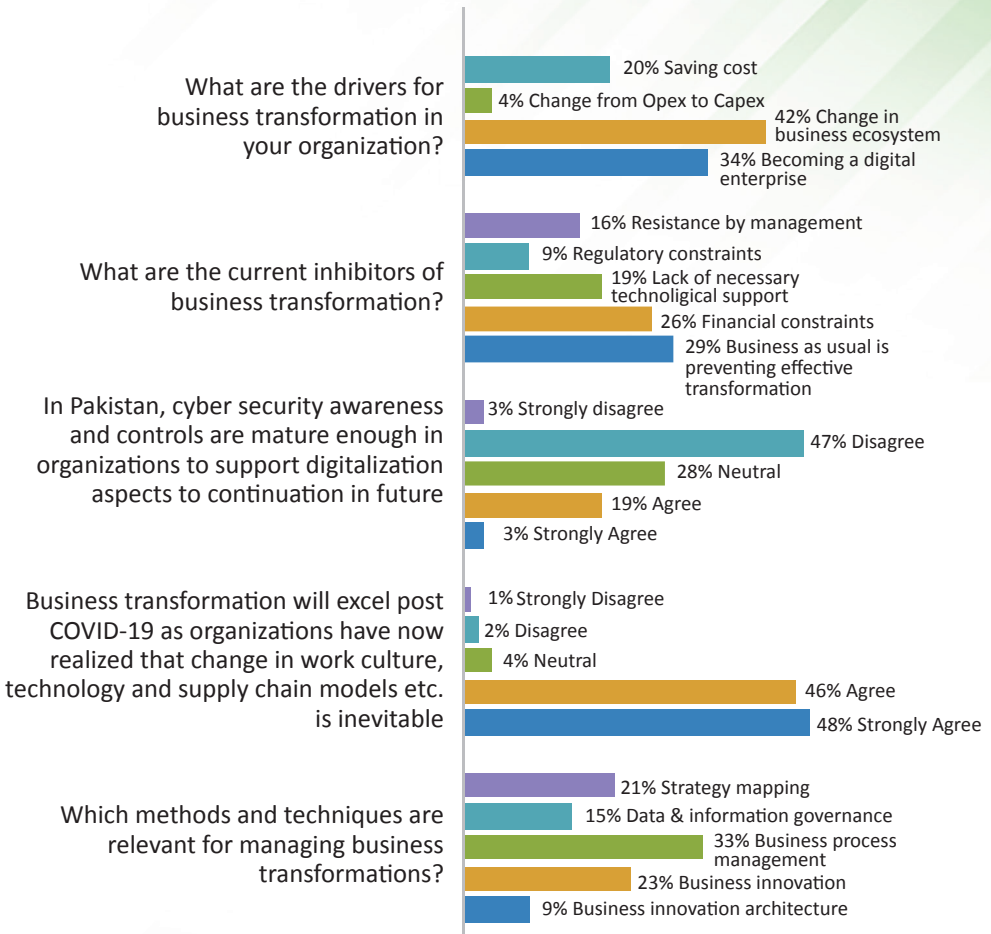
Way to begin transformation in business; change technology, change or develop people, change the way of operations?

Change mindset.

Which approach helps more in transformation; top-down approach, bottom-up approach, 360-degree engagement?

Driven from top but 360-degree engagement to make transformation successful.

# Polls conducted during the webinar



*The Paper is reviewed by Members of the ICAP Professional Accountants in Business Committee; Syed Khalid Noor, Director, Novartis Pharma Pakistan Limited and Mr. Usama Rashid, CEO, V2F Solutions Pvt. Ltd.*