



THE FUTURE OF OPERATIONS REPORT

# Navigating disruption will be no minor operation



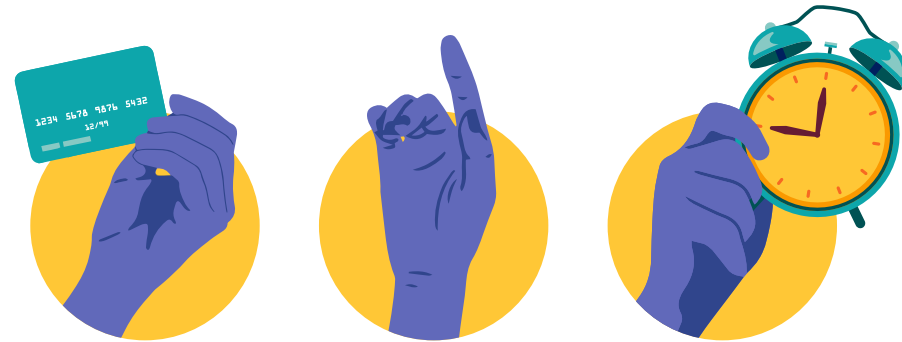
## TABLE OF CONTENTS

- 03** Executive summary:  
What will ops look like in the future?  
Key takeaways
- 05** Part I: The five disruptions that will transform ops
  - Ubiquitous automation
  - Urgent focus on sustainability and climate change
  - Genuine diversity across the organization
  - Relentless regulations
  - Rampant cybersecurity and fraud concerns
- 11** Part II: The rise of the disrupted ops model
  - Adaptive strategies are superseding just-in-time operations
  - Resilience is everything
  - The future of CX is hybrid
- 15** Part III: The era of the ops specialist
  - No more boring work
  - Human expertise? Yes, please.
- 18** Part IV: Visionary leadership for the evolution of ops
  - Cultivate these essential skills
  - Conserve resources
  - Choose the right tech to win the future
- 21** Conclusion
- 22** Survey scope and methodology

## EXECUTIVE SUMMARY

# What will ops look like in the future?

With responsibility for **people, budgets, project delivery, and strategy**, operations (ops) can make or break the delivery of new products and services – that’s why resiliency and adaptability are key.



The oft-used phrase, “Operations keeps the lights on,” took on renewed meaning during the pandemic as companies were forced to adapt to the new realities of hybrid/remote working, the pivot to fully digital customer experiences, and the need to tap into a wider range of skills, creativity, and innovation.

In the next three to five years, managing constant change and disruption will be the new modus operandi for operations. Events of the last two years have upped the pressure on operations to work smarter and more quickly to reduce risk, increase agility, and address a range of issues, including data security and environmental, social, and governance (ESG) commitments.

**The future of operations report** lifts the lid on the forces set to transform the function. It charts a roadmap for how ops leaders can successfully navigate disruptive change. The road ahead may be rocky, but our survey of 750 ops leaders across 10 countries uncovers the skills, talent, strategies, and tools you’ll need to adapt more quickly and take on any challenge the future throws at you.

# Key takeaways

Ops leaders are preparing for an increasingly disruptive future. That means developing different skill sets, operating models, and workplace cultures to build in greater resiliency.

## Here's what our survey findings show:

### 01 Five disruptions will transform ops.

In the next three to five years, automation, sustainability, diversity, emerging regulations, and cybersecurity will have an enormous impact on ops. Operations leaders will need to find greater efficiencies and simplify workflows to navigate a new reality of constant change and disruption.

### 02 New risk and operations models will be crucial.

Just-in-time operations are out, and a sharpened focus on resilience and risk management is in. Companies will need to predict, prepare for, and manage disruptions – and that will mean big changes to how they do business.

### 03 The ops specialist is on the rise.

Digital transformation will mean that the work many generalists do today will be automated. Ops will need specialists to perform certain complex tasks as well as take the lead in areas that will be increasingly critical to business success, like data science, ESG reporting, risk management, and cybersecurity.

### 04 The best customer experience will be hybrid.

While some predicted a shift to fully automated operations, a human touch will help companies stand out by offering personalized human/bot service hybrids with continuity and context across digital and human workflows.

### 05 Ops leaders will need to upskill or reskill and be more tech savvy.

Expect ops leaders to increasingly need digital and computational skills, along with business strategy, collaboration, and leadership expertise. They'll be focused on deploying solutions (i.e., intelligent and process automation, cloud services) that make it easier to automate less complex processes. Real-time data and intelligence will be essential for more transparent decision-making, and for beating more digitally savvy competitors.

## PART I

# The five disruptions that will transform ops

In three to five years' time, managing disruption and constant change will be a daily reality for most ops leaders. It will shift the way enterprises work, how they operate, and who they hire.

**Here's a breakdown of those five major disruptions and how they will reshape ops:**





In the next 3–5 years, will any of the following have a big or transformational impact to your operations function?

Automation of routine admin and IT tasks

71%

Optimizing workflow through AI and automation

71%

## Ubiquitous automation

With more companies and industries streamlining their processes and transforming their workflow by **implementing AI-powered decisioning and workflow automation, expect business structures, workflows, and workforces to shift significantly**. More organizations will use automation in the next three to five years to wring out inefficiencies and bottlenecks in operations – with the goal of becoming nimbler and more adaptable.

Companies will strive to keep up with digital native competitors who are challenging traditional operations models using automation, strategic workflows, and applied AI to undersell their legacy competitors. Change will also be driven by the internal need to optimize workflows, unlock value, and accelerate digital transformation.

The main focus areas for automation will include: IT services, routine admin tasks, project management, supply chain logistics, customer service, and product design and development. Related organizational shifts will mean some ops teams will be automated and talent redeployed – so staff will need to upskill or reskill. The right tech and guidance will be key to helping with adaptability and skills transitions.

But automation success is not guaranteed – it will depend on whether ops is properly resourced. While many ops leaders expect additional investments in tech will significantly transform the efficiency and effectiveness of operations, half of the ops leaders we surveyed believe the function doesn't get the level of tech investment needed to be more effective.

Budgets for future-focused investments are further constrained by pressure on revenues caused by the pandemic. As one ops leader in Financial Services stated, "In a COVID environment, where revenues are still under attack, you can't suddenly find lots of deep pockets to go and build an infrastructure for the future."

"In the financial sector, I feel that things are under so much disruptive pressure that business models are going to change or they're going to go under."

OPS DIRECTOR

# Urgent focus on sustainability and climate change

In the next three to five years, investors, shareholders, employees, customers, governments, and the general public will put a **greater emphasis on environmental, social, and corporate governance (ESG) reporting and encourage more companies to ramp up their efforts in these areas.**

Operations directors will need to understand how emerging ESG standards can be integrated into their existing workflows and processes to build more purpose-led companies. Organizations that fall behind on ESG will struggle as more customers, and even employees, demand sustainable options.

At the same time, climate change and extreme weather events will continue to cause significant disruption to operations, creating a need for more robust and predictive risk models and strategies.

“Having the ability to be more purpose-led speaks to where I see my role evolving. How do you get people really excited about how we are going to make the world a better place, as opposed to how we are going to make shareholders richer?”

OPS DIRECTOR, FINANCIAL SERVICES



In the next 3-5 years, will any of the following have a big or transformational impact to your operations function?



Sustainability and corporate responsibility



The need for greater corporate governance

## Genuine **diversity** across the organization

**48%**

of respondents said their operations function finds promoting greater diversity, equity, and inclusion very or extremely challenging.

**61%**

of respondents said that diversity, inclusion, and accessibility are a top or high priority when it comes to future operating models.

Greater diversity, equity, and inclusion (DEI) will become an operations-wide imperative, necessitating changes in recruitment, onboarding, training, company culture – even organizational structure. **To attract and retain a diverse pool of talent, employee training and onboarding will need to be flexible to different workers' needs.** Marginalized workers might need a more personalized or tailored onboarding or training experience connecting them with internal mentors or employee affinity groups to ensure their success.

While hiring for culture fit was once the dominant recruitment strategy, expect more companies to hire for culture add in the future. To navigate discrimination and bias, people from marginalized groups are often forced to refine their critical thinking, adaptability, and problem-solving skills. These are some of the key skills ops will need in the future.

Enhanced diversity will also make organizations more agile and adaptable by ensuring that there are more perspectives to inform discussions and strategy. Diversity also means harnessing more diverse ways of thinking, different points of view, and a variety of approaches to help solve problems.



# Relentless regulations

From data privacy rules to environmental policy shifts, ops leaders **expect ever-emerging regulations to cause significant disruption in a number of industries**, especially those like Retail Insurance and Financial Services where regulatory compliance is critical.

More stringent and extensive environmental regulations will cause companies to scrutinize their operations and supply chains, necessitating shifts to more environmentally friendly solutions. These changes will benefit enterprises that are already reducing their carbon impact and will push others to proactively anticipate emerging environmental regulations as a risk management strategy.

Companies will have to reengineer their data privacy architecture or delay digital transformation to focus on compliance and auditing capabilities that deliver greater accountability and traceability of decision-making. Expect more companies to look for adaptable technology solutions (i.e., low code, intelligent and process automation) that allow them to pivot quickly to comply with evolving regulations.

## 52%

of respondents said it is very or extremely challenging for their operations function to meet shifting regulatory requirements.



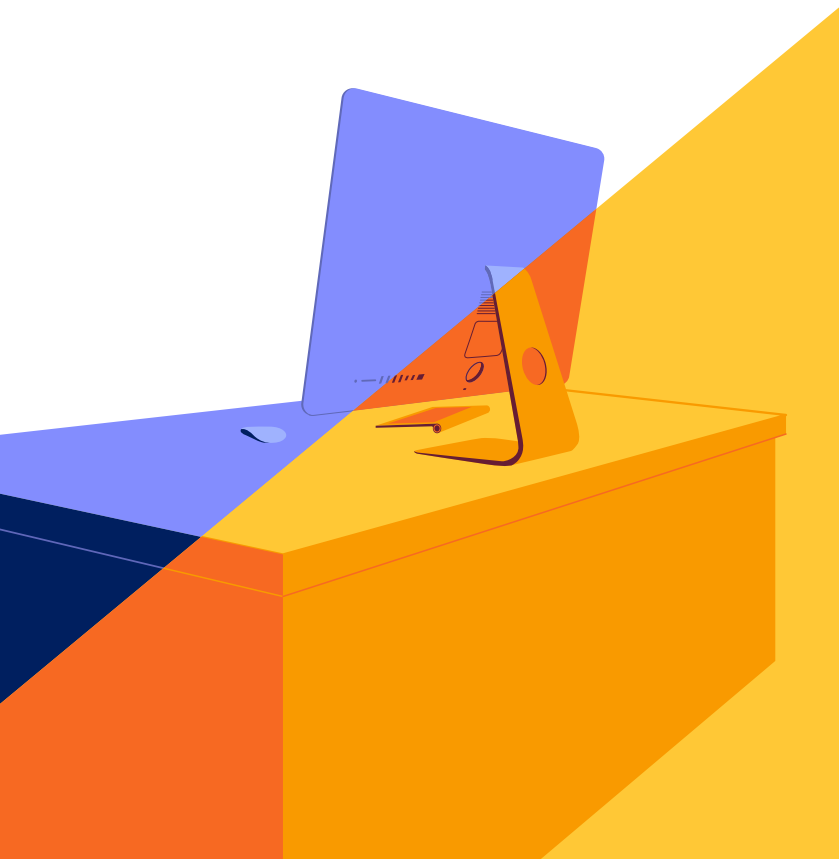
## Rampant cybersecurity and fraud concerns

**59%**

of respondents said cybercrime and fraud are very or extremely challenging for their operations function.

The pivot to fully digital customer experiences and remote working during the pandemic saw a rise in high-profile ransomware attacks that created significant disruption and recovery costs for operations. At the same time, more enterprises are implementing cloud technologies and Internet of Things (IoT), automating workflows, and digitizing customer experience (CX). **These advances expand the threat landscape and leave many companies at risk of being operationally compromised or having sensitive customer, employee, or proprietary information exposed.**

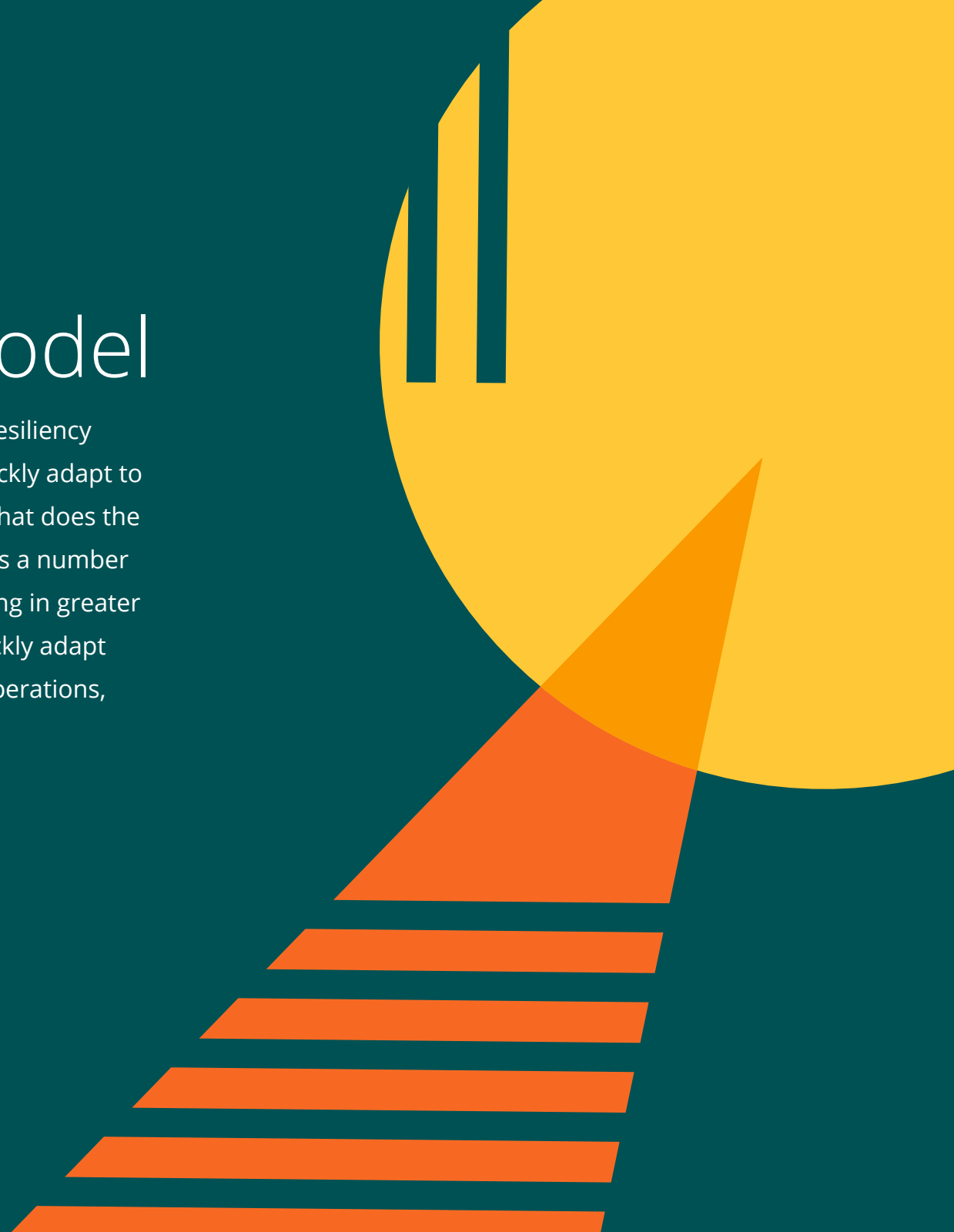
A proactive cybersecurity program should be a priority for all ops functions in the next three to five years. Companies will achieve their cyber goals more effectively by unifying disparate and siloed workflows on a unified, secure, modern platform to reduce vulnerabilities. AI and predictive analytics will be increasingly used by operations not just to aid day-to-day decision-making, but also to predict where attacks or threats are likely to occur and detect any irregularities in traffic, customer, employee, or supplier behavior. Intelligent automation will also be used for more labor intensive and repetitive cybersecurity/fraud workflows (i.e., transaction monitoring, threat detection), freeing up operations teams to focus on tasks where they can truly add value.



## PART II

# The rise of the disrupted ops model

The last two years have shown that ops models and resiliency frameworks need to be updated or reimagined to quickly adapt to emerging disruptions and succeed in the future. So what does the disrupted ops model of the future look like? It features a number of characteristics, but fundamentally it is about building in greater resiliency, not being so lean that you're unable to quickly adapt when there is a major change or disruption to your operations, and balancing the need to automate with a customer experience that is still human and differentiated.



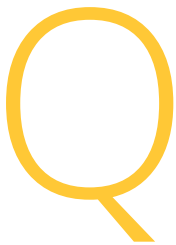
**COMPANIES DEPLOYING A  
DISRUPTED OPS MODEL ARE MORE:**

Resilient, robust, agile, distributed (but not siloed), collaborative, adaptable to technology, sustainable, diverse, focused on risk management, differentiated by emphasizing their people, and powered by data analytics, automation, and data transparency.

# Adaptive strategies are superseding just-in-time operations

**The disrupted ops model of the future will be fueled by real-time data and predictive analytics** – better anticipating customer needs and tackling disruptions in ways that allow companies to pivot faster and ensure they don't under or over resource. Critical to this will be using enterprise data management systems to facilitate data transparency for better communication and collaboration across departments and sounder decision-making.

Technology will be key. Successful companies will focus on connecting their existing tech stack to better link people, processes, and technology to optimize experiences and outcomes. New tech choices will be based on ease of integration as well as the capacity to navigate changing business objectives, compliance requirements, or operational models.



**In the next 3-5 years, will any of the following have a big or transformational impact to your operations function?**

Needing to better manage risk and disruptions to the business

**73%**

Keeping up to date with the latest technologies

**73%**

Accessing good quality data

**69%**

Needing to improve internal and external collaboration

**68%**

Needing to review and update resiliency frameworks/models

**67%**

# Resilience is everything

Companies that will win the future are those that proactively prepare for disruptions. Expect enterprises to strategically restructure operations in smarter, more balanced, and more resilient ways.

## We predict that companies will adapt in the following ways:

- Efforts to create proactive cybersecurity processes, anticipate regulatory changes, and implement broader risk management strategies will be coupled with more robust insurance frameworks.
- Companies will focus on creating stronger supplier ecosystems with multiple redundancies to reduce supply chain concentration risk.
- Workforce strategy will become more important as companies tackle skill shortages. Expect increasingly remote and distributed teams, outsourcing to Software as a Service (SaaS) companies, global hiring strategies, and rising targeted workforce augmentation.
- Working capital needs will change considerably in the shift away from lean operations.



How challenging are each of the following for your operations function?



Managing economic and geopolitical uncertainty

**VERY OR EXTREMELY CHALLENGING**



Being agile enough to compete with digitally native competitors

**VERY OR EXTREMELY CHALLENGING**



Ensuring resilience models are future-proof and fit for purpose

**VERY OR EXTREMELY CHALLENGING**

# The future of CX is hybrid

Many consultants and technologists predict a future of zero operations – **in which everything is automated**. However, in three to five years, companies will still value human interaction as part of their customer service and sales workflows. Budgets and regulatory acceptance will also impact the pace of automation.

Companies will be challenged to decide where to integrate tech as part of their customer experience and where to feature human support. Expect this to be an iterative process as companies digitize and automate, then find out where they are missing opportunities to educate, upsell, retain, or resolve issues.

For example, robo-advisors were expected to spell the end of the financial advisor, but the industry is shifting to a hybrid model where financial advisors complement algorithms instead.

The right tech will ensure context and continuity across human/bot workflows, and intelligent virtual assistants will guide customer experiences to help companies take the right action at the right time.



What keeps you from automating certain aspects of your operations?



## PART III

# The era of the ops specialist

The disrupted ops model heralds the rise of ops specialists – professionals in ops who will perform the higher value, front- or back-end work that's too complex to automate or requires a human touch. In the next three to five years, ops will also increasingly need subject matter experts to drive thought leadership and decision-making in areas of focus expected to grow in importance, like compliance, ESG, analytics, data science, and cyber. If they cannot develop specialists themselves, they'll hire them or even outsource.



How is your operations workforce likely to change in the next three to five years?



We will need to hire more specialists for work that can't be automated or digitized.



We will reduce the number of generalists or people doing manual work.



We will struggle with talent retention and recruitment.



We will offshore and outsource more.



## No more boring work

**Many sectors will see a significant amount of repetitive or manual front- and back-office ops work automated or digitized**, particularly in the simpler parts of a company's business function.

For example, financial tracking and treasury management will be digitized via robotic process automation (RPA) or SaaS or both – requiring those working in these functions to reskill or shift their focus to more complex work like financial modeling and risk management.



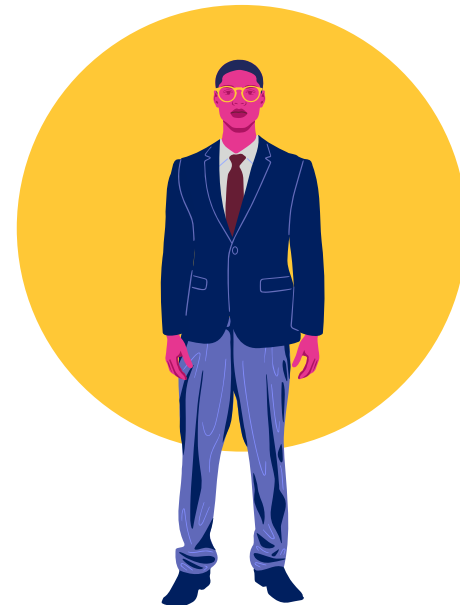
## Human expertise? Yes, please.

“We had this moment of insourcing. We have more than 2,000 people working in call centers. But in the future, we will outsource due to specialization.”

**DIRECTOR OF OPS, PUBLIC SECTOR**

More complex products like higher end consumer or corporate lending and insurance will **still require specialists to do work that is too complex to automate** and provide critical hands-on customer experience.

Companies will differentiate themselves by emphasizing their people, which will entail ongoing learning and development along with an evolving understanding of the human aspects of customer service to continuously build engagement, satisfaction, and loyalty.



## PART IV

# Visionary leadership for the evolution of ops

Given these seismic shifts, what skills will help ops superstars get ahead and succeed in the next three to five years? Below, we lay out how to optimize the ops workforce and tech stack to prepare for disruption.



Which competencies will be more important to you in the next three to five years?



Digital and computational



Adaptability



Change management



Collaboration



Critical thinking



Sustainability and corporate responsibility



## Cultivate these essential skills

Ops leaders expect to prioritize **digital and computational, change management, collaboration, sustainability and corporate responsibilities, adaptability, and critical thinking in the future.**

Expect an influx of technologists in ops – or at the very least, more digitally savvy workers who are able to use low-code solutions, AI, and predictive analytics, and collaborate more closely with IT.



## Conserve resources

Data management and analysis – currently the most important skills for ops leadership – won't disappear entirely in the next three to five years. But **real-time data and predictive analytics will do much of that work**, while automation will reduce the need for manual data entry. Shrewd ops leaders will want to focus resources on developing expertise in areas that will matter, with particular attention paid to enhancing CX via both human and digital means.

# Choose the right tech to win the future

## Ops leaders will increasingly rely on cloud and SaaS

to do more with less and streamline customizable solutions to their ops needs.

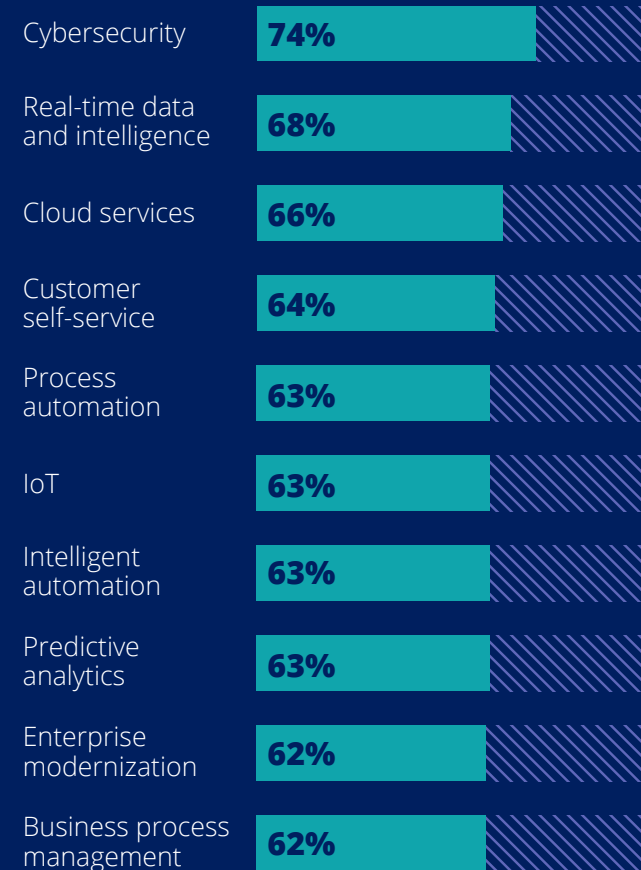
In a disruptive future, their best currency will be real-time data and analytics to more accurately predict and evaluate business performance while visualizing enterprise-wide operations to create more agile processes and transparent decisions. They will also be focused on effectively managing business complexity and working smarter not harder with more intelligent, resilient, and automated workflows.

“Maybe the data can tell us that for next Monday, the 1,000 patients we were expecting to come to our hospital, these 100 have a higher propensity to no show.”

COO, HEALTHCARE



Thinking about your current role/company, which technologies will be implemented as a top or high priority in the future?



# Conclusion

In the next three to five years, operations leaders are in for a bumpy ride as disruptions become more frequent. These changes will cause significant shifts in operational structures, workforces, and risk models.

**To crush tomorrow's complexity, ops leaders will have to:**

## Prepare for five key disruptions.

Start creating plans now for navigating the changes that automation, cybersecurity, sustainability, diversity, and regulatory change will bring to the organization.

## Transform their ops model.

Enterprises will have to find their own balance between risk management and lean operations to meet the challenges of the future.

## Retain, upskill, and hire specialists.

Keeping current high-value employees, upskilling the generalists, and hiring more specialists will prepare the organization for the impending skills shortage.

## Focus on the right skills.

When hiring or prioritizing professional development, focus on the essentials for a disruptive future: digital and computational, business strategy, critical thinking, adaptability, and problem-solving skills.

## Create an intentional hybrid customer experience.

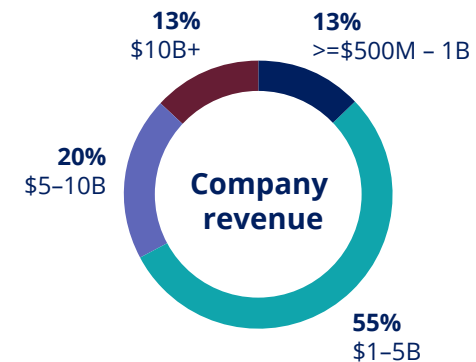
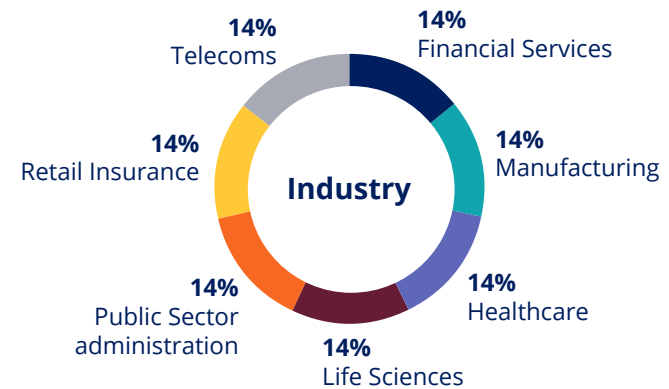
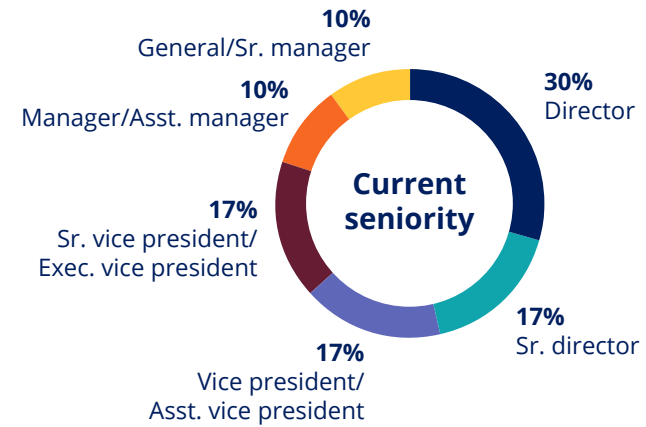
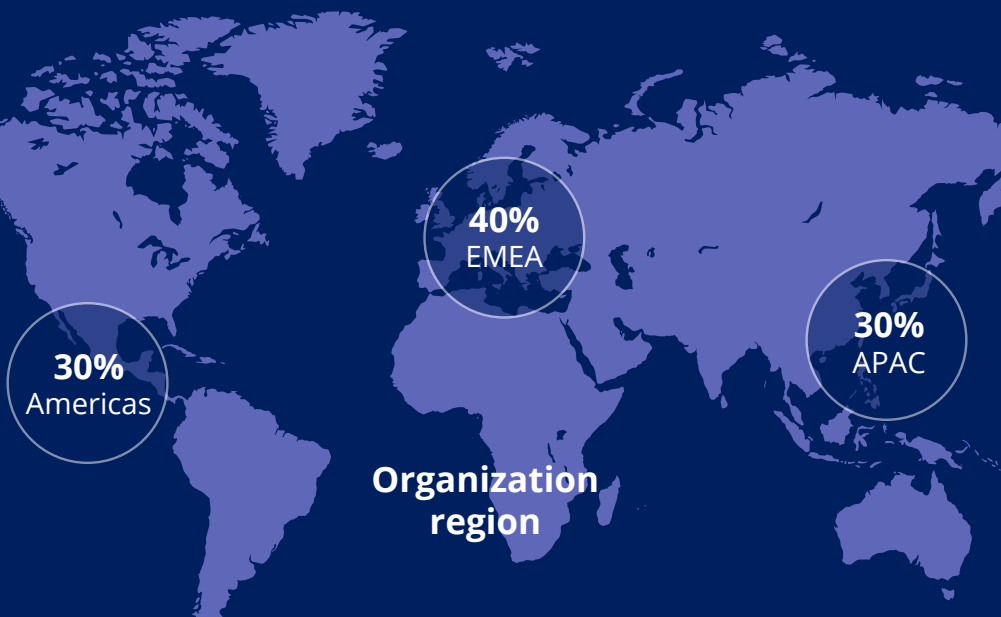
Proactively and strategically design a seamlessly blended customer journey that will help the enterprise better delight customers and meet business objectives.

**The future might be filled with disruption, but with the right roadmap and technology, enterprises can navigate it with confidence.**

# Survey scope and methodology

To understand how ops is changing in response to the disruptive forces that are shifting how enterprises do business and manage risk, we surveyed 750 ops senior vice presidents, vice presidents, senior directors, directors, senior managers, and managers across key sectors, including Financial Services, Life Sciences, Healthcare, Retail Insurance, Manufacturing, Telecoms, and the Public Sector.

Respondents answered 20 multiple choice questions delving into how ops is expected to change in the next three to five years. We also conducted qualitative interviews with ops executives from the worlds of Healthcare, the Public Sector, and Financial Services.





## About Pegasystems

Pega is a low-code platform for AI-powered decisioning and workflow automation that crushes business complexity. From maximizing customer lifetime value to streamlining service to boosting efficiency, we help the world's leading brands solve problems fast and transform for tomorrow. Pega clients simplify how they make decisions and get work done so they can focus on what really matters. And, since 1983, we've built our scalable architecture and low-code platform to stay ahead of rapid change. Our solutions save people time, so our clients' employees and customers can get back to what matters.

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